

Sanofi-aventis Denmark A/S

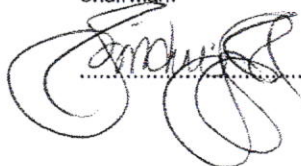
Slotsmarken 13, DK-2970 Hørsholm

CVR no. 19 06 43 01

Annual report 2015

Approved at the annual general meeting of shareholders on 27 May 2016

Chairman:



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sanofi-aventis Denmark A/S for the financial year 1 January - 31 December 2015.

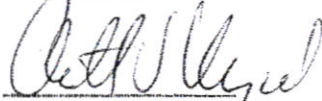
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

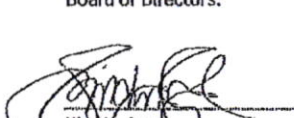
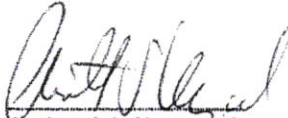

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Hørsholm, 27 May 2016
Executive Board:


Charlotte Søby Vestergaard

Board of Directors:


Kirstin Jagd
Chairman
Charlotte Søby Vestergaard
Rasmus Villemoes

Independent auditors' report

To the shareholders of Sanofi-aventis Denmark A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Sanofi-aventis Denmark A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review


Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 27 May 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28



Christian Schwenn Johansen
state authorised public accountant

Management's review

Company details

Name	Sanofi-aventis Denmark A/S
Address, Postal code, City	Slotsmarken 13, DK-2970 Hørsholm
CVR No.	19 06 43 01
Established	15 January 1996
Registered office	Hørsholm
Financial year	1 January - 31 December
Website	www.sanofi-aventis.dk
Board of Directors	Kirstin Jagd, Chairman Charlotte Søby Vestergaard Rasmus Villemoes
Executive Board	Charlotte Søby Vestergaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Financial highlights

DKK'000	2015	2014	2013	2012	2011
Key figures					
Revenue	393,188	304,314	255,285	291,098	227,145
Operating profit	36,442	21,108	8,412	13,171	16,446
Net financials	-444	-598	128	213	18
Profit/loss for the year	26,123	25,013	-16,168	8,839	12,262
Total assets					
Total assets	192,046	160,019	162,284	195,651	144,808
Investment in property, plant and equipment	0	0	226	0	54
Equity	59,857	68,734	78,721	128,312	51,278
Financial ratios					
Operating margin	9.3%	6.9%	3.3%	4.5%	7.2%
Gross margin	29.0%	30.2%	28.5%	78.0%	125.5%
Return on assets	20.7%	13.1%	4.7%	7.7%	11.1%
Current ratio	143.5%	172.2%	162.6%	212.6%	100.0%
Solvency ratio	31.2%	43.0%	48.5%	65.6%	35.4%
Return on equity	40.6%	33.9%	-15.6%	9.8%	24.4%
Average number of employees	79	87	74	69	52

Management's review

Operating review

The Company's business review

Sanofi-aventis Denmark A/S is engaged in the sale of originally produced prescription drugs and participates in extensive cooperation on clinical trials of present and future products. The Company's main activities are within diabetes, oncology and cardio-vascular illnesses.

Recognition and measurement uncertainties

Management evaluates that no certain risks are related to recognition and measurement in connection with the presentation of the annual report.

Financial review

In 2015, the company's revenue came in at DKK 393,188 thousand against DKK 304,314 thousand last year. The income statement for 2015 shows a profit of DKK 26,123 thousand against a profit of DKK 25,013 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 59,857 thousand.

The Company consider the result for the year to be satisfactory.

Knowledge resources

The Company's future economic viability is dependent on the research and development work undertaken by the group, which is described further below. As the Company's activities consist of marketing, sale and distribution, knowledge resources in these areas are of significant importance to the future success of the business.

Special risks

Parallel imports and changes in the European reference prices have an impact on the performance of the Company.

Impact on the external environment

Management does not consider the Company's impact on the external environment significant.

Research and development activities

Future income from products is dependent on the success of research and development activities within the group.

CSR report

The Company has not drawn up any CSR policies, including human rights and climate impact, as the parent has done so for the entire group. Reference to the parents CSR reporting is <http://en.sanofi.com/csr/csr.aspx> and the full CSR report may be downloaded from the direct link: http://en.sanofi.com/Images/47679_CSR_Report_2015_EN.pdf

Account of the gender composition of management

The Company has a policy for the gender composition of Management. The Company's Management has equal gender representation, with the Executive Board comprising of 1 woman and the Board of Directors comprising of 2 women and 1 man. In addition to this, the Company has a equal gender representation at the other executive levels, including the Company's head of department and team leaders.

Post balance sheet events

No post-balance sheet events have been identified, which could have a material impact on the financial statements for 2015.

Management's review

Operating review

Outlook

Sanofi-aventis will introduce new products within its strategic focus areas the coming years, which is anticipated to have a positive effect on the sales performance.

Furthermore, the expectations for the future sales performance and earnings in the Company are that the market share for parallel imports do not exceed the Company's expectations and that the reimbursement rules and prices in the market remain relative stable.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
2	Revenue	393,188	304,314
	Cost of sales	-245,983	-187,606
3	Other operating income	12,064	12,665
	Other external expenses	-45,273	-37,450
	Gross profit	113,996	91,923
4	Staff costs	-77,029	-70,254
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-525	-561
	Operating profit	36,442	21,108
	Income from investments in group entities	0	12,137
6	Financial income	42	104
7	Financial expenses	-486	-702
	Profit before tax	35,998	32,647
8	Tax for the year	-9,875	-7,634
	Profit for the year	26,123	25,013
	Proposed profit appropriation		
	Proposed dividend recognised under equity	35,000	35,000
	Retained earnings/accumulated loss	-8,877	-9,987
		26,123	25,013

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
9	Intangible assets		
	Acquired intangible assets	652	979
		<u>652</u>	<u>979</u>
10	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	186	309
	Leasehold improvements	7	82
		<u>193</u>	<u>391</u>
	Investments		
	Other receivables	1,481	1,469
		<u>1,481</u>	<u>1,469</u>
	Total non-current assets	<u>2,326</u>	<u>2,839</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	62,062	47,354
		<u>62,062</u>	<u>47,354</u>
	Receivables		
	Trade receivables	59,310	42,656
	Receivables from group entities	63,135	60,996
	Deferred tax assets	1,320	1,871
	Other receivables	293	450
	Prepayments	1,605	1,397
		<u>125,663</u>	<u>107,370</u>
	Cash	<u>1,995</u>	<u>2,456</u>
	Total current assets	<u>189,720</u>	<u>157,180</u>
	TOTAL ASSETS	<u>192,046</u>	<u>160,019</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	7,000	7,000
	Retained earnings	17,857	26,734
	Dividend proposed for the year	35,000	35,000
	Total equity	<u>59,857</u>	<u>68,734</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	8,064	4,634
	Payables to group entities	77,974	52,425
	Income taxes payable	5,788	2,069
	Other payables	40,363	32,157
		<u>132,189</u>	<u>91,285</u>
	Total liabilities other than provisions	<u>132,189</u>	<u>91,285</u>
	TOTAL EQUITY AND LIABILITIES	<u>192,046</u>	<u>160,019</u>

- 1 Accounting policies
- 12 Collateral
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties
- 15 Fee to the auditors appointed by the Company in general meeting

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed for the year</u>	<u>Total</u>
Equity at 1 January 2015	7,000	26,734	35,000	68,734
Profit/loss for the year	0	-8,877	35,000	26,123
Dividend distributed	0	0	-35,000	-35,000
Equity at 31 December 2015	7,000	17,857	35,000	59,857

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sanofi-aventis Denmark A/S for 2015 has been prepared in accordance with the provisions applying to reporting class large C enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the Company is prepared, as the Company's cash flows are part of the consolidated cash flow statement for Sanofi-aventis Participations SA, which can be required from the following homepage: www.sanofi.com.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Revenue

Revenue is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year-end;
- a binding sales agreement has been made;
- the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received.

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include expenses related to distribution, sale, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Software	years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Other fixtures and fittings, tools and equipment	3-10 years
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Income from investments in group entities

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership, as well as gain on the divestment of the subsidiary during the period.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised exchange gains and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income, the year's deferred tax adjustments less the share of the tax for the year that concerns items recognised directly in equity.

Current and deferred tax concerning changes in equity is taken directly to equity.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method). The parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets comprise software licences.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Property, plant and equipment comprise other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group entities'.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
2 Revenue		
Geographical segmentation of revenue:		
Exports	1,179	2,762
Domestic	392,009	301,552
	<u>393,188</u>	<u>304,314</u>

3 Other operating income

Other operating income is related to cross charge of services provided to other Sanofi group entities due to functions having regional responsibilities.

DKK'000	2015	2014
4 Staff costs		
Wages/salaries	70,969	64,570
Pensions	5,500	5,150
Other social security costs	560	534
	<u>77,029</u>	<u>70,254</u>

Average number of full-time employees

2015	2014
<u>79</u>	<u>87</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK'000	2015	2014
5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	327	327
Depreciation of property, plant and equipment	198	234
	<u>525</u>	<u>561</u>

DKK'000	2015	2014
6 Financial income		
Interest receivable, group entities	40	62
Other interest income	2	0
Exchange gain	0	42
	<u>42</u>	<u>104</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
7 Financial expenses		
Interest expenses, group entities	73	49
Interest surcharges and tax recognised under net financials	294	376
Other financial expenses	119	277
	<u>486</u>	<u>702</u>

DKK'000	2015	2014
8 Tax for the year		
Estimated tax charge for the year	9,324	6,338
Deferred tax adjustments in the year	551	-371
Tax adjustments, prior years	0	1,667
	<u>9,875</u>	<u>7,634</u>

9 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2015	<u>1,633</u>
Cost at 31 December 2015	<u>1,633</u>
Impairment losses and amortisation at 1 January 2015	654
Amortisation/depreciation in the year	<u>327</u>
Impairment losses and amortisation at 31 December 2015	<u>981</u>
Carrying amount at 31 December 2015	<u><u>652</u></u>

10 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	<u>1,550</u>	<u>226</u>	<u>1,776</u>
Cost at 31 December 2015	<u>1,550</u>	<u>226</u>	<u>1,776</u>
Impairment losses and depreciation at 1 January 2015	1,241	144	1,385
Amortisation/depreciation in the year	<u>123</u>	<u>75</u>	<u>198</u>
Impairment losses and depreciation at 31 December 2015	<u>1,364</u>	<u>219</u>	<u>1,583</u>
Carrying amount at 31 December 2015	<u><u>186</u></u>	<u><u>7</u></u>	<u><u>193</u></u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Share capital

The Company's share capital has remained DKK 7,000 thousand over the past 5 years, made up of 70,000 class A-shares of DKK 100 each.

12 Collateral

The Company has not placed any assets or other as security for loans at 31/12 2015.

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its sister company, Merial Norden A/S, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2015	2014
Rent and lease liabilities	10,525	14,411

Rent and lease liabilities include a rent obligation totalling DKK 5,628 thousand in interminable rent agreements with remaining contract terms of 1-5 years with DKK 3,216 thousand falling due in the next 12 months.

Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 4,897 thousand with remaining contract terms of 1-5 years, with DKK 2,242 thousand falling due in the next 12 months.

14 Related parties

Sanofi-aventis Denmark A/S' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Sanofi-aventis Participations SA	France	www.sanofi.com

DKK'000	2015	2014
15 Fee to the auditors appointed by the Company in general meeting		
Fee regarding statutory audit	230	245