

LETTER TO SHAREHOLDERS

SEPTEMBER 2018

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SANOFI

MESSAGE FROM THE CHAIRMAN



Serge Weinberg, Chairman of the Board of Directors

Dear shareholders,

We had a busy first half of the year, with the creation of a leading platform in Rare Blood Disorders, through three consecutive deals: acquiring full global rights of fitusiran, followed by the acquisitions of two biotechnology companies, Bioverativ and Ablynx.

These operations not only allow us to consolidate our position in Specialty Care but also further strengthen our Research & Development pipeline.

We also continued the roll-out of new innovative medicines, in particular Dupixent® in atopic dermatitis. The importance of the new products launched in the past three years is growing, and progressively compensates for the losses of exclusivity of certain products, notably Lantus® and Renvela®/Renagel® in the United States.

The recent successes should be reflected in the second half of the year by a return to growth of your company.

This return to growth is supported by our financial strength and important investments in human, industrial and technological resources throughout the company and particularly in Research & Development.

I thank you for your trust and continuing loyalty.

“The recent successes should be reflected in the second half of the year by a return to growth of your company.”

SECOND QUARTER 2018 RESULTS

Company Sales¹

€8,176M
+0.1% (-5.7%)

**Business
Net Income¹**

€1,558M
+0.4% (-7.9%)

Business EPS^{1,2}

€1.25
+1.5% (-6.7%)

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

Olivier Brandicourt,
Chief Executive Officer



Company sales stable (at CER) in the second quarter

In the second quarter of 2018, company sales were €8,176M, down 5.7% on a reported basis. Exchange rate movements had a negative effect of 5.8 percentage points. At CER, company sales increased 0.1%. They were down 2.5% at CER/CS⁽³⁾.

Strong contributions from Specialty Care and Emerging Markets

Sales of the **Specialty Care** franchise (Sanofi Genzyme) were up 29.5%⁽⁴⁾ at CER, driven by the successful launch of Dupixent® for the treatment of adult moderate-to-severe atopic dermatitis. Sanofi Genzyme's performance also benefited from the new **Rare Blood Disorders** franchise, that generated sales of €257M, corresponding to sales of Eloctate® and Alprolix®, the two hemophilia treatments from Bioverativ.

Second-quarter sales in **Emerging Markets** grew 5.2% at CER to €2,525M, and represented 31% of total company sales. They reflected double-digit sales in China as well as the strong performance of Established Products, Diabetes, and Consumer Healthcare in these markets.

The contribution to company sales from Specialty Care, Emerging Markets and Consumer Healthcare compensated for the decline of the Diabetes & Cardiovascular, Established Products and Vaccines franchise.

Sales by franchise	Q2 2018	Change at CER
Specialty Care	€2,071M	+29.5%
Diabetes & Cardiovascular	€1,511M	-9.4%
Established Products	€2,266M	-7.9%
Consumer Healthcare	€1,115M	+4.1%
Generics	€402M	-1.6%
Vaccines	€811M	-15.7%



First half 2018 results

- Company sales: **€16,074M**, -0.1% at CER
- Business net income: **€3,156M**, +0.4% at CER
- Business EPS: **€2.53**, +1.4% at CER

For further information, refer to the Half-Year Financial Report 2018

1 - Growth rates are expressed at constant exchange rates (CER). Growth rates in parentheses are expressed on a reported basis. For definitions of financial indicators, please consult the press release issued on July 31, 2018. 2 - Earnings per share. 3 - CS: constant structure: adjusted for the Bioverativ acquisition. 4 - Adjusted for the Bioverativ acquisition: +13.5% at CER/CS.

What are the highlights of the second quarter of 2018?

In the second quarter, we achieved significant milestones in building our new Rare Blood Disorder franchise and internalizing the innovative Nanobody® platform from Ablynx, as we finalized its acquisition in June. As anticipated, the impact from the U.S. losses of exclusivity of Lantus® and Renvela®/Renagel® peaked in the second quarter, yet the growth of our diversified businesses, notably the **successful continued execution of the global roll-out of Dupixent®**, as well as the acquisition of Bioverativ largely compensated for these headwinds. The most important though is that our efforts to build a diversified model, focusing on Specialty Care and consolidating our leadership positions in Emerging Markets and Vaccines, should enable us to **enter a new growth phase**.

Can you tell us more about the contribution of Dupixent® to the performance of Sanofi?

Dupixent® generated sales of €176M in the second quarter of 2018 compared to €26M in the second quarter of 2017. Launched in the U.S. in April 2017 for the treatment of adult moderate-to-severe atopic dermatitis, Dupixent® reached second-quarter sales of €151M. Demand for the product remains strong with **more than 50,000 patients having been prescribed to date**. We are also starting to see meaningful sales outside the U.S. The product is available in Germany, some other European countries, Canada and Japan and we continue the rollout in other countries.

Can you comment on the recent and upcoming changes at the Executive Committee level?

We announced important changes in the Executive Committee. First, the appointment of **Dominique Carouge as Executive Vice President, Business Transformation**, supports our commitment to accelerate the transformation of the company to become even more agile and innovative.

Second, three key players of Sanofi's transformation decided to retire after more than nine years of outstanding commitment : Elias Zerhouni, Head of Research & Development, Jérôme Contamine, Chief Financial Officer and Roberto Pucci, Head of Human Resources. Again, I would like to pay tribute to their **substantial contribution to our success**. They are succeeded in their roles by experienced professionals who will continue their excellent work. **John Reed** joined us as Global Head of R&D in July, **Jean-Baptiste Chasseloup de Chatillon** will take over as Chief Financial Officer and **Caroline Luscombe** as Head of Human Resources on October 1st.

Third, the planned creation of a new Primary Care Global Business Unit, comprised of our current Diabetes & Cardiovascular (DCV) and Established Products portfolios in mature markets comes with changes in our senior leadership. **Dieter Weinand** will join Sanofi and the Executive Committee on November 1st to help build and lead the Primary Care unit, while **Stefan Oelrich**, currently head of the DCV business, will pursue an external opportunity after a successful career at Sanofi.

SANOFI TO REFOCUS TWO GLOBAL BUSINESS UNITS (GBUS)

Sanofi will create a new **Primary Care** GBU that combines the product portfolios of the existing Diabetes and Cardiovascular (DCV) GBU with Established Products. The new Primary Care unit will focus exclusively on mature markets¹. Sanofi appoints **Dieter Weinand** as Executive Vice President and member of the Executive Committee (as of November 1st) to lead this new GBU. Stefan Oelrich, currently head of the DCV GBU, will leave Sanofi and join Bayer AG as head of the Pharmaceuticals division, replacing Dieter Weinand.

Sanofi will create a second new GBU called **China & Emerging Markets** to be led by **Olivier Charmeil**, currently head of the General Medicines & Emerging Markets GBU. This business will focus on the unique characteristics and tremendous growth opportunities in emerging markets.

CABLIVI™ APPROVED IN THE EUROPEAN UNION

The European Commission granted marketing authorization for Cablivi™ (caplacizumab) for the treatment of adults experiencing an episode of acquired thrombotic thrombocytopenic purpura (aTTP), a rare blood-clotting disorder. Cablivi™ was developed by Ablynx, a Belgian biotechnology company that Sanofi acquired last June.

Cablivi™ is the first therapeutic specifically indicated for the treatment of aTTP, a life-threatening, autoimmune-based blood clotting disorder characterized by extensive clot formation in small blood vessels throughout the body.

DIVESTITURE OF ZENTIVA

Sanofi and Advent International announced they have finished negotiations for the acquisition of Sanofi's European generics business at the end of June. Both companies have signed a Share Purchase Agreement worth €1.9Bn (enterprise value). The closing of the deal and the transfer of the Zentiva business to Advent is anticipated during the course of the fourth quarter of 2018. The transaction remains subject to the approval of the competent regulatory authorities.

SANOFI RELEASES ITS 2017 INTEGRATED REPORT

The second edition of Sanofi's Integrated Report has been published.

It explains how Sanofi, through its strategy and operating model can create value as a sustainable economic partner, through science and innovation and as a corporate citizen.

This year the report also includes the Sanofi corporate brochure. It is available in English and will be provided in French in the coming weeks.



¹ - Mature Markets include the U.S., Canada, Western & Eastern Europe, Japan, South Korea, Australia, New Zealand and Puerto Rico. Emerging Markets include Africa, Middle East, Asia, Eurasia and Latin America.

FINANCE - RETIREMENT OF JEROME CONTAMINE AND APPOINTMENT OF JEAN-BAPTISTE CHASSELOUP DE CHATILLON



Jérôme Contamine, Executive Vice-President, Chief Financial Officer, will retire on September 30, 2018, after having served Sanofi for more than nine years. He has successfully contributed to the transformation of the company over the last decade and has notably supported the acquisitions of Genzyme, Boehringer Ingelheim's Consumer Healthcare business and more recently, Bioverativ and Ablynx.



Jean-Baptiste Chasseloup de Chatillon will succeed him starting October 1, 2018 and will be a member of the Executive Committee. He most recently served as Chief Financial Officer and Executive Vice-President for PSA Group. In this capacity, he was also a member of the Managing Board and of the Executive Committee. He held various management positions in finance and in sales and marketing. He was also Chairman of the Board of Banque PSA Finance from 2012 to June 2016.

HUMAN RESOURCES – RETIREMENT OF ROBERTO PUCCI AND APPOINTMENT OF CAROLINE LUSCOMBE



Roberto Pucci, Executive Vice President, Human Resources, will retire end of December 2018 after having served Sanofi for more than nine years.

He led the transformation of the human resources function and provided essential support to Sanofi during a period of considerable change for the company.



Caroline Luscombe will succeed him from October 1, 2018 and will be a member of the Executive Committee. Caroline Luscombe was most recently Head of Organization and Human Resources and member of the Executive Committee at LafargeHolcim, based in Switzerland. After starting her career in finance, she held several senior human resources responsibilities in various business areas.

VISIT OF SANOFI PASTEUR'S MARCY L'ÉTOILE SITE "CAMPUS MÉRIEUX" BY THE INDIVIDUAL SHAREHOLDERS COMMITTEE

On June 26, 2018, the Shareholders Committee visited the Sanofi Pasteur site of Marcy l'Étoile in the Lyon region, a center of scientific and industrial expertise for the production of vaccines that are exported worldwide. The Shareholders Committee and Investor Relations team were welcomed by Alain Louvel, Deputy Site Head, and members of the site's leadership team and had the opportunity to visit the biologics' production and quality control buildings.



Created in 1917 by Marcel Mérieux, the site began producing anti-tetanus and anti-tuberculous sera for veterinary use. Through the last century it has become a strategic site in Sanofi's industrial network: the different units develop and produce vaccines that meet global public health issues and are growth drivers for Sanofi Pasteur.

Around 3,500 people work on the campus, in Sanofi Pasteur's largest Research & Development center (900 people) and the vaccines manufacturing activity (2,600 people) which positions Marcy l'Étoile as one of the world's largest vaccine production sites.

The site comprises all the necessary skills for the manufacturing of vaccines, from the active substance to the packaging, and is recognized for its state-of-the-art processes, technologies and equipment. The vaccines produced onsite protect against many diseases:

- Viral diseases: hepatitis A, poliomyelitis, rabies
- Bacterial diseases: diphtheria, Haemophilus influenzae type B (Hib), whooping cough, tetanus and typhoid fever.

The vaccines are shipped worldwide and the site's quality standards meet the highest international requirements (Europe, United States, Japan,...).

450 people are dedicated to the quality control of the products throughout the manufacturing process.

10 KEY FIGURES ABOUT MARCY L'ÉTOILE

1917: land acquisition

90 buildings on

40 hectares of land

3,500 employees on site

50 million vials produced*

900 million doses of vaccine produced*

500,000 quality tests* accounting for

70% of manufacturing time

800 million euros invested over 10 years

100 years of passion for public health

* 2017 figures



THE DIGITAL REVOLUTION - AN EXCITING OPPORTUNITY FOR THE HEALTHCARE SECTOR

In the past decade, the pace of technological change has been accelerating. The digital revolution offers tremendous opportunity for tomorrow's medical landscape. As technology meets biology, we develop new insights into disease treatment. Digital solutions offer new advances in care that improve the patient experience. Digital touches all areas of our business and is making us rethink and adapt our model.



2 QUESTIONS TO ...



Heather Bell,
Global Head of Digital
and Analytics

How is digital transforming healthcare?

Digital is transforming healthcare in fundamental ways. First, digital technologies are empowering customers. Smartphones and other wearables are now powerful medical devices that patients control directly.

Second, digital enables automation of core processes. Machines can now do things that

previously only people could do: for example, differentiate between a benign skin lesion and a malignant one.

Third, digital is generating new insights into disease. Today, as technology meets biology, we are getting an explosion of data. And we are able to integrate very different types of data, from the genomic to the behavioral.

Incumbent healthcare players and new entrants like startups and tech companies are using digital to increase efficiency and offer new, customer-focused solutions.

What has changed for Sanofi in this fast-moving environment?

Digital is now a top priority for Sanofi. We have defined a focused, competitive digital strategy. Our 7 priority digital initiatives use digital to

create value in two ways: they help us to run our business better, faster, and cheaper, or they pursue new business models.

But in a digital world, it is not enough to change what you do: you have to work differently. So we are partnering with and investing in digital startups. We are working in a more agile way. We have attracted new digital talent from companies outside our sector, including Google, Amazon, GE, P&G, and L'Oréal. And we are building digital capabilities: we have trained close to 4,000 colleagues through our in-house digital clinical and digital medical bootcamps, and multi-channel engagement workshops.

Our main focus now is implementation. This is how we will win in digital: by getting things done, fast, and by learning constantly from the experience.

DIGITAL CLINICAL TRIALS – REDUCE TIME TO MARKET

Sanofi rigorously studies the effectiveness and safety of our drugs through clinical trials. Digital technologies offer the promise of speeding up our trials and getting our drugs to market faster.

We check our trial protocols against actual electronic health records to accelerate patient recruitment. People spend large amounts of time online each day so we are tapping into that channel to help recruit patients for our trials. We currently have online recruitment campaigns active in 13 countries. We have started to run distributed studies, where patients can participate in a trial from their home, and are working towards optimization of this innovative model. Our first trials with wearables are starting, helping us to better measure disease progression. And a trained machine is now helping us to write our clinical study reports.

DIGITAL FACTORY 4.0 – IMPROVE MANUFACTURING PRODUCTIVITY

At Sanofi, we are using digital to accelerate the on-going transformation of our industrial network. The factory of the future will embrace digital and enable higher levels of productivity, flexibility, and agility.

Sanofi is building a portfolio of digital products and deploying them across the industrial network over the next 3 years. Our plants will be connected with data flowing automatically from equipment sensors, providing us with a real-time view of performance. Data-driven enhancements to our quality standards will help us deliver products “right first time”, every time. Advanced analytics on supply chain data will enable real-time optimization. And digital twins of new facilities – virtual 3D models connected to the real world through sensors – will enable teams to simulate manufacturing changes, and train operators, before a production line is even built.

MULTI-CHANNEL ENGAGEMENT – BETTER ENGAGE OUR PHYSICIAN CUSTOMERS

Sanofi is reinventing its customer engagement model, using multiple, integrated channels and strong data and analytics to better engage our physician customers. The aim is to provide physicians with the information they want, how and when they want it – increasing our effectiveness while strengthening and personalizing our customer relationships.

We call this multi-channel engagement and we are deploying this capability globally. In lead countries, we are now orchestrating engagement through Adobe campaign management, with an initial 120,000 physicians reached already. We are engaging physicians through a variety of channels including email, WeChat, remote detailing, and MedVox, a new electronic platform that allows physicians to interact with Medical Science Liaisons, engage in two-way dialogue and readily access medical content.

CONSUMER PRECISION MARKETING & ECOMMERCE – TAILOR INTERACTIONS

In Sanofi’s consumer healthcare (CHC) business, smart use of digital marketing and data allows us to tailor our interactions to delight consumers – we call this precision marketing. Following a structured program of pilots which have proven significant business value, we are now building precision marketing capabilities globally in CHC: adapting messages based on environmental factors such as seasons or time of day and targeting narrow and specific consumer segments.

The growth of ecommerce has transformed the way people shop around the world. In consumer healthcare, it provides a direct relationship with consumers and the ability to satisfy their needs in a timely way. And it opens up new opportunities such as subscription models. We have developed and are starting to implement a comprehensive ecommerce growth strategy.

DATA & ANALYTICS – REAL WORLD EVIDENCE

One of the promises of digital transformation is to become a much more data-driven organization. At Sanofi, we are investing in real world evidence. This is the use of real-world data (e.g., in an electronic health record, an insurance claim, or a patient survey) and advanced analytics to discover, develop, and deliver insights into healthcare interventions. We want to understand how our drugs work outside the clinical trial environment and demonstrate their value to our customers, so that we can improve patient outcomes.

DARWIN is Sanofi’s new big data platform, integrating anonymized data from 345 million patient lives. Independently, and in partnership with leading analytics companies, Sanofi’s growing team of data scientists is analyzing

these data to answer specific questions about the determinants of patient outcomes in the diseases we treat.

DRUGS+ SOLUTIONS – IMPROVE PATIENT OUTCOMES

Sanofi is using digital technology to support patients, beyond simply providing them with our drugs. Our digital medicines team is systematically creating drugs+ solutions: non-pharmacological solutions – hardware, software, services – that when combined with a drug, improve patient outcomes. They may do this by enhancing efficacy or safety, promoting adherence, and/or giving patients a better experience. These improved outcomes will increase the value of our drugs.

Our pipeline of new drugs+ solutions is under development in a range of therapy areas, through a disciplined innovation process. We expect the first set of new drugs+ solution launches before the end of 2018.



DIABETES SOLUTIONS – INTEGRATE CARE

The effective management of diabetes goes far beyond the medicine itself. It also means taking extra care with food and exercise, monitoring blood sugar levels throughout the day and taking time to prevent or manage related health problems. For many people, the burden of disease management is a 24/7 job and impacts quality of life.

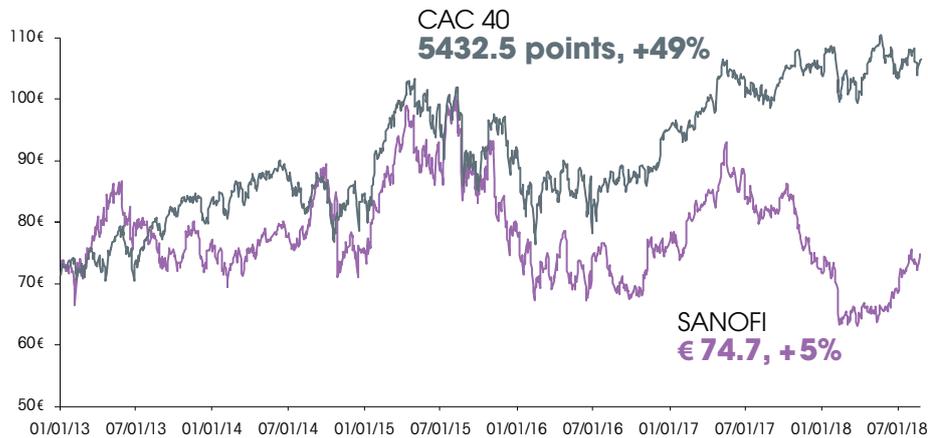
Sanofi is pursuing new business models to integrate drugs, devices, data, and services, and bring innovative solutions to people living with diabetes. These innovations include titration algorithm solutions such as MyDoseCoach and Diabeo (developed jointly with Voluntas); connected delivery devices such as the gPump (developed jointly with Verily and Sensile); and Onduo, our pioneering joint venture with Verily Life Sciences. Onduo launched its virtual diabetes clinic in the US earlier this year.

SHAREHOLDER INFORMATION

Share performance in Paris

SANOFI SHARE PRICE TREND

Euronext Paris, from January 1, 2013 to August 24, 2018



CAC 40 rebased on the Sanofi share price – Source: vwdgroup

On August 24, 2018, Sanofi had a market capitalization of around €93bn.

Save the date for Salon Actionaria 2018

The Sanofi Investor Relations team will be happy to welcome you at the 21st edition of Actionaria, Europe's largest exhibition for individual shareholders:

On November 22 & 23, 2018
Palais des Congrès de Paris
2, Place de la Porte Maillot - 75017 Paris

Come and join us at Espace "Grandes Cap", Level 2 from 1:00 pm to 8:30 pm CET on Thursday and from 9:30 am to 7:00 pm CET on Friday.

Our team will be on the stand to discuss the company's strategy, news and outlook. We will also answer your questions on the Sanofi share price trend, how to hold Sanofi shares and our communication tools for individual shareholders.

You will have access to our publications and the SANOFI IR mobile app on the stand.



Request a free invitation:

- By calling: **+33 (0) 800 075 876**
- Sending an e-mail to:
relations-actionnaires@sanofi.com
- Or visiting the Actionaria Website at:
www.actionaria.com

CALENDAR

September 27, 2018

Sanofi presentation in Nancy

October 31, 2018

Third quarter results 2018

November 8, 2018

Sanofi presentation in Reims

November 22-23, 2018

Salon Actionaria

SANOFI STOCK

∨ Euronext Paris, compartiment A

Member code: SAN

ISIN code: FR 0000120578

∨ New York Stock Exchange

Symbol: SNOY

CUSIP number: 80105N105000

SHAREHOLDER RELATIONS

- ✉ **Sanofi – Shareholder Relations**
54 Rue La Boétie – 75008 Paris - France
- ☎ Tel. Europe: +33 (0) 800 075 876
Toll-free tel. U.S.: +1 888 516 3002
- @ individualshareholders@sanofi.com
- 🌐 sanofi.com/shareholders
- 📱 Mobile app: SANOFI IR
(available in the App Store and Google Play)

Forward-looking statement:

This letter contains projections and other forward-looking statements that are not historical facts. Although the management of Sanofi believes that these projections and forward-looking statements, and their underlying assumptions, are reasonable as of the date of this letter, investors are cautioned that such projections, assumptions, intentions and forward-looking 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 or implied. These risks and uncertainties include those discussed elsewhere in this letter, as well as in the filings of Sanofi with the U.S. Securities and Exchange Commission (SEC) and the French Autorité des marchés financiers (AMF), notably under the caption "Risk Factors" in the company's annual report on Form 20-F. Other than as required by applicable law, Sanofi does not undertake any obligation to update any statement that is not a historical fact.

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