

LETTER TO SHAREHOLDERS

JANUARY 2018



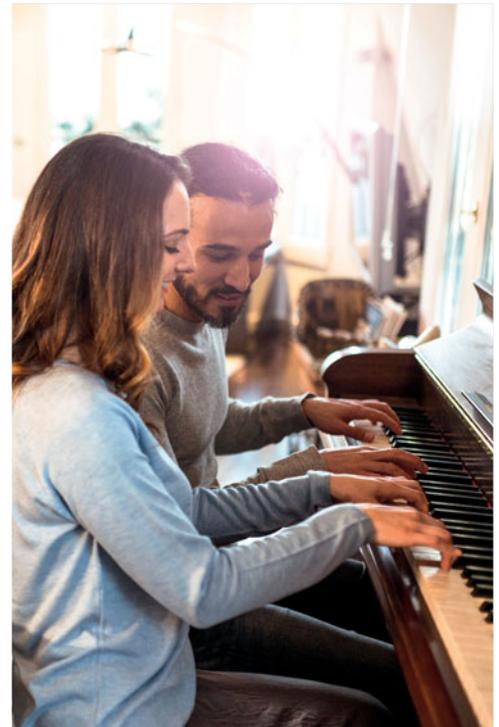
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MESSAGE

FROM THE CHAIRMAN



SERGE WEINBERG, CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS,

As the new year begins, I would like to thank you for your trust and loyalty throughout 2017. We can be satisfied with the path taken by the company in implementing and executing its strategy that has led to bringing new medical innovations to patients.

On December 13, 2017, during our "Sustaining Innovation Analyst Day", we focused on one of the four key pillars of our strategy, namely "Sustaining Innovation in R&D". On the occasion of the analyst meeting, we discussed the company's Research and Development strategy, development pipeline and milestones for 2018.

Sanofi's R&D model should enable our business to build a robust pipeline of new products that are expected to respond to patients' unsatisfied needs. Our capacity for innovation is also the best way to support our long-term growth.

The acquisition of the biotechnology company Bioverativ, announced on January 22 is in line with this strategy. With Bioverativ, a leader in the growing hemophilia market, Sanofi enhances its leadership in rare diseases and creates a platform for growth in other rare blood disorders.

The new year looks promising for Sanofi, our patients and you, our shareholders.

Best wishes for 2018.

“
OUR R&D MODEL SHOULD ENABLE
US TO BUILD A ROBUST PORTFOLIO
THAT SHOULD SUPPORT LONG-TERM
GROWTH”

SUSTAINING INNOVATION DAY

SPOTLIGHT ON INNOVATION

On December 13, 2017, Sanofi invited the financial community to a pivotal event dedicated to innovation. Olivier Brandicourt, Chief Executive Officer, Elias Zerhouni, President Global Research & Development, and the heads of R&D and the Global Business Units presented to investors, analysts and the media the progress we have made against "Sustaining Innovation", a key pillar of our 2020 strategic roadmap.

INTERVIEW

WITH THE CHIEF EXECUTIVE OFFICER



OLIVIER BRANDICOURT, CHIEF EXECUTIVE OFFICER

SANOFI PRESENTED R&D STRATEGY AND INNOVATIVE PIPELINE

■ A ROBUST PIPELINE EXPECTED TO SUPPORT LONG-TERM GROWTH

The company's pipeline spans 71 R&D projects, which includes 37 new molecular entities (NMEs) and novel vaccines as well as 34 additional indications.

■ NINE PLANNED REGULATORY SUBMISSIONS OVER THE NEXT 18 MONTHS

In particular two investigational cancer drugs (cemiplimab and isatuximab), a novel therapy for type 1 diabetes (sotagliflozin) and a potential treatment for uncontrolled, persistent asthma (dupilumab).

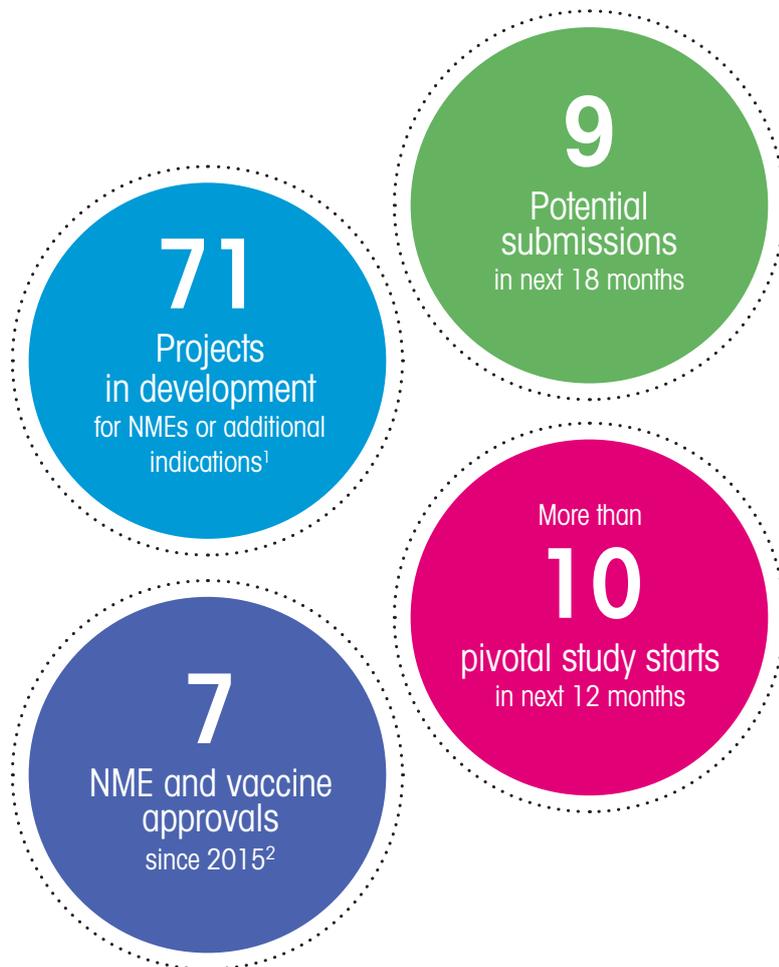
■ AT LEAST 10 PIVOTAL PHASE 3 STUDIES EXPECTED TO BEGIN OVER THE NEXT 12 MONTHS

A new wave of clinical studies in many therapeutic areas: Immunology, rare diseases, obesity, diabetes, oncology, multiple sclerosis and cardiovascular diseases.

■ A NEW R&D MODEL LEVERAGING NEW PROPRIETARY TECHNOLOGY PLATFORMS, MULTI-TARGETING MOLECULES AND BIOLOGICS

All data as of December 13, 2017

¹ - Includes four Phase 1 products and one Phase 2 product for which Sanofi has opt-in rights but has not exercised these rights. ² - Adlyxin[®], Dengvaxia[®], Dupixent[®], Kevzara[®], Praluent[®], Soliqua[™] /Suliqua[™] 100/33, Toujeo[®].



[Read more on page 4 and 5](#) ➤

■ AT THE END OF 2017, YOU PRESENTED YOUR INNOVATIONS IN R&D TO THE FINANCIAL COMMUNITY. WHAT ARE THE KEY HIGHLIGHTS?

Two years after setting out Sanofi's strategic 2020 roadmap for growth, we are making overall good progress. Sanofi now is much better positioned to deliver the sustained long-term growth that our shareholders are expecting from us in the fast-evolving pharma landscape. Today, our pipeline includes 71 projects in development. In the next 18 months, we expect to see additional progress with nine potential regulatory filings and at least 10 pivotal study starts. Our goal is to be one of the best performing R&D organizations in the pharmaceutical industry, and we are now well-positioned to achieve this.

■ HOW DID YOU TRANSFORM YOUR R&D ORGANIZATION?

Our momentum has been generated by the reshaping of our R&D organization and processes. More rigorous prioritization of pipeline assets, greater organizational efficiency across both Research and Development, development of proprietary platforms and biological capabilities, full commercial alignment with our GBU structure, hiring of world-renowned leaders. The result of all these efforts is a major improvement in our R&D productivity and strategic priorities.

This drives a new way of operating and a new level of innovation, to support our strategic road map pillar of reshaping the portfolio.

■ AND BEYOND INNOVATION, WHAT WERE MAJOR ACCOMPLISHMENTS IN 2017?

2017 was a pivotal year for Sanofi. It marked the launch of our Immunology franchise with the launch of Dupixent[®] and Kevzara[®]. We integrated the portfolio of consumer products we acquired into a newly created Consumer Healthcare Global Business Unit. We saw continued strong performance in Sanofi Genzyme and Sanofi Pasteur. As for Emerging Markets, they continue to be a growth driver for the company.

Through our roadmap 2020, we have the strategy to succeed, and we will continue on this path in 2018. I am delighted to start this new year with the announcement of the acquisition of Bioverativ, a specialty care business focused on therapies for hemophilia and other rare blood disorders. Bioverativ shares a high degree of complementarity with Sanofi Genzyme which also develops fitusiran, an investigational RNA interference therapeutic for hemophilia. We are convinced that this deal is strategically and financially attractive.

SUSTAINING INNOVATION DAY



“We moved the rebalance of the portfolio towards biologics by acquiring Genzyme and by partnering with Regeneron.

At the same time, we work internally to develop our own proprietary platform like multi-specific antibodies or others to go from a mono-targeting world to a multi-targeting world.”

ELIAS ZERHOUNI,
PRESIDENT GLOBAL R&D

“WE AIM TO ADVANCE MULTI-TARGETING THERAPEUTIC APPROACHES FOR CORE DISEASE PATHWAYS THAT HAVE THE POTENTIAL TO ATTACK MORE THAN ONE DISEASE AT A TIME OR BRING IMPROVED RISK BENEFIT IN THE TREATMENT OF A SINGLE DISEASE.”



ELIAS ZERHOUNI

A DEEP DIVE IN SANOFI'S R&D MODEL 2.0

The company has continuously adapted its R&D model in recent years to deliver greater efficiency and excellence in development, resulting in a major uplift in productivity. **The new Sanofi R&D model is based on three key strategic shifts:**

- from small molecules to biologics;
- from mono-targeting to multi-targeting compounds; and
- from licensing to proprietary assets.

Since 2016, Sanofi has placed increasing emphasis on developing **proprietary technology platforms**, including multi-specific antibodies, dual and triple agonists,... It has also **leveraged external expertise** in targeted platforms.

Sanofi is convinced that **the multi-targeting approach is going to drive the future of biopharmaceuticals**, with the potential to double the productivity and the efficiency of an R&D organization.

BUILDING A COMPETITIVE POSITION IN SPECIALTY CARE

IMMUNOLOGY

Sanofi is strengthening its specialty care portfolio and launched an immunology franchise in 2017. **Dupilumab, which we are developing in collaboration with Regeneron, is one of the cornerstones** of this franchise. Its very successful launch in atopic dermatitis in the U.S. is expected to be followed by multiple launches in additional allergic indications in the coming years. Phase 3 trials for uncontrolled, persistent asthma recently demonstrated a potentially clinically important profile among biologic treatments. The U.S. supplemental biologics license application (BLA) in this important indication was submitted at the end of 2017. Clinical development is underway in nasal polyposis, eosinophilic esophagitis, food allergies and in pediatric populations in most of these indications. Additionally, Phase 3 development for dupilumab is now planned in chronic obstructive pulmonary disease (COPD).

Beyond dupilumab, Sanofi, in collaboration with Regeneron, is developing an **anti-IL-33 antibody**, which has the potential for a broader spectrum of immune modulatory effects. Phase 2 studies in atopic dermatitis, asthma and COPD are expected to start in 2018, alone and in combination with dupilumab.

ONCOLOGY

Sanofi is committed to re-building its position in oncology and has made major progress in the past two years. This strategy is starting to deliver: 14 new proof-of-concept studies are to be initiated, four potential proof-of-concept readouts, six Phase 1 starts and three BLA/MAA submissions in 2018. Among these products is **cemiplimab, an investigational PD-1 checkpoint inhibitor and the backbone of Sanofi's checkpoint immuno-oncology strategy**, being developed with our partner Regeneron. Cemiplimab is being studied in a skin cancer called cutaneous squamous cell carcinoma (CSCC). The development program also includes large or untapped opportunities in immuno-oncology, such as another skin cancer called basal cell carcinoma, cervical cancer, and first line lung cancer. The other promising product is **isatuximab in multiple myeloma**. Isatuximab will be studied in combination with cemiplimab and other immuno-oncology agents.

MULTIPLE SCLEROSIS

In multiple sclerosis Sanofi plans to **build on the proven long-term clinical profile of Lemtrada®** (alemtuzumab) by initiating a Phase 3 study in 2018 in patients with primary progressive multiple sclerosis (PPMS).

In addition, Sanofi, in collaboration with Principia, will be developing a novel Bruton's tyrosine kinase (BTK) inhibitor, designed to access the brain and spinal cord by crossing the blood-brain barrier and impact immune cell and brain cell signaling.



“CEMPIPLIMAB AND ISATUXIMAB WILL FORM THE BASE FOR OUR REBUILD IN ONCOLOGY, WHICH IS A KEY STRATEGIC GOAL FOR SANOFI.” **OLIVIER BRANDICOURT**

SUSTAINING LEADERSHIP IN RARE DISEASE, DIABETES & CARDIOVASCULAR DISEASE AND VACCINES

RARE DISEASE

Sanofi's Rare Disease pipeline is structured with the goal of **sustaining innovation in lysosomal storage disorders, while also expanding strategically into related conditions**. Clinical development programs notably include venglustat, studied in four different rare diseases. Also, two promising programs are being conducted through a strategic collaboration with Anylam, on the development of patisiran for hATTR amyloidosis and fitusiran for hemophilia A and B, with and without inhibitors.

DIABETES & CARDIOVASCULAR DISEASE

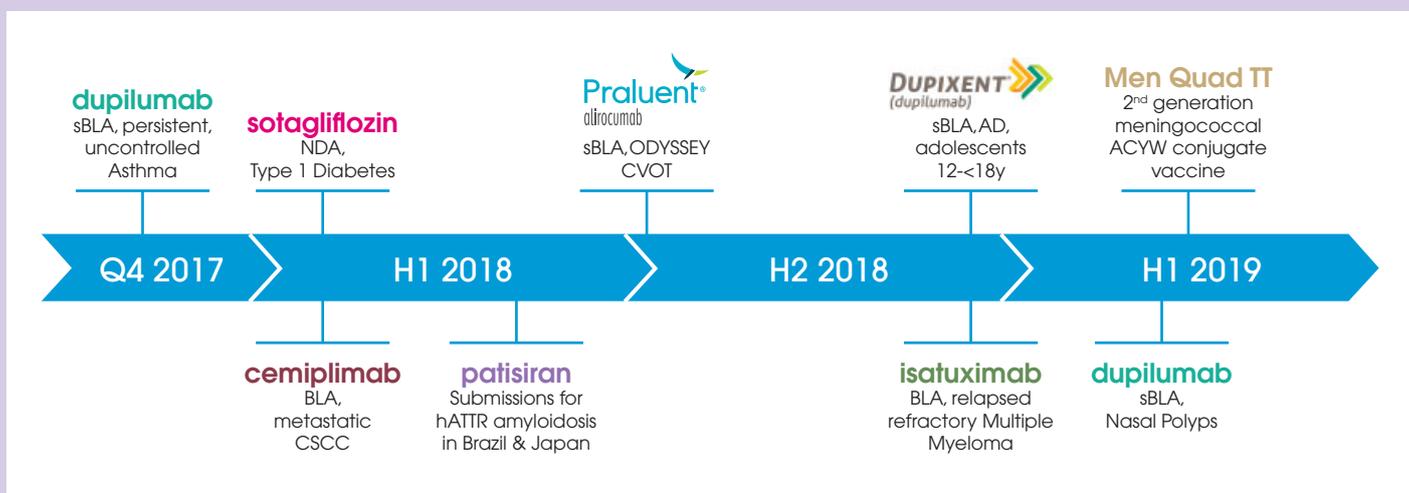
Sanofi is committed to **sustaining a leadership position in diabetes and expanding into adjacent co-morbidities**. Its late-stage diabetes pipeline includes sotagliflozin (collaboration with Lexicon), an investigational SGLT-1/2 inhibitor and efglenatide (collaboration with Hanmi), a once-weekly GLP-1, both of which potentially offer unique patient advantages. Additionally, Sanofi is leveraging its novel peptide incretin platform to develop breakthrough assets for diabetes, obesity and non-alcoholic steatohepatitis (NASH).

In cardiovascular disease, Sanofi continues to work in collaboration with Myokardia on therapeutic options for genetic forms of cardiomyopathy.

VACCINES

Sanofi has **six key vaccine projects currently in development**, and priority disease areas include influenza, meningitis and respiratory syncytial virus (RSV). RSV is the leading cause of infant viral mortality. Sanofi Pasteur is taking a complementary dual approach to RSV with a monoclonal antibody in Phase 2, in collaboration with MedImmune, and a vaccine in Phase 1.

UPCOMING SUBMISSIONS¹



¹ - Number of submissions determined by first submission to a regulatory authority in a country; subsequent submissions to other global regulatory authorities are not included in the count of 9 potential submissions.

DUPIXENT® (DUPILUMAB)

MAJOR ACHIEVEMENTS IN MULTIPLE INDICATIONS



Dupilumab, developed in collaboration with Regeneron, is one of our multi-target products with high potential in multiple indications.

It has been approved in atopic dermatitis, and data show efficacy in three other allergic diseases - asthma, chronic sinusitis with nasal polyposis and eosinophilic esophagitis. Dupilumab is currently being studied in 9 indications.

Dupilumab® allows certain patients to live a normal life again, without the debilitating skin rashes that characterize atopic dermatitis.

DUPIXENT® APPROVED IN EUROPE FOR THE TREATMENT OF MODERATE-TO-SEVERE ATOPIC DERMATITIS IN ADULT PATIENTS

In September 2017, the European Commission granted **marketing authorization for Dupixent®**, for use in adults with moderate-to-severe atopic dermatitis (AD) who are candidates for systemic therapy.

Dupilumab is currently being evaluated in a comprehensive development program for AD that includes studies in **children with severe AD** (6 months to 11 years of age) and **adolescents with moderate-to-severe AD** (12 to 17 years of age).

These potential uses are investigational and the safety and efficacy have not been fully evaluated by any regulatory authority.

DUPILUMAB IN ASTHMA

Sanofi and Regeneron announced on October 31, 2017 that dupilumab significantly reduced steroid use, asthma attacks, and improved lung function in a **Phase 3 study of adults and adolescents with severe steroid-dependent asthma**.

A **U.S. supplemental biologics license application** was submitted for uncontrolled, persistent asthma for patients aged 12 and over in the **fourth quarter of 2017**.

POSITIVE RESULTS IN PATIENTS WITH EOSINOPHILIC ESOPHAGITIS

On October 16, 2017, the two companies announced positive results from a Phase 2 investigational study of dupilumab in adults with active moderate-to-severe eosinophilic esophagitis.

The study showed that patients who received dupilumab weekly reported a **significant improvement in the ability to swallow** versus placebo.

TOWARDS MORE INVESTMENTS FOR THE DEVELOPMENT OF DUPILUMAB

Dupilumab is a program jointly developed by Sanofi and Regeneron as part of a global collaboration agreement.

The additional investment in the dupilumab development program announced in January 2018 will help accelerate planned **new studies in chronic obstructive pulmonary disease, peanut allergy and grass allergy** as well as in patients who have multiple allergic conditions.

SANOFI TO ACQUIRE BIOVERATIV¹

Sanofi and Bioverativ Inc., a biopharmaceutical company focused on therapies for hemophilia and other rare blood disorders, have entered into a definitive agreement under which Sanofi will acquire all of the outstanding shares of Bioverativ for \$105 per share in cash, representing an equity value of approximately \$11.6bn (on a fully diluted basis). The transaction was unanimously approved by both companies' Boards of Directors.

The acquisition of Bioverativ will **expand our presence in specialty care and further strengthen our leadership position in rare diseases.**

ADMELOG® (INSULIN LISPRO INJECTION) APPROVED IN THE UNITED STATES

The U.S. Food and Drug Administration (FDA) has approved Sanofi's Admelog®, the **first follow-on insulin lispro** to help people living with diabetes manage blood sugar levels at mealtime.

SANOFI AND PRINCIPIA AGREE TO DEVELOP MULTIPLE SCLEROSIS DRUG CANDIDATE

Sanofi will develop Principia Biopharma Inc.'s Bruton's tyrosine kinase (BTK) inhibitor, an experimental oral treatment that shows promise in multiple sclerosis and, potentially, other central nervous system diseases.

Principia's **treatment was designed to access the brain and spinal cord** by crossing the blood-brain barrier and impact immune cell and brain cell signaling.



SANOFI INVESTS €170 MILLION IN NEW VACCINE PRODUCTION FACILITY IN FRANCE

Sanofi is investing €170 million to expand a vaccine manufacturing site in Val de Reuil, France. The expansion further strengthens Sanofi's position as one of the world's leading seasonal flu vaccine providers. The new facility will allow Sanofi Pasteur to **expand supply of VaxigripTetra®** to up to 70 countries in six continents.

¹ - The consummation of the tender offer is subject to various conditions, including the tender of at least a majority of the outstanding Bioverativ shares, redelivery of a tax opinion delivered at signing, the expiration or termination of the waiting period under the Hart Scott Rodino Antitrust Improvements Act and receipt of certain other regulatory approvals, and other customary conditions. Following the successful completion of the tender offer, a wholly owned subsidiary of Sanofi will merge with Bioverativ and the outstanding Bioverativ shares not tendered in the tender offer will be converted into the right to receive the same \$105 per share in cash paid in the tender offer. The tender offer is expected to commence in February 2018.

GOVERNANCE



STEFAN OELRICH NAMED EXECUTIVE VICE-PRESIDENT, DIABETES & CARDIOVASCULAR

Stefan Oelrich has been Executive Vice President, Diabetes and Cardiovascular (DCV) of Sanofi since October 2, 2017. **Member of the Executive Committee**, he has been managing Sanofi's Global Diabetes franchise since June 2016 and was previously responsible for DCV Europe. He was closely involved in setting up the new Global Business Unit (GBU) DCV.



LE REVENU AWARDS 2017

Sanofi's **commitment to its shareholders** was rewarded with the Bronze Award of the Best Shareholder Relations of CAC40 companies by the economic newspaper *Le Revenu*.

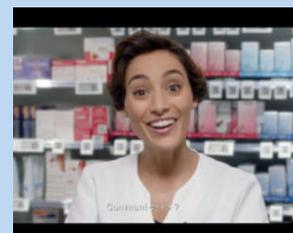
SANOFI LAUNCHES ITS NEW SIGNATURE "EMPOWERING LIFE"



Life is often described as a journey. And health touches everyone along the way. As in life itself, people face ups and downs in their health, and challenges, big or small. **Sanofi's mission is to support people as a health journey partner.** Wherever people live and whenever we can make a difference, Sanofi seeks to protect, enable and support those who face health challenges so they can live life to its full potential. This mission is expressed in Sanofi's new signature line: "Empowering Life".

Sanofi already makes a positive difference empowering life around the world: From protecting people with our vaccines, to easing pain and suffering with our treatments. Whether it's supporting the few who live with a rare disease or the millions of people living with chronic conditions, Sanofi is **helping people live better and longer lives.**

Sanofi supported the launch of its new corporate signature with a **global digital campaign** focusing on a question everyone asks, regardless of the country they live in: "how are you?"



For more information:
www.sanofi-empowering-life.com

SHARE PERFORMANCE

IN PARIS

SANOFI SHARE PRICE TREND OVER 5 YEARS

Euronext Paris, from January 1, 2013 to January 5, 2018



CAC 40 rebased on the Sanofi share price
Source: vwdgroup

On January 5, 2018, Sanofi had a market capitalization of more than €92bn.

ACTIONARIA

SHAREHOLDER EVENT 2017



The 20th edition of Salon Actionaria, Europe's largest exhibition dedicated to individual shareholders, was held on November 23 and 24, 2017, at the Palais des Congrès in Paris.

MORE THAN 26,000 VISITORS ATTENDED THE 2017 EVENT

The Investor Relations team, alongside the individual shareholders committee, were on-site to represent the company during the two days. Once again, Salon Actionaria was the opportunity for Sanofi's Investor Relations team to meet current and potential individual shareholders and to answer their questions about Sanofi's business, news and perspectives.

During these two days, the discussions on the booth and short educational presentations on Sanofi's strategy, business and financial performance helped visitors better understand one of the world's healthcare leaders.

CALENDAR

- **February 7, 2018:** Fourth quarter and full-year results 2017
- **April 3, 2018:** Shareholder meeting in Nantes
- **April 27, 2018:** First quarter results 2018
- **May 2, 2018:** Annual general meeting, Palais des Congrès, Paris

SANOFI STOCK

- **Euronext Paris, compartment A**
Member code: SAN
ISIN code: FR 0000120578
- **New York Stock Exchange**
Symbol: SNY
CUSIP number: 80105N105000

SHAREHOLDER RELATIONS

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(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.

The Letter to Shareholders is published by Sanofi Investor Relations / Shareholder Relations.

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