

LETTER TO SHAREHOLDERS

N°43
DECEMBER
2015

Dear Shareholders,

Sanofi announced solid results in the third quarter of 2015. The Group has achieved important milestones in its mission to bring innovative medicines to patients, with the growing adoption of new products and the recent launch of Praluent®, a major innovation in the treatment of certain patients with hypercholesterolemia.

The Executive Committee has also presented its strategic roadmap for the period 2015-2020. The pharmaceutical industry is undergoing a transformation unlike anything we've previously seen. Continued consolidation in the sector has created a more competitive environment and financial pressure on healthcare systems is increasing. In parallel, scientific progress is unprecedented.

In this challenging environment, we have redefined the priorities that will serve as our foundation over the next five years to build a stronger Sanofi with renewed commitment to protect and improve lives of patients around the world.

Thank you for your trust and continuing loyalty.



Serge Weinberg
Chairman of the Board of Directors

“
*We have achieved
important milestones in our
mission to bring innovative
medicines to patients.*”
”



Dear Shareholders,

The Group showed growth on both top and bottom line in the third quarter of 2015 despite lower Diabetes sales in the United States. Growth was mainly driven by the strong performance of Genzyme, Vaccines and Emerging Markets. At the same time, we continue to make significant investments in new product launches and Research & Development to further strengthen Sanofi and prepare for the future.

On November 6, 2015, I had the opportunity to present new priorities for Sanofi in the context of an increasingly competitive pharmaceutical environment. The company will remain diversified, but with a portfolio refocused on innovation driven areas where we are able to win. Along with a more streamlined and accountable organization, we are taking clear measures to ensure the successful launch of a strong set of new medicines. By building on the successes of these products, we are confident that Sanofi will be well-positioned for sustained growth. Sanofi is also seeking external opportunities to enhance its growth profile.

We expect to deliver a sales compound annual growth rate (CAGR) of between +3% and +4% over 2015-2020, with a target of mid-single digit growth in the second half of this period¹. As a result of investments in launches, headwinds in Diabetes and the phasing of cost savings, we do not expect to show any meaningful bottom line growth over 2016-2017. Beginning in 2018, however we expect to grow Business EPS faster than sales¹.

We are entering a new era and reconfirming our commitments: further protecting the health of millions of people around the world, progressing science and creating value for our shareholders.



Olivier Brandicourt
Chief Executive Officer



We have defined a roadmap that aims to create the conditions of short and mid-term success, and establish the foundations of Sanofi's future.



THIRD QUARTER 2015

GROUP NET SALES

€9,591 M

+9.2%
(+3.4%)

EMERGING MARKETS NET SALES

€2,871 M

+6.9%
(+11.4%)

BUSINESS NET INCOME

€2,096 M

+8.3%
(+5.0%)

BUSINESS EPS²

€1,61

+9.5%
(+6.1%)



Further information
on Q3 Results:

www.sanofi.com

Growth rates are expressed on a reported basis. Growth rates in brackets are expressed at constant exchange rates (CER). For definitions of financial indicators, please consult the press release issued on October 29, 2015.

1 - At constant exchange rates
2 - Earnings per share

THIRD QUARTER RESULTS 2015

STEADY FINANCIAL PERFORMANCE

In the third quarter 2015, business EPS was up +6.1% at constant exchange rates (CER) while operating expenses increased 7.5% at CER given higher investments in the launches of new products.

DIABETES SALES EROSION IN THE U.S.

In the third quarter, the Diabetes division sales totaled €1,852M, a decrease of

6.6% reflecting lower sales of Lantus® in the U.S. Diabetes revenues were down 16.4% in the U.S. but increased 8.1% outside the U.S.

In light of these recent sales trends for the Diabetes business and ongoing market dynamics, we now expect our global Diabetes sales to be down between 6% to 7% at CER for 2015. Accounting for recent market trends, we now project global Diabetes sales over the period of 2015-2018 to decline at an average annualized rate of between 4% and 8% at CER¹.

SOLID SALES GROWTH IN OTHER BUSINESSES

Group sales increased 3.4% at CER in the third quarter 2015, supported by the strong performance of Genzyme, Vaccines, Animal Health and Emerging Markets. Excluding Diabetes, Group sales were up 6.0% at CER.

Genzyme sales increased 32.7% to €923M, driven by the strong performance of the Multiple Sclerosis franchise. Sales of Aubagio® grew 78.6% to €225M, driven by sales in the U.S. and Western Europe, sustained by strong performance in France. Lemtrada® was also progressing, with sales of €68M in the third quarter.

2015 FINANCIAL GUIDANCE REAFFIRMED²

Sanofi reaffirms that it expects 2015 Business EPS to be stable to slightly growing versus 2014³ at constant average exchange rates, barring unforeseen major adverse events.

In addition, the positive currency impact on 2015 full-year business EPS is estimated to be between 6% and 8%, under the assumption that exchange rates remain stable in the fourth quarter at the average rates of September 2015.

1 - Consult press releases issued on October 29 and November 6, 2015 for further information.

2 - View forward looking statements in the press release issued on October 29, 2015.

3 - 2014 business EPS: €5.20.

THIRD QUARTER 2015 SALES BY BUSINESS AREAS

		Growth at CER
PHARMACEUTICALS	€7,267 M	+2.6%
Diabetes	€1,852 M	-6.6%
Genzyme ¹	€923 M	+32.7%
Consumer Healthcare	€814 M	+3.2%
Generics	€452 M	+6.7%
Oncology	€376 M	+5.4%
Established Rx Products	€2,846 M	+0.1%
VACCINES	€1,717 M	+5.5%
ANIMAL HEALTH	€607 M	+9.3%

1 - Genzyme includes Rare Diseases and Multiple Sclerosis franchises

SANOFI ENTERS INTO NEW COLLABORATIONS IN DIABETES



In 2014, 387 million people had diabetes worldwide. 46.3% were undiagnosed. The number of people living with diabetes is expected to increase by 53% between 2014 and 2035¹.

“
Sanofi confirms its commitment to people living with diabetes.
”

LEXICON PHARMACEUTICALS

At the beginning of November, Sanofi and Lexicon, entered into a collaboration and license agreement for the development and commercialization of sotagliflozin, an investigational new oral dual inhibitor of sodium-glucose cotransporters 1 and 2 (SGLT-1 and SGLT-2) currently being studied in a pivotal Phase III trial in type 1 diabetes and a Phase II trial in type 2 diabetes. This oral medicine could be a potential new treatment option for people with diabetes^{2,3}.

develop a portfolio of experimental, long-acting diabetes treatments, including epeglenatide, a late-stage receptor agonist (GLP1-RA) currently in Phase II development².

GOOGLE LIFE SCIENCES

At the end of August, Sanofi and Google Life Sciences announced a collaboration to improve care and outcomes for people with diabetes. It will focus on new digital technology and tools to offer patients more options to manage their disease and health professionals the opportunity to better help their patients.

HANMI PHARM CO., LTD

Sanofi and Hanmi have signed a worldwide license agreement to

1- International Diabetes Federation

2- These agreements remain subject to regulatory approvals, including those of antitrust authorities under the Hart-Scott Rodino Act.

3- The experimental agent referred to above is currently in clinical development and no regulatory agency has yet evaluated its safety profile and efficacy.

APPROVAL OF PRALUENT® IN EUROPE

At the end of September, the European Commission granted marketing authorization for Praluent® (alirocumab) for the treatment of hypercholesterolemia and characterized by a high level of “bad cholesterol” known as low-density lipoprotein (LDL) cholesterol in certain adult patients.

Praluent® was approved in the United States in July 2015.

NEW PHASE III RESULTS FOR SARILUMAB

During the annual Congress of the American College of Rheumatology, Sanofi and Regeneron announced new positive top line results from a Phase III pivotal study of sarilumab in rheumatoid arthritis.

The study met both co-primary endpoints of improvements in signs and symptoms of rheumatoid arthritis (RA) and improvements in physical function, as well as secondary efficacy endpoints.

The Biologics License Application for sarilumab was recently submitted to the U.S. Food and Drug Administration (FDA) and will be submitted in Europe in 2016.



SANOFI COMMITS TO COP21

Sanofi has actively contributed to COP21, the United Nations conference on climate change, as an official partner. Sanofi supports the mobilization to keep global warming below 2° Celsius to mitigate the impacts of climate change on health.

Climate change is expected to cause approximately 250,000 additional deaths per year from malnutrition, malaria, diarrhea and heat stress, between 2030 and 2050, according to the World Health Organization (WHO).

PARTNERSHIPS

CANCER IMMUNOTHERAPY

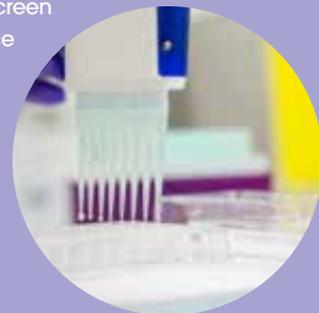
On November 3, 2015, Sanofi and Biontech AG concluded a multiyear exclusive collaboration and license to discover and develop up to five cancer immunotherapies, each consisting of a mixture of synthetic messenger RNAs.

HEMOPHILIA

In early October, Genzyme announced plans to exercise its option into Alnylam's investigational ALN-AT3 hemophilia program for development and potential future commercialization in territories outside of North America and Western Europe. The product is in Phase II development.

EXCHANGE OF CHEMICAL MOLECULES

Sanofi and AstraZeneca will exchange 210,000 compounds from their respective, proprietary compound libraries. As a new open innovation model, the collaboration will enhance chemical diversity and allow each company to screen a broader, more diverse chemical space as the starting point in the search for new, small-molecule medicines.



VACCINES

RESEARCH ON A “UNIVERSAL” INFLUENZA VACCINE

In November, Sanofi Pasteur presented new research at the World Vaccine Congress on developing a broadly cross-reactive antigen against seasonal and pandemic influenza. The current licensed vaccines that are designed to protect against 3-to-4 strains are determined before the influenza vaccine production process every year.

NEW INJECTABLE POLIO VACCINE AVAILABLE IN INDIA

Sanofi Pasteur announced the first shipment of ShanIPV™, a brand new injectable, inactivated polio vaccine (IPV) manufactured by its affiliate Shantha Biotechnics, in India. These first vaccine doses will be available to implement one dose of IPV in India's immunization schedule for all infants, a key step towards polio eradication.

SANOFI SETS OUT STRATEGIC ROADMAP FOR LONG-TERM GROWTH

On November 6, 2015, Sanofi organized an Investor Relations Seminar (“Meet Sanofi Management”) to set out its strategic roadmap for the period 2015-2020. The long-term strategy of Sanofi, a leading diversified global healthcare company, is based on four pillars: reshape the portfolio, deliver outstanding launches, sustain innovation in R&D and simplify the organization.

RESHAPE THE PORTFOLIO

Sanofi will **sustain its leadership** in therapeutic areas where it is strong and well positioned:

- **Diabetes:** Sanofi plans to develop its insulin franchise, strengthen its pipeline through external opportunities and lead the market shift to managing diabetes outcomes.

- **Cardiovascular:** Sanofi is confident about the prospects for Praluent® and awaits the results of the cardiovascular outcomes trial in 2016-2017 which should help to capture the drug’s full potential. The enrollment of 18,000 patients in this trial was completed at the end of November 2015.

- **Vaccines:** Sanofi’s objective is to grow faster than the market through the launch of Dengvaxia®, flu vaccines, pediatric combinations and adult boosters. Dengvaxia®, the world’s first dengue vaccine, was approved in Mexico on December 9, 2015.

- **Rare Diseases:** With Genzyme, Sanofi plans to sustain its leadership by continuing its patient-centered approach.

- **Emerging Markets:** Sanofi intends to retain its number one position through greater focus on priority countries.

Sanofi will **build competitive positions** in areas with strong growth potential:

- **Multiple Sclerosis:** Sanofi has the ambition to double the size of its franchise between 2015 and 2020.

- **Oncology:** Sanofi plans to restore a competitive pipeline, notably through its strategic collaboration in immuno-oncology.



“

Our roadmap will have two phases: reshaping Sanofi from 2015 to 2017, and, starting in 2018, accelerating growth.

”

Olivier Brandicourt, Chief Executive Officer

- **Immunology:** Sarilumab in rheumatoid arthritis and dupilumab in atopic dermatitis and asthma will be the two pillars of a new franchise.

- **Consumer Healthcare:** Sanofi plans to build scale through new categories of products and bolt-on acquisitions.

Sanofi will **explore strategic options** in business segments that, despite their good performance, are not considered core to the strategy of the Group:

- **Animal Health:** synergies are limited with other Sanofi businesses.

- **Generics in Europe:** geographic synergies are limited and market complexity is increasing.

All options will be considered for these businesses including retention in the Group.

DELIVER OUTSTANDING LAUNCHES

Sanofi's growth will be notably driven by the launches that are scheduled for the next five years. Up to 18 new products are on track to arrive on the market by 2020. Among these, Sanofi projects that six key launches (Toujeo®, Praluent®, Dengvaxia®, sarilumab, LixiLan and dupilumab) could **generate aggregate peak sales of €12bn to €14bn by 2025¹**.

SUSTAIN INNOVATION IN R&D

Sanofi will continue to strengthen its R&D pipeline, evolve its R&D model and increase research productivity.

The organization will also foster its existing R&D collaborations and increase its capacity for external innovation.



Elias Zerhouni,
President, Global R&D

SIMPLIFY THE ORGANIZATION

Sanofi is in the process of simplifying its global organization. The move to five Global Business Units (GBUs) – Diabetes & Cardiovascular, General Medicines & Emerging Markets, Sanofi Genzyme (Specialty Care), Sanofi Pasteur (Vaccines), Merial (Animal Health) - will start to be implemented beginning in January 2016 following mandatory labor consultations.

In addition, Sanofi plans to reshape its plant network to match business evolution with increased emphasis on the growing biologics portfolio.

These initiatives as well as the prioritization of investments should allow **cost savings of €1.5bn by 2018**, which will be largely reinvested to support growth initiatives. In particular, Sanofi plans to **increase its total annual R&D investments up to €6bn** at constant exchange rates by 2020, while maintaining financial discipline.

¹ - At constant exchange rates, non-risk adjusted sales projection through 2025

SALES POTENTIAL OF SIX KEY PRODUCTS



EXPECTED COMBINED PEAK SALES OF

€12bn TO €14bn

BY 2025¹



Jérôme Contamine,
Executive Vice President,
Chief Financial Officer

CAPITAL ALLOCATION PRIORITIES

- Organic capital expenditures in businesses
- Business development – including acquisitions
- Maintaining progressive dividend growth
- Opportunistic share buybacks

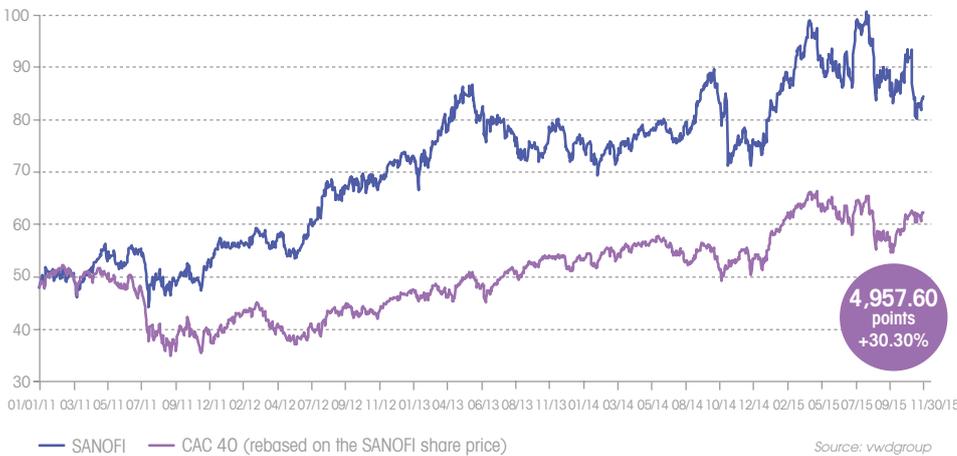
The company has a strong balance sheet and free cash flow, low leverage and a low cost of borrowing.

To supplement the organic growth prospects, Sanofi intends to seek opportunities for external growth while maintaining the financial discipline and rigour to which it remains fully committed.

SHARE PERFORMANCE IN PARIS

SHARE PRICE TREND

FROM JANUARY 1, 2011 TO NOVEMBER 30, 2015



€84.38
+76.34%

4,957.60
points
+30.30%

CALENDAR

- **February 9, 2016**
Annual Results 2015
- **April 29, 2016**
First quarter results
- **May 4, 2016**
Annual General Meeting
- **July 29, 2016**
Second quarter results
- **October 27, 2016**
Third quarter results

SANOFI STOCK

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

SHAREHOLDER RELATIONS

- **SANOFI – Shareholder Relations**
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- **Tel. Europe: +33 (0) 800 075 876**
- Toll-free tel. U.S.: +1 888 516 3002
- Individualshareholders@sanofi.com
- www.sanofi.com/shareholders
- Mobile app: **SANOFI IR**
(available in the App Store and Google Play)

SANOFI IR APP: NEW SECTION DEDICATED TO INDIVIDUAL SHAREHOLDERS

SANOFI IR, the mobile application dedicated to Sanofi's financial news has been further enhanced with a new section for individual shareholders. More than 11,000 people have downloaded the SANOFI IR app, including a large number of individual shareholders. Sanofi recognizes the importance of providing them with a dedicated interface which allows them access to their publications, events and services on tablets and smartphones.

Dedicated content and services include:

- Stock price and portfolio calculator
- Publications: Letter to Shareholders, Shareholder Handbook, Factsheet
- Presentations: regional meetings, general meeting
- Shareholder calendar synchronizable with device's calendar



MOBILE APPLICATION : **SANOFI IR**



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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