

LETTER TO SHAREHOLDERS

JUNE 2018

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SANOFI

MESSAGE FROM THE CHAIRMAN



Serge Weinberg, Chairman of the Board of Directors

Dear shareholders,

I would like to thank you for your participation in our Annual General Meeting that adopted all resolutions. I'm pleased to welcome Emmanuel Babeau as a new Director. His important financial skills and international mindset will be a strong addition to the Board.

The beginning of 2018 was very busy, in particular in terms of acquisitions. The three transactions that allowed Sanofi to build a new franchise dedicated to Rare Blood Disorders significantly support our strategy. They demonstrate our choice to be a diversified company, which means that we spread our risks while maintaining focus. Rare blood disorders perfectly fits with our Specialty Care franchise and benefits from our expertise and infrastructure.

These transactions also support our decision to be at the cutting edge of innovation. For Sanofi, innovation is not only about the discovery of new molecules, it also takes into account all parameters that may help improve treatment efficacy, adherence and patient behaviors. Innovation is and will be increasingly multidisciplinary: thanks to the advances of science and technology, innovation offers considerable progress for improvement in human health.

I would like to take the opportunity to stress the passion of the men and women of Sanofi for their work and mission, namely to improve human health. On behalf of the Board, I would like to thank Olivier Brandicourt, the Executive Committee and the 100,000 employees of this company.

I also thank you, dear shareholders, for your trust and continuing loyalty.

« **Innovation is, and will be increasingly multidisciplinary.** »

FIRST QUARTER 2018 RESULTS



Olivier Brandicourt, Chief Executive Officer

Strong Specialty Care and Emerging Markets sales offset exclusivity losses and Vaccines slowdown

In the first quarter of 2018, Company sales were €7,898M, down 8.7% on a reported basis. Exchange rate movements had a negative effect of 8.3 percentage points. At CER, Company sales decreased slightly by 0.4%. At CER/CS, sales were down 1.1%⁽³⁾.

Specialty Care (Sanofi Genzyme) sales grew strongly, up 16.3%⁽⁴⁾ at CER driven by the contribution from the new Rare Blood Disorders franchise following the acquisition of Bioverativ, and the Immunology franchise. The latter reached sales of €117M in the first quarter, of which €107M were generated by Dupixent[®]. Total prescriptions for Dupixent[®] in atopic dermatitis continued to grow strongly in the U.S.

Sales in **Emerging Markets** were up 8.3% at CER to €2,467M driven by double-digit growth in China and Latin America.

The performance of Specialty Care and Emerging Markets offset the slight decline in **Vaccines** (Sanofi Pasteur) sales, down 0.9% at CER due to constrained supply of Pentaxim[®] (pediatric combination vaccine) in China, and exclusivity losses of Lantus[®] and sevelamer in the United States.

These losses of exclusivity impacted sales of the Diabetes franchise, down 10.0% at CER and the Established Products franchise, down 6.4% at CER.

Sales by franchise	Q1 2018	Change at CER
Specialty Care	€1,710M	+16.3%
Diabetes & Cardiovascular	€1,484M	-8.7%
Established Products	€2,320M	-6.4%
Consumer Healthcare	€1,238M	+2.0%
Generics	€435M	+0.9%
Vaccines	€711M	-0.9%



Evolution of net debt

Following the closing of the acquisition of Bioverativ for €8,979M, **net debt increased to €14,142M** as of March 31, 2018.

In March, Sanofi successfully **priced €8bn of bond issues**. Net proceeds of the offering will notably be used to finance the acquisitions of Bioverativ and Ablynx.

In the first quarter of 2018, the **average cost of debt is 0.96%** and strong credit ratings have been reaffirmed.

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 April 27, 2018 2 - Earnings per share 3 - CS: constant structure: adjusted for the Bioverativ acquisition 4 - Adjusted for the Bioverativ acquisition: +12% at CER/CS.

What are the key highlights of the first quarter of 2018?

In the first quarter, the performance of our global operations, coupled with disciplined expense management, allowed us to manage the impact of the losses of exclusivity for Lantus[®] and Renvela[®]/Renagel[®] in the United States.

Biosimilar competition to Lantus[®] and pricing pressure in the United States impacted global Diabetes sales in line with guidance. While we continued to drive growth of Diabetes sales in Emerging Markets (+17.7% at CER), and held sales stable in Europe, this was more than offset by the 26.6% decline at CER in the United States. Generic competition to Renvela[®]/Renagel[®] in the United States impacted sales of the Established Prescription Products franchise. But due to the solid performance in Emerging Markets and Specialty Care, we managed to hold sales stable for the quarter.

In a series of three strategic actions in less than a month, we believe we are well on our way to building a leading rare blood disorders franchise: we obtained global rights to fitusiran from Alnylam, acquired Bioverativ and announced the acquisition of Ablynx, which also brings its innovative Nanobodies[®] platform strengthening our R&D pipeline in other therapeutic areas.

When is the return to growth you announced for 2018 expected?

Return to growth is expected in the second half of 2018. The impact of exclusivity losses should be offset by the progress of our new products, in particular the increasing contribution from Dupixent[®], the development of our new Rare Blood Disorders franchise, and again, disciplined expense management.

While there is still uncertainty about the impact of exchange rate movements, we reconfirmed our full-year guidance for business earnings per share to grow by between 2% and 5% at CER.

Could you tell us more about your new activity in Hematology and Rare Blood Disorders?

In early March we finalized the acquisition of Bioverativ which brings a growing product portfolio: Elocbate[®] and Alprolix[®] are part of the standard of care in hemophilia and we believe this will remain the case for many years. We see additional potential, in particular from geographic extension of these two products in Emerging Markets and from Bioverativ's pipeline. With the acquisition of Ablynx we add caplacizumab to our portfolio which could be launched before the end of the year if it is approved in Europe. The continuation of the Phase 3 program for fitusiran in hemophilia, should also allow us to bolster the franchise's portfolio.

ABLYNX ACQUISITION – A KEY STEP TO STRENGTHENING INNOVATION IN R&D



LEADING EDGE OF NANOBODY TECHNOLOGY

A PIPELINE WITH MORE THAN

45

PROPRIETARY AND PARTNERED CANDIDATES, OF WHICH

8

HAVE ENTERED CLINICAL DEVELOPMENT

SUCCESSFUL RESULTS OF THE INITIAL TENDER OFFER PERIOD FOR ABLYNX

On May 14, 2018, Sanofi and Ablynx announced the successful results of the initial tender offers to acquire Ablynx shares. Owning more than 95% of Ablynx shares, Sanofi launched a squeeze-out tender on the remaining shares on May 22.

Both companies agreed in January 2018 that Sanofi would **acquire Ablynx for around €3.9bn.**

EVOLUTION OF A SUCCESSFUL PARTNERSHIP

Sanofi and Ablynx entered into an R&D collaboration in immuno-mediated inflammatory diseases in 2017. The acquisition of Ablynx builds on the successful existing partnership between Sanofi and Ablynx and continues Sanofi's commitment to **breakthrough innovation**, focused on technologies addressing multiple disease targets with single **multi-specific molecules**.

Ablynx is at the **leading edge of Nanobody® technology**, supporting a deep pipeline of

proprietary and partnered candidates for a wide range of therapeutic areas such as hematology, inflammation, immuno-oncology and respiratory diseases, which is **perfectly complementary to Sanofi's pipeline**.

STRENGTHENING RARE BLOOD DISORDERS FRANCHISE

Caplacizumab is Ablynx's most-advanced product in development, for the treatment of acquired thrombotic thrombocytopenic purpura (aTTP), a sometimes life-threatening rare blood disorder. It strengthens Sanofi's position in rare blood disorders, **complementing the acquisition of Bioverativ and the restructured alliance with Alnylam to obtain global rights for fitusiran**.

OPPORTUNITIES IN RESPIRATORY SYNCYTIAL VIRUS (RSV) INFECTIONS

Ablynx also brings an inhaled anti-RSV Nanobody, currently in Phase 2b, a potential breakthrough for the **symptomatic treatment of RSV infections** and which is complementary to Sanofi Pasteur's RSV programs.

SANOFI HEAD OF GLOBAL R&D ELIAS ZERHOUNI TO RETIRE



Elias Zerhouni, M.D., Head of Global Research and Development will retire from Sanofi on June 30th, 2018, after more than 9 years of distinguished service with the company. Throughout these years, he led the **transformation of Sanofi's R&D** into an organization focused on biologics, proprietary technology platforms and multi-targeting molecules.

John C. Reed, M.D. Ph.D. will succeed him as of July 1st, 2018. For the past five years, he has served as the Global Head of Roche Pharma Research & Early Development, responsible for directing research and early development activities across all therapeutic areas, including oncology, immunology, rare diseases, neuroscience, ophthalmology and infectious diseases.



SANOFI TO INVEST €350 MILLION IN CANADIAN VACCINE FACILITY

Sanofi announced a €350M investment for the construction of a new state-of-the-art vaccine manufacturing facility at the Sanofi Pasteur Canadian headquarters in Toronto.

The new facility will allow Sanofi Pasteur to meet the **growing demand for pediatric and booster vaccines**, especially against pertussis, diphtheria and tetanus.



EXPECTED DIVESTITURE OF SANOFI'S EUROPEAN GENERICS BUSINESS

On April 17, 2018, Sanofi announced it entered into exclusive negotiations with **Advent International** under which Advent would acquire Zentiva, Sanofi's European generics business. Advent's offer of €1.9bn is firm, binding and fully financed.

Advent is a global investor with an extensive experience of investing in the healthcare sector and executing corporate carve-outs. The **transaction is anticipated to occur before the end of the year**, following consultation with Sanofi employees' representatives and subject to customary closing conditions.

Divestiture of European generics, a non-core business, is part of Sanofi's strategy to simplify and reshape the Company.

SUSTAINING INNOVATION IN RESEARCH & DEVELOPMENT



DUPIXENT® REVIEWED AS POTENTIAL TREATMENT FOR MODERATE-TO-SEVERE ASTHMA

The European Medicines Agency (EMA) has accepted for review an application for Dupixent® (dupilumab) as an add-on maintenance treatment in **certain adults and adolescents with inadequately controlled moderate-to-severe asthma**.

The investigational use of Dupixent® in adults and adolescents with uncontrolled moderate-to-severe asthma is currently under regulatory review in several countries, including the U.S. and Japan.

DUPIXENT® SHOWS POSITIVE PHASE 3 RESULTS FOR TREATMENT OF ATOPIC DERMATITIS IN ADOLESCENTS

In a pivotal Phase 3 trial, evaluating Dupixent® in **moderate-to-severe atopic dermatitis in adolescents (ages 12-17)**, Dupixent® significantly improved measures of overall disease severity, skin clearing, itching, and certain health-related quality of life measures.

The U.S. regulatory submission for patients ages 12-17 is planned for the third quarter of 2018. Dupixent® is currently approved for treatment in adults with moderate-to-severe atopic dermatitis in certain countries including the U.S. and Europe.

CEMIPLIMAB REVIEWED AS A POTENTIAL TREATMENT FOR ADVANCED CUTANEOUS SQUAMOUS CELL CARCINOMA

The U.S. Food and Drug Administration (FDA) has accepted to conduct **priority review** of cemiplimab for the treatment of patients with metastatic cutaneous squamous cell carcinoma (CSCC) or patients with locally advanced CSCC who are not candidates for surgery. This investigational human monoclonal antibody, jointly developed by Sanofi and Regeneron is currently under review in the European Union.

SOTAGLIFLOZIN UNDER REVIEW AS POTENTIAL TREATMENT FOR TYPE 1 DIABETES

The EMA and the U.S. FDA have accepted to review Sanofi's regulatory submission for **sotagliflozin, an investigational dual inhibitor** developed in partnership with Lexicon Pharmaceuticals, Inc. The oral treatment would be used as an addition to insulin therapy to improve blood sugar control in adults with type 1 diabetes.

ANNUAL GENERAL MEETING 2018

APPROVAL OF A DIVIDEND OF 3.03 EUROS PER SHARE

The Combined General Shareholders' Meeting of Sanofi was held on May 2, 2018 in Paris. All resolutions submitted to the vote were adopted by its shareholders, among which the individual company and consolidated financial statements, the distribution of a cash dividend and the renewal of the Board of Directors.

More information is available on www.sanofi.com/AGM2018



«Your company has changed deeply over the past three years. As a result of this transformation, Sanofi benefits from a rather unique profile, with diversified activities that all fit together in a way that means that Sanofi brings together innovation, strength and performance.»

Olivier Brandicourt

The Chairman of the Board of Directors, **Serge Weinberg**, introduced the session with a reminder of the highlights of the year 2017 and the busy first months in 2018. He stressed the importance of innovation to ensure the future of the company and highlighted the progress made in this area, in particular through the many digitalization initiatives and the strengthening of the research portfolio. He also highlighted the main challenges Sanofi faces, while confirming the importance of the strategic transformation. Serge Weinberg also mentioned the importance of corporate social responsibility, a topic that was much discussed in the past few months. For Sanofi the position is clear as the company's purpose is to improve health worldwide.

GOVERNANCE AND COMPENSATIONS

Serge Weinberg then presented the governance of Sanofi, including a review of the progressive evolution of the composition of the Board and the activity of the Board and its committees in 2017.

Patrick Kron, Chairman of the Compensation Committee, explained the compensation policy and gave a precise description of the items due or granted for the year 2017 to the Chairman and the Chief Executive Officer, in particular given the changes in "say on pay" requirements.

STRATEGIC PERSPECTIVES

The Chief Executive Officer, **Olivier Brandicourt**, presented the progress made in the execution of the strategic transformation initiated three years ago. He highlighted the unprecedented efforts in Research and Development and the reshaping of activities refocusing on Sanofi's strengths, in particular in rare diseases and vaccines. He also mentioned the transformation of the operating model and the integration of the digital dimension which impacts all areas of the business beyond medicine and science.

"We have deeply transformed Sanofi. The challenge was to restore its dynamic nature, especially to face the decline of Diabetes activity in the United States due to Lantus® patent expiration, and to adapt to a rapidly changing environment. This change was necessary and

it will enable your company to return to growth this year."

Olivier Brandicourt presented the strengths of Sanofi's model, based on its five global business units, and recalled Sanofi's human and societal commitment, both regarding the environment and health issues. He notably detailed the major role of the company in access to healthcare for those in need in emerging countries and in France.

PROGRESS IN RESEARCH & DEVELOPMENT

Elias Zerhouni, President Global Research & Development, presented the new R&D model and the significant progress made in this area by the company in 2017 and the milestones

expected in 2018. He emphasized the strong potential of Dupixent® for the treatment of atopic dermatitis and in multiple other potential indications that are under development. He also focused on cemiplimab, which is showing encouraging results in the treatment of cutaneous squamous cell carcinoma and isatuximab, which presents a significant opportunity in the growing multiple myeloma market.

FINANCIAL PERFORMANCE

The Chief Financial Officer **Jérôme Contamine** underlined that 2017 was a year of transition for Sanofi, which benefited from solid growth drivers and achieved all of its financial performance objectives. The Chief Financial Officer concluded that the return to growth is expected in the second half of 2018.

GOVERNANCE

RENEWAL OF THE BOARD OF DIRECTORS

The shareholders renewed Olivier Brandicourt, Patrick Kron and Christian Mulliez as Directors and approved the appointment of Emmanuel Babeau as independent Director, for a term of four years, i.e. until the General Meeting called to approve the financial statements for the year 2021.

Robert Castaigne, Director of Sanofi since 2000 and Chairman of the Audit Committee, did not seek a new term. Fabienne Lecorvaisier succeeded him as Chairwoman of the Audit Committee.

Following the General Meeting, the Board of Directors comprises **16 members**, of whom 6 are women and 2 represent employees(**). A large majority of the Directors are independent(*) :

- Serge Weinberg*, Chairman of the Board of Directors
- Olivier Brandicourt, Chief Executive Officer
- Laurent Attal
- Emmanuel Babeau*
- Bernard Charlès*
- Claudie Haigueré*
- Patrick Kron*
- Fabienne Lecorvaisier*
- Mélanie Lee*
- Suet-Fern Lee*
- Christian Mulliez
- Marion Palme**
- Carole Piwnica*
- Christian Senectaire**
- Diane Souza*
- Thomas Südhof*

CREATION OF A SCIENTIFIC COMMITTEE



At the General Meeting, Serge Weinberg presented the 5th specialist committee, the Scientific Committee, chaired by **Thomas Südhof**. The missions of this committee are:

- Assist the Board in scrutinizing the strategic orientation and investments proposed by the Chief Executive Officer in research and development;
- Identify and discuss emerging trends and new challenges, and ensure that Sanofi is well prepared for them;
- Ensure that processes are in place to enable optimal decision-making on investments in R&D, consistent with the strategy determined by the Board.

NEW BOARD MEMBER



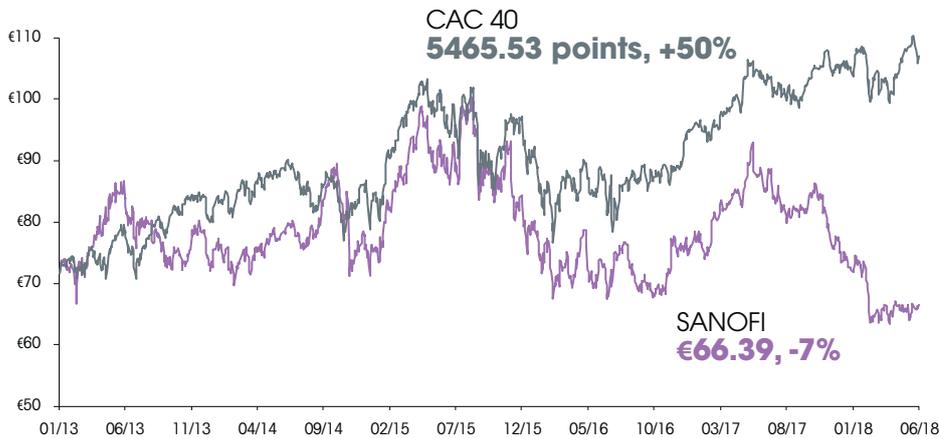
Emmanuel Babeau is Deputy Chief Executive Officer in charge of Finance and Legal Affairs at Schneider Electric. He graduated from the Ecole supérieure de commerce de Paris (ESCP, 1989), and also holds a postgraduate diploma in finance and accounting (DESCF). Emmanuel Babeau began his career at Arthur Andersen, an accounting firm, in late 1990 and then subsequently held several executive positions at Pernod Ricard prior to joining Schneider Electric in 2009.

SHAREHOLDER INFORMATION

Share performance in Paris

SANOFI SHARE PRICE TREND

Euronext Paris, from January 1, 2013 to June 1st, 2018



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

On June 1st, 2018, Sanofi had a market capitalization of close to €83bn.

New Shareholder Handbook now available

The new edition of the Shareholder Handbook presents key figures for 2017 and the Group's strategy. It provides information about Sanofi shares and how to manage them as well as practical information for shareholders. U.S. shareholders may also find details on the American Depositary Shares program. In addition, the handbook provides useful contact information and key shareholder events in 2018.

The handbook was distributed by e-mail to almost 50,000 shareholders. It is available on the SANOFI IR app and on the website: www.sanofi.com/shareholders

If you want to receive the electronic version by e-mail or a printed copy by mail, please contact us via email: individualshareholders@sanofi.com or call us: +33 (0) 800 075 876



CALENDAR

June 27, 2018

Shareholder meeting in Lyon

July 31, 2018

Second quarter results 2018

October 31, 2018

Third quarter results 2018

November 22 and 23, 2018

Salon Actionaria

SANOFI STOCK

∨ Euronext Paris, compartiment A

Member code: SAN

ISIN code: FR 0000120578

∨ New York Stock Exchange

Symbol: SNY

CUSIP number: 80105N105000

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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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