LETTER TO SHAREHOLDERS

JUNE 2017

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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 following the Sanofi General Meeting on May 10th. All the resolutions were adopted, in particular those continuing the **progressive renewal of the Board of Directors.** With the appointment of two new directors, the Board is largely independent (79%) and increasingly international and gender-balanced (43% women). Dr. Melanie Lee, Chief Scientific Officer of an interventional medicine company, began her career in biomedical research and has extensive experience in oncology research. This appointment strengthens the **scientific expertise** of the Board. Bernard Charlès, Vice-Chairman and Chief Executive Officer of Dassault Systèmes, brings his knowledge in the **digital field,** a major element of differentiation in the health sector in the years to come.

I would like to come back to the **importance of digital in the healthcare sector.** Beyond scientific innovation which is essential to the future of the company, we want to innovate in other aspects of our business. Digital innovation is essential because it will provide Sanofi, our patients, health professionals and healthcare systems with many opportunities including more effective research, faster clinical trials, better disease management and stronger pharmacovigilance.

Digitalization should enhance **efficiency for all players of the healthcare system** and help bridge the gap between the growing needs of populations and the limited public and private resources in all countries. With your support, we will address these challenges.

Thank you for your trust and continuing loyalty.

> “DIGITAL WILL BE A MAJOR ELEMENT **OF DIFFERENTIATION IN THE HEALTHCARE SECTOR** IN THE YEARS TO COME.”

FIRST QUARTER 2017 RESULTS

COMPANY SALES[1]
€8,648M
+8.6% (+11.1%)
+3.5% at CER/CS[3]

BUSINESS
NET INCOME[1]
€1,795M
+1.0% (+4.2%)

BUSINESS
EPS[1,2]
€1.42
+3.0% (+6.0%)

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

OLIVIER BRANDICOURT, CHIEF EXECUTIVE OFFICER

RESULTS REFLECT THE INTEGRATION OF BOEHRINGER INGELHEIM'S CONSUMER HEALTHCARE BUSINESS AND VACCINES IN EUROPE

First quarter 2017 results reflect the acquisition of the former Boehringer Ingelheim (BI) Consumer Healthcare business and the disposal of the Animal Health business (completed in almost all countries). They also reflect the consolidation of European operations related to Sanofi vaccine portfolio, following the termination of the Sanofi Pasteur MSD joint venture with Merck at the end of December 2016. Thus, Sanofi's sales were €8,648M in the first quarter, an increase of 11.1% on a reported basis. As exchange rate movements had a favorable effect of 2.5 percentage points, sales were up 8.6% at constant exchange rates (CER) and up 3.5% at CER and constant structure (CS).

SALES GROWTH SUPPORTED BY SPECIALTY CARE, VACCINES AND EMERGING MARKETS

Sanofi Genzyme - Specialty Care delivered strong growth in all franchises in the first quarter. In particular, the Multiple Sclerosis franchise sales were up 32.4% at CER, reflecting the strong performance of Aubagio® and Lemtrada® in the U.S. and Europe.

Sanofi Pasteur - Vaccines growth accelerated in the first quarter due to the strong performance of **pediatric combination vaccines,** up 38.0% at CER and CS. It benefited from solid growth across geographies, in particular in the United States, due to the supply recovery of Pentacel®.

In **Emerging Markets,** sales reached €2,543M in the first quarter, an increase of 8.5% at CER and CS.

Sales by franchise	Q1 2017	Change at CER	Change at CER and CS[3]
Specialty Care	€1,620M	+15.6%	+15.6%
Diabetes & Cardiovascular	€1,795M	-4.0%	-4.0%
Established Products	€2,640M	+0.6%	+0.3%
Consumer Healthcare	€1,341M	+42.7%	+4.7%
Generics	€468M	-2.0%	-1.7%
Vaccines	€784M	+22.2%	+13.2%

High cash flow and low debt

In the first quarter of 2017, net cash generated by operating activities was €954M.

The swap between BI Consumer Healthcare business and Sanofi Animal Health business generated a net cash flow of €5,288M. As a result, net debt decreased from €8,206M on December 31, 2016 to €3,685M on March 31, 2017.

1 - Growth rates are expressed at constant exchange rates (CER). Growth rates in brackets are expressed on a reported basis. For definitions of financial indicators, please consult the press release issued on April 28, 2017.
2 - Earnings per share. **3** - CS: constant structure: adjusted for BI CHC business, termination of SPMSD and others.

WHAT ARE THE HIGHLIGHTS FROM THE FIRST QUARTER 2017 RESULTS?

I am very satisfied with the strong financial performance in the first quarter, which allows us to confirm our guidance for 2017.

Sales benefited from structural changes with the integration of the Boehringer Ingelheim Consumer Healthcare portfolio and European vaccine businesses. Our Business EPS performance was also encouraging as we managed to offset the loss of the contribution of the Animal health business and a higher tax rate as a result of solid underlying sales momentum and the benefits from simplification of the organization.

Our diversified model continues to prove successful. The solid performance of Sanofi Genzyme and Sanofi Pasteur, and to a lesser extent of Consumer Healthcare and General Medicines & Emerging Markets, supported growth despite the decline of the Diabetes & Cardiovascular business, which was impacted by lower insulin sales in the United States.

WHAT WAS THE CONTRIBUTION OF EMERGING MARKETS?

Emerging Markets sales were up 8.5% in the first quarter.[1] It is important to note that all our franchises are growing in these markets, especially Oncology (+22.6%), Specialty Care (+16.3%), Diabetes & Cardiovascular (+12.3%) and Vaccines (+11.5%).[1] I would like to highlight that the strongest performance in this region (+12.4%) comes from Asia, mainly due to the dynamic growth in China, the second largest pharmaceutical market after the United States, where our sales increased by 17%.[1]

1 - Growth rates are expressed at constant exchange rates (CER) and at constant structure (CS)

WHAT CAN YOU TELL US ABOUT THE LAUNCHES OF DUPIXENT® AND KEVZARA® IN THE UNITED STATES?

These launches lay the foundation for our new Immunology franchise and represent a major milestone for patients and healthcare professionals. With Dupixent® which has been approved for the treatment of moderate-to-severe atopic dermatitis in adults, we have the opportunity to change the lives of patients who have been suffering from this devastating disease for many years without effective treatments.

As for Kevzara®, this innovative biological treatment represents a new therapeutic option for adults with moderately to severely active rheumatoid arthritis who have had an inadequate response or intolerance to one or more disease-modifying anti rheumatic drugs.

This is an exciting time for Sanofi which is expected to continue with the anticipated approvals of these two innovative products in Europe.

> "THE LAUNCHES OF DUPIXENT® AND KEVZARA® IN THE U.S. **LAY THE FOUNDATION** FOR OUR NEW IMMUNOLOGY FRANCHISE."

DUPIXENT® APPROVED IN THE U.S. FOR ADULTS WITH MODERATE-TO-SEVERE ATOPIC DERMATITIS (AD)

OF THE ADULTS WITH **UNCONTROLLED MODERATE-TO-SEVERE AD** IN THE U.S.

300,000

ARE ESTIMATED TO BE MOST IN NEED OF NEW TREATMENT OPTIONS[1]

53%

OF PATIENTS REPORT THAT THEIR DISEASE HAS A **NEGATIVE IMPACT ON THEIR DAILY LIVES**[2]

1 - Data on file.
2 - Survey of 505 American adults who self-reported being diagnosed with moderate-to-severe AD, conducted online by Harris Poll on behalf of Sanofi Genzyme and Regeneron.

FIRST BIOLOGICAL TREATMENT AGAINST ADULT ATOPIC DERMATITIS

At the end of March 2017, Sanofi and Regeneron announced the approval in the U.S. of Dupixent® (dupilumab), the **first and only biologic medicine approved for the treatment of adults with moderate-to-severe atopic dermatitis** (AD) whose disease is not adequately controlled with topical prescription therapies, or when those therapies are not advisable.

Dupixent® comes in a pre-filled syringe and can be self-administered as a subcutaneous injection every other week.

A BREAKTHROUGH THERAPY FOR PATIENTS

Dupixent® is a **human monoclonal antibody** that inhibits overactive signaling of proteins which are believed to be major drivers of the persistent underlying inflammation in AD.

Thus, patients in the United States have access for the first time to a **treatment that targets the system's specific immunological dysfunction.** So far, available treatments focused on managing symptoms.

A DEVASTATING DISEASE

Moderate-to-severe atopic dermatitis is a chronic inflammatory disease with symptoms characterized by **rashes often covering much of the body.** It can include intense, persistent itching and skin dryness, cracking, redness, crusting, and oozing. **Itch is one of the most burdensome symptoms** for patients and can be debilitating.

In clinical studies (LIBERTY AD program), **Dupixent® significantly improved disease indicators** in treated patients: skin lesions, itching, symptoms of anxiety and depression, and quality of life.

KEVZARA® APPROVED IN THE U.S. IN MODERATELY TO SEVERELY ACTIVE RHEUMATOID ARTHRITIS

Approximately
1.3
million
Americans suffer from rheumatoid arthritis, with nearly 75% being women[1]

A NEW THERAPEUTIC OPTION

On May 22, 2017, the U.S Food and Drug Administration (FDA) approved Kevzara® (sarilumab) for the treatment of **moderately to severely active rheumatoid arthritis in adult patients** who have had an inadequate response or intolerance to one or more disease modifying antirheumatic drugs, such as methotrexate.

Kevzara® may be used **as monotherapy or in combination** with conventional anti-rheumatic treatments once every two weeks as a subcutaneous injection.

A NOVEL MECHANISM OF ACTION

Rheumatoid arthritis is characterized by a **disorder of the immune system** that causes it to attack the tissues of the joints, causing inflammation, pain, and eventually joint damage and disability.

Kevzara® is a **human monoclonal antibody** that inhibits an organ-secreted protein that can contribute to the inflammation associated with the disease. In clinical trials, Kevzara® demonstrated statistically significant improvements in adult patients with rheumatoid arthritis by reducing signs and symptoms, improving physical function, and resulting in significantly less radiographic progression of structural damage of rheumatoid arthritis.

THE FOUNDATION OF A NEW FRANCHISE

KEVZARA® sarilumab

DUPIXENT® (dupilumab)

Kevzara® and Dupixent®, developed in collaboration with Regeneron, lay the foundation of the new Immunology franchise.

Dupilumab is also studied for the **treatment of other inflammatory allergic diseases.** Phase 3 results in asthma are expected in the course of the year. Other indications evaluated include nasal polyposis, eosinophilic esophagitis, and food allergies.

1 - American College of Rheumatology

REGULATORY MILESTONES IN EUROPE

KEVZARA®

At the end of April 2017, the European Medicine Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP) adopted a positive opinion for the marketing authorization of Kevzara®, recommending its approval for use in adult patients with moderately to severely active rheumatoid arthritis.

INSULIN LISPRO BIOSIMILAR

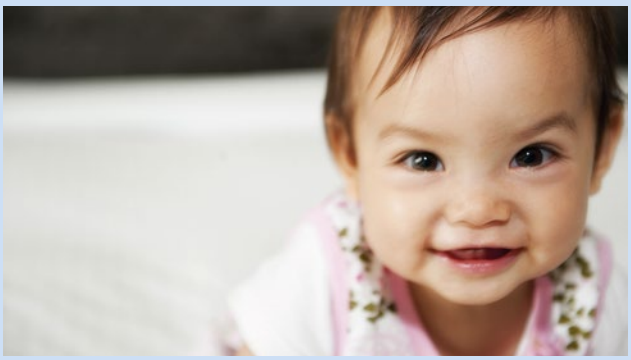
On May 19, 2017, the CHMP has adopted a positive opinion for the marketing authorization of Insulin lispro Sanofi® (insulin lispro 100 Units/mL). CHMP recommended the use of Insulin lispro Sanofi® to treat adults and children who have diabetes and need insulin to keep their blood sugar level controlled, including those patients whose diabetes has just been diagnosed. This positive opinion is the company's first major regulatory milestone for a biosimilar diabetes treatment.

The European Commission is expected to make a final decision on the two products in the coming months.

COLLABORATION

PREVENTION OF ILLNESSES ASSOCIATED WITH RESPIRATORY SYNCYTIAL VIRUS

On March 3, 2017, Sanofi Pasteur and MedImmune announced their agreement to develop and commercialize a monoclonal antibody for the prevention of Respiratory Syncytial Virus (RSV) illness in newborns and infants.



According to the Centers for Disease Control and Prevention, RSV is the most common cause of lower respiratory tract infections in children younger than 1 year of age in the United States and worldwide.
RSV is considered to be the most important missing indication in the vaccination schedule of newborns.

EXECUTIVE COMMITEE

BILL SIBOLD APPOINTED EXECUTIVE VICE PRESIDENT SANOFI GENZYME

Bill Sibold will join the Executive Committee as of July 1st, 2017. He is appointed Executive Vice President Sanofi Genzyme, succeeding David Meeker, who will leave the company at the end of June after a distinguished 23-year career with Genzyme and Sanofi.

Bill Sibold has been leading Sanofi Genzyme's global organization Multiple Sclerosis, Oncology and Immunology since January 2016.

ANNUAL GENERAL MEETING 2017
APPROVAL OF A DIVIDEND OF €2.96 PER SHARE, 23RD CONSECUTIVE INCREASE

Sanofi's Annual General Meeting was held on May 10, 2017 at the Palais des Congrès in Paris.
All resolutions submitted to the vote were adopted by shareholders.
More details, including detailed voting results and the video webcast of the event are available at:
www.sanofi.com/AGM2017

Olivier Brandicourt stated:

> "TODAY, WE ARE FULLY OPERATIONAL TO COMPLETE OUR TRANSFORMATION, **WHICH IS THE BASIS FOR THE FUTURE GROWTH OF THE COMPANY.**"

Serge Weinberg, Chairman of the Board of Directors, opened the general meeting with the presentation of the developments of the company in 2016, a contrasting year that demonstrated the qualities of Sanofi both in its strategic positioning and in its operational ability to adapt. He also mentioned plans for the future, highlighting the importance of scientific innovation as well as digitalization, which may provide many opportunities for patients and all players of healthcare systems.

GOVERNANCE AND COMPENSATION POLICY

Serge Weinberg presented Sanofi's governance. He notably reviewed the evolution of the composition of the Board as well as the activities of the Board and its committees in 2016.

Patrick Kron, Chairman of the Compensation Committee, presented this committee's activities in more detail. He commented on the compensation policy and compensation elements of the Chairman of the Board and the Chief Executive Officer.

FINANCIAL PERFORMANCE

Jérôme Contamine, Executive Vice President and Chief Financial Officer, reminded those attending that 2016 was the first year of implementation of the strategic roadmap and a transition year with the evolution of the organization and the reshaping of the portfolio. Nevertheless, Sanofi's solid financial performance in 2016 demonstrated the strength of its businesses throughout the world.

PERSPECTIVES

Olivier Brandicourt, Chief Executive Officer, shared the vision and mission of Sanofi in a changing environment before commenting on the achievements and prospects of the company's global business units, focused on human health, and ranging from prevention to self-medication and prescription medicines.

He also focused on the complex issue of Depakine and provided reassurance that Sanofi has always respected its obligations in the interest of patients. He underlined that patients are at the heart of Sanofi's activities, whose mission is to find solutions to optimize their health management and improve their quality of life.

PROGRESS IN RESEARCH & DEVELOPMENT (R&D)

Elias Zerhouni, President Global R&D, presented the different phases of the R&D strategy. He pointed out that Sanofi had managed the shift towards biologics, which currently represent two thirds of the pipeline, and succeeded in increasing significantly the number of new product launches. He illustrated his point with the example of dupilumab, a product with great potential in multiple indications and also mentioned promising projects in oncology, rare diseases and diabetes.

RENEWAL OF THE BOARD OF DIRECTORS

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and the composition of its Committees. In particular, the Board seeks to ensure gender balance and a broad diversity of backgrounds and countries of origin, reflecting Sanofi's status as a diversified global business. The Board investigates and evaluates not only potential candidates, but also whether existing directors should seek reappointment. Above all, the Board seeks directors who show independence of mind and who are competent, dedicated and committed.

The General Meeting renewed Fabienne Lecorvaisier as Director and approved the appointment of Bernard Charlès and Melanie Lee as independent Directors, for a term of four years, i.e., until the General Meeting called to approve the financial statements for the year 2020. The meeting also approved the amendment of the articles of association of the company allowing the appointment of two Directors representing employees at the Board of Directors.

Following the General Meeting, the new Board of Directors is comprised of 14 members, of whom six are women. A large majority of the Board's Directors are independent (indicated by asterisks in the following list).

- Serge Weinberg*, Chairman of the Board of Directors
- Olivier Brandicourt, Chief Executive Officer
- Laurent Attal
- Robert Castaigne*
- Bernard Charlès*
- Claudie Haigneré*
- Patrick Kron*
- Fabienne Lecorvaisier*
- Melanie Lee*
- Suet-Fern Lee*
- Christian Mulliez
- Carole Piwnica*
- Diane Souza*
- Thomas Südhof*

NEW BOARD MEMBERS

These appointments continue the smooth and progressive implementation of the roadmap set by the Board of Directors to refresh its membership by:

- bringing more international CEO experience and more scientific expertise,
- as well as more non-French
- and female Directors, onto the Board.

MELANIE LEE

Melanie Lee, PhD, CBE, is Chief Scientific Officer at BTG plc, a company which operates in interventional medicine in vascular disease, oncology and pulmonology.

Melanie Lee received an undergraduate degree in Biology from the University of York and then a Ph.D. at National Institute for Medical Research in London.

She worked as a molecular genetics postdoc, first at Imperial College London on yeast and then from 1985 with Sir Paul Nurse, a Nobel Prize winner, at the Imperial Cancer Research Fund's Lincoln's Inn Laboratories.

BERNARD CHARLÈS

Bernard Charlès has served since May 2016 as Vice-Chairman and Chief Executive Officer of Dassault Systèmes, a world leader in 3D software.

The instigator of concepts including digital mock-up, product lifecycle management and 3DEXPERIENCE®, Bernard Charlès helped instill a culture of ongoing innovation to further consolidate Dassault Systèmes' scientific capabilities and make science part of the company's identity.

Bernard Charlès is a graduate of the École Normale Supérieure in Cachan. He is a doctor and holds an Aggregation in mechanics, specializing in the engineering of automation and computer science.

SHAREHOLDER RELATIONS

INDIVIDUAL SHAREHOLDERS COMMITTEE

The Individual Shareholders Committee was renewed at the beginning of the year following the call for applications launched in the Letter to Shareholders and on Sanofi's website.

It is now composed of twelve members, including ten shareholders selected according to their representativeness of Sanofi's individual shareholders and for the first time, two students.

In March 2017, the Investor Relations team welcomed the newly formed Individual Shareholders Committee at Sanofi's headquarters in Paris to present the full year 2016 results and the implementation of the 2020 strategic roadmap. This first meeting was also the occasion to prepare the General Meeting and to discuss about subjects to be addressed during the presentations.

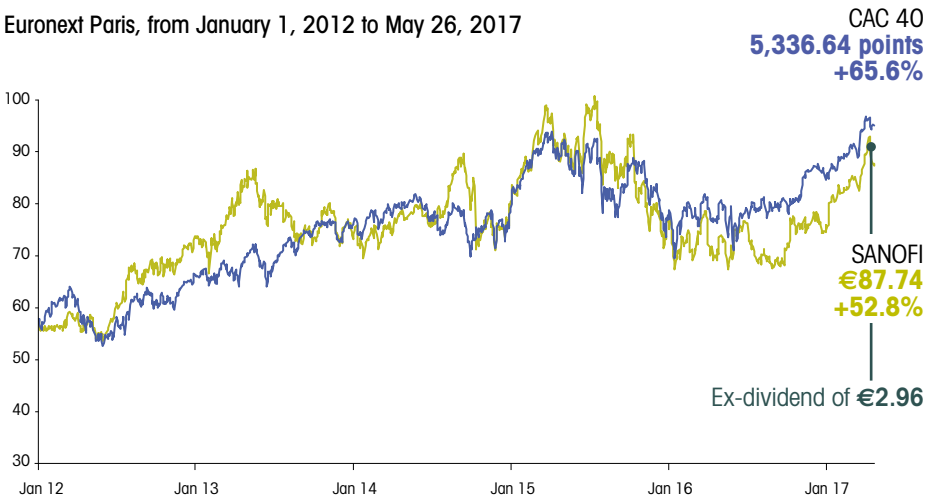
The Chairman of the Board of Directors, Serge Weinberg then joined the meeting to discuss Sanofi's achievements in 2016 and to answer questions about company news, prospects and dividend policy.

For more information about the Committee: sanofi.com/ShareholderCommittee

SHARE PERFORMANCE
IN PARIS

SANOFI SHARE PRICE TREND OVER 5 YEARS

Euronext Paris, from January 1, 2012 to May 26, 2017



CAC 40 rebased on the Sanofi share price
Source: vwdgroup

On May 26, 2017, Sanofi had a market capitalization of more than €110bn.

NEW SHAREHOLDER HANDBOOK
NOW AVAILABLE

This handbook presents key figures for 2016 and the Group's strategy. It provides information about Sanofi shares and how to manage them as well as practical information for shareholders. You will also find useful contact information and key shareholder events in 2017.

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 fill in the online subscription form:
en.sanofi.com/subscription or call us:
+33 (0) 800 075 876

Sanofi also publishes a **Corporate Brochure** "Sanofi 2017" and for the first time in 2017, an **Integrated Report** presenting in a synthetic manner the company's strategy for creating short, mid- and long-term value (financial and extra-financial) for Sanofi and its stakeholders.

CALENDAR

- **June 26, 2017:** Shareholder meeting in Bordeaux
- **July 31, 2017:** Second quarter results 2017
- **September 19, 2017:** Shareholder meeting in Strasbourg
- **October 2, 2017:** Shareholder meeting in Lyon

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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