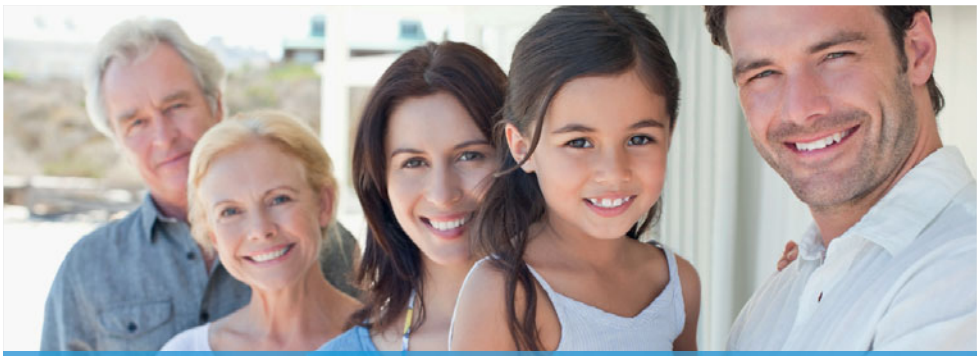
LETTER TO SHAREHOLDERS

MARCH 2017



SANOFI

MESSAGE FROM THE CHAIRMAN

SERGE WEINBERG, CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS,

2016 was an important year for the implementation of the 2020 roadmap. The first key step in the **reorganization of the portfolio** was achieved with the completion of the business swap with Boehringer Ingelheim. The exchange of our Animal Health business for their Consumer Healthcare business, positions Sanofi among the top three players in the Consumer Healthcare market worldwide.

Following the launches of Toujeo® (in diabetes), Praluent® (in hypercholesterolemia) and Dengvaxia® (dengue vaccine), we anticipate the **launch of further important products** in 2017: in particular Soliqua™, a new therapeutic combination for patients with diabetes and Kevzara™ for the treatment of rheumatoid arthritis. We are also expecting the decision of US health authorities on Dupixent® in atopic dermatitis.

In terms of innovation, we are very satisfied that five molecules in our **Research and Development** portfolio recently advanced into registrational studies.

Finally, the implementation of a **more efficient organization** started to deliver and supported a better financial performance than initially planned. Thus, we can confirm our commitment to progressive dividend growth, which is a core element of our capital allocation strategy. The Board of Directors proposes a dividend of €2.96 per share for 2016, which marks the 23rd consecutive year of dividend growth.

I thank you for your trust and continuing loyalty.

> WE COUNT **ON OUR GLOBAL BUSINESS UNITS AND THE STRENGTH OF OUR PORTFOLIO** TO ENSURE OUR FUTURE GROWTH.

FULL-YEAR 2016 RESULTS

COMPANY SALES[1]
€33,821M
+1.2% (-0.7%)

BUSINESS
NET INCOME[1]
€7,308M
+2.5% (-0.9%)

BUSINESS
EPS[1,2]
€5.68
+4.1% (+0.7%)

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

OLIVIER BRANDICOURT, CHIEF EXECUTIVE OFFICER

SOLID FINANCIAL PERFORMANCE IN 2016 SUPPORTED BY COST SAVINGS

In 2016, Sanofi's total sales were up 1.2% and Business EPS[2] was up 4.1% at CER. Exchange rate movements had a negative impact of 1.9 percentage point on sales and 3.4 points on Business EPS.

Sanofi's solid results were supported by approximately €650M in cost savings delivered in 2016 which were largely reinvested to support growth initiatives. The company confirms that it remains on track to deliver at least €1.5 billion of cost savings by 2018, as announced.

STRONG SALES GROWTH OF SPECIALTY CARE AND VACCINES IN 2016

The strongest sales growth in 2016 came from the **Specialty Care** franchise (+17.2% at CER), which benefited from the solid performance of the **Multiple Sclerosis** franchise, up 56.1% at CER to €1,720M in 2016. Sales from **Rare Diseases** increased by 11.7% to €2,777 million in 2016.

Sanofi Pasteur sales were up 8.8% at CER in 2016, mainly driven by the PPH (Polio/Pertussis/Hib) franchise, the benefits from our flu differentiation strategy and, to a lesser extent, the dengue launch Dengvaxia®.

Thanks to a good fourth quarter, with sales up 3.9% at CER, the **Diabetes & Cardiovascular** franchise was virtually stable worldwide in 2016.

The **Consumer Healthcare** franchise was slightly down (-1.6% at CER) in 2016. It returned to growth in the fourth quarter, up 2.7% at CER, driven by the performance in the United States and Europe, reflecting an early cough and cold season.

Sales by franchise	2016	Change at CER
Specialty Care	€5,950M	+17.2%
Diabetes & Cardiovascular	€7,799M	-0.4%
Established Products	€10,311M	-6.8%
Consumer Healthcare	€3,330M	-1.6%
Generics	€1,854M	+0.7%
Vaccines	€4,577M	+8.8%

DIVIDEND PER SHARE[3]

€2.96

23rd consecutive year of dividend growth

Upcoming dates in 2017

- **May 10:** General Meeting
- **May 16:** Ex-dividend date
- **May 17:** Record date
- **May 18:** Payment of the dividend

2010	€2.50
2011	€2.65
2012	€2.77
2013	€2.80
2014	€2.85
2015	€2.93
2016	**€2.96**

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 February 8, 2017. **2** - Earnings per share **3** - Dividend to be submitted for approval by the Shareholders' General Meeting on May 10, 2017

ARE YOU SATISFIED WITH YOUR FULL-YEAR RESULTS FOR 2016?

Overall, our financial performance in 2016 was stronger than we had initially expected at the beginning of 2016. We raised our EPS guidance after a strong third quarter. Thus, Business EPS growth of 4.1% at constant exchange rates (CER) is in line with this upgraded guidance.

I am also pleased with the results in the fourth quarter of 2016 as our five global business units all contributed to the 3.4% growth of sales at CER. It is important to note that the sales of our former animal health business are no longer included in the sales figures we published in the fourth quarter and for the full-year 2016 as a result of the early closing in 2017 of the swap of the Animal Health/Consumer Healthcare business with Boehringer Ingelheim. This asset swap, which was one of our strategic priorities, elevates us into a leadership position in Consumer Healthcare.

WHAT ARE YOUR COMMENTS ON RECENT PRODUCT APPROVALS?

Two months after the approval of Soliqua™ 100/33 in the United States for the treatment of type 2 diabetes, the product was registered in Europe under the brand name Suliqua™ on January 18, 2017. This combination of lixisenatide and insulin glargine reinforces our Diabetes franchise which also benefited from the good performance of another new product in 2016, our insulin Toujeo®. Toujeo® is available in more than 40 countries and continues to gain market share in Europe and Japan.

We also recently obtained the approval of Kevzara™ (sarilumab) for the treatment of rheumatoid arthritis in Canada. This is the first worldwide approval for this promising drug from our Immunology franchise. In the United States we plan to resubmit the biologics license application in the first quarter of 2017.

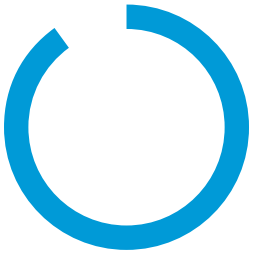
WHAT ABOUT DUPIXENT®, THE OTHER PRODUCT FROM YOUR IMMUNOLOGY FRANCHISE?

Like Kevzara™, Dupixent® (dupilumab) has been developed in collaboration with Regeneron. We completed the filing of this breakthrough innovation for the first indication, atopic dermatitis, in the United States and Europe. We expect the regulatory decision of the US health authority on March 29, 2017. We are developing dupilumab in multiple other inflammatory diseases, such as asthma and nasal polyposis. Phase 3 studies in both indications are ongoing. In asthma, we expect to file before year-end.

"WE ARE NOW
ONE OF THE LEADERS
IN CONSUMER HEALTHCARE."

SOLIQUA™: A NEW THERAPEUTIC COMBINATION FOR THE TREATMENT OF TYPE 2 DIABETES

Irene, Type 2 Diabetes, United Kingdom



TYPE 2 DIABETES CONCERNS

90%

OF PEOPLE **WITH DIABETES IN THE WORLD** [1]

SOLIQUA™ 100/33 LAUNCHED IN THE US, SULIQUA™ APPROVED IN EUROPE

On January 4, 2017, Sanofi announced that Soliqua™ 100/33 (insulin glargine 100 units/ml and lixisenatide 33 mcg/ml, solution for injection) is now **available by prescription** in pharmacies in the **United States.**

On January 17, the product was **approved in the European Union** under the brand name Suliqua™. It is indicated for the treatment of adult type 2 diabetes in combination with metformin to improve glycemic control when it has not been achieved with metformin alone or in combination with other oral antidiabetics or basal insulin.

50% OF PATIENTS DO NOT MEET THEIR BLOOD SUGAR TARGETS

Despite significant progress made in the treatment of diabetes, patients and their physicians often find it difficult to determine the right dosing of their insulin therapy, and even more challenging to intensify treatment beyond basal insulin.

About 50% of people living with type 2 diabetes in the world fail to achieve their treatment targets even after initiating a basal insulin therapy.

Soliqua™ might make it easier for patients with inadequately controlled diabetes to reach their treatment goals.

> “A UNIQUE APPROACH TO ADDRESS THE UNMET **NEEDS** OF PEOPLE WITH TYPE 2 DIABETES”

A COMBINATION OF LANTUS® AND LYXUMIA®/ADLYXIN™ TECHNOLOGIES

Sanofi's new fixed-ratio combination therapy brings together Lantus®, our flagship insulin and Lyxumia® / Adlyxin™, a GLP-1 receptor agonist that helps control blood glucose levels after meals (post-prandial glucose). The product is injected once a day, using the trusted SoloSTAR™ pen technology.

1 - International Diabetes Federation, IDF Diabetes Atlas, 7th Edition. 2014 update.

The complementary modes of action of both components of Soliqua™ work together to provide more complete glycemic control. With two components administered in a single daily injection, the product will offer additional simplicity of use for physicians and their patients and help them achieve their treatment targets.

SOLIQUA™ 100/33
insulin glargine & lixisenatide injection
100 Units/mL & 33 mcg/mL

PARTNERSHIP FOR THE PRODUCTION OF BIOLOGICAL DRUGS

Sanofi and Lonza announced in late February that they had entered into a strategic partnership to build and operate a large-scale mammalian cell culture facility in Visp, Switzerland, dedicated to the production of monoclonal antibodies. The strategic partnership in the form of a joint venture combines the strong biologics development pipeline of Sanofi with the expertise of Lonza to design, construct, start-up and operate a state-of-the-art large-scale mammalian cell culture facility.

The initial investment will be around €270 million, to be split equally between each company.

KEVZARA™ APPROVED IN CANADA IN RHEUMATOID ARTHRITIS

Sanofi and Regeneron announced on February 1st that Health Canada is the first regulatory organization in the world to approve Kevzara™ (sarilumab) for the treatment of moderate to severe active rheumatoid arthritis for adults. Regulatory decisions in the United States and the European Union are anticipated later this year.

KEVZARA®
sarilumab

STAY OF PERMANENT INJUNCTION FOR PRALUENT® GRANTED DURING APPEALS PROCESS IN THE US

In January 2017, the U.S. District Court for the District of Delaware issued an injunction requiring Sanofi and Regeneron to discontinue the marketing, selling and manufacturing of Praluent® (alirocumab) in the United States as of February 21, 2017. On February 8, the two companies announced that the United States Court of Appeals for the Federal Circuit granted the suspension of the permanent injunction for the duration of the appeal proceedings. Praluent® continues to be accessible to patients in the United States.

Sanofi and Regeneron are challenging both the injunction ruling and validity judgment during the appeal process. The companies believe Amgen's asserted patent claims for antibodies targeting PCSK9 are invalid in the ongoing U.S. patent infringement lawsuit.

Praluent® was the first PCSK9 inhibitor approved for use in the US in August 2015. Outside the US, Praluent® is marketed and sold in 15 countries with anticipated launches in 15 additional countries in 2017.

ANNUAL GENERAL MEETING 2017

Sanofi holds its General Meeting on May 10, 2017 at the Palais des Congrès in Paris. The main items on the agenda will be:

- **The approval of the 2016 financial statements** and the payment of a dividend of €2.96 per share;
- **the composition of the Board of Directors:** reappointment of a director and appointment of new directors;
- **the modification of the articles of association** fixing the method of appointing two directors representing the employees;
- **the advisory vote on elements of compensation** due or granted for the financial year 2016 and the vote on the compensation policy for 2017 applicable to the Chairman of the Board and the Chief Executive Officer;
- **the renewal of financial authorizations:** share repurchase program and authorizations to increase or reduce the share capital.

EXECUTIVE COMMITTEE

SANOFI APPOINTS KATHLEEN TREGONING EXECUTIVE VICE-PRESIDENT FOR EXTERNAL AFFAIRS

Kathleen Tregoning is appointed to the Executive Committee on February 27, 2017 as Executive Vice President for External Affairs.

She will head the Sanofi External Affairs Department, which includes Market Access, Public Affairs, Government Affairs, Communication, Global Policy and Corporate Social Responsibility.

TROPHEES 2016 – LE REVENU

SANOFI WINS SILVER AWARD FOR THE BEST SHAREHOLDER SERVICES OF CAC40 COMPANIES

2016 TROPHÉES D'ARGENT des Meilleures Relations Actionnaires du CAC40 et du SBF 120
Le Revenu

Sanofi's commitment to its shareholders was rewarded with the Silver Award of the Best Shareholder Services by the economic newspaper Le Revenu.

Le Revenu acknowledged the quality of Sanofi's relations with its individual shareholders in 2016: in particular the organization of 7 shareholder meetings throughout France, the gathering of the Shareholders' Advisory Committee and the ongoing news flow provided via the website, the Sanofi IR app and publications dedicated to shareholders.

SANOFI CONSUMER HEALTHCARE
COMMITTED TO PEOPLE'S WELL-BEING IN EVERYDAY LIFE

Sanofi Consumer Healthcare (CHC) is the newest of our global business units (GBUs), established last year. Throughout 2016, the GBU made considerable progress on one of the strategic priorities of our 2020 roadmap: build a competitive position in Consumer Healthcare globally. A milestone was achieved on January 1st, 2017 with the closing of the transaction between Sanofi and Boehringer Ingelheim (BI) wherein we exchanged Sanofi's Animal Health business and BI's CHC business in most markets. The deal enhanced our position in our four strategic categories (Nutritionals, Digestive Health, Pain and Allergy, Cough & Cold) and enabled us to achieve critical scale in key geographies. As a result we are now one of the top 3 players in the industry. The next step is to deliver on the ambition to be the best consumer healthcare organization and continue our commitment to provide consumers with innovative self-care solutions to manage their personal health and live healthier, fuller lives.

On February 1st, 2017, the U.S. Food and Drug Administration approved Xyzal® Allergy 24HR as an over-the-counter (OTC) treatment for the relief of symptoms associated with seasonal and year-round allergies. Xyzal® adds another option to our successful portfolio of OTC allergy medications in the United States.

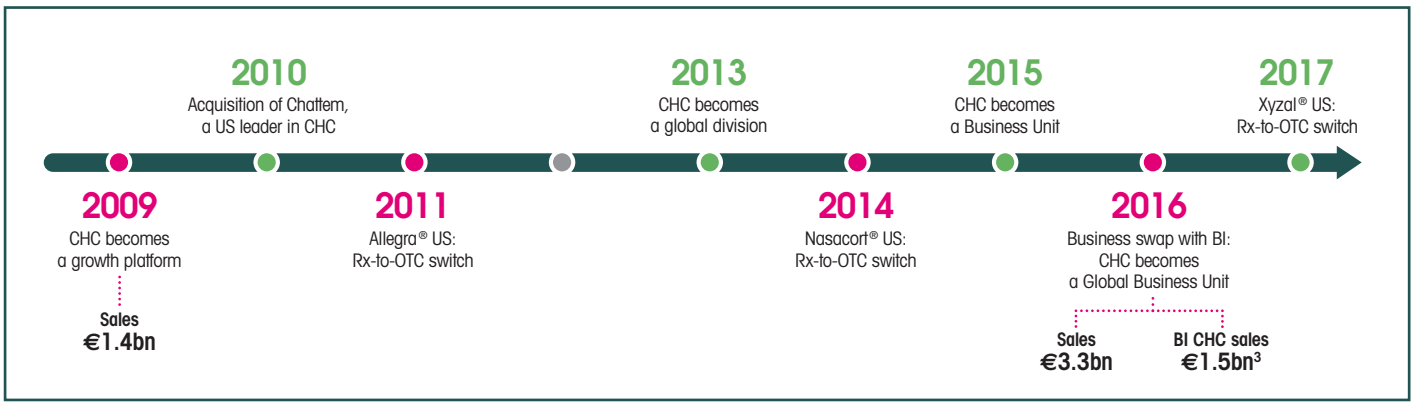
XYZAL ALLERGY 24HR

COMMITTED TO CHC SINCE ITS BEGINNING IN 2009

At Sanofi Consumer Healthcare, we believe that each individual is the best advocate for their own health and well-being.

We place people at the very heart of everything we do by generating meaningful, consumer-driven and science-inspired innovation, based on core assets of our company:

- Our medical and scientific heritage;
- our continued, trusted collaboration with healthcare professionals;
- our proven capabilities to switch relevant prescription medicines to over-the-counter solutions;
- our worldwide leading manufacturing network and world-class pharmaceutical quality standards.



A BROAD GEOGRAPHICAL FOOTPRINT

Sanofi CHC is present throughout the world with leadership positions in many regions. The addition of the BI brands will enhance our position globally and in particular in Germany and Japan where our presence was limited in CHC. We are now the leader on the European and Latin American markets and number 2 in the Asia-Japan-Pacific region[1]. Our CHC business will expand in the United States, where we move from rank 7 to 6 on the OTC market.[2]

STRATEGIC PRODUCT CATEGORIES

The combined portfolio means that we now cover essential needs across four key categories:

- **Digestive Health** (treating heartburn, spasms, nausea, diarrhea): No Spa®, Essentiale®, Enterogermina®, Dulcolax®, Maalox®

- **Pain Care:** Doliprane®, Buscopan®, Aspercreme®, Icy Hot®

- **Allergy, Cough & Cold:** Allegra®, Nasacort®, Xyzal®, Mucosolvan®, Bisolvon®, Mucoangin®/ Lysopaïne®

- **Nutritionals:** Magné B6®, Pharmaton®

As a result of the business swap, we are now the leader in Digestive Health, number 2 in Pain Care, number 3 in Nutritionals and number 6 in the highly competitive category of Cough & Cold Care.[2]

1 - The transaction excludes BI's CHC business in China. 2 - Nicholas Hall & Company, MAT Sept 2016. 3 - Non-audited figures, subject to change.

THE VALUE OF SELF-CARE

Self-care contributes significantly to better health and more sustainable healthcare systems. Increasing the number of OTC drugs and empowering consumers to manage their health better will result in healthier populations and help governments ease the pressure on public healthcare.

Independent surveys from across the globe provide important insights into how consumers have been evaluating and using non-prescription medicines over the past 20 years:

- OTC medicines are sufficient to treat many common health problems
- They are cost and time efficient
- Consumers and healthcare physicians trust them
- Consumers use them appropriately, carefully and safely
- Consumers appreciate their wide availability

3 QUESTIONS TO ...

ALAN MAIN,
EXECUTIVE VICE PRESIDENT,
CONSUMER HEALTHCARE

SANOFI CHC HAS PERFORMED CONSISTENTLY SINCE 2009. WHAT WILL BE HAPPENING IN 2017?

2017 will be marked by the integration of BI's CHC business, building the best team and identifying growth opportunities. With this acquisition we start a new journey on the OTC market. It is an opportunity for us to develop the existing business and grow it further. We are confident that together we will build a sustainable leadership in Consumer Healthcare.

WHAT EXACTLY CHANGES FOR SANOFI CHC WITH THE TRANSACTION?

The acquisition of BI's iconic brands immediately lifts us into leadership positions in strategic OTC categories. On the Digestive Health market for example, we move from the 5th to the 1st rank. In geographical terms, it builds additional scale in large OTC markets such as the US, Germany and Japan. Overall, the addition of sales of around €1.5 billion generated by BI brands in 2016[3], elevates Sanofi into the top three globally in Consumer Healthcare.[2]

WHAT ARE YOUR PRIORITIES FOR THE FUTURE?

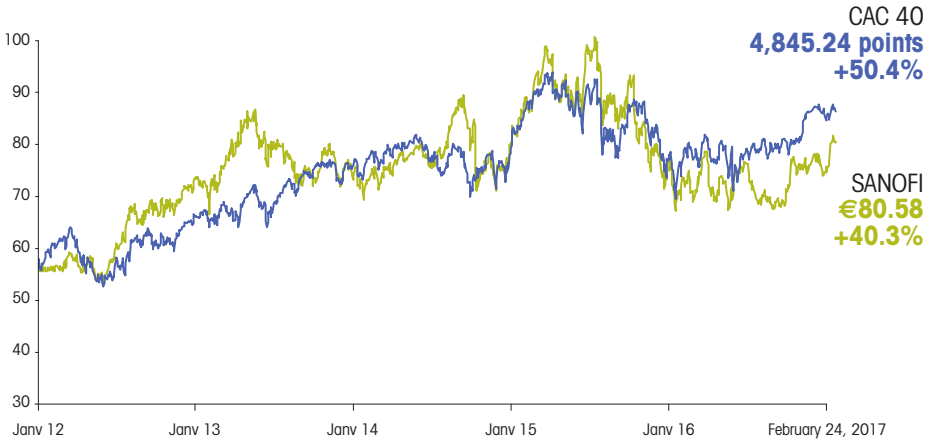
We place people at the center of what we do. We don't treat patients; we empower consumers to take care of their everyday health issues so they can live healthier, fuller lives.

We are committed to building a strong global platform with a broad category portfolio. The sustained growth of our CHC business will be based on three complementary development priorities: pursue external growth opportunities to consolidate our leadership, maximize the potential of existing brands by accelerating our consumer-driven innovation processes and by geographical expansion of our portfolio, and finally, shape new categories by enhancing our strategy of launching self-care versions of products previously available only by prescription.

SHARE PERFORMANCE
IN PARIS

SANOFI SHARE PRICE TREND OVER 5 YEARS

Euronext Paris, from January 1, 2012 to February 24, 2017



CAC 40 rebased on the Sanofi share price
Source: vwdgroup

On February 24, 2017, Sanofi had a market capitalization of more than €104.1bn.

SUBSCRIBE TO THE ELECTRONIC
VERSION OF OUR PUBLICATIONS

In 2017, the **Letter to Shareholders** will become more digital. As of June, you will be able to read a digital, interactive and easy to use version of the Letter on all your screens: computer, tablet and smartphone.

On this occasion and as part of our sustainable development policy, we pursue our commitment to minimize the environmental impact of our publications and will reserve the postal mailing to shareholders requesting it.

We invite you to share our commitment by privileging the electronic subscription to the Letter to Shareholders. The electronic subscription is greener - fewer printouts, less paper, fewer mailings by road and plane - and also **faster** – as you receive your Letter by e-mail at least a week prior to the postal shipment.

Already more than 50,000 of you receive the Letter to Shareholders by e-mail. For all those who receive it by postal mail, we would like you to change or confirm your subscription to the Letter by completing the online subscription form:

- **en.sanofi.com/subscription.aspx**
  or by calling us: **+33 (0) 800 075 876.**

We invite you to do the same for the **Shareholder Handbook** which will be published on May 10th. You can subscribe online or by phone from now on.

If you don't wish to subscribe, you can of course continue to read our publications on our website:

- **www.sanofi.com/shareholders**

CALENDAR

- **March 15, 2017:** Shareholder meeting in Lille
- **April 28, 2017:** First quarter results 2017
- **May 10, 2017:** Annual general meeting, Paris
- **June 7, 2017:** Shareholder meeting in Nice
- **June 13, 2017:** Shareholder meeting in Versailles
- **June 26, 2017:** Shareholder meeting in Bordeaux

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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