sanofi



Our investment recommendation

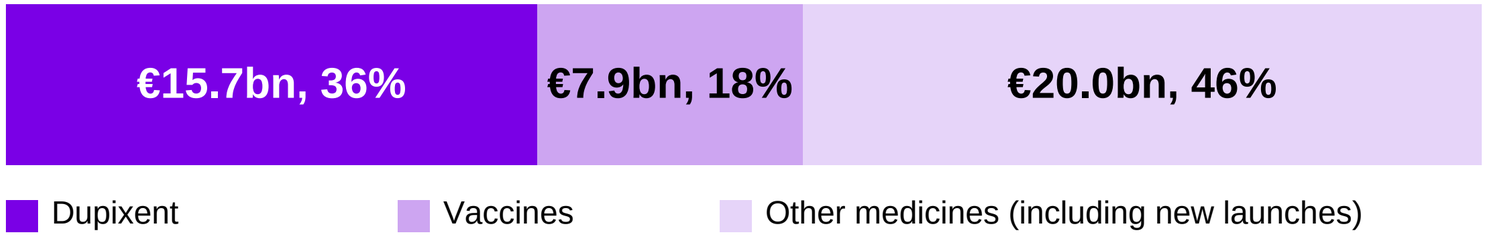
BUY · Target €96 · +14% upside

ESSEC BBA Investment Conference
Group members : Aya BENSAID, Ilana MARTIN, Violette REVERTE, Ashley MORRISSON, Tom RIOU--QIAN, Naël LE CARRER, Timothée LACOSTE

Context

The Sanofi business

2025 sales: €43.6bn, by product



2026 so far: growth is accelerating

+14.3%

Q3 2026 sales growth at constant exchange rates

€5.7bn

Dupixent sales in Q3 2026 (+34.8%)

Raised

FY 2026 guidance upgraded: sales growth low-teens, business EPS mid-teens

€43.6bn

2025 sales, +9.9% at constant exchange rates

€12.1bn

Business operating income (27.8% margin)

€8.1bn

Free cash flow in 2025 (Sanofi definition)

€4.12

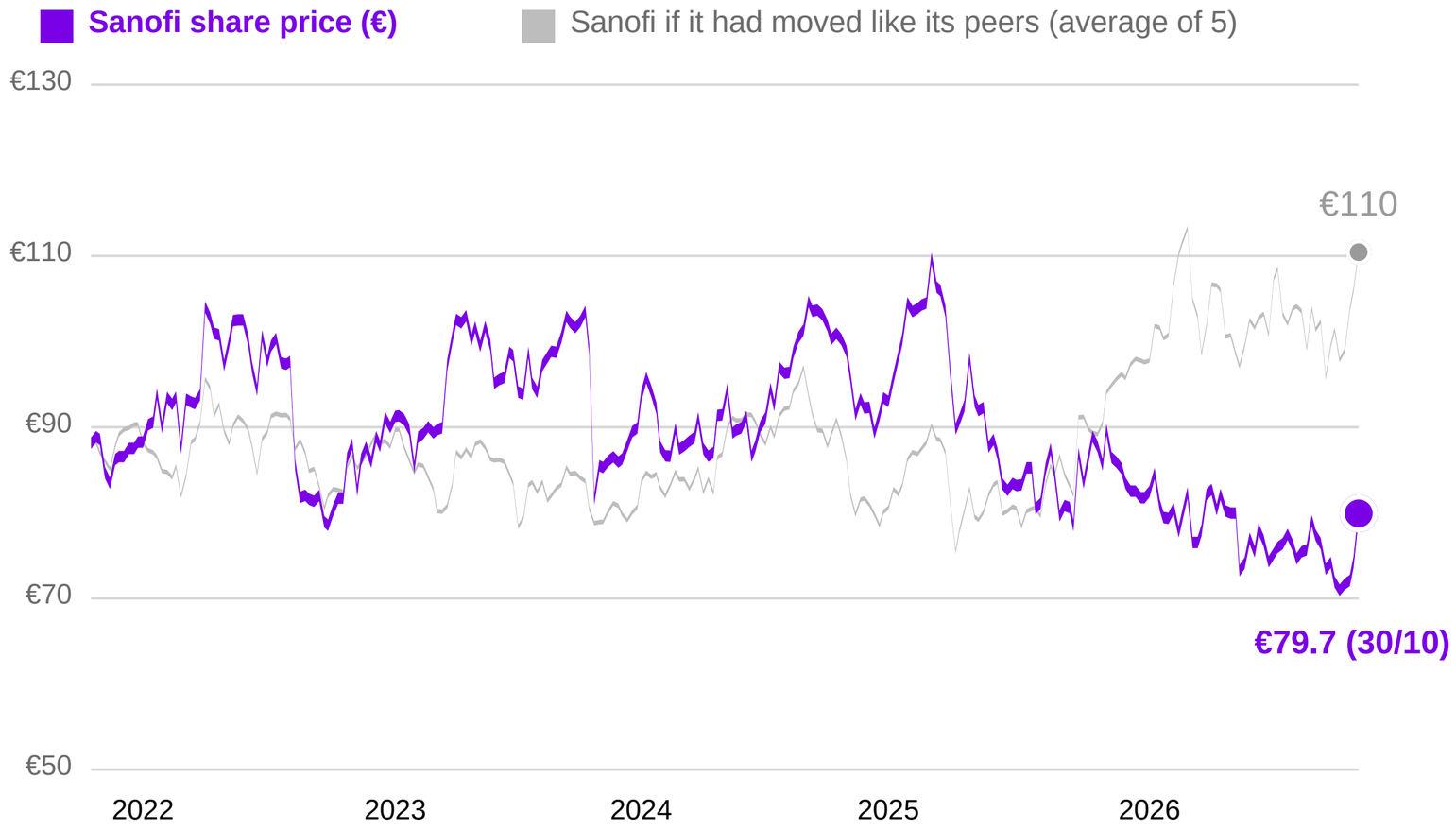
Dividend per share, 31st consecutive increase

Next: consensus expects 2027e sales of €52.7bn and EBIT of €14.5bn (+4.5%), the basis of our valuation.

Sources: Sanofi FY2025 press release (29/01/2026) and Q4 2025 earnings call; Sanofi Q3 2026 press release (30/10/2026); 2027e consensus: Bloomberg FA (06/11/2026). 'Other medicines' = total sales − Dupixent − Vaccines (group calculation).

Context

Share price over five years



–€26

per share: €83.74 on 06/11/2026 vs ~€110 had Sanofi moved like its peers

Sanofi −5% vs peers +25% since November 2021 (share price only)

Sanofi lags its peers by 30 points

Source: weekly closing prices from Google Finance, 5 Nov 2021 - 30 Oct 2026 (chart and peer line); Sanofi share price updated to €83.74 (close 06/11/2026). Peer line = equal-weighted average performance of Novartis, Roche, AstraZeneca, GSK and Merck KGaA (local currencies), applied to Sanofi's Nov 2021 price (€88.0). Share prices only: dividends excluded.

Context

Key investor concerns

01

Dupixent patent cliff

One drug makes over a third of sales. Its US exclusivity ends in 2031; management's stated priority is to protect earnings through that loss.

36% of 2025 sales

02

Vaccines slowing down

Vaccines were the second growth engine. Their sales fell in Q3 2026 while the rest of the group accelerated.

−6.6% in Q3 2026

03

Can the pipeline replace it?

In 2026, Sanofi dropped amlitelimab, seen as Dupixent's successor, and the FDA rejected tolebrutinib in the US.

2 setbacks in 2026

04

US drug pricing and tariffs

US pricing reforms and tariff threats weigh on the whole European pharma sector, not only Sanofi.

Sector-wide risk

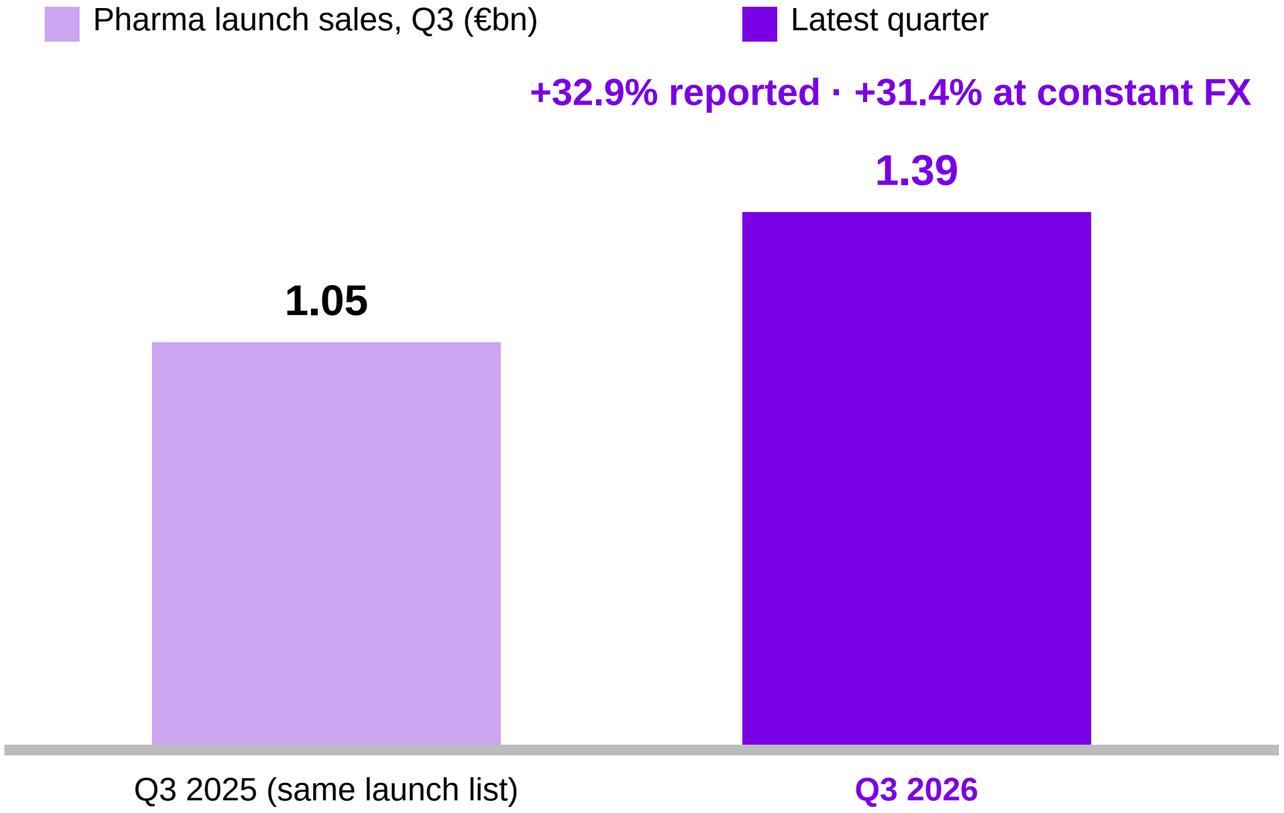
These concerns are well known, and the share price already reflects them.

Sources: Sanofi FY2025 press release (29/01/2026); Sanofi H1 2026 report (amlitelimab decision, 24/07/2026); Sanofi Q3 2026 press release (30/10/2026); press coverage of the FDA decision on tolebrutinib and of US pricing and tariff policy.

Our case for Sanofi

The reasons to buy

New medicines are growing fast



8.8%

Free cash flow yield 2027e (consensus), on top of a 5.1% dividend yield.

€4.12

Dividend, 31st consecutive increase, plus €6bn of buybacks since 2025.

−43%

Discount to peers on EV/EBIT 2027e, vs a 24% average over 5 years.

A cash machine priced like a declining asset

Sources: Sanofi Q3 2026 press release (30/10/2026): pharma launches €1,390m, +32.9% reported, +31.4% at CER (13 medicines, current list). Q3 2025 on the same list = €1,390m ÷ 1.329 ≈ €1,046m (group calculation). Launches ≈ 10% of Q3 2026 sales. FCF yield = Bloomberg EEB consensus FCF 2027e (€8.9bn) ÷ market cap (€101.1bn). Buybacks: €5bn in 2025, €1bn in H1 2026.

Our case for Sanofi

Key upcoming events

What can close the gap over the next 12 months

28 Jan 2027

FY 2026 results

2027 guidance. Positive if EBIT is guided above the €14.5bn consensus (+4.5%).

Spring 2027

Dividend for 2026

Consensus: €4.29 (+4%). A bigger rise would signal confidence in cash flow.

23 Apr 2027

Q1 2027 results

Check vs the €52.7bn 2027e sales consensus (+7%): launches and Dupixent must keep growing.

During 2027

Pipeline data

Phase 2: lunsekimig (asthma), brivekimig (skin). Binary: a failure triggers our exit rule.

Ongoing

Acquisitions

~€3.5bn of FCF a year after dividends (2027e). A disciplined deal is upside, an expensive one a risk.

12-month horizon

Sources: Sanofi financial calendar and Q3 2026 press release (30/10/2026); Q3 2026 earnings call (pipeline outlook); Bloomberg EEB consensus at close 06/11/2026 (2027e sales, EBIT, FCF, dividend). FCF after dividends = €8.9bn − €4.49 × 1,207.8m shares. Spring 2027 date depends on the AGM calendar, not yet published.

Valuation
Method

1

Pick comparable companies

5 large European pharma groups: Novartis, Roche, AstraZeneca, GSK, Merck KGaA

2

Take their average multiple

EV/EBIT based on 2027 analyst forecasts: peer average 14x

3

Apply a justified discount

Prudent 36%, close to GSK's 5-year average (35%); Sanofi's own average is 24%

4

Convert into a price

× Sanofi 2027e EBIT − net debt ÷ number of shares = price target

Why EV/EBIT?

It takes debt into account and compares operating profit whatever the financing.

Why 2027 forecasts?

Investors pay for future profits, and 2026 is almost over.

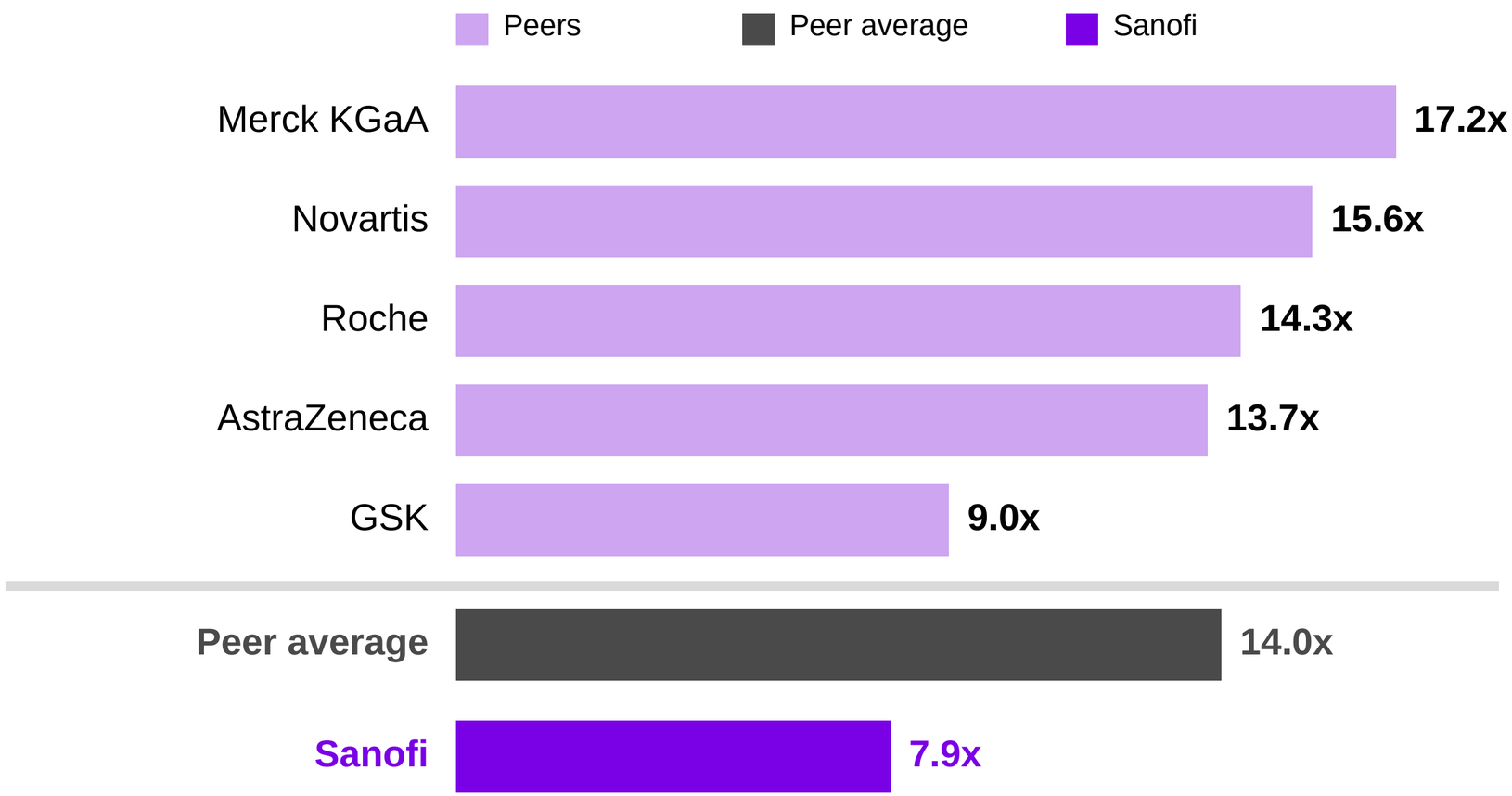
Why the average?

Our main case. The median (14.3x) gives €99, the average without Merck KGaA €90.

Source: group valuation model ; Bloomberg FA consensus (EV/EBIT, EV/EBITDA, P/E 2027e) at close 06/11/2026 and Bloomberg GF forward EV/EBITDA history (Nov 2021 – Nov 2026).

Valuation

Sanofi vs competitors



EV/EBIT 2027e (enterprise value ÷ expected 2027 operating profit)

−43%

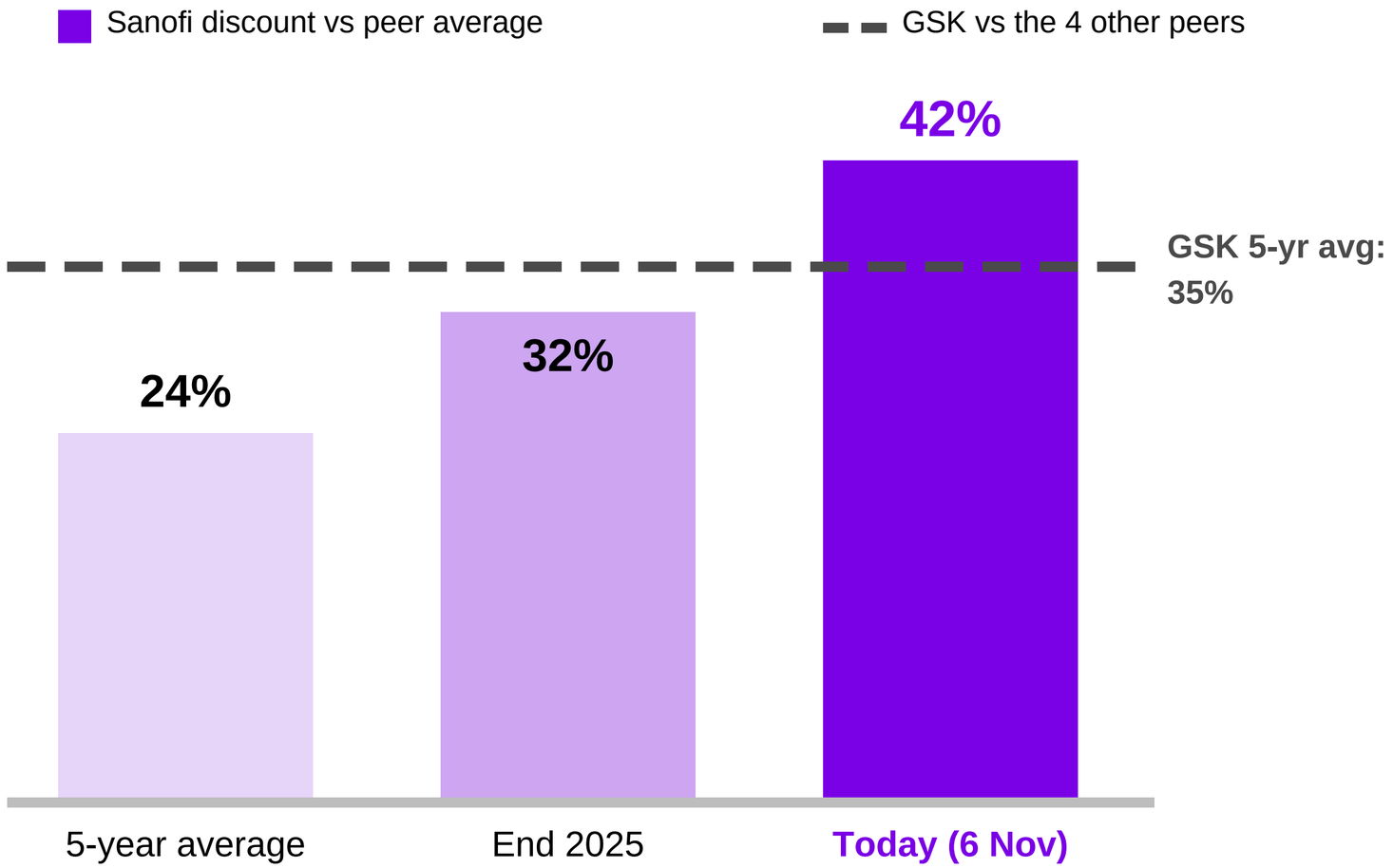
Sanofi's discount to the peer average on EV/EBIT 2027e

Median (14.3x): −45%. Without Merck KGaA: −40%. Same gap on EV/EBITDA (−42%) and P/E (−42%).

Source: Bloomberg FA (consensus EV/EBIT 2027e, all six companies on the same screen and the same EV definition), close 06/11/2026. Cross-checks: Bloomberg EV/EBITDA and P/E 2027e. Novo Nordisk excluded (GLP-1 model not comparable).

Valuation

Why a discount?



Today's discount is unusually wide

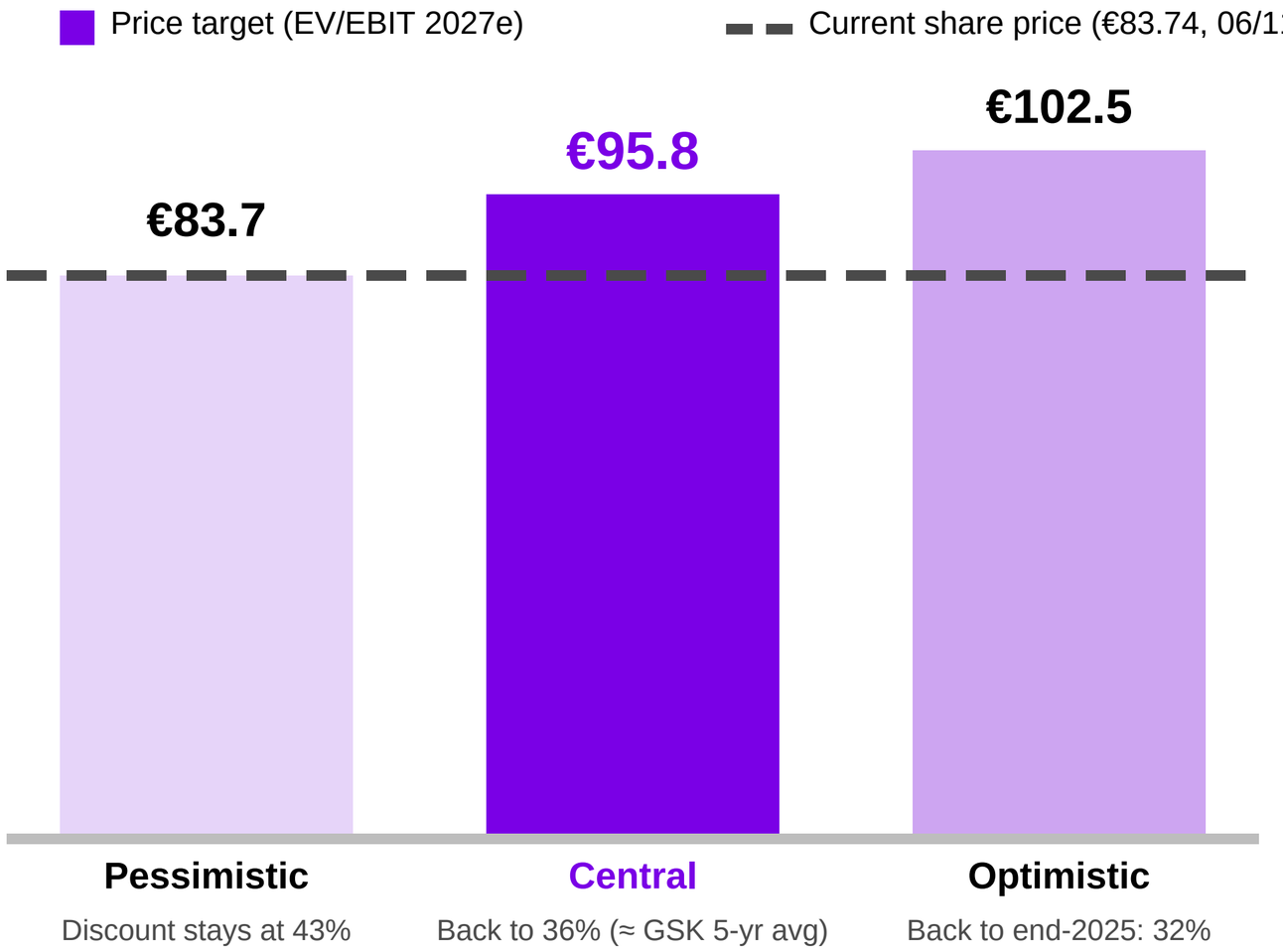
Sanofi 5-year average: 24%
GSK 5-year average: 35%
Sanofi today: 42%, wider than on 97% of days since 2021

We assume a return to 36%, not to Sanofi's own 24% average.

Source: Bloomberg GF, consensus EV/EBITDA 12 months forward, daily, 8 Nov 2021 – 6 Nov 2026 (1,238 days). Discount = 1 − company multiple ÷ average of the other peers (each company excluded from its own benchmark). No EV/EBIT history is available on Bloomberg ; on EV/EBIT 2027e the discount today is 43%, close to the EV/EBITDA figure.

Valuation

Price target



Our price target

€96

+14% upside

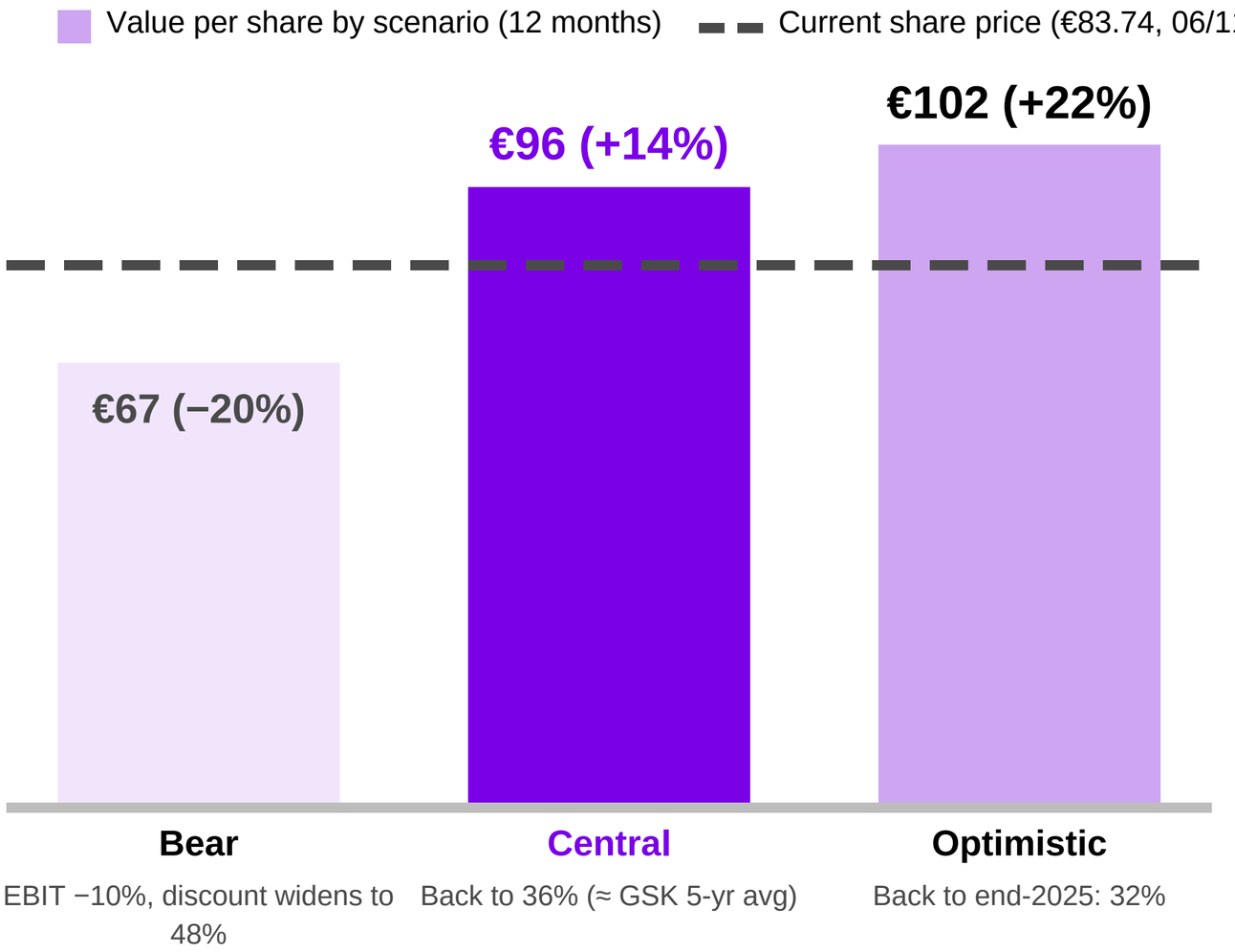
≈ 19% total return with the 5.1% yield (next dividend €4.29)

Central scenario, 12 months. Same 36% discount on the peer median: €99; on the average without Merck KGaA: €90.

Source: group valuation model, Bloomberg data at close 06/11/2026. Target = (peer average EV/EBIT 2027e 13.97x × (1 − discount) × Sanofi EBIT 2027e €14,537m − net debt €14,241m) ÷ 1,207.8m shares. Full calculation and sensitivity in the appendix.

Risks

Downside and exit rules



Breakeven

46%

bear-case probability at which we would lose money (60% with the dividend).

We exit if:

- the discount goes above 48%
- 2027 EBIT forecasts are cut by more than 10%
- a key 2027 pipeline readout fails

Source: group valuation model, Bloomberg data at close 06/11/2026. Bear case = 2027e EBIT 10% below consensus and the discount widening to 48%: an EBIT cut and a wider discount tend to come together. Breakeven = bear-case probability at which the expected 12-month return is zero (central and optimistic kept in a 2:1 ratio). Exit at 48% = beyond Sanofi's 5-year high (45%).

Conclusion

Our recommendation

BUY Sanofi

A cash machine priced like a declining asset

Share price

€83.74

close 06/11/2026

12-month target

€96

+14% upside

Total return

≈ 19%

incl. 5.1% dividend yield

Valuation gap

–43%

EV/EBIT 2027e vs peers

Why the discount looks too wide

Some discount is deserved (Dupixent 2031). But at 42–43% it is near a 5-year high (24% average), while 2027 EBIT forecasts were raised after Q3.

What can close the gap

28 Jan 2027: 2027 EBIT guidance above the €14.5bn consensus. Then launches beating consensus and a disciplined use of ~€3.5bn of yearly FCF after dividends.

Main risk

Dupixent loses US exclusivity in 2031. We exit if the discount goes above 48%, 2027 EBIT is cut by more than 10% or a key pipeline readout fails.

Sources: group valuation model (Bloomberg, close 06/11/2026); Bloomberg EV/EBITDA forward history 2021–2026; Sanofi Q2 and Q3 2026 press releases (2030 ambitions at constant FX: Dupixent ~€25bn, pharma launches ~€10bn).

sanofi

APPENDIX



Appendix 1

Dividend Discount Model

Central (ke 8.2%, g 2%) Below today's price (€83.74) Central incl. 2026 buyback

ke ↓ g →	g = 1.5%	g = 2.0%	g = 2.5%
ke 7.5% (FY2025)	€82	€88	€95
ke 8.2% (latest)	€73	€78	€83
ke 9.5% (Q3 2026)	€61	€64	€68
8.2% + 2026 buyback	€74	€79	€84

Value per share = today's value of future dividends. 2027e dividend €4.50, +4% a year for 5 years, then long-term growth g. Cost of equity (ke) from the Bloomberg WACC function: 7.5% (FY2025), 8.2% (latest), 9.5% (Q3 2026). We use the latest value and show 9.5% as a stress case (−€14 per share).

Buyback row: the €1bn planned for 2026 (≈ €0.83 per share) is counted once, in 2026 only; no later buyback is announced.

DDM value, dividends only

≈ €78

≈ €79 with the 2026 buyback

The DDM says the share is fairly valued (€78–79 vs €83.74).

It counts only dividends (~60% of FCF). Valuing all 2027e FCF (€8.9bn) at 8.2% with zero growth gives ≈ €90. The gap is retained cash: its value depends on capital allocation.

Source: group calculation (two-stage dividend discount model). Cost of equity: Bloomberg WACC function (latest, Q3 2026 and FY2025 periods). Dividends 2026e–2027e: Vara consensus (21/10/2026). Buyback: Sanofi FY2025 results (€1bn for 2026). FCF check = Bloomberg EEB FCF 2027e €8.9bn ÷ 8.2% ÷ 1,207.8m shares (zero growth; excludes acquisitions). Share price €83.74 (close 06/11/2026).

Appendix 2

Price target calculation

Peer average EV/EBIT 2027e (5 peers)	**13.97x**
× (1 − target discount of 36%)	**0.64**
= Target EV/EBIT multiple for Sanofi	**8.94x**
× Sanofi EBIT 2027e (consensus)	**€14,537m**
= Target enterprise value	**€129,973m**
− Net debt incl. minorities (Bloomberg)	**€14,241m**
= Target equity value	**€115,732m**
÷ Shares outstanding	**1,207.8m**
= Price target per share	**€95.8**
Share price (close 06/11/2026)	**€83.74**
Upside / total return incl. €4.29 dividend	**+14.4% / ≈ +19.5%**

Same 36% discount on the peer median (14.3x): €98.6 · on the average without Merck KGaA (13.2x): €89.7

Peer EV/EBIT 2027e

Merck KGaA	**17.2x**
Novartis	**15.6x**
Roche	**14.3x**
AstraZeneca	**13.7x**
GSK	**9.0x**
Average	**14.0x**
Median	**14.3x**
Sanofi	**7.9x (−43%)**

Net debt = total debt €19,845m − cash €5,966m + minorities €362m, the same EV definition Bloomberg uses for the peers.

Source: Bloomberg FA (EV/EBIT 2027e, enterprise value bridge, EBIT 2027e consensus), close 06/11/2026; group calculation. Discount of 36% ≈ GSK's 5-year average discount (35.4%), rounded up for prudence (Bloomberg forward EV/EBITDA, Nov 2021 – Nov 2026). Dividend €4.29 = 2026e consensus, paid in 2027.

Appendix 3

Bloomberg data: sensitivity and cross-checks

Discount ↓ EBIT →	−10%	−5%	Consensus	+5%
32%	€91	€97	**€102**	€108
34%	€88	€94	**€99**	€105
36% (central)	€85	€90	**€96**	€101
38%	€82	€87	**€92**	€98
40%	€79	€84	**€89**	€94
43% (today)	€74	€79	**€84**	€89
48% (exit)	€67	€71	**€76**	€80

Price target per share by target discount (rows) and Sanofi EBIT 2027e vs consensus (columns). At today's 43% discount the value is about today's price (€84); at our 48% exit level it falls to €67–80.

Cross-checks (36% discount)

EV/EBIT 2027e (main)	**€96**
EV/EBITDA 2027e	**€93**
P/E 2027e	**€92**
DDM + 2026 buyback	**€79**
DDM dividends only	**€78**

Same Sanofi discount on all three multiples: −43% EV/EBIT, −42% EV/EBITDA, −42% P/E.

Source: Bloomberg FA at close 06/11/2026. EV/EBITDA: peer average 11.8x, Sanofi EBITDA 2027e €16,842m. P/E: peer average 15.4x, Sanofi EPS 2027e €9.35. Same net debt (€14,241m) and share count (1,207.8m). DDM: previous appendix slide.

Appendix 4

Valuation summary

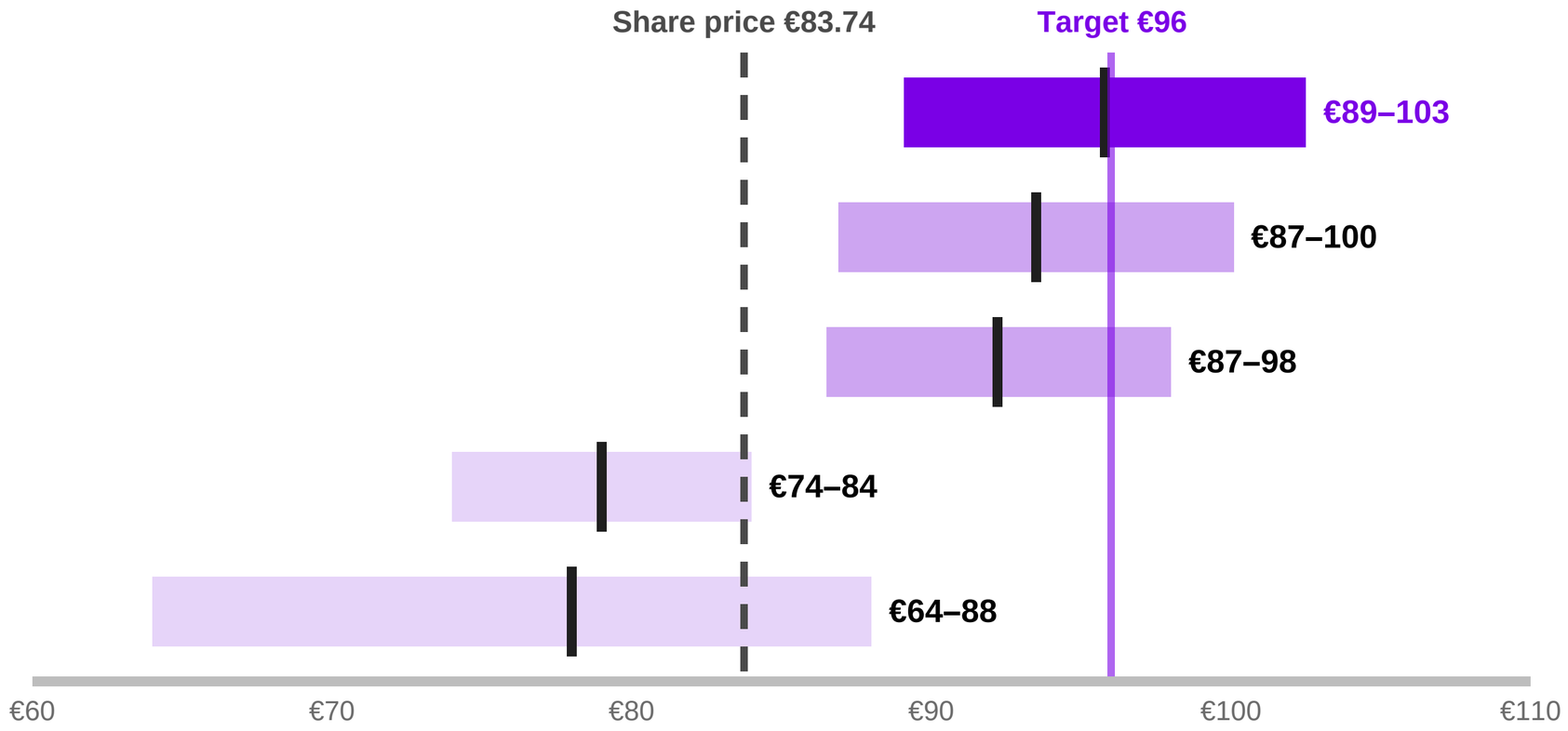
EV/EBIT 2027e (main)
Discount 40% to 32%

EV/EBITDA 2027e
Discount 40% to 32%

P/E 2027e
Discount 40% to 32%

DDM + 2026 buyback
ke 8.2%, g 1.5% to 2.5%

DDM dividends only
ke 9.5% to 7.5%, g 2%



Bars = range of values; black mark = central case. All three multiples give €92–96 at a 36% discount. The DDM, which values only the dividend, puts the share around today's price.

Source: group calculation, Bloomberg FA at close 06/11/2026 (peer averages: EV/EBIT 14.0x, EV/EBITDA 11.8x, P/E 15.4x; net debt €14,241m; 1,207.8m shares). DDM: appendix slide (cost of equity from the Bloomberg WACC function).

Appendix 5

Bloomberg data: financial summary

€ bn unless stated	2025	2026e	2027e
Sales	43.6	49.2	**52.7**
growth	+9.9%*	+12.9%	**+7.0%**
EBIT (business operating income)	12.1	13.9	**14.5**
growth	—	+15.0%	**+4.5%**
EBIT margin	27.8%	28.3%	**27.6%**
Adjusted EPS (€)	7.83	8.68	**9.35**
growth	—	+10.8%	**+7.7%**
Free cash flow	7.2	8.1	**8.9**
FCF yield at €83.74	7.1%	8.0%	**8.8%**
Dividend per share (€)	4.12	4.28	**4.49**
Net debt (year-end)	9.7	12.2	**6.7**

* 2025 growth at constant exchange rates (Sanofi); 2026e–2027e in reported euros. FCF = Bloomberg definition (operating cash flow − capex); Sanofi reports €8.1bn for 2025 on its own definition (slide 2). FCF yield on a market cap of €101.1bn. Net debt as defined by the consensus; our target uses Bloomberg's EV net debt (€14.2bn), which is more conservative.

What the numbers say

Growth slows in 2027: EBIT +4.5%, margin −0.7 pt. Our target already uses this 2027e EBIT.

Cash is strong: 2027e FCF of €8.9bn (8.8% yield) covers the dividend 1.6x.

Our return comes from the discount narrowing (43% → 36%), not from faster growth.

Sources: Sanofi FY2025 press release (29/01/2026); Bloomberg EEB consensus at close 06/11/2026 (sales, EBIT, adjusted EPS, free cash flow, dividend per share, net debt; 2025 actuals). FCF cover = FCF / (DPS × shares).

Appendix 6

Bloomberg data: peer growth and margins

2027e consensus	Sales growth	EBIT growth	EBIT margin	EV/EBIT
Sanofi	+7.0%	+4.5%	27.6%	7.9x
AstraZeneca	+6.6%	+7.7%	34.0%	13.7x
GSK	+4.2%	+3.2%	30.5%	9.0x
Merck KGaA	+5.7%	+18.0%	19.0%	17.2x
Novartis	+6.5%	+6.7%	38.9%	15.6x
Roche	+4.9%	+6.0%	36.2%	14.3x
Peer average	+5.6%	+8.3%	31.7%	14.0x
Average excl. Merck KGaA	+5.6%	+5.9%	34.9%	13.2x

Growth and margins computed from Bloomberg consensus in each company's reporting currency (ratios are currency-neutral). Merck KGaA's +18% EBIT growth starts from a low 2026e margin (17%), hence the average excluding it.

What it means

Sanofi grows sales faster than peers (+7.0% vs +5.6%), but its EBIT growth and margin are lower.

This explains some discount, not 43%.

GSK has the weakest growth and trades at 9.0x. At GSK's multiple, Sanofi would be worth €96.5, in line with our €96 target.

Sources: Bloomberg EEB consensus (Standard estimates) at close 06/11/2026, revenue and EBIT 2026e–2027e; EV/EBIT 2027e from Bloomberg FA. €96.5 = (9.0 × €14.54bn EBIT 2027e − €14.24bn net debt) / 1,207.8m shares.

Appendix 7

Dupixent after 2031

Dupixent: €15.7bn in 2025 (36% of sales) · €5.7bn in Q3 2026 (+34.8%) · Sanofi ambition ~€25bn in 2030 · US exclusivity ends in 2031

Favourable

Dupixent reaches ~€25bn by 2030. New launches reach ~€10bn and take over after 2031.

For us: the discount can narrow below 36%, towards our optimistic case (€102).

Central (our case)

Growth slows after 2028. Sales start to erode once US exclusivity ends in 2031. Launches offset part of it.

For us: this justifies a lasting discount of ~36%, our central case (€96).

Unfavourable

Fast share loss after 2031, further pipeline failures, launches below target.

For us: the discount widens to 48%, our bear case (€67); exit rules apply.

Why our 12-month case does not depend on 2031: the target is based on 2027e EBIT, before the loss of exclusivity. The 2031 risk is the reason we keep a 36% discount instead of Sanofi's own 24% average.

Sources: Sanofi FY2025 press release (29/01/2026); Sanofi Q2 and Q3 2026 press releases (Q3 2026 sales; 2030 ambitions at constant FX: Dupixent ~€25bn, pharma launches ~€10bn). Scenarios are qualitative group assumptions; scenario values from the price target slides.

Appendix 8 Bloomberg data: peer multiples



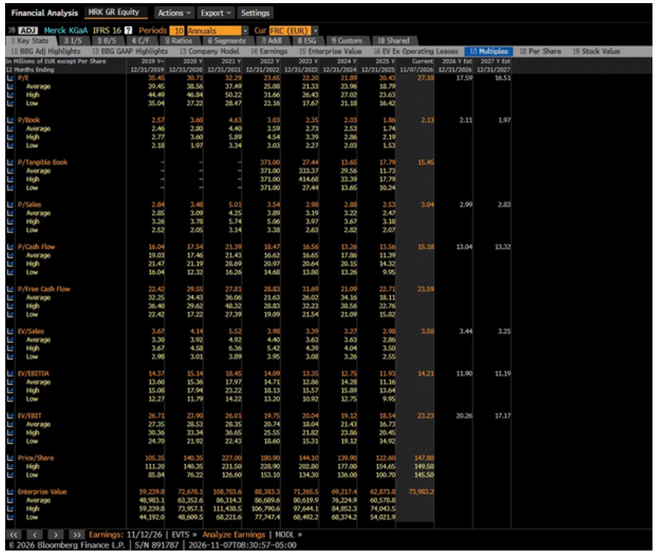
Roche Holding AG



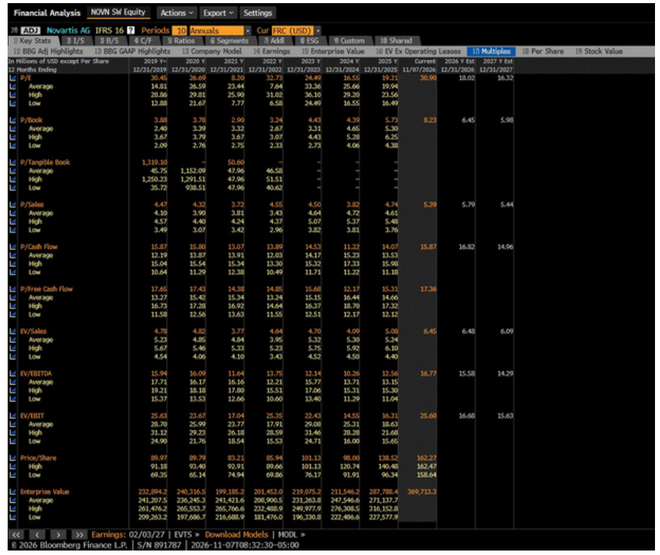
Sanofi SA



GSK PLC



Merck KGaA



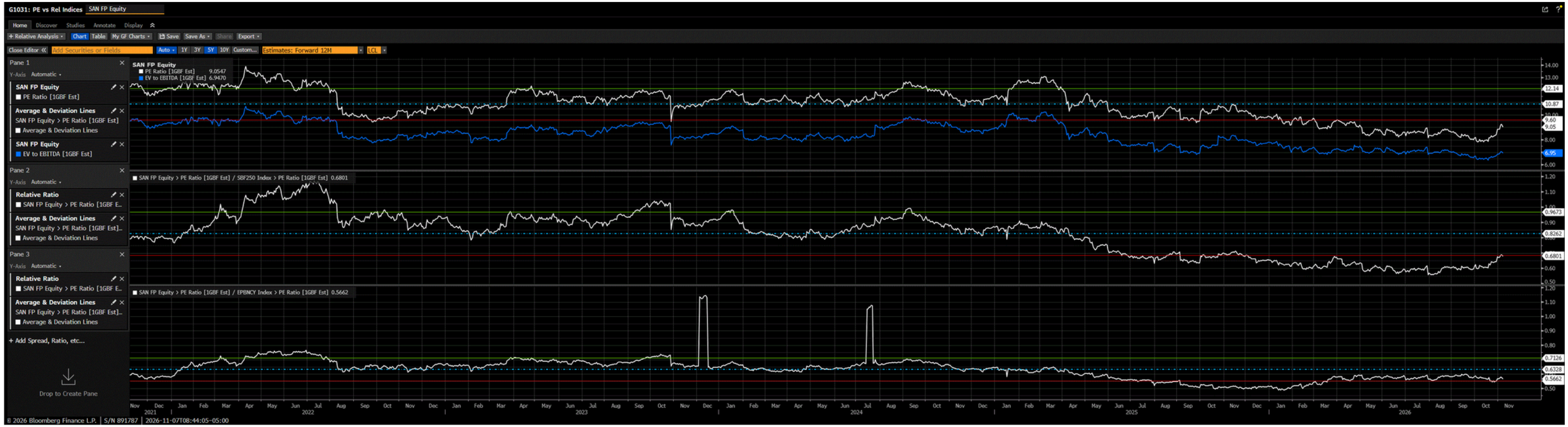
Novartis AG



AstraZeneca PLC

Appendix 9

Bloomberg data: forward P/E, 5 years



Sanofi forward P/E, absolute and relative to SBF 250 and European pharma, 5 years

Today vs 5-year average · Forward P/E: 9.1x vs 10.9x (−1 std dev: 9.6x) · Relative to SBF 250: 0.68 vs 0.83 · Relative to European pharma: 0.57 vs 0.63 (−1 std dev: 0.57)

Source: Bloomberg G1031 (PE vs Rel Indices), blended forward 12-month estimates, daily, Nov 2021 – Nov 2026 (extracted 07/11/2026). The spikes in Dec 2022 and Jul 2024 are breaks in the index data, not market moves.

Appendix 10

Optional hedge: long Sanofi / short peers

	Buy Sanofi only			Hedged (long / short)		
Discount ↓ Peers →	−20%	Flat	+20%	**−20%**	**Flat**	**+20%**
32% (optimistic)	+0.3%	+27.6%	+54.9%	**+17.2%**	**+24.5%**	**+31.8%**
36% (central)	−6.1%	+19.5%	+45.3%	**+10.8%**	**+16.4%**	**+22.2%**
43% (today)	−17.4%	+5.5%	+28.4%	**−0.5%**	**+2.4%**	**+5.3%**
48% (exit)	−25.4%	−4.5%	+16.3%	**−8.5%**	**−7.6%**	**−6.8%**

12-month total return incl. dividends. Rows: Sanofi's discount to peers in 12 months. Columns: move in peer EV/EBIT multiples. Hedged = buy return − peer move − peer dividends (≈2.6%) − borrowing cost (0.5%).

The hedge removes the sector effect, not the Sanofi risk: if the discount widens to our 48% exit level, the hedged trade still loses 7–9%.

Our recommendation is BUY. The hedge is an option.

Short AstraZeneca, Novartis and Roche in equal weights, for the same amount as the Sanofi position. GSK is excluded: it already trades at a 41% discount.

Cost: ~2.6% of peer dividends and ~0.5% borrowing a year, and we give up part of a sector rally (+22% vs +45%).

Not covered: Dupixent and pipeline risk, specific to Sanofi, and CHF/GBP currency risk on the short leg.

Source: group calculation, Bloomberg data at close 06/11/2026. Peer move applied to peer EV/EBIT multiples; Sanofi valued with the price-target model (same EBIT, net debt and shares). Peer dividend yields ≈ trailing yields (AstraZeneca ~1.8%, Novartis ~3.1%, Roche ~2.9%). Equal sizing and 0.5% borrowing cost are assumptions; transaction costs not included.