



Sanofi SA (SNY)

Updated February 2nd, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$54	5 Year CAGR Estimate:	12.6%	Market Cap:	\$137 B
Fair Value Price:	\$71	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	5/09/25 ¹
% Fair Value:	76%	5 Year Valuation Multiple Estimate:	5.5%	Dividend Payment Date:	6/06/25 ²
Dividend Yield:	3.8%	5 Year Price Target	\$86	Years Of Dividend Growth:	29 ³
Dividend Risk Score:	C	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Sanofi, a global pharmaceutical leader, incorporated in 1994. The company develops and markets a variety of therapeutic treatments and vaccines. Pharmaceuticals account for ~72% of sales, vaccines makeup ~15% of sales and consumer healthcare contributing the remainder of sales. Sanofi is truly a global leader, with a third of sales coming from the U.S., a little more than a quarter coming from Western Europe, and the remainder of sales coming from emerging markets/rest of the world. Sanofi produces annual revenues of about \$48 billion. Sanofi is incorporated in France, but U.S. investors have access to the company through an American Depositary Receipt, or ADR. Two ADR shares equal one share of the underlying company.

On January 30th, 2025, Sanofi announced fourth quarter and full year results for the period ending December 31st, 2024. For the quarter, revenue declined 7.4% to \$11 billion, which was \$94 million less than expected. The company's earnings-per-share per ADR of \$0.68 compared unfavorably to \$0.90 in the prior year and \$0.06 below estimates. For the year, revenue grew 3.4% to \$48.4 billion while earnings-per-share per ADR of \$4.11 compared to \$4.40 in 2023.

Unless otherwise noted, all figures are listed in U.S. dollars and at constant exchange rates. Fourth quarter revenue grew 10.3% as currency exchange weighed on results. *Dupixent*, which treats patients with moderate-to-severe asthma, grew 16% due to growth across indications and geographies. The product is approved for use in adults in more than 60 countries and in adolescents in ~20 countries. Sanofi estimates that the product can be launched in ~50 additional countries. More than 1 million patients worldwide have been prescribed the product. Vaccine revenue improved 10.8% due to demand for *Beyfortus* and Polio/Pertussis/Hib vaccines and boosters. The company announced that it plans to close the sale of Opella, formerly known as Consumer Healthcare, by the second quarter of 2025 at the earliest. By region, the U.S. grew 13.3%, Europe was higher by 6%, and the rest of the world increased 8.8%. China was down 10.4%. Sanofi provide an outlook for 2025 as well. The company expects earnings-per-share to grow at least by a low double-digit percentage. We forecast that Sanofi will earn \$5.44 in 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.82	\$1.78	\$2.36	\$3.19	\$3.33	\$3.44	\$3.84	\$4.27	\$4.40	\$4.11	\$5.44	\$6.62
DPS	\$1.61	\$1.66	\$1.64	\$1.86	\$1.74	\$1.70	\$1.93	\$1.92	\$1.90	\$2.04	\$2.04	\$2.48
Shares⁴	2611	2584	2508	2500	2500	2500	2500	2507	2507	2498	2498	2475

Sanofi saw earnings growth during the last recession, though there has been some variance in results in the past few years. This is the case with many ADRs and is often a result of currency fluctuations. We expect the company's pharmaceutical segment to continue to show growth in the coming years, leading to a 4% annual increase in earnings and dividends per share through 2030. The fluctuations in dividends received for the ADR is, again, due largely to

¹ Estimated ex-dividend date.

² Estimated dividend payment date.

³ In local currency.

⁴ In millions.

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currency exchanges, as Sanofi has increased its dividend for 29 consecutive years in its local currency. Sanofi pays an annual dividend, usually in May or June.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	26.8	22.6	19.5	21.3	33.9	8.2	13.0	11.3	11.3	11.7	9.9	13.0
Avg. Yld.	3.3%	4.1%	3.6%	4.3%	3.9%	3.4%	3.9%	4.0%	3.8%	4.2%	3.8%	2.9%

Shares of Sanofi has declined \$1, or 1.8%, since our October 28th, 2024 report. We are lowering our 2030 target price-to-earnings ratio to 13 from 16 as this is closer to the medium-term average. Based off estimates for earnings-per-share for 2025, shares trade with a price-to-earnings ratio of 9.9 today. Reaching our target valuation by 2030 would add 5.5% to annual returns over this period. The stock’s 3.8% yield is close to the long-term average of 3.9%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

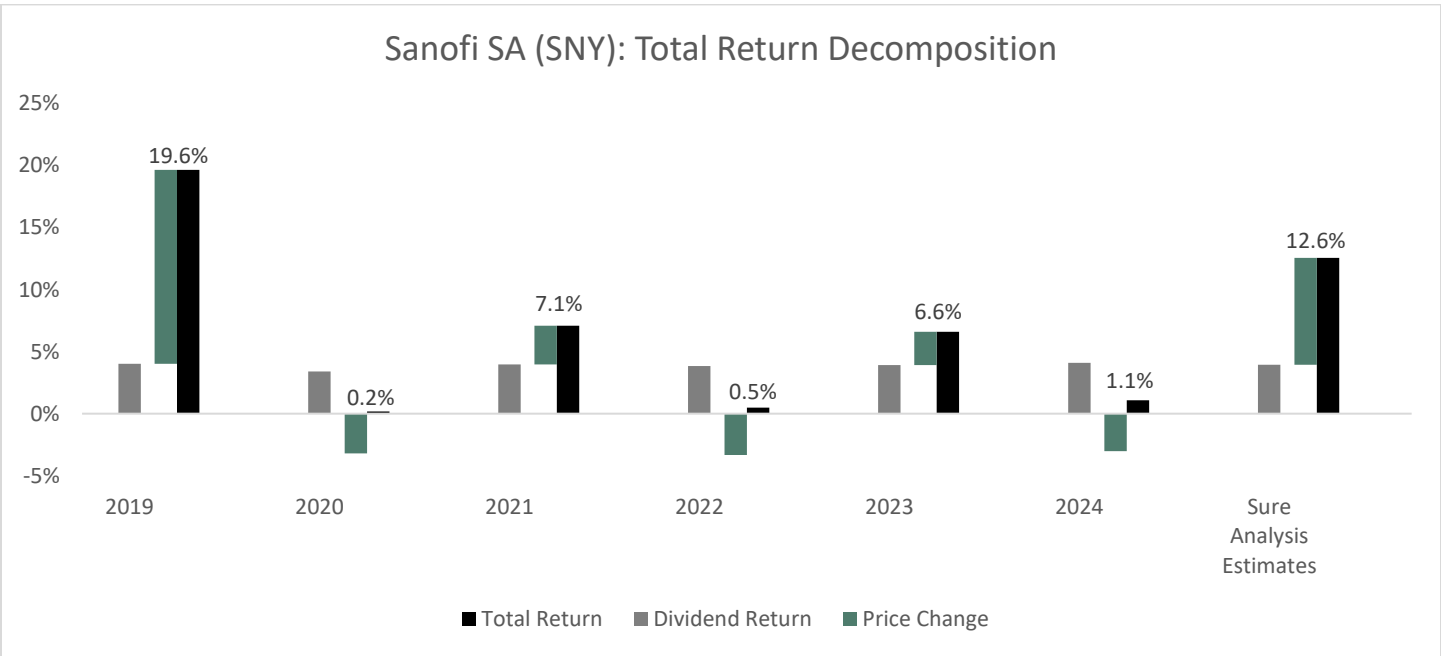
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	89%	93%	70%	58%	52%	49%	50%	45%	43%	50%	38%	38%

Sanofi’s specialty care division, especially in the areas of rare disease and immunology, have demonstrated high rates of growth. These areas are likely to be continued sources of strength for the company. Several of these products, such as *Dupixent*, are just starting to gain traction. Sanofi has also showed a willingness to use acquisitions to fund its growth. Given Sanofi’s products are used to treat diseases, and thus, should not be dependent upon strong economic conditions, we see Sanofi as a defensive play for when the next recession strikes.

Final Thoughts & Recommendation

Sanofi is now expected to return 12.6% annually through 2030, up from our prior estimate of 12.1%. Our projected return stems from a 4% earnings growth rate, a starting yield of 3.8%, and a mid-single-digit contribution from multiple expansion. Sanofi’s products largely performed well during the recent period, especially *Dupixent*. Vaccines continue to show strong results as well. We reaffirm our five-year price target of \$86 due to EPS estimates for the year. We maintain our buy rating on shares of Sanofi due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	38,685	38,400	41,021	42,128	42,128	42,676	46,351	47,867	50,281	47,933
Gross Profit	26,568	26,557	27,869	28,625	28,717	28,791	31,851	33,424	34,869	33,640
Gross Margin	68.7%	69.2%	67.9%	67.9%	68.2%	67.5%	68.7%	69.8%	69.3%	70.2%
SG&A Exp.	10,411	10,490	11,407	11,642	11,065	10,725	11,305	11,065	11,575	9,939
D&A Exp.	4,745	3,653	4,174	5,053	8,335	4,192	3,965	3,607	5,188	
Operating Profit	7,916	8,330	8,156	7,386	8,036	9,011	10,823	12,530	11,250	10,241
Op. Margin	20.5%	21.7%	19.9%	17.5%	19.1%	21.1%	23.3%	26.2%	22.4%	21.4%
Net Profit	4,757	5,212	9,531	5,085	3,083	14,040	7,363	8,828	5,846	6,217
Net Margin	12.3%	13.6%	23.2%	12.1%	7.3%	32.9%	15.9%	18.4%	11.6%	13.0%
Free Cash Flow	6,822	6,752	6,142	4,215	6,636	6,093	10,032	8,780	7,832	
Income Tax	787	1,466	1,950	568	135	2,064	1,843	2,116	1,734	1,363

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	111868	110662	119746	127440	126165	147893	136140	135897	139793	138377
Cash & Equivalents	10,002	10,860	12,375	7,922	10,560	12,420	11,433	13,658	9,628	7,743
Acc. Receivable	8,075	7,729	8,657	8,305	8,891	9,308	8,569	9,034	9,322	
Inventories	7,124	7,290	8,180	8,553	8,955	10,719	9,867	9,609	10,685	21,782
Goodwill & Int.	56,396	54,091	63,997	75,639	68,362	85,437	78,647	76,711	81,493	68,943
Total Liabilities	48,227	49,641	49,876	59,909	59,817	62,987	57,982	55,304	57,603	57,169
Accounts Payable	4,173	4,543	5,558	5,766	5,951	7,601	6,997	7,306	8,100	22,675
Long-Term Debt	18,098	19,641	18,717	28,186	27,651	24,976	22,991	20,409	18,120	16,649
Total Equity	63,465	60,842	69,667	67,348	66,153	84,475	77,762	80,198	81,844	80,844
LTD/E Ratio	0.29	0.32	0.27	0.42	0.42	0.30	0.30	0.25	0.22	0.21

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.1%	4.7%	8.3%	4.1%	2.4%	10.2%	5.2%	6.5%	4.2%	4.5%
Return on Equity	7.2%	8.4%	14.6%	7.4%	4.6%	18.6%	9.0%	11.1%	7.2%	7.6%
ROIC	5.7%	6.4%	11.3%	5.5%	3.3%	13.8%	7.0%	8.7%	5.8%	6.3%
Shares Out.	2611	2584	2508	2500	2500	2500	2500	2507	2507	2498
Revenue/Share	14.65	14.81	16.19	16.78	16.76	16.93	18.42	19.04	20.01	19.15
FCF/Share	2.58	2.61	2.42	1.68	2.64	2.42	3.99	3.49	3.12	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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