

MASTERS IN FINANCE

MASTERS FINAL WORK PROJECT

**EQUITY RESEARCH:
SANOFI SA**

RICARDO MIGUEL MOREIRA BOTELHO

JUNE 2025

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Abstract

Sanofi SA ("SAN.PA") is a French global Healthcare leader, engaged in the research and development, manufacture, and sale of a range of products in Biopharma segment, focusing on key areas such as: Immunology & Inflammation, Rare diseases, Neurology, Oncology and Vaccines. The company's business strategy "Play to Win" is built on four pillars: Growth, Innovation, Efficiency and Transformation.

Sanofi SA has a BUY recommendation with high risk, with a 2026YE PT of €142.45/Share, using a Discounted Cash Flow Method (DCF), representing an upside potential of 47.7% (or 26.3% annualized) against the closing price of €96.54/Share on April 30th, 2025. Other valuation methods such as the Flow to Equity (FTE), Dividend Discount Model (DDM), Adjusted Present (APV) and Relative Valuation were also applied.

A further and more in-depth analysis was conducted on a specific valuation multiple (EV/R&D), where a regression analysis was performed.

Main drivers behind the BUY recommendation are: (1) increase investments in R&D pipeline, with a diversified portfolio (2) leadership in immunology due to the blockbuster Dupixent and (3) focus on sustainability measures through the AIR strategy.

The main risks considered are (1) Regulatory/Legal/Political Risks, (2) Market Risk (3) Operational Risks, (4) Environmental Risks and (5) Financial Risks.

The report also includes considerations about the risks that can affect valuation, as well as a sensitivity analysis and scenario analysis to assess the impact of those risks in the investment recommendation.

This report considers all the public information available until April 30th, 2025.

JEL classification: G00; G10; G30; G32; G34; G35.

Keywords: Equity Research; Valuation; Big Pharma; Sanofi SA.

Resumo

Sanofi SA (“SAN.PA”) é uma empresa francesa líder global no setor da Saúde, envolvida na investigação e desenvolvimento, fabrico e venda de uma gama de produtos no segmento Biofarma, com foco em áreas-chave como: Imunologia & Inflamação, Doenças Raras, Neurologia, Oncologia e Vacinas. A estratégia empresarial da empresa “Play to Win” assenta em quatro pilares: Crescimento, Inovação, Eficiência e Transformação.

Sanofi SA tem uma recomendação de COMPRA com risco elevado, com um preço alvo de €142.45/ação no final de 2026, utilizando o método de Fluxo de Caixa Descontado (FCD), representando um potencial de valorização de 47.7% (ou 26.3% anualizado) face ao preço de fecho de €96.54/ação, a 30 de abril de 2025. Outros métodos de avaliação como o Fluxo para o Capital Próprio (FTE), Modelo de Desconto de Dividendos (DDM), Valor Atual Ajustado (APV) e Avaliação Relativa também foram aplicados.

Foi ainda realizada uma análise mais aprofundada sobre um múltiplo de avaliação específico (EV/I&D), onde foi efetuada uma análise de regressão.

Os principais fatores que sustentam a recomendação de COMPRA são: (1) aumento dos investimentos no pipeline de I&D, com um portefólio diversificado, (2) liderança em imunologia devido ao medicamento blockbuster Dupixent e (3) foco em medidas de sustentabilidade através da estratégia AIR.

Os principais riscos considerados são: (1) Riscos Regulatório/Legais/Políticos, (2) Risco de Mercado, (3) Riscos Operacionais, (4) Riscos Ambientais e (5) Riscos Financeiros.

O relatório também inclui uma análise de sensibilidade e análise de cenários para avaliar o impacto desses riscos na recomendação e investimento.

Este relatório considera toda a informação pública até 30 de abril de 2025.

Classificação JEL: G00; G10; G30; G32; G34; G35.

Palavras-Chave: Equity Research; Avaliação de Empresas; Grande Indústria Farmacêutica; Sanofi SA.

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It is finally done.

This thesis is not only a one semester work, but a 5 year journey at this institution.

I would first like to thank all those who crossed paths with me during this rollercoaster and in anyway helped me through the ups and downs.

To my mother, father and brother - thank you all for the support provided, to all the times that I was in a bad mood, you lifted me up, never letting me fall during challenging moments.

To my beautiful and lovely girlfriend, whose support was undeniable, who was always there to listen even in bad moments and gave me motivation to keep going – thank you for always being there.

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Glossary

€ / EUR – Euro
\$ / USD – United States Dollar
202xF – The "F" stands for forecast, indicating projected values for the year 202x.
AI – Artificial Intelligence
APV – Adjusted Present Value
API's – Active Pharmaceutical Ingredients
BI – Beta Levered
Bn – Billions
Bu – Beta Unlevered
BV – Book Value
B2B – Business to Business
CAGR – Compound Annual Growth Rate
CAPEX – Capital Expenditures
CCC – Cash Conversion Cycle
CEO – Chief Executive Officer
COGS – Cost of Goods Sold
CPI – Consumer Price Index
CRP – Country Risk Premium
CSR – Corporate Social Responsibility
DPS – Dividends Per Share
DCF – Discounted Cash Flow
D – Dividends
D&A – Depreciation & Amortization
DDM – Dividend Discount Model
EFPIA – European Federation of Pharmaceutical Industries and Associations
EPS – Earnings Per Share
EMA – European Medicines Agency
ERP – Equity Risk Premium
ESG – Environmental, Social, and Governance
FCFE – Free Cash Flow to Equity
FCFF – Free Cash Flow to the Firm
FDA – Food and Drug Administration
FTE – Flow to Equity Method
FY – Full Year
g – Terminal Growth Rate
gL – Long-Term Growth Rate
gS – Short-Term Growth Rate
GDP – Gross Domestic Product
IRA – Inflation Reduction Act
M&A – Mergers and Acquisitions
MVD – Market Value of Debt
MRP – Market Risk Premium
NCI – Non-Controlling Interests
NI – Net Income
NWC – Net Working Capital
PT – Price Target
PV – Present Value
R&D – Research and Development
Rd – Cost of Debt
Re – Cost of Equity
RFR – Risk Free Rate
ROA – Return on Assets
ROE – Return on Equity
ROIC – Return on Invested Capital
RORC – Return on Research Capital
WACC – Weighted Average Cost of Capital
YE – Year-End
YoY – Year on Year
YTD – Year to Date

<u>Ticker:</u>	<u>Current Price:</u>	<u>Target Price:</u>	<u>Recommendation:</u>	<u>Upside Potential:</u>	<u>Level of Risk:</u>
SAN.PA	€96.54 (30/04/2025)	€ 142.45/Share (31/12/2026)	BUY	↑ 47.56% (Annualized: 26.26%)	High

Research Snapshot

Sanofi SA is assigned a **BUY recommendation**, with a **2026YE PT of €142.45/Sh.**, derived using a DCF valuation model. This reflects an **annualized upside potential of 26.26%** against the **closing price of €96.54/Sh.**, as of April 30th, 2025 (Figure 1), despite the stock being classified as a **High Risk** investment.

Sanofi ranks among the top 10 global companies in the **Drug Manufacturers industry**, which is characterized by **intense competition and significant Research and Development (R&D) intensity**. The company's centers on driving innovation through a well-diversified portfolio, with a particular focus on strengthening its leadership in vaccines and expanding in high-growth therapeutic areas such as **Immunology, Oncology, Rare Diseases, and Neurology**. To maintain its competitive positioning, Sanofi is investing **heavily in R&D** and deploying digital tools to **accelerate drug development** and **improve operational efficiency**.

Dupixent is expected to maintain its strong performance | Sanofi is expected to continue achieving **strong sales growth from Dupixent** (Sanofi's top-selling drug) following its consistent double-digit performance in recent years. The drug is projected to be among the **top six** best-selling pharmaceuticals globally by 2025 (EvaluatePharma, 2025), supported by expanding indications such as atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, prurigo nodularis, and chronic spontaneous urticaria. This wide therapeutic reach reinforces both Dupixent's growth trajectory and Sanofi's **leadership in immunology** (Figure 3).

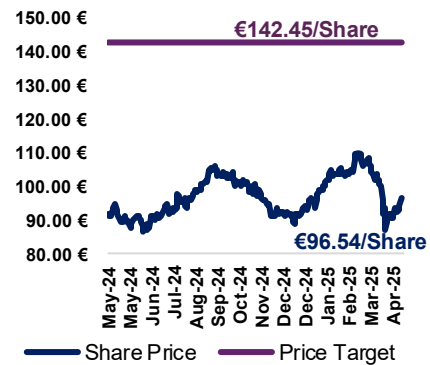
Pipeline delivering | Sanofi's R&D pipeline continues to gain traction, backed by a focused strategy on high-impact therapeutic areas. With over **86 active development programs**, the company is advancing treatments targeting significant unmet medical needs. Recent developments include the BTKi program and the ongoing expansion of Dupixent's indications, underscoring Sanofi's potential to deliver meaningful breakthroughs and support sustainable long-term growth through scientific excellence.

Strong dividend policy | Sanofi maintains a robust commitment to shareholder returns, evidenced by **regular dividend distributions** and **share buyback programs**. This is underpinned by **strong free cash flow generation**, which supports both **returns to shareholders** and **continued investment in innovation and R&D**. The firm's disciplined capital allocation reflects a strategic focus on **long-term value creation**, sustained over more than three decades (Figure 2).

Focus on Sustainability | Sanofi has embedded sustainability at the core of its corporate strategy, aligning with international ESG standards. The company targets **carbon neutrality** by 2030 and **net-zero emissions** by 2045, while continuing to invest in greener manufacturing, sustainable packaging, and equitable access to medicines, particularly in underserved regions. Approximately 70% of its current portfolio and 75% of its R&D pipeline address **diseases affected by climate and environmental challenges**. Through its AIR strategy (Access, Impact, Resilience), Sanofi aims to **minimize healthcare's environmental footprint** while **enhancing global health equity**, reinforcing its position as a purpose-driven leader in sustainable healthcare (Figure 4).

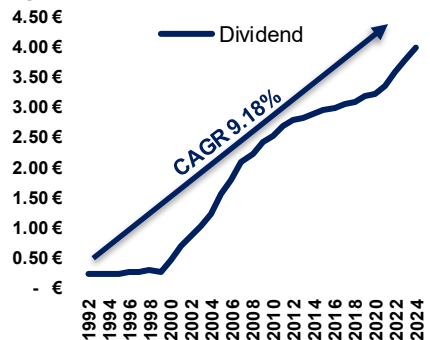
Market Cap (€Bn)	€120.81Bn
Free Float (%)	
No. Shares Outstanding (#Bn)	1251.4Bn
YTD performance (%)	2.30%
52-week range (\$/Share)	€85.94 - €110.88

Figure 1- 52-Week Stock Price vs. PT



Source: Author Analysis & Bloomberg

Figure 2- Historical Dividend



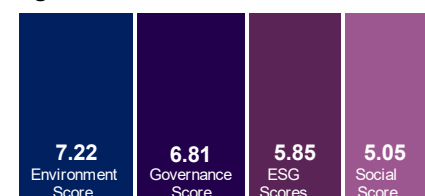
Source: Author Analysis & Bloomberg

Figure 3 - Dupixent Sales



Source: Author Analysis & Bloomberg

Figure 4 - ESG Scores



Source: Author Analysis & Bloomberg

Business Description

Company

Sanofi S.A. is a **leading global healthcare** company headquartered in Paris, France, with a market capitalization of €120.81Bn as of April 30th, 2025 (Figure 5). The company is publicly traded on the Euronext Paris and on the New York Stock Exchange (NYSE), the latter in the form of American Depositary Shares (ADSs). Sanofi is committed to addressing **patient needs** through **research, development, manufacturing, and commercialization** of therapeutic solutions.

Until FY2020, Sanofi operated across three business segments: Pharmaceuticals, Vaccines, and Consumer Healthcare (CHC). As of January 1, 2023, the company streamlined its structure into two operating segments: Biopharma and CHC. In January 2025, Sanofi completed a further strategic transformation, divesting CHC into a standalone entity, Opella, and now operates solely under the Biopharma segment.

The Biopharma segment encompasses operations in **Specialty Care, Vaccines, and General Medicines**, and it also handles corporate functions and global support. Additionally, the company reports "**Other Revenues**," which include royalties, third-party product sourcing, and collaboration agreements (Figure 6).

History

Sanofi traces its origins to 1895 (Figure 7) with the founding of "**Société Chimique des Usines du Rhône**." It became a subsidiary of **Elf Aquitaine** in 1973, maintaining a diverse portfolio that included cosmetics and animal nutrition. By the late 20th century, Sanofi shifted its focus exclusively to **pharmaceuticals** through targeted acquisitions of firms (Figure 8) like **Clin-Midy, Choay, and Labaz**, enhancing its **R&D** and **expanding its pipeline**.

A key milestone came in 1999 with the merger with **Synthélabo**, forming **Sanofi-Synthélabo**, followed by the 2004 acquisition of **Aventis**, creating **Sanofi-Aventis** and positioning it as the **third-largest** pharmaceutical company globally. The company rebranded to **Sanofi** in 2011 and acquired **Genzyme**, strengthening its position in **biotechnology** and **rare diseases**.

Sanofi continued expanding into **hemophilia** and **rare blood disorders** through acquisitions like **Bioverativ** and **Ablynx** in 2018. During the COVID-19 pandemic, it partnered with **GSK** to develop a vaccine approved by the EU in 2022. In 2023 and 2024, Sanofi acquired **Provention Bio** and **Inhibrx** and partnered with **Novavax** to co-develop updated COVID-19 and combination flu vaccines.

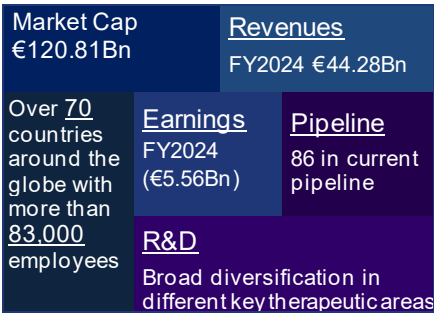
Through strategic acquisitions and innovation, Sanofi has evolved into a **global pharmaceutical and biotech leader**.

Geographic and Business Segments

Sanofi operates primarily through a single business segment (Other revenue is not counted as segment): Biopharma. This segment divides itself in several categories including **Immunology & Inflammation, Rare diseases, Neurology, Oncology, Other main medicines** and **Vaccines** (Figure 10). Additionally, Sanofi has its **operation sites (52) in 24 different countries**.

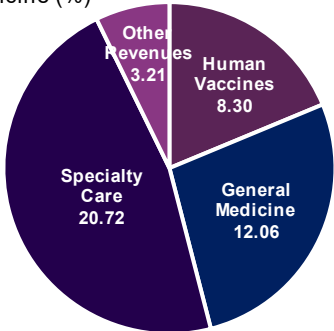
Geographically, Sanofi's operations are structured across three major regions: the **US, Europe** and **Rest of The World** (Figure 9). The Rest of The World geography include regions such as: **Asia, Africa, Australia, Russia** and **Canada**. Despite Sanofi's global presence, the US remains the most significant revenue contributor. In FY2024, the US accounted for **48.65%** of total revenue, followed by the Rest of the World with **29.38%**, including a notable 6.49% contribution from **China**, and

Figure 5 - Sanofi Highlights



Source: Company Data

Figure 6 - FY2024 Revenue per Medicine (%)



Source: Company Data

Figure 7 - Sanofi Historical Evolution

1895	Creation of Société Chimique des Usines du Rhône
1973	Subsidiary of Elf Aquitaine
1999	Sanofi-Synthélabo merger
2004	Aventis acquisition
2011	Genzyme acquisition, name change to Sanofi
2018	Bioverativ & Ablynx acquisitions
2022-2024	COVID partnerships, Inhibrx acquisition

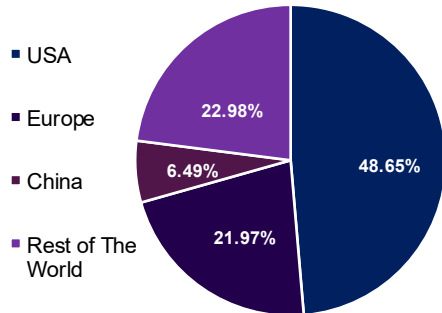
Source: Company Data & Author Analysis

Figure 8- Sanofi's Strategic Acquisitions and Focus Shifts

Small pharma acquisitions (80s-90s)
Synthélabo (1999)
Aventis (2004)
Genzyme (2011)
Bioverativ (2018), Ablynx (2018)
Provention Bio (2023)
Inhibrx (2024)

Source: Company Data & Author Analysis

Figure 9 - FY2024 Sales by Region



Source: Company data

Europe with **21.97%**. Sanofi does not provide a detailed revenue breakdowns for individual countries within these broader geographies, aside from China and US.

Immunology & Inflammation | Immunology & Inflammation stood out as a **key growth driver in FY2024**. The category delivered **€13.49Bn** in sales, reflecting a 21.89% YoY increase. This growth was primarily driven by the continued performance of Dupixent, Sanofi's flagship product, which alone generated **€13.07Bn** in revenue – up **22%** YoY. Kevzara, another product in this category, also contributed positively with a **€424Mn** revenue, representing an **18.8%** YoY increase. Dupixent is expected to benefit further from new regulatory approvals, supporting future sales momentum.

Rare Diseases | Rare Diseases revenues reached **€5.9Bn**, marking a **17.53%** YoY increase. This strong performance was largely attributable to the successful launch of **ALTUVIIIO**, which posted an impressive **328.9%** YoY growth (Figure 11). This underscores Sanofi's ability to deliver **high-impact innovation** in specialized therapeutic areas.

Neurology | The Neurology experienced a substantial decline, with revenues falling **60.3%** YoY in FY2024. This contraction is largely explained by the loss of market exclusivity for **Aubagio** in 2023, which exposed the product to **intense competition** from generics.

Oncology | The Oncology category recorded a modest but positive growth, with an **8.38%** YoY revenue increase. This was mainly supported by **Sarclisa**, a newly launched product that achieved a **23.6%** YoY rise, and **Fasturtec**, which posted a **7.6%** YoY increase.

Vaccines | Vaccines division reported a **14.49%** YoY increase in FY2024 sales. The introduction of **Beyfortus**, an RSV vaccine, proved a pivotal, with a **208.2%** YoY growth that effectively offset the decline in COVID-19 vaccine sales. The launch positions Sanofi well in the pediatric and seasonal vaccine markets.

Other Main Medicines | The Other Main Medicines category experienced a **2.89%** YoY revenue decline, attributed to **increasing competition** from biosimilars. However, within this category, several products posted notable growth: **Lantus** (up 14.6%), **Toujeo** (9.3%), **Praluent** (14.5%), **Rezurock** (51.6%), and **Tzield** (116%). The latter two represent recent launches and reflect the company's continued focus on **developing innovative treatments** across **chronic** and **immunological** conditions.

Sanofi's performance across its therapeutic areas and geographies reflects a well-balanced business model, characterized by blockbuster products, innovative pipeline development, and a solid global footprint.

Company Strategies

Sanofi's strategic framework is anchored in its overreaching ambition, titled "**Play to Win**", which is built upon four core priorities: **Focus on Growth**, **Lead with Innovation**, **Accelerate Efficiency**, and **Reinvent How We Work** (Figure 12). Together, these pillars aim to reinforce Sanofi's **long-term growth drivers**, **enhance profitability**, and deliver **sustainable shareholder value**.

Focus on Growth | Focus on Growth centers on **driving the performance of key assets** such as Dupixent, expanding the company's footprint in vaccines (Figure 13), and making targeted investments in high-potential areas including **immunology**, **rare diseases**, **neurology**, and **infectious diseases**.

Lead with Innovation | Lead with Innovation, reflects Sanofi's commitment to achieving **scientific leadership** by accelerating pipeline development and maximizing the impact of its R&D investments. To advance this goal, the company has engaged in numerous strategic partnerships and acquisitions, targeting companies that specialize in **rare diseases**, **oncology**, **immunology**, and

Figure 10 - FY2024 Sales by Category (€Bn)

Other Main Medicines	12.063
Vaccines	8.298
Oncology	0.944
Neurology	0.379
Rare Diseases	5.90
Immunology & Inflammation	13.496

Source: Company Data

Figure 11 - Top 5 Growth Products (YoY) 2024

Altuviio	328.90%
RSV Vaccines	208.20%
Tzield	116.00%
Rezurock	51.60%
Dupixent	22.00%

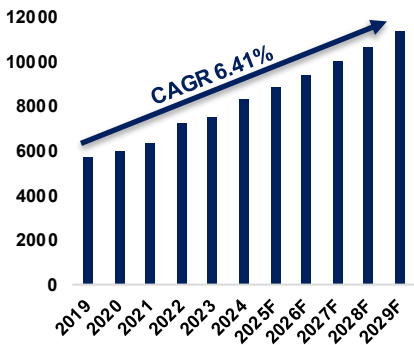
Source: Company Data

Figure 12 - Sanofi's Play to Win Strategy

Focus on Growth	Lead with Innovation
Accelerate Efficiency	Reinvent How We Work

Source: Company Data

Figure 13 - Vaccines Sales Evolution (€Mn)



Source: Company Data & Author Analysis

infectious diseases. Notably, Sanofi entered into a collaboration with **OpenAI** and **Formation Bio** to integrate advanced AI-driven platforms into its drug development process. This technological integration is designed to **improve development timelines, optimize clinical trial design,** and ultimately **boost R&D efficiency.** As part of this innovation-focused approach, Sanofi continues to scale up its R&D budget, which supports the advancement of a promising pipeline (Figure 14).

Accelerate Efficiency | Accelerate Efficiency, targets operational excellence through **streamlined cost structures** and **enhanced resource allocation.** The company has implemented multiple cost and productivity initiatives that are expected to unlock capital for reinvestment in core innovation areas. Increased adoption of **digital tools** and **AI-driven solutions** across the value chain is a central component of this strategy, enabling data-driven decision-making and more agile development processes.

Reinvent How We Work | The final strategic priority focuses on transforming Sanofi's organizational culture by **fostering greater focus, diversity,** and **collaboration** (Figure 15). A key step in this transformation is the **separation** of the Consumer Healthcare (CHC) business, branded as **Opella.** This move is designed to **enhance the performance** and **innovation** of both the Biopharma and CHC segments by allowing each to operate with its own distinct strategy, resource planning, and capital allocation. By creating two independent and focused entities, Sanofi aims to enable each business to grow more **effectively** and **efficiently.**

Sustainability is also a core ambition for Sanofi. The company's Corporate Social Responsibility (CSR) strategy is built around four key pillars: (i) **ensuring affordable access to healthcare,** (ii) **investing in R&D to address unmet medical needs,** (iii) **promoting environmental sustainability** through its Planet Care initiative, and (iv) **empowering employees to drive positive changes both within and beyond the workplace.**

Key Profitability Drivers

Sanofi is a leading global pharmaceutical company that derives its profitability from a combination of a **diversified product portfolio, robust R&D investments,** and a **strong international footprint.**

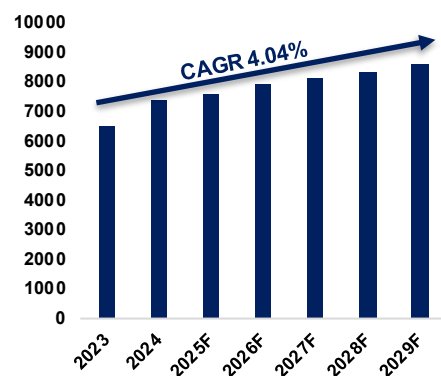
The company's current strategic focus emphasizes increased R&D investment in key therapeutic areas, particularly in **inflammatory, immunological, diabetic,** and **obesity-related diseases** (Appendix 17). This focus positions **research** and **innovation** as central drivers of long-term profitability. With the continued growth of the global population and the rising prevalence of these chronic conditions, Sanofi aims to leverage emerging opportunities through the development of advanced treatments, thereby improving patient outcomes and enhancing its competitive edge. In particular, the growing global incidence of **diabetes** (Figure 16) and **obesity** is a major contributor to Sanofi's profitability outlook. Diabetes cases are projected to rise from **537 million** in 2021 to **643 million** by 2030 and **783 million** by 2045 (IDF, Diabetes Atlas, 2021). Obesity is also expected to affect **20% of women** and **14.29% of men** globally (World Obesity Atlas, 2022). Additionally, around **10% to 20%** of the global population experience eczema (National Eczema Association)—a chronic inflammatory skin condition—at some point in their lives.

Together, these trends underscore the strategic importance of Sanofi's targeted R&D efforts in securing future growth and sustaining profitability.

Shareholder Structure

Sanofi has **1.251Bn common shares outstanding,** each carrying approximately 1.13 voting rights. The company maintains a free float of 91.82% and has no recorded insider ownership.

Figure 14 - R&D Investment 2023-2029F (€Mn)



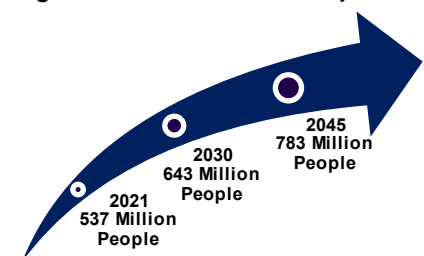
Source: Company Data & Author Analysis

Figure 15 - Actions taken by Sanofi on "Reinvent how we work"



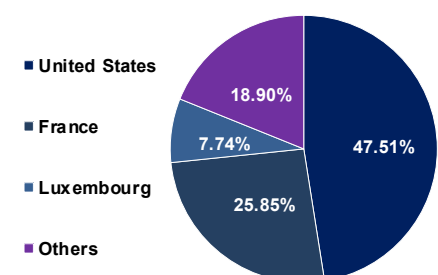
Source: Company Data

Figure 16 - Global Diabetes Projections



Source: IDF Diabetes Atlas

Figure 17 - Shareholder's Ownership by Geography



Source: Bloomberg & Author Analysis

From a geographic standpoint, **U.S. investors hold the largest share at 47.51%**, followed by French investors at 25.85%, and Luxembourg-based investors at 7.74% (Figure 17). In terms of ownership type, **investment advisors dominate 81.4%** of shares, followed by corporations with 13.57% and banks with 3.45% (Figure 18).

Notable shareholders include **L'Oréal SA, holding approximately 7.2%** of the shares, BlackRock Inc. with 5.85%, and Crédit Agricole Group with 5.16% (Figure 19).

This ownership structure entails certain risks. Notably, 81.4% of Sanofi's shareholders are investment advisors, who **may not always align with the company's long-term innovation objectives**, as they tend to prioritize short-term earnings performance (Bushee, 1999). Additionally, the concentration of approximately 18% of shares among three major shareholders—L'Oréal, BlackRock, and Crédit Agricole Group—presents **both potential advantages and drawbacks**. On the one hand, having reputable institutional investors such as BlackRock and Crédit Agricole can enhance the stock's **credibility** and **attract** further investment. On the other hand, such concentration may allow these shareholders to exert **disproportionate influence** over strategic decisions, which might not always align with the interests of minority shareholders (Shleifer & Vishny, 1986).

Dividend Policy

Sanofi has **maintained a consistent record of dividend growth**, with dividends per share (DPS) registering a compound annual growth rate (**CAGR**) of **3.43% between FY2019-2024** (Figure 20). This sustained increase reflects the company's commitment to **long-term shareholder value**, further demonstrated by nearly 30 years of uninterrupted dividend payments with annual increases. Despite earnings per share (EPS) declines in FY2021 and FY2023, Sanofi continued to grow its DPS steadily. Over the same five-year period, **diluted EPS achieved a CAGR of 12.42%**, slightly outperforming **basic EPS, which grew at a CAGR of 12.33%**.

Additionally, Sanofi has implemented share repurchase programs over the past four years (2021–2024), each authorized for 18-month periods. The most recent authorization, approved at the shareholders' meeting on April 30th, 2024, extends the buyback program into 2025. These repurchases have likely contributed to EPS growth by offsetting dilution from increased DPS payments.

Management and ESG

Regarding the ESG Score (Figure 21), **Sanofi ranks third among its peers** (UCB SA, Sandoz Group SA, Gilead Sciences and GSK PLC) with a score of **5.85**, outperforming the average score of **5.33** (Figure 22).

Management and Corporate Governance

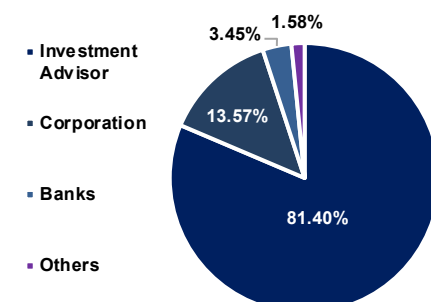
Although Sanofi has a governance score of 6.81, it ranks the **lowest** compared to its **peers** and falls below the average score of **7.83**. The main reason for Sanofi's lower ranking is its **shareholders' rights**, particularly in director voting, where it scores just **2.27**.

Sanofi does not follow the **Unified Management Model**, meaning that the roles of CEO (Paul Hudson, since 2019 – Figure 24) and Chairman of the Board (Frédéric Oudéa, since 2023 – Figure 23) are held by different individuals.

Board of Directors

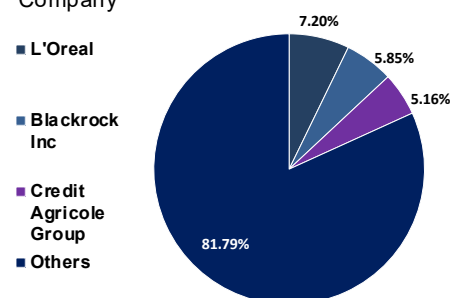
Sanofi's Board of Directors **consists of 17 members** (Figure 25), of which 12 are independent directors, **47%** are women and **41%** are non-French directors. The main activities of the Board include: i) Financial Statements and Financial Management,

Figure 18 - Shareholders Ownership by Type



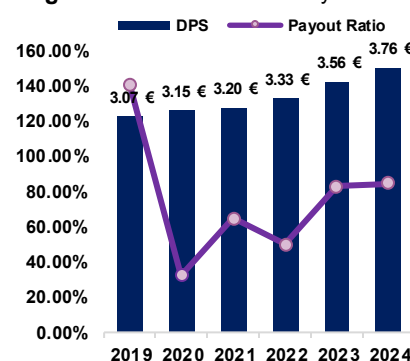
Source: Bloomberg & Author Analysis

Figure 19 - Shareholders Ownership by Company



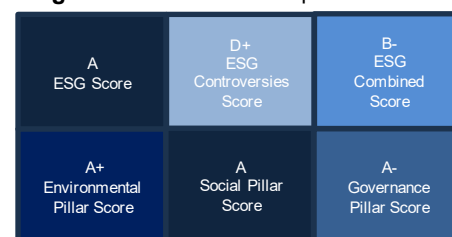
Source: Bloomberg & Author Analysis

Figure 20 - Sanofi DPS & Payout Ratio



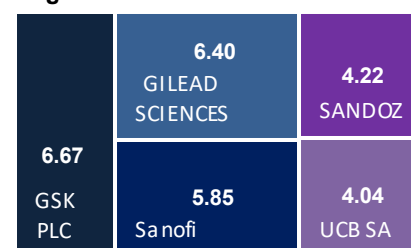
Source: Company Data & Author Analysis

Figure 21 - Refinitiv ESG pillars Scores



Source: Refinitiv & Author Analysis

Figure 22 - Peers ESG Scores



Source: Bloomberg & Author Analysis

ii) Operations, Strategy and Risk Management, iii) Appointments and Governance, iv) Compensation and v) Corporate Social Responsibility (CSR).

As mentioned earlier, Sanofi clearly separates the roles of CEO and Chairman. **Paul Hudson**, the CEO, brings over 20 years of experience in the pharmaceutical industry, having held pivotal positions such as President of AstraZeneca and CEO of Novartis before joining Sanofi (Figure 26). Meanwhile, **Frédéric Oudéa**, the Chairman, has more than 30 years of experience in senior leadership roles, including a long tenure as CEO and Chairman in other organizations prior to his appointment at Sanofi (Figure 25). Their combined expertise enhances the company's leadership within the global healthcare market.

Compensation

Sanofi's executive compensation structure consists of a **fixed salary**, a **variable component**, and **equity-based compensation**, covering three main areas:

- i) Directors' compensation policy
- ii) Chairman of the Board's compensation policy
- iii) CEO compensation policy

Fixed and Variable Compensation | For directors, total compensation is capped at €2.5M, with a €30,000 fixed annual fee per director. The Chairman of the Board receives a fixed annual compensation of €880,000 (gross), while the CEO's fixed compensation is €1.6M (gross).

The variable component is performance-driven, ranging from 0% to 250% of the fixed salary, with a target of 150% and is based on two main criteria (Figure 26):

- i) 60% tied to financial performance, split evenly between sales growth, free cash flow, and business earnings per share.
- ii) 40% tied to non-financial objectives, including:
 - a. Transformation goals (15%)
 - b. R&D pipeline (15%)
 - c. Corporate Social Responsibility (CSR) initiatives (10%)

Equity-Based Compensation | Equity-based compensation for the CEO is capped at 250% of the target total short-term compensation (which includes both fixed and variable components).

In 2024, CEO Paul Hudson earned €9.95M (Figure 27), which broke down as follows:

- i) €5.97M in performance shares awarded
- ii) €1.4M in fixed salary, €2.56M of variable compensation and €13,497 in benefits.

This compensation structure ensures that executive pay is closely aligned with both financial and non-financial performance, supporting the company's long-term objectives.

Committees

Sanofi is governed by several key committees (Figure 28), each with distinct responsibilities. These committees play a vital role in ensuring **corporate governance**, **strategic oversight**, and **operational integrity**.

Audit Committee | Provides oversight of the financial health of the company, monitors internal processes and risk management strategies, evaluates strategic plans and executive compensation, ensures ethical standards and CSR and liaising with external auditors for transparency.

Appointments, Governance, and CSR Committee | Oversees corporate governance practices, recommends board and executive appointments and ensures CSR.

Figure 23 - Frédéric Oudéa - Chairman
Chairman of the Board of Directors since May 2023.
Former CEO and Chairman of the Board of Société Générale.



Source: Company Data

Figure 24 - Paul Hudson - CEO

CEO since September 2019.

Former CEO of Novartis.
More than 20 years of experience.



Source: Company Data

Figure 25 - Board Members

List of Board Members	
Frédéric Oudéa	Jean-Paul Kress
Paul Hudson	Patrick Kron
Christophe Babule	Fabienne Lecorvaisier
Barbara Lavernos	Anne-Françoise Nesmes
Clotilde Delbos	John Sundry
Rachel Duan	Emile Voest
Carole Ferrand	Antoine Yver
Lise Kingo	Wolfgang Laux
Yann Tran	

Source: Company Data

Figure 26 - Compensations

Fixed and Variable	
Sales growth	20%
FCF	20%
Business EPS	20%
Equity-Based	
Business EPS	30%
FCF	20%
TSR	30%
R&D Pipeline	10%
CSR Criteria	10%

Source: Company Data

Strategy Committee | Evaluates potential mergers, acquisitions and divestitures and oversees “Play to Win” strategy with the implementation of strategic and financial goals from 2024-2026.

Scientific Committee | Assess Sanofi’s current and future product lineup, reviews acquisitions and alliance projects, updates on vaccines and R&D transformation and roadmap.

Compensation Committee | Reviews and sets the pay for senior executives, manages compensation through equity awards like stock options, encourages employee ownership and ensures fair and competitive pay for members of the Executive Committee.

This structure ensures that Sanofi remains **agile** and **accountable** in its strategic, **operational**, **scientific** and **ethical** commitments. It is designed to ensure effective oversight over the commitments above, supporting balanced decision-making aligning with stakeholder expectations in a high-regulated and innovative industry.

Environment

Sanofi ranks as the second-best performer among its peers in environmental matters, achieving a score of **7.22** compared to the peer average of **6.88**. This strong position reflects the company’s long-standing efforts to reduce its environmental impact. Although Sanofi has not yet reached carbon neutrality or net-zero emissions, it has established clear and ambitious targets: achieving **carbon neutrality** by 2030 (Figure 30) and **net-zero emissions** by 2045 (Figure 29), which demonstrates its commitment to sustainability.

To reach these objectives, Sanofi is pursuing a dual approach, focusing both on **reducing emissions** and on **offsetting them** to ensure overall carbon neutrality. Over the past 15 years, the company has actively implemented strategies to lower its environmental footprint across its value chain, particularly through its **Planet Care** program. These initiatives include **reducing greenhouse gas emissions**, **transitioning to renewable electricity sources**, and **adopting an eco-friendly vehicle fleet**. Currently, **85%** of the electricity used across Sanofi’s global operations is sourced from renewables, with a target of reaching **100%** by 2030. Additionally, **50%** of its vehicle fleet is composed of eco-friendly vehicles, with the goal of increasing this figure to **80%** by 2030. Since 2019, Sanofi has reduced its greenhouse gas emissions by **47%**, with a target reduction of **55%** by 2030.

Beyond carbon-related initiatives, Sanofi has also focused on **preserving natural resources** and **protecting biodiversity**. Since 2019, the company has reduced its water withdrawals by **18%**, and **88%** of its waste is now reused, recycled, or recovered, with plans to increase this to **90%** by 2025. Furthermore, Sanofi has reduced its landfill waste rate to **2.3%** as of 2023 and aims to lower it further to **1%** by 2025. In terms of product impact, Sanofi is also working to reduce the ecological footprint of its medicines and medical devices (Figure 31). To date, it has assessed the environmental impact of 75% of its top-selling products and supports initiatives for the responsible disposal of unused medicines.

Sanofi’s broader sustainability efforts also include improvements in water and emissions management. The company has achieved a **47%** reduction in Scope 1 and Scope 2 C and continues to work toward reducing water withdrawals by the end of 2025. These measures underline Sanofi’s strategic focus on **minimizing its environmental footprint** and **aligning its operations with global sustainability standards**.

Figure 27 - Paul Hudson (CEO)

Compensation (€Mn)

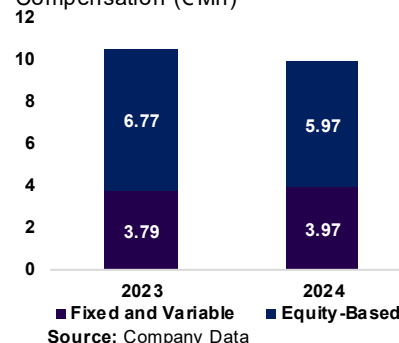


Figure 28 - Committees

List of Committees
Audit Committee
Appointments, Governance, and CSR Committee
Strategy Committee
Scientific Committee
Compensation Committee

Source: Company Data

Figure 29 - Sanofi's Environmental Goals by 2045

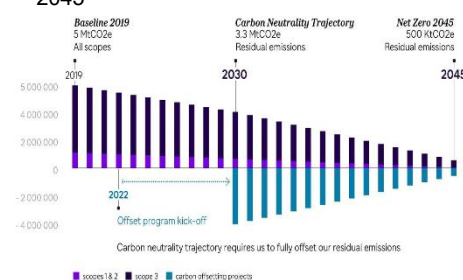


Figure 30 - Sanofi's Environmental Goals by 2030

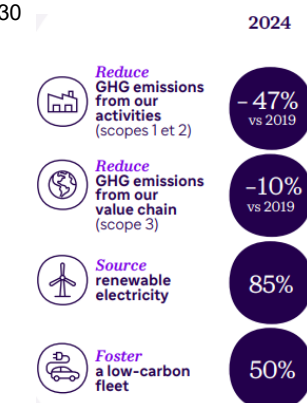
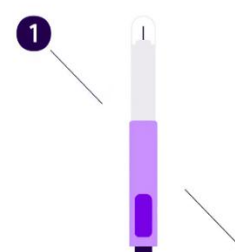


Figure 31 - Product wise goals for 2025

By 2025: 100% of our new products will be Eco-designed



Social

Regarding the social score, **Sanofi holds a score of 5.05**, which is above the peer average of **3.82**. This result is partly explained by the significantly lower scores of **UCB (2.09)** and **Sandoz (2.48)**. Nonetheless, certain factors continue to weigh on Sanofi's performance in this area, such as issues related to **supplier social compliance**—which directly impact social **supply chain management**—and the company's **employee turnover rate** of 16.99%.

Despite these challenges, **Sanofi has been making efforts to improve its social performance** through several initiatives (Figure 32), including the promotion of **employee volunteering**, the integration of **corporate social responsibility (CSR)** into leadership development programs, the advancement of **gender balance** in executive and senior leadership roles, and increased engagement through **donations** (2024YE of +\$12Mn). These actions demonstrate the company's ongoing commitment to strengthening its social responsibility within the broader ESG framework.

Industry Overview and Competitive Positioning

World GDP growth

According to the International Monetary Fund (2025), the **global economy is expected to grow at 3.3% in both 2025 and 2026** (Figure 33). As the opposite, **inflation is expected to decrease to 4.2% in 2025 and 3.5% in 2026**, “converging back to target earlier in advanced economies than in emerging market and developing economies.”

US Economic Outlook

The United States has experienced the **strongest post-pandemic economic recovery among major developed countries**. However, recent changes in administration have introduced a degree of uncertainty, primarily due to shifts in **economic policies**, such as the **restructuring** or **downsizing** of several federal agencies and the implementation of **new tariffs**. The new tariffs will have several implications in the US market such as an **increase in costs on imported goods** and **exported** if the EU also retaliates. Also, it is expected that some EU companies **will shift some of the production/manufacturing to the US**, to escape tariffs, with **less incentive** to stay in EU (EFPIA, 2025). Finally, there will be an **impact on consumers** as they are expected to pay more due to expected increased prices.

According to Deloitte (2025) (Figure 34), the baseline scenario anticipates **real GDP growth of 2.6% in 2025 and 2.1% in 2026**, with a projected average of **1.9% through 2029**. While alternative scenarios suggest possibilities for both higher and lower growth rates, these are considered less likely.

Regarding inflation, the **Consumer Price Index (CPI) is expected to continue its downward trajectory into 2025**, gradually converging toward the **2% target by 2029**, though remaining slightly above it in the near term. The **unemployment rate is projected to rise to 4.5% in 2025 and 2026**, before declining to approximately **4.0%** by 2029. This expected decline may be influenced by anticipated changes in immigration policy, including mass deportations under the new U.S. administration.

EU Economic Outlook

In the European Union, **real GDP is forecast to grow by 1.3% in 2025 and 1.77% in 2026**, up from just 0.75% in 2024 (Figure 35). This improvement is largely attributed to a recovery in **consumer spending** and **investment activity** following a weak performance in 2024 (EY, 2024).

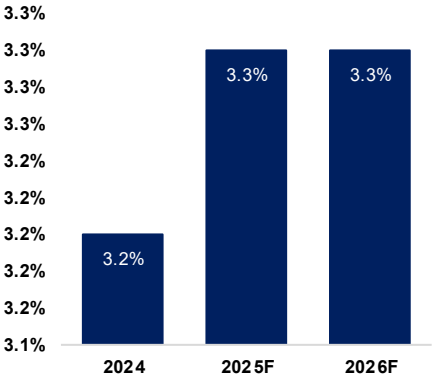
Inflation in the EU is also expected to continue its downward trend, which began in 2022. Forecasts suggest inflation will fall to **2.36% in 2025** and further to **1.90% in 2026**. The **labor market is anticipated to remain stable**, with the

Figure 32 - Social Impact



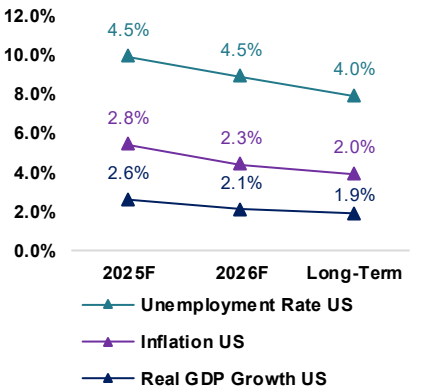
Source: Company Data

Figure 33 - World GDP Growth Forecasts



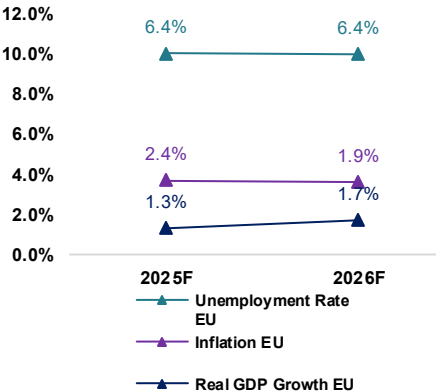
Source: IMF

Figure 34 - US Economic Outlook



Source: Deloitte

Figure 35 - EU Economic Outlook



Source: EY

unemployment rate hovering around **6.3–6.4% in 2025** (EY, 2024), a level expected to persist into the following year.

World Population growth

The **global population** has continued to grow steadily in recent years, from an annual growth rate of **0.8% to 1%**. It is expected to reach **8.5Bn by 2030** (Figure 36), representing a compound annual growth rate (CAGR) of approximately **0.60%** between 2024 and 2030. This trend aligns with a broader global pattern of gradually slowing population growth.

Outlook of Pharmaceutical Industry

The pharmaceutical industry is a vital component of the healthcare sector, encompassing the **discovery, development, production, and marketing of medicines**. These activities rely on complex collaborations between biotech firms, drug manufacturers, and marketing organizations. At the heart of the industry is medical innovation, which drives improvements in patient outcomes and disease treatment.

To support this innovation, companies **invest heavily in R&D**, increasingly engage in **mergers and acquisitions (M&A)**, and integrate emerging technologies such as **artificial intelligence (AI)**. According to Evaluate Pharma (2024), R&D growth is projected to **slow**—from 3.7% to 2.4% between 2025 and 2030. This deceleration is attributed to streamlined pipelines, increased commercial pressures, and a greater reliance on M&A to access innovation. The report notes that the U.S. Federal Trade Commission may help revitalize a subdued M&A market. Furthermore, global prescription drug sales are expected to grow at a **CAGR of approximately 7.7%** over the next five years, reaching \$1.7 trillion by 2030 (EvaluatePharma, 2024).

Mergers and Acquisitions | M&A activities (Figure 37) play a crucial role in the Pharmaceutical Industry as they offer, according to Evaluate Pharma (2024), “a lifeline to cash-strapped biotechs and provide Big Pharma with a route to address loss of exclusivity”. It is more likely that we see M&A emerge as patent expiration are in the horizon to fill gaps in their portfolios and as they provide ways to **innovate** without the risk of investing in R&D and failing to accomplish the objectives.

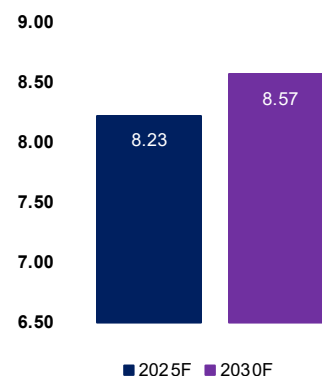
Technology and AI in R&D | For the past years we have been seeing an **increase in technological advances and in AI**. The last has become a new trend observed in the Pharma industry and according to Evaluate Pharma “50% of global healthcare companies plan to implement AI strategies (by 2025)” and *AI-driven new drug development expected to grow 40% annually – (\$4bn in 2024) “.*

AI has implications regarding **research, drug discovery, development and trials** as they **reduce R&D costs** while **reducing the time to market** (Deloitte, 2024) and **increasing the probability of success and innovation**. This will produce, according to McKinsey (2024) “\$60bn to \$110bn in annual value across the pharmaceutical industry value chain”. (Figure 38)

Inside clinal trials, AI has benefits for companies as they **reduce the time and cost of clinical trials**, have better data analysis and collection and can support in decision making process (WCG Clinical, 2025). However, there are some challenges associated with AI: i) Data challenges as the quality and quantity of the data might not be enough, ii) Skills challenges as it may be hard to find skillful people, iii) Transparency and quantitative results and iv) Business value as the investments in AI need to be justified by increases in revenue.

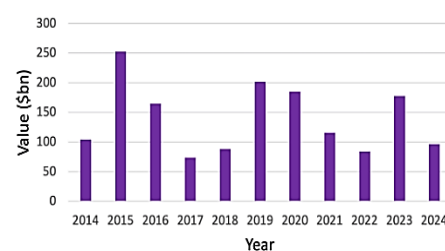
Therapeutic Areas Expectations | By 2028, the top five therapeutic areas by global spending (Figure 39) are projected to be **oncology** (\$440Bn), **immunology** (\$192Bn), **diabetes** (\$184Bn), **cardiovascular diseases** (\$126Bn), and **central nervous system (CNS) disorders** (\$103Bn). Oncology is expected to lead, with a

Figure 36 - World Population expected in 2030



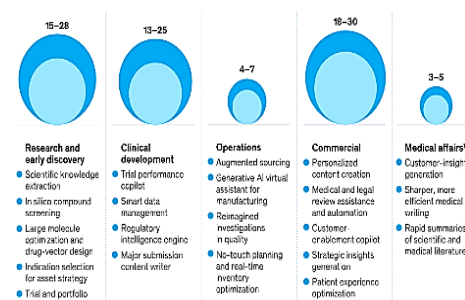
Source: Worldometers

Figure 37 - Historical M&A Activity



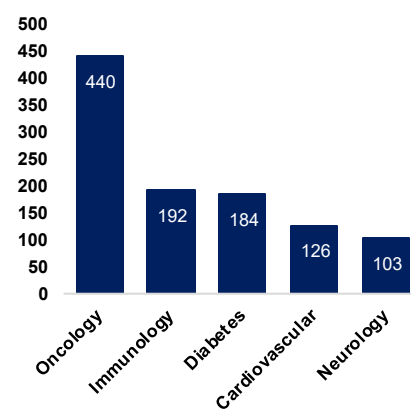
Source: Evaluate Pharma

Figure 38 - Expected Value Creation by AI
Expected value annually (not exhaustive), \$ billion



Source: McKinsey & Company

Figure 39 - 2028 Expected Spending by Therapeutic Areas (\$'Bn)



Source: IQVIA

CAGR of 14–17% between 2024 and 2028—second only to obesity treatments, which are forecasted to grow at a CAGR of 24–27%.

The growth in oncology is driven by the **rising global cancer incidence** (Figure 40), projected to reach 26 million cases by 2030—a 30% increase from 2022 levels. Broader access to innovative cancer treatments, particularly in low- and middle-income countries, is also contributing to this trend.

Obesity drug sales are expected to surge due to newly developed treatments that have demonstrated remarkable efficacy and are rapidly gaining global adoption.

Drivers of Profitability

In this industry, **survival is impossible without significant investment in R&D** (Figure 41). R&D plays a critical role not only in **innovation** and **long-term profitability**, but also in **driving future revenue growth**. As highlighted by Brookings Institution (2022), R&D in pharma industry is a key engine of sales expansion, with high-intensity R&D firms showing stronger revenue performance over time.

Operational efficiency is another crucial factor, with the increasing use of AI and digital tools playing a significant role in optimizing processes and reducing costs. By leveraging these technologies, pharmaceutical companies can streamline their operations, enhance productivity, and ultimately improve profitability.

M&A also plays a vital role in the industry's growth and competitiveness. According to Evaluate Pharma (2024), M&A activity is *"likely as patents expire, obesity/diabetes drug revenues increase, and innovation continues."* Acquiring new discoveries and technologies not only enhances profitability but also provides competitive advantages and economies of scale, strengthening the company's market position.

Finally, **demographic changes**, particularly population growth and ageing, present significant opportunities for the pharmaceutical industry. According to the World Health Organization (WHO, 2024), *"By 2030, 1 in 6 people in the world will be aged 60 years or older, and by 2050, the world's population of people aged 60 years and older will double."* (Figure 42). Additionally, reports from Statista (2024) suggest that the global population will continue to grow, albeit at a slower rate, until the 2080s. This demographic shift is expected to drive demand for healthcare products and services, further fueling industry growth.

Drivers of Costs

Despite the various profitability drivers, the pharmaceutical industry faces significant challenges. While **R&D** serves as a key **driver of profitability**, it is also a **major cost driver** due to its substantial financial demands. Moreover, the **expiration of patents** poses a critical risk, as it can lead to a significant loss of revenue once exclusive rights to a drug expire, opening the market to generic competition (EvaluatePharma, 2024).

Demand and Supply Analysis

Demand

The demand for medicines is driven by several key factors, including **demographics**, the prevalence of **chronic diseases**, **healthcare access**, and **consumer awareness**.

The **ageing population is one of the most significant demand drivers** for pharmaceutical companies, particularly in developed countries. As people age, they require more medications to manage conditions such as cardiovascular diseases, diabetes, cancer, and neurological disorders. Additionally, the rising incidence of chronic diseases (*"Chronic diseases causes 75% of all deaths globally"*, following

Figure 40 - Expected Oncology Cases by 2030 (in Mn)

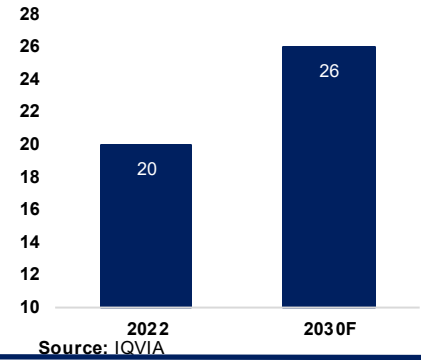


Figure 41 - R&D Investments in 2024 with in the industry (own currency of each company)

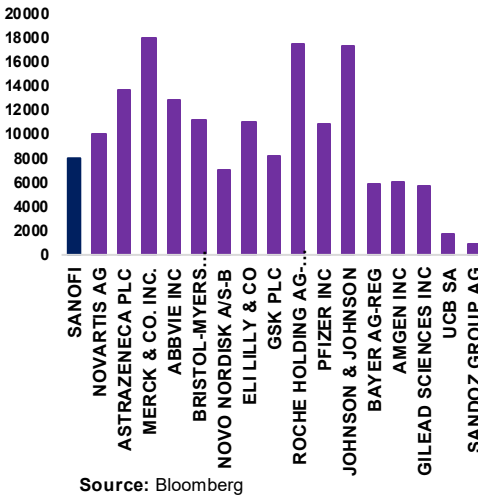
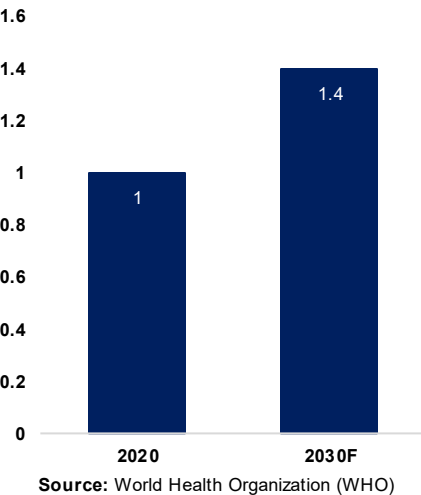


Figure 42 - PopulationAged 60+ by 2030 (Bn)



Vox, 2024) across all age groups is contributing to increased demand, driven in part by evolving lifestyles and dietary habits.

Access to healthcare and insurance coverage is another critical factor influencing demand. As governments and insurance providers expand coverage for medications, a larger portion of the population gains the financial ability to purchase them, thereby driving demand for pharmaceutical products.

Consumer awareness and education also play a pivotal role in shaping demand. As people become more informed about health and wellness, they are more likely to seek pharmaceutical treatments they may have previously overlooked. This growing awareness is further fueled by increased marketing efforts by pharmaceutical companies, which help educate consumers about available treatment options.

Furthermore, the demand for prescription medications is projected to experience steady growth. According to Evaluate Pharma (2024), **the pharmaceutical market is expected to achieve an annual growth rate (CAGR 2025–2029) of 6.11%**. This upward trend is driven by economic and demographic factors, including the rising prevalence of chronic diseases due to an ageing population, increasingly sedentary lifestyles, and the growing demand for new and more effective treatments.

Supply

Several key factors drive the pharmaceutical industry, including **global supply chains, technological advances, patent expirations, and manufacturing capacity**.

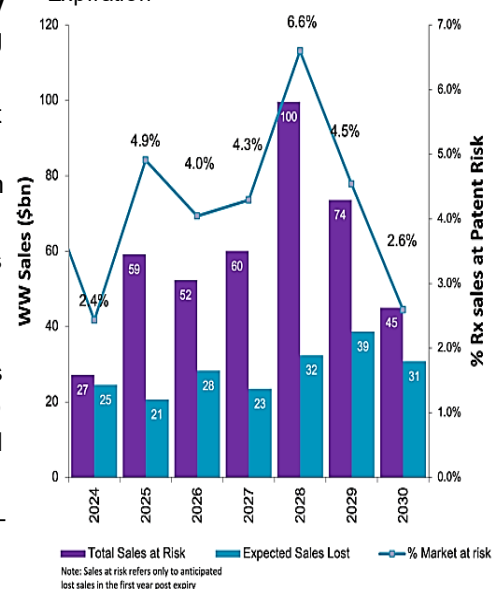
The industry depends on a complex, global supply chain. While this enables cost efficiency, it also introduces risks from geopolitical tensions, natural disasters, and events like the COVID-19 pandemic—highlighting the need for supply chain resilience.

Technology such as **automation, data analytics, and digital tools** enhances production efficiency, quality control, and demand forecasting, reducing waste and improving responsiveness.

Patent expirations are a major challenge. As exclusivity ends, generic competitors flood the market, increasing supply and price pressure. This often leads to **substantial profit declines for originator firms**, pushing them to innovate and diversify to stay competitive (Figure 43).

Lastly, scalable manufacturing is essential—especially during demand surges—underscoring the need for flexible, adaptive production systems.

Figure 43 - Sales at Risk After Patent Expiration



Source: Evaluate Pharma

PESTLE Analysis

Political	Economic	Social
<ul style="list-style-type: none"> Pricing regulation Policy changes Subsidies 	<ul style="list-style-type: none"> Economic crisis worldwide Household spending on healthcare increase Reduced growth in Pharma 	<ul style="list-style-type: none"> Consumer awareness Social pressure for affordable medications Increase in population, ageing and chronic diseases Lifestyle changes (more sedentary)
Technological	Legal	Environmental
<ul style="list-style-type: none"> Technology disruptions (use of AI and Digital tools) Biotech developments/innovation 	<ul style="list-style-type: none"> Law changes in time High regulatory and legal restrictions Increased litigation 	<ul style="list-style-type: none"> Environmental awareness, mainly from consumers and governments Preoccupation about waste and pollution ESG pressure from investors and consumers Climate change regulations and emissions targets

Source: Author Analysis

Competitive Position

Peers Identification

Sanofi's peers for the competitive positioning analysis were identified using a comprehensive screening process based on Bloomberg's database of companies within the "Healthcare" sector, which includes both Biotech and Pharmaceutical firms. To ensure financial comparability and soundness, companies with negative financial indicators—such as **Return on Equity (ROE)**, **YoY Revenue Growth**, and **Net Debt/EBIT**—were excluded.

The remaining companies were then evaluated using the **Sum of Absolute Rank Differences (SARD)** model (Knudsen et al., 2017), a flexible methodology that ranks firms based on selected financial and operational metrics. This model allows for the adaptation of variables depending on the context of industry. For Sanofi, the following variables were considered: i) **ROE**, ii) **Net Debt/EBIT**, iii) **Sales Growth**, iv) **EBIT Margin**, v) **Market Capitalization**, vi) **R&D/Sales** and vii) **Research on Research Capital (RORC)** (Appendix 19). These indicators provide a multidimensional view of comparability, incorporating **profitability**, **risk**, **growth**, **scale**, **operational efficiency**, and **innovation intensity**. Based on the lowest sum rank differences, the most comparable peer group for Sanofi includes **GSK Plc**, **UCB SA**, **Gilead Sciences Inc** and **Sandoz Group SA** which were the top 4 with the "least sum rank difference" (Figure 44).

Peers Strategies

The pharmaceutical industry is highly competitive, where companies invest millions in research. There are lots of complex diseases, and pharmaceutical companies are always searching for the best treatment and medicine for them, to obtain a competitive advantage. So, it is important to understand what the competitors are doing and what their strategies are, especially the closes peers.

- **UCB SA** focuses on two key therapeutic areas - Neurology and Immunology. Its main strategy is to deliver long-term value for patients with neurological and immunological diseases through collaboration, innovation and sustainability. UCB operates only in one segment, Biopharmaceuticals (UCB SA, 2025).
- **GSK Plc** has its efforts focused on specialty medicines, vaccines and general medicines, with four main therapeutic areas - Respiratory, Immunology and inflammation, Oncology and HIV and infectious diseases. GSK has as its objective focus on innovation and investment in technology to deliver high-value products that improve people's lives (GSK Plc, 2025).
- **Gilead Sciences Inc** focuses mainly on three therapeutic areas - Virology, Oncology and Inflammation. Gilead also has their objectives pursuing health equity, social and environmental responsibility and prioritizing inclusion and diversity, while committing themselves to improving the lives of people worldwide (Gilead Sciences, 2025).
- **Sandoz Group SA** focuses on four main areas - Biosimilars, Generics, Business to Business (B2B) and Manufacturing, Quality and Supply. The key concern of Sandoz is making health accessible for patients with high-quality, while having an environmental responsibility (Sandoz, 2025).

Figure 44 - SARD Model

Rank	Company	Market Cap (€Bn)	Relevant peer
1	Novartis	213.41	
2	Astrazeneca	225.19	
3	Merck	225.77	
4	Abbvie	358.38	
5	Novo Nordisk	382.00	
6	Eli Lilly	867.56	
7	GSK Plc	73.03	✓
8	Roche	259.95	
9	Pfizer	149.72	
10	Johnson & Johnson	392.63	
11	Amgen	164.59	
12	Gilead Sciences	137.66	✓
13	CSL	75.77	
15	Zoetis	73.88	
16	Ucb	35.04	✓
17	Sandoz Group	18.73	✓

Source: Author Analysis

Porter's 5 Forces

Threats of New Entrants | LOW (1)

The pharmaceutical industry has enormous barriers to entry which limit the entrance of new competitors. A new drug discovery entails **huge R&D investments that can take more than a decade and billions in cost**. In addition, the **regulations** are highly stringent with rigorous approval processes enforced by agencies such as **FDA** and **EMA**. In fact, these complicated and lengthy procedures serve as very effective deterrents to potential entrants.

A **patent lowers the risk of entry by new competitors** and hence **grants innovators up to 20 years of market exclusivity**. This is the period during which no other company can legally produce the same or equivalent drug and hence, established pharmaceutical firms can temporarily maintain their monopoly in these high-value markets. All these factors contribute to a **Low** threat.

Bargaining Power of Buyers | MEDIUM/HIGH (4)

The bargaining power of the pharmaceutical industry's buyers is **moderate to high**. The rising trend of **bulk purchases** and increasing **consumer influence** have escalated the level of their bargaining power. For example, Governments and large insurance companies negotiated lower prices due to their scale of purchases in this sector. Besides, in those markets with universal healthcare, pricing is further constrained by government-imposed price caps and procurement tenders.

Public scrutiny over drug pricing continues to grow. In high-profile cases—particularly involving costly life-saving treatments, patients' debilitation and subsequent backlash forces the pharmaceutical company to justify its pricing strategy. While individual patients have little direct leverage, advocacy groups, healthcare providers, and regulators can really have a collective influence to bring about changes in price.

Bargaining Power of Suppliers | MEDIUM (3)

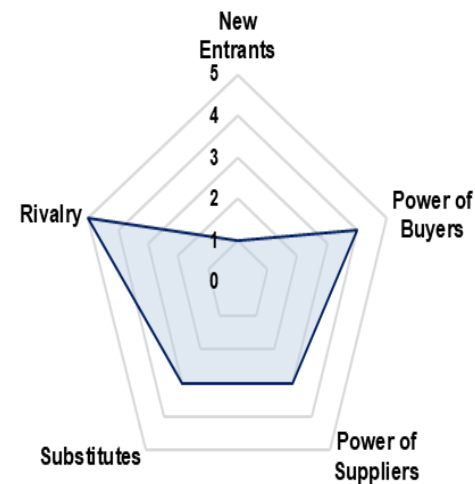
The supplier's bargaining power in the pharmaceutical industry is **moderate** depending on the type and availability of raw materials. Most drug makers depend on special suppliers for important inputs such as **biologics**, **API's**, and **complex chemicals**. Limited availability or concentration of these suppliers can make it difficult to negotiate favorable terms or simply switch sources without disrupting production. However, bigger pharma companies often do this by having more than one supplier from different places, so they are not relying on just one and can keep some control over the prices. Because of this, the overall bargaining power of suppliers is moderate.

Threats of Substitutes | MEDIUM (3)

The industry faces a **moderate** threat from substitutes, primarily driven by the introduction of **generics**, **biosimilars**, and **non-pharmaceutical alternatives**. Once patents expire, generic and biosimilar drugs enter the market, offering similar therapeutic value at significantly reduced costs, especially attractive in price-sensitive markets.

Governments and healthcare providers actively promote generics as a cost-saving measure, which amplifies the substitution risk. Additionally, alternative therapies—such as lifestyle changes, physiotherapy, and digital health solutions—pose a growing challenge. For chronic conditions like diabetes or hypertension, increased focus on prevention through diet, exercise, and behavioral interventions can reduce reliance on medication. While these alternatives may not replace pharmaceuticals entirely, they can diminish demand for specific treatments over time.

Figure 45 - Porter's 5 Forces



Source: Author Analysis

Industry Rivalry | HIGH (5)

The pharmaceuticals market is one of the most combative, in which it is almost impossible to achieve any success. **Companies are scrambling to bring new therapies to market**, especially in the lucrative fields of **oncology** and **immunology**. Moreover, the push to meet unmet medical needs and increase market share drives **aggressive investments towards R&D, marketing, and pricing efforts**.

Blockbuster drugs that bring in billions are highly contested, adding to the competitive pressure. M&A is also rampant in industry as companies add to their roster of products, expand into new therapeutic areas, or buy into cutting-edge technologies such as gene and cell therapies. While M&A can strengthen a firm's market position, they also contribute to industry consolidation, intensifying rivalry among the remaining key players, which is characterized as being **High**.

Sanofi's SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">Strong R&D potential;86 clinical-stage projects, 31 of which are in phase 3 (large scale clinical trial) or have been submitted to regulatory authorities for approval.Diversification: Neurology & Immunology, Rare Diseases, Oncology, Rare Blood Disorders, General Medicines Core Assets and Non-Core Assets and Vaccines.Strategic vaccine production sites: France, US, Canada, India, Mexico and China.Sanofi's strong R&D capabilities – targets unmet medical needs, driving innovation and sustaining its product pipeline.	<ul style="list-style-type: none">Generate a substantial share of net sales from certain key products: Dupixent (around 30%).Since 2023 flagship drugs Lantus, Lovenox, Plavix, Aubagio and Jevtana already have generic competitors.Significant reliance on third parties for the discovery, manufacture, marketing and distribution of some products.In house manufacturing: active ingredients, drug products or vaccines, and final packaging – higher production costs, geopolitical risk.Patent expirations
Opportunities	Threats
<ul style="list-style-type: none">Partnerships, agreements/collaborations with other pharmaceutical companies and or startups to enhance R&D, expand pipeline and innovation.New FDA approvals: Sarclisa, Dupixent & BTK inhibitor.Continue to expand in Asia: China - 6,5% vs U.S. – 48.7% vs EU - 22.9%.	<ul style="list-style-type: none">Certain non-US Sanofi affiliates engage in limited business with Iranian counterparties associated with the Iranian Ministry of Health, such as public hospitals or distributors.Intense competition.Pricing pressure.Manufacturing operation delays.

Investment Summary

The base case recommendation for Sanofi SA is a **BUY**, with a **2026YE PT of €142.45/Sh.** (Figure 46), based on a Discounted Cash Flow (DCF) model. This represents an **upside potential of 47.6% or annualized of 26.3%**, compared to the **closing price of €96.54 as of April 30th, 2025**. The recommendation is categorized as **High risk**.

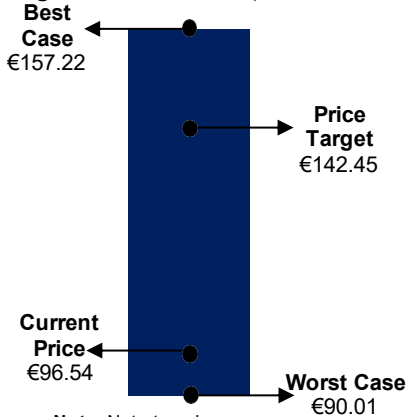
The **Best and Worst Case Scenarios estimate 2026YE of €157.22/Sh. and €90.01/Sh.**, respectively (Figure 47), based on the assumptions outlined in Figure 49. The strong upside is primarily due to Sanofi's stock trading at a discount, a result of **regulatory uncertainty** in the pharmaceutical sector. These uncertainties have been heightened by recent political developments, notably **the re-election of Donald Trump and the appointment of Robert F. Kennedy Jr. as head of the Department of Health and Human Services**, which have triggered a broader decline in Big Pharma valuations. Additionally, the escalation of a **“Tariff War”** under the Trump administration has further weighed on investor sentiment. Sanofi operates mainly in the Biopharma segment, which is subdivided into **Immunology & Inflammation, Rare Diseases, Neurology, Oncology, Human Vaccines, and Other Pharmaceuticals**. The company's revenue is projected to **grow at a 3.88%**

Figure 46 - 2026YE PT (€/Share)



Source: Author Analysis

Figure 47 - Scenarios (Worst, Base, Best)



Note: Not at scale
Source: Author Analysis

CAGR from 2025 to 2029. While this is lower than the industry average of 6.11%, Sanofi's growth is expected to be more stable and supported by internal capabilities. This growth is underpinned by strong R&D investments and the company's ability to convert research into returns, as measured by its Return on Research Capital (RORC). Sanofi's RORC has averaged 5.72 over the past five years and is forecasted to slightly decline to 5.69 in the coming five years, reflecting the significant increase in R&D expenditure, that won't reflect instantaneously in revenues. Key growth drivers include the continued success of **Dupixent, which generated approximately €13Bn in revenue last year**, and Sanofi's solid capital structure. Moreover, Sanofi boasts a strong and consistent dividend policy, having increased dividends for **30 consecutive years**. This reliable income stream adds an attractive layer of shareholder value, underpinned by the company's healthy financial position.

Valuation Methods

To determine Sanofi's PT of €142.45/Sh., several valuation methods were used (Figure 48), producing a range from **€101.42/Sh. to €146.00/Sh.** (excluding Multiples). The **base model was the Free Cash Flow to the Firm (FCFF) discounted at WACC**. In the **Flow-To-Equity (FTE) model**, the value obtained was €135.23/Sh. In the **Discounted Dividend Model (DDM)** the H-model was used, with a short-term growth rate of 6.11% (industry expected CAGR) and a terminal growth rate of 2.28%, resulting in a valuation of €101.42/Sh. For the **Adjusted Present Value (APV) model**, the PT yielded was €146.01/Sh., with a 7.01% unlevered cost of equity.

Finally, a **Relative Valuation** was also performed, providing a valuation range from €117.71/Sh. to €149.57/Sh. (with an average of €131.90/Sh.).

Investment Risks

When investing, it is essential to consider the significant risks that could affect Sanofi's price target. In the pharmaceutical industry, companies like Sanofi invest heavily in R&D, **which inherently involves a high risk of failure**. One of the most critical risks is the inability to successfully develop new drugs, particularly blockbuster drugs (Figure 50), which can have a substantial impact on the company's long-term performance.

In addition, **litigation risks** pose a serious threat, as legal challenges may harm Sanofi's brand reputation and financial standing. **Regulatory risks** also remain prominent; changes in healthcare policies or stricter approval processes could delay or prevent the commercialization of new treatments, negatively affecting future profitability.

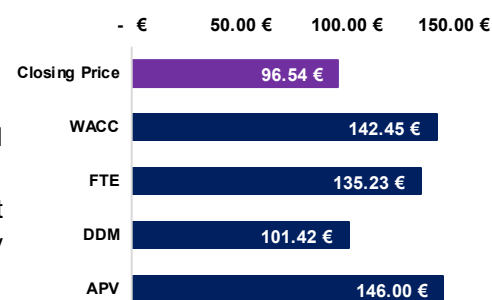
Finally, **market sentiment** represents another key risk. External factors—such as political developments or economic uncertainty—can lead to investor panic and short-term price volatility. This has been evident in recent years, particularly during the Trump administration, when shifts in healthcare leadership and trade tensions led to significant pressure on pharmaceutical stocks, including Sanofi.

Valuation

Revenues Assumptions

Sanofi's revenues **have grown consistently over the past five years, reaching €44.28Bn in 2024—an 8.63% YOY increase**, capturing around **7% of the market share**. When assessing the company's revenue growth, it is essential to consider the broader demand drivers in the pharmaceutical industry. Two primary factors include the aging global population and the increasing integration of digital technologies, particularly Artificial Intelligence (AI) (Figure 51). These innovations

Figure 48 - Summary of relevant Valuation Methods vs Current Price (€/Share)



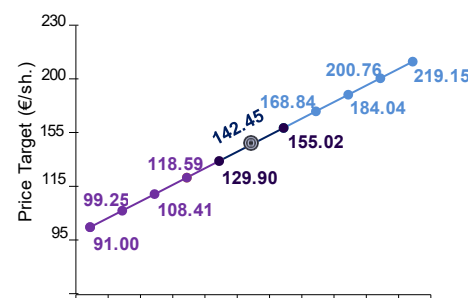
Source: Author Analysis

Figure 49 - Scenario Assumptions

Scenarios Assumptions			
Assumptions	Worst Case	Base Case	Best Case
TGR	1.64%	2.28%	2.50%
COGS	+5.00%	0.00%	-1.00%
Price	€90.01	€142.45	€157.22

Source: Author Analysis

Figure 50- PT Sensitivity to Dupixent Sales Change (+/-10% each step)



Note: Not at scale

Source: Author Analysis

Figure 51 - Highlights on Key Drivers of Pharmaceutical Industry

AI in clinical trials can reduce the timeline by 80%	AI in clinical trials can reduce costs by 70%
95% of pharma companies use AI and 80% of pharma and life scientists use AI	By 2025 AI can create \$350-450Bn in value
	By 2030 1 in 6 will be 60 or more while in 2050 it will double
	From 2020 to 2050 the number of 80 year age people will triple

Source: Scilife & Author Analysis

are accelerating drug discovery and development, enhancing operational efficiency, and boosting competitiveness across the sector.

A major contributor to Sanofi's revenue is its flagship product, **Dupixent**, which is protected by patent until at least 2031 (with the potential for extension). This provides a stable revenue stream and positions Dupixent as a cornerstone of Sanofi's financial performance. Accordingly, future revenue projections are based on the anticipated growth of Sanofi's key Biopharma categories: **Immunology & Inflammation, Rare Diseases, Neurology, Oncology, Human Vaccines, and Other Pharma**. The Biopharma segment is expected to grow at a **CAGR of 3.88% between 2025 and 2029—or 3.96% when including "Other Revenues"**¹ (Figure 52). While this rate is below the industry average of 6.11%, it is underpinned by strong performance from Dupixent, which is projected to exceed its 2024 revenue of €13Bn. For the categories (Figure 53), Immunology & Inflammation is expected to grow at 6.1%, Rare Diseases is expected to grow at 11.93%, Neurology is expected to decrease by 25.18%, Oncology is expected to grow at 10.64%, Human Vaccines is expected to grow at 6.47% and Other Pharma is expected to decrease by 5.37%. Sanofi's total revenues are projected to reach approximately **€45.21Bn in 2025** and **€46.99Bn in 2026**, representing YoY growth of **2.69%** and **3.85%**, respectively. This reflects a 2025–2029 CAGR of 3.91%, indicating a steady but conservative growth trajectory.

Valuation Models

The valuation was based on a forecasted period spanning 2025 to 2029, incorporating projections for the Income Statement, Balance Sheet, and Cash Flow Statement. The primary objective of this valuation was to determine a PT for 2026YE. Two valuation approaches were considered: **Absolute Valuation** and **Relative Valuation**.

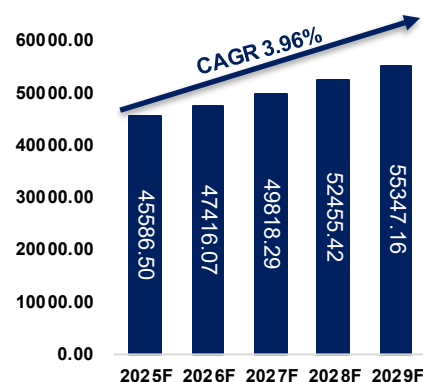
For the absolute valuation, the methodologies applied included: i) the **Weighted Average Cost of Capital (WACC) method**, ii) the **FTE method**, iii) the **DDM**, and iv) the **APV**². In contrast, the relative valuation was conducted using a market multiples approach, based on the peer group previously identified.

WACC Method

The WACC method was used to estimate Sanofi's PT by projecting FCFF over the forecast period. This resulted in a **2026YE PT of €142.45/Sh.**, reflecting an **annualized upside potential of 26.3% compared to the closing price of €96.54** as of April 30th, 2025 (Figure 54).

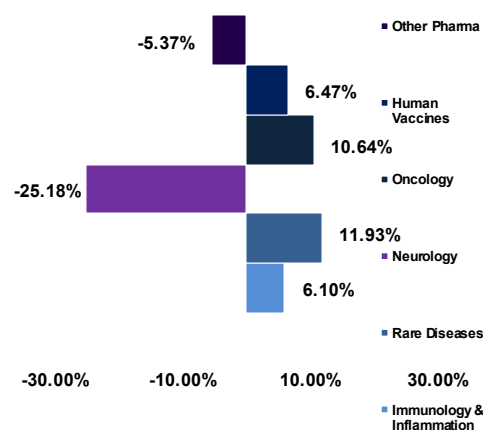
Additionally, a scenario incorporating potential share dilution was considered. Under this scenario, the Net Diluted Shares Outstanding would amount to 1.398Bn (Appendix 25). As a result, the 2026YE PT would be adjusted to **€127.50/Sh.**, reflecting an **annualized upside potential of 18.1%**. This dilution scenario leads to a marginal decrease in the price target and a change in the recommendation to **HOLD**.

Figure 52 - Sales Forecast (€'Mn)



Source: Author Analysis

Figure 53 - Expected Growth by Category



Source: Author Analysis & Mordor Intelligence

Figure 54 - Sanofi's WACCPT (€/Share)

Enterprise Value	180404.50
(-) NCI	423.78
(+) Net Debt	- 7708.79
(+) Investments	5995.00
Value of Equity	178266.93
Shares Outstanding	1251.40
Price/Share	€ 142.45

Source: Author Analysis

¹VaxServe Sales, Covid-19 Vaccine Sales and Royalties & Revenues from Agreements.

²Damodaran, A. – Investment Valuation; Damodaran, A. – Applied Corporate Finance; Koller, Goedhart, & Wessels – Valuation: Measuring and Managing the Value of Companies (McKinsey & Co.).

WACC Assumptions

For the computation of the **Cost of Equity (Re)**, a **risk-free rate (RFR) of 2.70% was applied**, based on the findings from the 2025 Market Risk Premium and Risk-Free Rate survey (Fernández et al., 2025). It was considered the surveys data as it reflects market expectations of analysts, academics and professionals.

The beta was derived based on the average beta of Sanofi's peers (0.801 - raw beta values sourced from Bloomberg), adjusted for differences in cash holdings and capital structures. This adjusted beta was then recalibrated to reflect Sanofi's capital structure, resulting in a **beta value of 0.854** (Appendix 23).

The Equity Risk Premium (ERP) of 5.51% was computed based on a weighted average of China (as a proxy for Rest of the World, as it is the only country inside it with % of sales disclosed), EU and US. Additionally, a CRP (Country Risk Premium) of 0.53% (Damodaran, 2025) was incorporated due to the downgrade from AAA to AA, of US. With all the components, **Re was found to be 7.63%**.

The Cost of Debt (Rd) was estimated at 3.15%, computed based on the RFR of 2.70% plus a company default spread of 0.45%, based on Damodaran's rating of AAA (2025), reflected by Sanofi's interest coverage ratio (11.31 – the latest).

While the historical average cost of debt is below 2%, it is unrealistic for a company to operate with a cost of debt below the Euribor rate (EU reference rate). Using 3.15% (or 2.36% after-tax³) is considered reasonable, as it aligns closely with the Euribor rate (2.5%, as of March, 2025) while remaining consistent with a relatively low cost of debt.

Combining these inputs, the **WACC was determined to be 7.02%** (Figure 55). The calculation incorporated a $\frac{D}{D+E}$ ratio of 11.42%, based on the market values of both debt and equity (Appendix 20).

Long-Term Sustainable growth rate (g)

In this valuation, several methods to compute growth rates were performed: i) a **Stable Growth model**, which gave an Equity growth rate (g) of -0.90 % and a Firm growth rate (g) of -0.85%, ii) a **Stable Growth Model adjusted for R&D**, following the methodology outlined in *Research and Development Expenses: Implications for Profitability Measurement and Valuation* (Damodaran, 1999), which yielded a 5.19%, iii) a **Fisher model** which gave a growth rate of 4.24%, iv) a **PRAT Model** which gave a growth rate of 1.66% (adjusted for Opella sale and an exceptional dividend assumption in 2027, due to an excess of cash reflected by the sale) and v) a **g aligned with the GDP growth** based on Sanofi's geography exposure which yielded a 2.28% .

Based on all the approaches above, it was decided to use the **2.28%**, which seemed reasonable compared to the other approaches that were deemed unrealistic and were consequently excluded from the analysis.

Flow-To-Equity Method

The FTE method estimated **Free Cash Flows to Equity (FCFE)** over the forecast period using a cost of equity of 7.63% and a growth rate of 2.28%. This resulted in a **2026YE PT of €135.23/Sh.**, representing an annualized upside of **22.4%**.

Figure 55 – WACC Computation

WACC Computation	% Revenue	Value	MRP	Source
MRP US	48.7%	5.50%	2.68%	2025 Market Risk Premium and Risk-Free Rate survey (Fernández, P., García de la Garza, D., & Fernández Acín, L. F. (2025))
MRP EU	22.0%	5.40%	1.19%	
MRP CHN	29.4%	5.60%	1.65%	
MRP Total			5.51%	
Risk-Free (EU)			2.70%	
Cost of Equity			7.63%	
Cost of Debt			3.15%	
D/V			11.42%	
E/V			88.58%	
Tax Rate			25%	
WACC			7.02%	

*China is being used as a proxy for RoW
Source: Author Analysis

³Effective tax rate is applied in the IS to reflect the company's actual tax burden, the statutory corporate tax rate is used in WACC computation to accurately capture the full value of the interest tax shield.

Dividend Discount Model

Regarding the DDM, the **H-Model** was used to calculate the terminal period. The forecast for the Payout Ratio suggests that Sanofi's payout policy will not remain constant throughout the forecasted period, although it will be close to the 3-year average of 72.48%.

For this model, a **short-term growth rate (gS)** of 6.11% was applied, based on industry CAGR25-29. **The long-term growth rate (gL)** was set at 2.28%, in line with the previously mentioned growth rate. A 13-year convergence period was assumed, as Dupixent, the company's flagship product, is expected to lose its patent in 7 years.

Additionally, there are anticipated "expansions" of the drug and a strong pipeline to support growth beyond that. Also, on average drugs are on market between 12 to 14 years of the 20 years of the patent (DrugPatentWatch, 2025). Given these facts, a 13-year convergence seemed reasonable. The resulting **2026YE PT was €101.42/Sh.**, implying an annualized upside potential of 3.0%. The model also projected a 2029 payout ratio of 66.06% and a 1.51x dividend coverage ratio (Figure 56).

Adjusted Present Value

The APV method used **unlevered FCFF** applying an unlevered cost of equity of 7.01% and a growth rate of 2.28%. The resulting **2026YE PT was €146.00/Sh.**, implying an annualized upside potential of 28.1%.

Market Based Valuation

To enhance the reliability and robustness of the valuation, a **Market-Based Valuation** was conducted to determine Sanofi's 2026YE PT (Figure 57). Several valuation multiples were applied, with outlier peers excluded when deemed inappropriate. The following results were obtained:

- **EV/R&D** implied a target price of €136.38/sh., reflecting an annualized upside potential of 23%.
- **EV/Sales** resulted in a target price of €154.36/sh., indicating a 32.5% annualized upside potential.
- **P/E** yielded a target of €117.71/sh., corresponding to an annualized upside potential of 12.6%.
- **P/Operating Cash Flow** indicated a value of €128.73/sh., with an annualized upside potential of 18.8%.

The average of these multiples suggests a target price of **€134.30/sh.**, which still aligns with the **BUY** recommendation.

Regression Valuation Approach

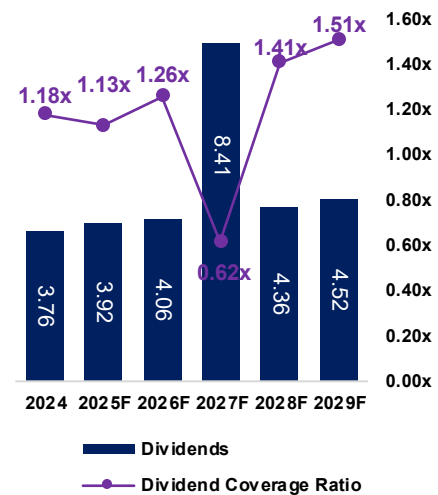
To complement the relative based analysis, a more targeted valuation approach was conducted by focusing specifically on Sanofi's R&D intensity—an increasingly critical value driver in the pharmaceutical sector (Brookings, 2022). Both a **regression-based** and a **peer-multiple approach** were applied using the EV/R&D multiple.

The regression model employed was specified as (Figure 58 & Appendix 31):

$$\text{EV/R\&D} = \beta_0 + \beta_1(\text{ROE}_i) + \beta_2 \text{Ln}(\text{Age}) + \beta_3 \text{Ln}(\text{Revenue}_i) + \beta_4(\text{R\&D/Revenue}_i) + \beta_5(\text{Net Debt/EBITDA}_i) + \varepsilon_i$$

Although not all coefficients were statistically significant at conventional thresholds, specifically **Ln (Age)**—this variable was retained for its theoretical relevance, in line with the methodology applied by Nord (2011). **ROE** was included based on Simanjuntak and Tjandrawinata (2011), who found profitability influence R&D valuation. The **R&D/Revenue** ratio reflects increasing industry R&D intensity, as reported by Schuhmacher et al., (2016) and the Congressional Budget Office (2021). **Net Debt/EBITDA** was justified through Frank and Hannick (2022), who argue that R&D is often debt-financed. **Ln (Age)** was included under the assumption that firm

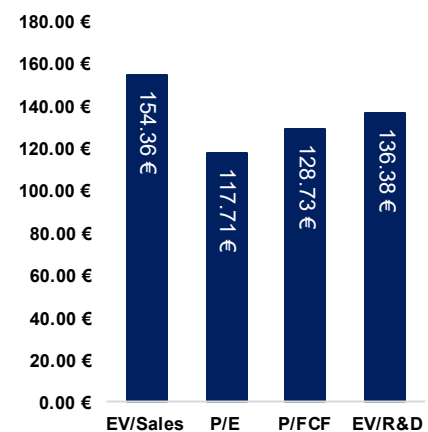
Figure 56 - Dividends Forecasted & Dividend Coverage Ratio



Note: In 2027F, an assumption was made to provide an exceptional dividend (2x the expected) due to excess cash derived by the sale of Opella

Source: Author Analysis

Figure 57 - Relative Valuation Methods Summary



Source: Author Analysis

Figure 58 - Regression Statistics

Multiple R	0.85
R Squared	0.73
Adjusted R Squared	0.56
Variables	P-value
Intercept	0.3510
ROE	0.0003
Age	0.4990
Log(Rev)	0.0044
R&D/Rev	0.0115
Net Debt/EBITDA	0.0455

Source: Author Analysis

maturity correlates with sustained innovation and long-term operational performance. Ln (Revenue) and R&D/Revenue were both included to capture different economic effects: the first serves as a control for firm scale, while the second reflects strategic resource allocation to innovation. Despite their conceptual connection, the distinct roles each variable plays justify their simultaneous inclusion. The regression produced an **EV/R&D multiple of 18.14**, while the peer-based average stood at **21.16**. Applying both to Sanofi's projected 2026 R&D expenditures, and adjusting for capital structure elements (cash, debt, investments and minority interest), resulted in implied valuations of **€117.28/Sh.** and **€136.38/Sh.**, respectively (Figure 59). The regression model achieved an **R² of 0.73**, based on a cleaned cross-sectional dataset of comparable pharmaceutical companies. Also, based on the findings, **ROE emerges as the most influential variable in explaining EV/R&D**, indicating that companies should place greater strategic focus on improving profitability to enhance their valuation efficiency relative to R&D investments.

While limitations exist—namely regarding the statistical significance of some variables and sample constraints—this dual methodology offers a comprehensive triangulation of Sanofi's R&D-driven equity value and supports the broader market-based valuation conclusions.

Financial Analysis

Continuous innovation and efficiency | Sanofi's Asset Turnover (Figure 60) have historically shown a steady increase, with a **CAGR of 0.37%**, compared to a projected **CAGR of 2.14%** for the forecast period, rising from 0.34x to 0.38x. This growth is primarily driven by an increase in revenues, which are expected to grow at a CAGR of 3.88% (excluding other revenues such as royalties, etc.), outpacing the 2.18% CAGR of assets over the same period. These figures indicate that Sanofi is expected to **improve its operational efficiency**, aligning with the anticipated higher revenue levels. For the Fixed Asset Turnover, a projected **CAGR of 2.43%** for the forecast period goes in line with the **historical CAGR of 2.05%**.

As for the **Cash Conversion Cycle (CCC)** (Figure 61), it has historically decreased from 167.24 days in 2019 to 129.67 days in 2024, primarily driven by an increase in payable days. Sanofi's CCC is below the peers' average of 149.64 days and is forecasted to rise slightly, from 129.89 days in 2024 to 141.80 days by 2029, representing a **CAGR of 3.07%** over the period, converging towards peers' average.

Liquidity strength to deal with uncertain economic conditions | Sanofi's liquidity position over the past five years has remained strong, though it has experienced some declines due to acquisitions (Figure 62). The Current Ratio, which measures the company's ability to meet its short-term obligations within one year, is projected to range between 1.52x and 1.57x in the forecasted years, compared to a historical range of 1.40x to 1.08x (2019-2024). Similarly, the Quick Ratio ranged from 1.01x to 0.73x in the historical period and is expected to range between 1.16x and 1.18x in the forecasted years. The Cash Ratio varied between 0.46x and 0.28x historically and is expected to range from 0.68x to 0.66x in the forecast period.

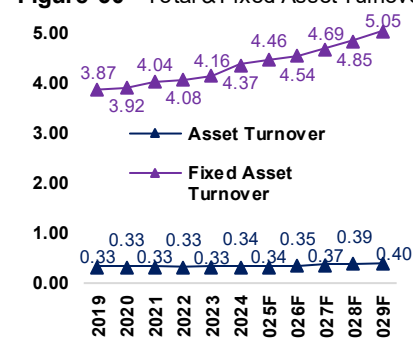
Strong and Sustainable Debt Management | Sanofi's solvency ratios have demonstrated strong performance (Figure 63). Given the positive outlook for the company in the forecast period, it is expected that Sanofi will further improve its solvency ratios, primarily due to a reduced debt structure – **Debt to Equity** expected to go from 23% in 2024 (vs peers average of 88.95%) to 19.60% in 2029 and **Debt to Assets** from 13.34% to 11.83% in the same period. The Interest Coverage ratio has shown variability, but remains at very favorable levels, ranging historically from 9.59x to 43.03x. The exceptionally high ratio of 43.03x was primarily driven by a one-off event—the sale of the Regeneron investment, which is not expected to

Figure 59 - Regression vs Peers

	Regression	VS	Peers
Implicit EV/R&D	18.14		21.16
R&D	7911.27		7911.27
Enterprise Value	143495.66		167395.544
(+) Cash	15234.56		15234.56
(-) Debt	17556.32		17556.32
(+) Investments	5995.00		5995.00
(-) Minority Interests	405.51		405.51
Equity Value	146763.38		170663.27
# Shares Outstanding	1251.4		1251.4
Share Price	117.28 €		136.38 €

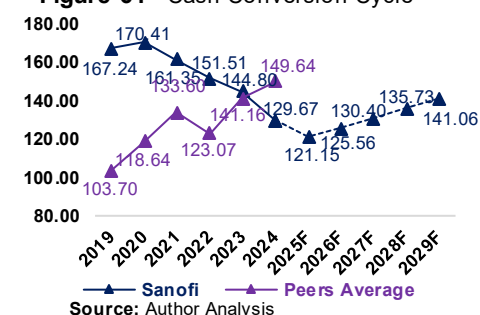
Source: Author Analysis

Figure 60 - Total & Fixed Asset Turnover



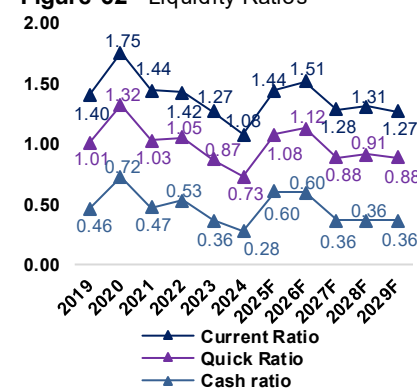
Source: Author Analysis

Figure 61 - Cash Conversion Cycle



Source: Author Analysis

Figure 62 - Liquidity Ratios



Source: Author Analysis

occur in the forecasted period. This ratio is expected to continue improving, supported by favorable performance and a lower debt structure, **with projections ranging from 13.91x to 20.62x for 25-29F**.

Value Creation is Key | Sanofi's profitability has strengthened over time, underscoring its **ability to create sustained shareholder value** (Figure 64). While some inconsistencies have been observed—most notably in 2020 due to the one-time gain from the sale of its Regeneron stake—overall profitability ratios have trended upward. **Net Profit Margin grew at a historical CAGR of 9.41%**, reflecting consistent earnings growth despite periodic volatility in Operating and Pre-Tax Margins, which were influenced by non-recurring events and impairment adjustments.

Key value creation metrics—**ROE, ROA and ROIC**—have also shown robust historical **CAGRs of 7.82%, 9.82%, and 10.72%**, respectively. Though these are projected to grow at a slightly slower pace during the 2025–2029 forecast period (**7.24% for ROE, 7.62% for ROA, and 5.75% for ROIC**), they still indicate strong and stable performance. Importantly, Sanofi significantly outperforms its peers across these metrics: the peer's average ROE is 6.21%, ROA is 1.17%, and ROIC is just 3.07%. This performance gap highlights Sanofi's superior efficiency in **capital allocation** and its **ability to generate value** from its investments, positioning it as a clear leader in value creation within the pharmaceutical industry.

Investment Risks

There are several risks that must be accounted for when making investments (Figure 65). These are the main categories that Sanofi falls into: i) **Regulatory, Legal and Political Risks**, ii) **Market Risks**, iii) **Operational Risks**, iv) **Structure and Strategy Risks**, v) **Environmental and Safety Risks** and vi) **Financial Risks**. Inside these risks some are recognized by Sanofi itself in its Annual Report of 2024, which I will consider as well.

Regulatory, Legal and Political Risks

Trump decisions regarding health sector | RLP 1

The recent victory of Donald Trump led to the nomination of Robert F Kennedy Jr to be the health secretary. **The announcement led to a significant crash on the big pharma companies** at that time, mainly those that are American. Past claims from Robert Kennedy about vaccines such as “autism comes from vaccines” and other claims are a huge concern for the industry due to a possible **change in the vaccine policies** that could harm part of Sanofi's revenues. However, in a recent interview Robert Kennedy has claimed that vaccines were “not going to be taken away from anybody”. Thus, there is a low probability that these concerns might happen although if they do, there will be a giant negative impact.

Trump decisions on tariffs | RLP 2

The “**Tariffs war**” started by Trump, especially against China, could significantly impact global pharmaceutical companies like Sanofi itself. Since a large portion of active pharmaceutical ingredients (API's) and medical components are sourced from China, **tariffs can raise production costs and disrupt supply chains**. For Sanofi this could mean an increase in operational expenses, supply delays and strategic shifts in manufacturing and sourcing. More broadly, the healthcare sector could face **rising drug and equipment costs**, which can potentially affect the access to drugs for the population, putting pressure on healthcare providers and insurers.

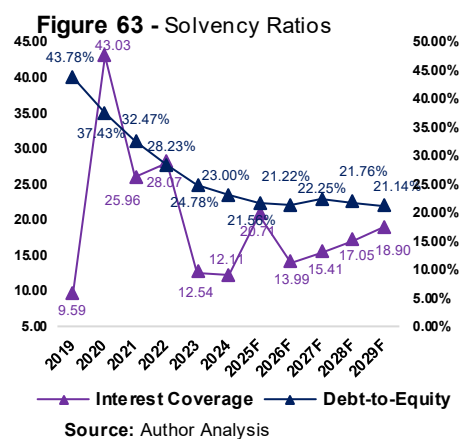


Figure 64 - ROIC vs WACC

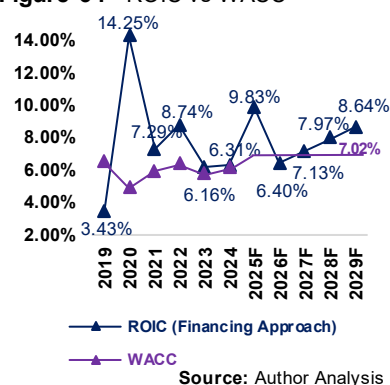
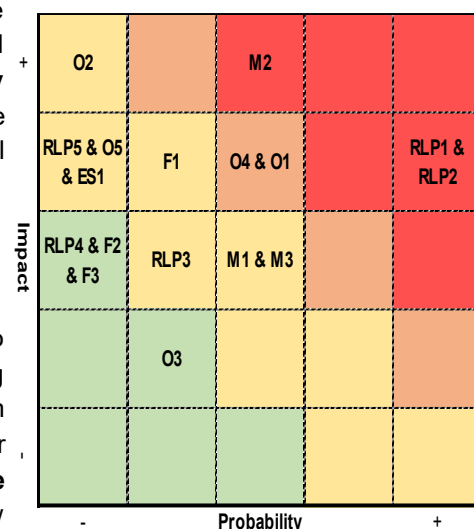


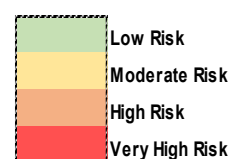
Figure 65 - Risk Matrix



Legend:

Impact - Economic-financial translation of the potential risk to impact operational & organizational efficiency, growth, market share, earnings and reputation

Probability Likelihood of the risk to materialize



Source: Author Analysis

Product liability claims | RLP 3

Product liability claims can be a major risk for any pharmaceutical company, especially due to the change of regulations and the complex environment that Sanofi is inserted in. There are several types of claims that can be incurred by the injuries that the products produced can cause, allegedly. These claims, not only made by customers but by entities as well can lead to product recalls, withdrawals, reduced sales, lawsuits and harmed reputation. This risk can be very expensive for the Company even if the alleged claims are not true.

Government regulations and regulatory approvals | RLP 4

The pharmaceutical industry is very regulated and has a complex dynamic in how a product is approved (Figure 66). There are extensive requirements and data asked for by the regulatory entities, which can vary from country to country and change over time. Not only that, but a **regulatory authority from a country may approve the product and another one may not**.

The regulations affect not only product development/approval, but taxes as well. The increase in taxes in a certain country will lead to an increase in tax liabilities which may impact negatively Sanofi's results. In general, all these possible changes might lead to an increase in costs, which will not be beneficial to the Company.

Data ethics and privacy regulations | RLP 5

The pharmaceutical relies on a lot in **data collection, processing, interpretation and analysis** from various patients and other individuals. This data is personal and because of that there are regulatory authorities that impose legislation to protect the patients, making the companies comply with it. A failure to comply with these regulations will have a negative impact on the business (especially the brand).

Market Risk

Competitive products | M1

This highly competitive industry creates a **risk for the overall market of new generic products that will compete with the non-generic products**. This forces the non-generic companies to reduce their pricing and thus the results. Not only that, but companies have in some situations a "race" to the best drug in certain markets, which increases the competition, reducing the potential positive results.

Patent expiration | M2

The patent expiration is related with the previous risk (Figure 67), when the patent expires it is more likely that a new generic product will be released to compete with the "original" products produced by Sanofi. These two risks are one of the most important risks that need to be mitigated and controlled.

Pricing pressure | M3

The pricing pressure has been even more a risk to be considered due to the increase in stricter prices and access controls that are demanded by governments. We have the example of the IRA (Inflation Reduction Act), which is a law that has the objective of lowering the drug costs for the population, improving access to healthcare. Not only that but generic competition influences the prices (e.g. resulting in a reduction), which will have a negative impact on Sanofi's results.

Operational Risks

Research & Development | O1

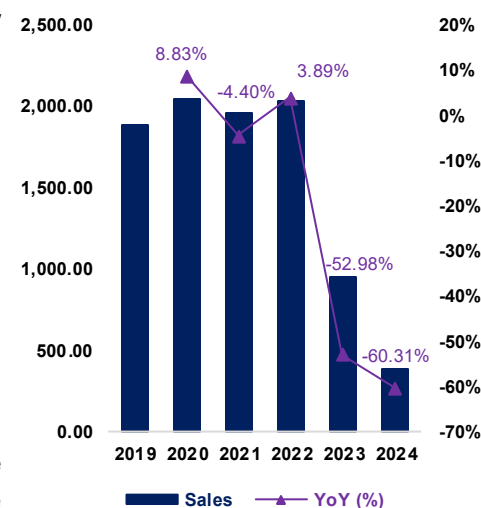
The **R&D of a new product is a costly, lengthy and uncertain process** (Figure 68). In this industry, to become a successful company, R&D is the most important component. The resources that are committed to this are to compensate for older products that are either decreasing in sales due to competition, patent expiration or

Figure 66 - Approval Rates

Phase Success	Phase I to II		Phase II to III		Phase III to NDA/BLA		NDA/BLA to Approval	
	n	Phase POS	n	Phase POS	n	Phase POS	n	Phase POS
Hematology	92	69.6%	106	48.1%	82	76.8%	72	93.1%
Metabolic	136	61.8%	149	45.0%	66	63.6%	48	87.5%
Infectious disease	403	57.8%	414	38.4%	197	64.0%	156	92.9%
Others	154	63.6%	228	38.6%	90	60.0%	69	88.4%
Ophthalmology	88	71.6%	200	35.5%	82	51.2%	45	91.1%
Autoimmune	413	55.2%	471	31.4%	219	65.3%	202	94.1%
Allergy	55	56.4%	92	28.3%	34	64.7%	20	100.0%
Gastroenterology	45	46.7%	73	34.2%	35	57.1%	33	90.9%
All indications	4414	52.0%	4933	28.9%	1928	57.8%	1453	90.6%
Respiratory	179	55.9%	215	21.9%	62	64.5%	45	95.6%
Psychiatry	150	52.7%	164	26.8%	71	56.3%	57	91.2%
Endocrine	319	43.3%	293	26.6%	151	66.2%	124	86.3%
Neurology	516	47.7%	504	26.8%	226	53.1%	165	86.7%
Oncology	1628	48.8%	1732	24.6%	495	47.7%	324	92.0%
Cardiovascular	214	50.0%	252	21.0%	105	55.2%	80	82.5%
Urology	22	40.9%	40	15.0%	13	69.2%	13	84.6%

Source: Biomedtracker® and Pharmapremia®, 2020

Figure 67 - Aubagio sales (€Mn) after patent expired



Source: Company Data & Author Analysis

Figure 68 - R&D Cost & Output

Year	R&D	Total Pipeline	Uncertainty of expected timeline	Phase 3+	Phase 3+ Uncertain of Timeline
2019	6020				
2020	5530				
2021	5692				
2022	6501				
2023	6507				
2024	7394				
2025F	7623	86	68	31	14

Source: Company Data & Author Analysis

regulatory data exclusivity. It is expected that Sanofi will increase its R&D, although there is no guarantee that those efforts will provide positive results in the future.

Data security and cyber threats | O2

The dependence of information technology systems (internet-based systems) and digital tools brings new risks that in the past were not key. Therefore, Sanofi is **vulnerable to cybersecurity attacks, manipulation or misuse** of the information technology systems. This risk, if occurred will impact negatively on Sanofi's reputation and thus, the results.

Complex manufacture of products | O3

In the pharmaceutical industry, most of the products require **complex techniques and processes** with the production of products, specialized facilities, trained and qualified employees and complex and specific raw materials. A failure in the manufacturing stage can **impact negatively the results of the Company and its reputation**, which is something that needs to be considered with such care.

Product dependence | O4

Sanofi, which is common in this industry, relies in a major part of the revenues in one product (**Dupixent**) and other flagship products. The highly competitive market, complex dynamics and patent expirations leads to generic competition which will lead to a decrease in sales. Having a diversified line of products will help mitigate the risk of being dependent on one single product when the declining phase occurs.

Thid Parties | O5

Sanofi relies a lot on third parties for **discovery, manufacture, marketing and distribution** of some products. This dependance can become a liability if there is a failure of one of the third parties that the Company relies on.

Environmental and Safety risks

Management sustainability | ES1

Sustainability over the past years has been an important subject. **We have been seeing investors and customers worried about ESG.** The Company has strategies to become even more sustainable (Figure 69) soon, which is something to be considered. The risk it faces when purposing such strategies is **the failure of not being able to meet the standards imposed by them**. If a failure is confirmed, it will affect the results of operations and the reputation of Sanofi.

Other risks regarding the environment such as **industrial accidents** may reduce productivity and profitability of a particular facility while affecting the **operational results and reputation**. The Company should be aware of these risks and mitigate the possibility of those of happening.

Financial risks

Currency | F1

Sanofi operates all over the world, in more than 50 countries where **around 48.7% comes from the US and 29.4% comes from the rest of the world** (Figure 70). This comprises a major currency risk due to the impact that a change in the exchange rate might have on revenues, assets, liabilities, costs and cash flows. Although Sanofi hedges against the currency movements to mitigate this risk, there is always the risk of a negative change that will affect the Company.

Credit | F2

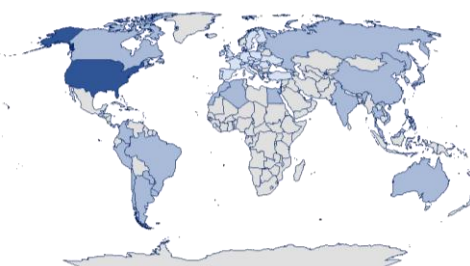
The interest rates movements affect not only the Company but the investors as well. **An increase in the interest rates will have a negative impact on the cost of capital** for a company, which will make it riskier for an investor. Not only that, but it will affect the cost of borrowing, since to contract a new debt, the interest that is paid is higher, which will impact the results.

Figure 69 - Sanofi's ESG Risk & Rating

ESG Risk & Rating					
19.2		Low Risk			
Negligible	Low	Medium	High	Severe	
0-10	10-20	20-30	30-40	40+	

Source: Sustainalytics

Figure 70 - Region Revenue Exposure



Source: Company Data & Author's Analysis

Liquidity | F3

The liquidity risk comprises the risk of Sanofi not being able to pay for future or current payment obligations, due to insufficient cash or limited access to financing. In pharma, this is critical given high R&D costs. It is essential to have a strong liquidity position to support operations during periods of patent expirations and delayed revenues.

Sensitivity Analysis

A sensitivity analysis was conducted (Figure 71) to evaluate the Price Target's responsiveness to changes in **WACC** vs **the long-term sustainable growth rate (g)** & **g** vs **COGS**. In the base case scenario, WACC was assumed to be 7.02% and Long-Term Rate (g) was assumed to be 2.28%. Sanofi's PT becomes higher (lower) as g increases (decreases). All other variables constant, the recommendation would change to **HOLD** if the g would reduce to 1.68%. As for the second sensitivity analysis, g was assumed to be 2.28% and COGS to be 27.06% of revenues as base scenario. Sanofi's PT becomes higher (lower) as COGS (%) decreases (increases). All other variables constant, the recommendation would change to **HOLD** if COGS went beyond 29% of revenues.

Figure 71 - Sensitivity Analysis

PT Sensitivity (€/Sh.) - Terminal Growth Rate vs WACC											
	Terminal Growth Rate										
	2026F	1.28%	1.48%	1.68%	1.88%	2.08%	2.28%	2.48%	2.68%	2.88%	3.08%
WACC (%)	6.02%	€ 145.17	€ 151.06	€ 157.50	€ 164.57	€ 172.34	€ 180.95	€ 190.54	€ 201.27	€ 213.36	€ 227.10
	6.22%	€ 139.22	€ 144.61	€ 150.49	€ 156.90	€ 163.94	€ 171.69	€ 180.26	€ 189.81	€ 200.50	€ 212.55
	6.42%	€ 133.73	€ 138.69	€ 144.06	€ 149.92	€ 156.31	€ 163.31	€ 171.03	€ 179.58	€ 189.09	€ 199.73
	6.62%	€ 128.65	€ 133.22	€ 138.16	€ 143.52	€ 149.35	€ 155.71	€ 162.69	€ 170.38	€ 178.89	€ 188.37
	6.82%	€ 123.94	€ 128.16	€ 132.71	€ 137.64	€ 142.97	€ 148.78	€ 155.12	€ 162.08	€ 169.74	€ 178.22
	7.02%	€ 119.57	€ 123.49	€ 127.70	€ 132.24	€ 137.14	€ 142.45	€ 148.25	€ 154.57	€ 161.50	€ 169.13
	7.22%	€ 115.46	€ 119.10	€ 123.00	€ 127.20	€ 131.71	€ 136.60	€ 141.90	€ 147.66	€ 153.95	€ 160.85
	7.42%	€ 111.64	€ 115.03	€ 118.65	€ 122.54	€ 126.72	€ 131.22	€ 136.08	€ 141.36	€ 147.10	€ 153.37
	7.62%	€ 108.06	€ 111.22	€ 114.60	€ 118.21	€ 122.08	€ 126.24	€ 130.72	€ 135.57	€ 140.83	€ 146.55
	7.82%	€ 104.70	€ 107.66	€ 110.81	€ 114.17	€ 117.77	€ 121.62	€ 125.77	€ 130.23	€ 135.06	€ 140.30
	8.02%	€ 101.53	€ 104.31	€ 107.25	€ 110.39	€ 113.74	€ 117.32	€ 121.17	€ 125.30	€ 129.75	€ 134.56
PT Sensitivity (€/Sh.) - COGS vs Terminal Growth Rate											
	Terminal Growth Rate										
	2026F	1.28%	1.48%	1.68%	1.88%	2.08%	2.28%	2.48%	2.68%	2.88%	3.08%
COGS (%)	22.06%	€ 150.24	€ 155.15	€ 160.44	€ 166.13	€ 172.28	€ 178.96	€ 186.22	€ 194.15	€ 202.84	€ 212.42
	23.06%	€ 144.11	€ 148.82	€ 153.89	€ 159.35	€ 165.26	€ 171.66	€ 178.62	€ 186.23	€ 194.58	€ 203.76
	24.06%	€ 137.97	€ 142.49	€ 147.34	€ 152.57	€ 158.23	€ 164.36	€ 171.03	€ 178.32	€ 186.31	€ 195.11
	25.06%	€ 131.84	€ 136.15	€ 140.79	€ 145.79	€ 151.20	€ 157.06	€ 163.44	€ 170.40	€ 178.04	€ 186.45
	26.06%	€ 125.71	€ 129.82	€ 134.25	€ 139.01	€ 144.17	€ 149.76	€ 155.84	€ 162.48	€ 169.77	€ 177.79
	27.06%	€ 119.57	€ 123.49	€ 127.70	€ 132.24	€ 137.14	€ 142.45	€ 148.25	€ 154.57	€ 161.50	€ 169.13
	28.06%	€ 113.44	€ 117.16	€ 121.15	€ 125.46	€ 130.11	€ 135.16	€ 140.65	€ 146.65	€ 153.23	€ 160.48
	29.06%	€ 107.30	€ 110.82	€ 114.60	€ 118.68	€ 123.08	€ 127.86	€ 133.06	€ 138.74	€ 144.96	€ 151.82
	30.06%	€ 101.17	€ 104.49	€ 108.06	€ 111.90	€ 116.06	€ 120.56	€ 125.47	€ 130.82	€ 136.69	€ 143.16
	31.06%	€ 95.04	€ 98.16	€ 101.51	€ 105.12	€ 109.03	€ 113.26	€ 117.87	€ 122.90	€ 128.42	€ 134.50
	32.06%	€ 88.90	€ 91.82	€ 94.96	€ 98.34	€ 102.00	€ 105.96	€ 110.28	€ 114.99	€ 120.15	€ 125.84

Source: Author Analysis

Scenario Analysis

In the scenario analysis, **COGS as a percentage of revenue were adjusted to capture the potential impact of trade tensions and tariff increases**, which could elevate input costs and pressure margins in the downside case. Conversely, cost optimization or easing trade barriers support margin expansion in the upside. For the terminal growth rate, it was modified to **reflect differing long-term outlooks for the company's sustainable growth**. In the downside, structural cost inflation and constrained global demand reduce reinvestment efficiency, while in the upside, competitive advantages and operating leverage support a higher long-term growth trajectory.

In the **best case scenario**, the **2026YE PT yielded was €157.22/Sh.**, while in the **worst case scenario** it was **€90.01/Sh.**, implying an annualized upside potential of 33.9% and a downside potential of 4.1% and a recommendation to **BUY** and **SELL**, respectively (Figure 72).

Figure 72 - Scenario Assumptions

Scenarios	Worst case	Base case	Best case
TGR	1.64%	2.28%	2.50%
COGS	5.00%	0%	-1.00%
Price	€ 90.01	€ 142.45	€ 157.22
Upside/Downside Annualized	-4.11%	26.26%	33.95%
Recommendation	SELL	BUY	BUY

Source: Author Analysis

ESG Concerned Investor- Virtuous Cycle Scenario

Considering the frameworks proposed by Damodaran & Cornell (2020) Sanofi's leading position in ESG performance, the company is assessed under a "Virtuous Cycle" scenario, where it is rewarded by both customers and investors for its sustainability efforts. While academic research on incorporating ESG factors into valuation remains inconclusive, the methodology applied in this analysis produced a 2026YE PT of €163.76/Sh. (Figure 73).

This valuation accounts for Sanofi's placement in the top ESG quartile, where companies typically benefit from a WACC that is 8.69% lower than the industry average (8.99%). Applying this discount to Sanofi's original WACC results in the elevated price target noted above.

For ESG-conscious investors, this adjusted valuation supports a BUY recommendation.

Monte Carlo Simulation

To enhance the robustness of the PT sensitivity analysis, a Monte Carlo simulation was conducted (with 100,000 trials). This simulation considered simultaneous variations in key value drivers (Figure 76): (i) EBIT margin 29F, (ii) WACC (iii) g, and (iv) effective tax rate (t). The output of the simulation yielded a median value of €142.84/Sh., aligned with the previously calculated PT. This result reinforces the BUY recommendation (Figures 74 and 75).

Figure 75 - Monte Carlo Simulation

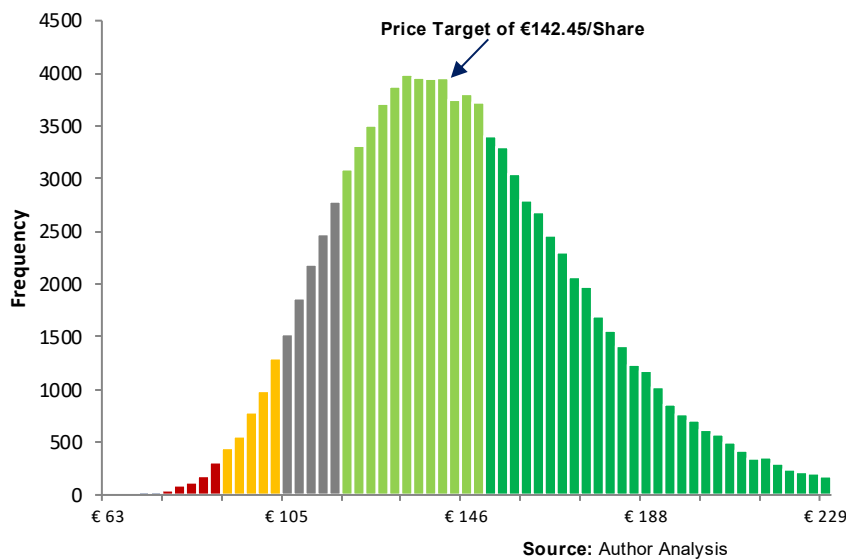


Figure 73 - ESG Concerned Investor Scenario

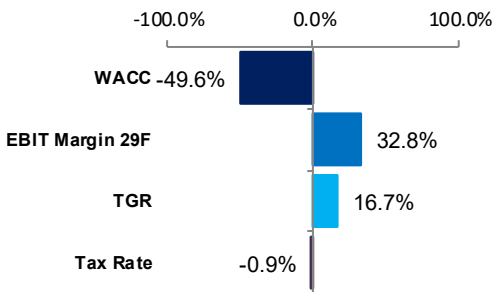
▼ WACC	Best Quartile
▲ Price Target	€163.76
Change Recommendation	BUY

Figure 74 - Monte Carlo Statistics

Indicator	Amount
N° of Trials	100,000.00
Base Case	142.45 €
Mean	146.32 €
Median	142.84 €
St.Deviation	30.21 €
10th Percentile	111.20 €
90th Percentile	185.71 €

Source: Author Analysis

Figure 76 - Sensitivity Chart



Source: Author Analysis

Appendices

Appendix 1: Statement of Financial Position

In Millions of EUR	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Assets											
Cash & Cash Equivalents	9427.00	13915.00	10098.00	12736.00	8710.00	7441.00	15984.91	15234.56	9808.19	10188.97	11282.73
Accounts & Notes Receiv	7937.00	7491.00	7568.00	8424.00	8433.00	7677.00	8065.13	8563.70	9187.91	9875.84	10634.23
Inventories	7994.00	8352.00	8715.00	8960.00	9666.00	9431.00	9615.75	10056.58	10623.77	11246.88	11930.99
Raw Materials	1087.00	975.00	1278.00	1474.00	1550.00	1453.00	1407.57	1472.10	1555.13	1646.34	1746.48
Work In Process	4522.00	4856.00	5025.00	4985.00	5316.00	5296.00	5435.41	5684.59	6005.20	6357.42	6744.12
Finished Goods	2385.00	2521.00	2412.00	2501.00	2800.00	2682.00	2772.77	2899.89	3063.44	3243.12	3440.38
Other Current Assets	2445.00	2737.00	3571.00	3532.00	3455.00	3826.00	3897.47	4053.89	4259.28	4484.74	4731.97
Current Income Tax Asset	808.00	1208.00	612.00	374.00	391.00	724.00	724.00	724.00	724.00	724.00	724.00
Total Current Assets	28611.00	33703.00	30564.00	34026.00	30655.00	29099.00	38287.26	38632.74	34603.14	36520.43	39303.93
Property, Plant & Equip, Net	9717.00	9365.00	10028.00	9869.00	10160.00	10091.00	10328.53	10539.35	10726.45	10892.50	11039.88
Property, Plant & Equip	23568.00	23169.00	24810.00	23924.00	24770.00	24061.00	25035.17	26009.33	26983.50	27957.67	28931.83
Accumulated Depreciation & Impairments	(13851.00)	(13804.00)	(14782.00)	(14055.00)	(14610.00)	(13970.00)	(14706.63)	(15469.98)	(16257.05)	(17065.16)	(17891.96)
Right-of-use assets	1300.00	1198.00	1948.00	1815.00	1654.00	1510.00	1522.04	1534.09	1546.13	1558.17	1570.22
Goodwill	44519.00	44364.00	48056.00	49892.00	49404.00	43384.00	43384.00	43384.00	43384.00	43384.00	43384.00
Other Intangible Assets	16509.00	18341.00	21407.00	21640.00	24319.00	22629.00	23570.91	24416.68	25176.13	25858.07	26470.41
Investments accounted equity method	3591.00	201.00	250.00	677.00	424.00	316.00	5995.00	5995.00	5995.00	5995.00	5995.00
Other Non-Current Assets	2503.00	2734.00	3127.00	3095.00	3218.00	3753.00	3568.10	3711.31	3899.33	4105.74	4332.08
Non-Current Income tax asset	164.00	248.00	175.00	242.00	188.00	560.00	560.00	560.00	560.00	560.00	560.00
Deferred Tax Assets	5391.00	4176.00	4598.00	5381.00	6427.00	7967.00	7967.00	7967.00	7967.00	7967.00	7967.00
Total Noncurrent Assets	83694.00	80627.00	89589.00	92611.00	95794.00	90210.00	96895.59	98107.42	99254.04	100320.49	101318.58
Assets held for sale or exchange	325.00	83.00	89.00	85.00	15.00	13489.00	0.00	0.00	0.00	0.00	0.00
Total Assets	112630.00	114413.00	120242.00	126722.00	126464.00	132798.00	135182.85	136740.16	133857.18	136840.92	140622.51
Liabilities & Shareholders' Equity											
Accounts Payable	5313.00	5295.00	6180.00	6813.00	7328.00	7551.00	7567.26	7777.98	8074.34	8398.89	8753.36
CLiab. Related NCI & Business Combinations	292.00	218.00	137.00	105.00	208.00	72.00	72.00	72.00	72.00	72.00	72.00
Current Provisions & Other CLiab.	9703.00	10132.00	11217.00	12021.00	13741.00	14241.00	14855.24	15451.44	16234.25	17093.61	18035.94
Current Income tax liabilities	258.00	604.00	309.00	574.00	597.00	697.00	697.00	697.00	697.00	697.00	697.00
ST Debt	4815.00	2999.00	3452.00	4451.00	2320.00	4470.00	3408.34	1510.90	2026.33	1659.10	3511.20
Current Lease Liabilities	261.00	232.00	269.00	277.00	275.00	261.00	257.34	255.90	255.33	255.10	255.01
ST Borrowings	4554.00	2767.00	3183.00	4174.00	2045.00	4209.00	3151.00	1255.00	1771.00	1404.00	3256.19
Total Current Liabilities	20381.00	19248.00	21295.00	23964.00	24194.00	27031.00	26599.84	25509.32	27103.92	27920.60	31069.50
LT Debt	21118.00	20676.00	18962.00	16761.00	16102.00	13436.00	14246.88	16045.42	15490.65	15842.18	13983.81
LT Borrowings	20131.00	19745.00	17123.00	14857.00	14347.00	11791.00	12662.58	14469.99	13918.75	14271.69	12413.88
LT Capital Leases	987.00	931.00	1839.00	1904.00	1755.00	1645.00	1584.30	1575.43	1571.90	1570.49	1569.93
NCI & NCLiab. Business Combinations	508.00	387.00	577.00	674.00	501.00	569.00	569.00	569.00	569.00	569.00	569.00
NC Provisions and ONC Liabilities	7413.00	7315.00	6721.00	6341.00	7602.00	8096.00	8185.44	8201.43	8293.79	8417.48	8575.12
NC Income Tax Liabilities	1680.00	1733.00	2039.00	1979.00	1842.00	1512.00	1512.00	1512.00	1512.00	1512.00	1512.00
Deferred Tax Liabilities	2294.00	1770.00	1617.00	1841.00	1857.00	2166.00	2166.00	2166.00	2166.00	2166.00	2166.00
Total Noncurrent Liabilities	33013.00	31881.00	29916.00	27596.00	27904.00	25779.00	26679.32	28493.85	28031.44	28506.66	26805.93
Liabilities related to assets held for sale or exchange	6.00	32.00	0.00	10.00	13.00	2131.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	53400.00	51161.00	51211.00	51570.00	52111.00	54941.00	53279.16	54003.17	55135.36	56427.26	57875.43
Preferred Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share Capital & APIC	2655.00	2880.00	3059.00	2647.00	2843.00	2526.00	2526.00	2526.00	2526.00	2526.00	2526.00
Common Stock	2508.00	2518.00	2527.00	2522.00	2530.00	2526.00	2526.00	2526.00	2526.00	2526.00	2526.00
Additional Paid in Capital	147.00	362.00	532.00	125.00	313.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury Stock	(9.00)	(705.00)	(939.00)	(706.00)	(1184.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)
Retained Earnings	51902.00	60149.00	63013.00	66734.00	67499.00	68185.00	72188.26	73009.48	68976.04	70643.09	72943.07
Other Equity	4508.00	782.00	3548.00	6109.00	4882.00	7636.00	7636.00	7636.00	7636.00	7636.00	7636.00
Equity Before Minority Interest	59056.00	63106.00	68681.00	74784.00	74040.00	77507.00	81510.26	82331.48	78298.04	79965.09	82265.07
Minority Interest	174.00	146.00	350.00	368.00	313.00	350.00	393.43	405.51	423.78	448.57	482.00
Total Equity	59230.00	63252.00	69031.00	75152.00	74353.00	77857.00	81903.69	82736.99	78721.82	80413.66	82747.08
Total Liabilities & Equity	112630.00	114413.00	120242.00	126722.00	126464.00	132798.00	135182.85	136740.16	133857.18	136840.92	140622.51

Source: Company Data & Author Analysis

Appendix 2: Income Statement

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Revenue	37631.00	37369.00	39175.00	40561.00	41618.00	44286.00	45586.50	47416.07	49818.29	52455.42	55347.16
Revenue	36126.00	36041.00	37761.00	37651.00	37817.00	41081.00	42187.22	43809.77	45991.35	48393.25	51034.18
YoY %		-0.24%	4.77%	-0.29%	0.44%	8.63%	2.69%	3.85%	4.98%	5.22%	5.46%
Other Revenue	1505.00	1328.00	1414.00	2910.00	3801.00	3205.00	3399.28	3606.30	3826.95	4062.17	4312.98
COGS	(10842.00)	(11016.00)	(11190.00)	(10740.00)	(11548.00)	(12164.00)	(12334.20)	(12829.22)	(13479.19)	(14192.71)	(14975.12)
COGS % Revenues	28.81%	29.48%	28.56%	26.48%	27.75%	27.47%	27.06%	27.06%	27.06%	27.06%	27.06%
Gross Profit	26789.00	26353.00	27985.00	29821.00	30070.00	32122.00	33252.29	34586.84	36339.11	38262.71	40372.04
Gross Margin	71.19%	70.52%	71.44%	73.52%	72.25%	72.53%	72.94%	72.94%	72.94%	72.94%	72.94%
Other Operating Income/(Expense)	(424.00)	(718.00)	(946.00)	(709.00)	(2464.00)	(3293.00)	(3042.00)	(3164.09)	(3324.39)	(3500.37)	(3693.34)
Selling and General Expenses	(9884.00)	(9391.00)	(9555.00)	(8739.00)	(8933.00)	(9183.00)	(9472.90)	(9853.08)	(10352.27)	(10900.26)	(11501.17)
SG as % of Revenues	26.27%	25.13%	24.39%	21.55%	21.46%	20.74%	20.78%	20.78%	20.78%	20.78%	20.78%
Research & Development	(6020.00)	(5530.00)	(5692.00)	(6501.00)	(6507.00)	(7394.00)	(7622.71)	(7911.27)	(8151.73)	(8368.15)	(8584.57)
R&D as % of Revenues	16.66%	15.34%	15.07%	17.27%	17.21%	18.00%	16.72%	16.68%	16.36%	15.95%	15.51%
EBITDA	10461.00	10714.00	11792.00	13872.00	12166.00	12252.00	13114.68	13658.40	14510.71	15493.93	16592.97
EBITDA margin	27.80%	28.67%	30.10%	34.20%	29.23%	27.67%	28.77%	28.81%	29.13%	29.54%	29.98%
Depreciation Expense	(1137.00)	(1143.00)	(1065.00)	(1142.00)	(1080.00)	(1041.00)	(1135.13)	(1161.85)	(1185.57)	(1206.61)	(1225.29)
Amortization	(2146.00)	(1681.00)	(1580.00)	(1804.00)	(1911.00)	(1749.00)	(2309.56)	(2405.69)	(2492.02)	(2569.53)	(2639.13)
Impairments	(3604.00)	(330.00)	(192.00)	429.00	(896.00)	(248.00)	(835.79)	(835.79)	(835.79)	(835.79)	(835.79)
Restructuring costs and similar items	(1088.00)	(1089.00)	(820.00)	(1077.00)	(1030.00)	(1396.00)	(1083.33)	(1083.33)	(1083.33)	(1083.33)	(1083.33)
Fair value remeasurement of contingent consideration	238.00	124.00	(4.00)	27.00	(93.00)	(96.00)	(94.50)	(94.50)	(94.50)	(94.50)	(94.50)
Other gains and losses, and litigation	327.00	136.00	(5.00)	(143.00)	(196.00)	(470.00)	(294.83)	(294.83)	(294.83)	(294.83)	(294.83)
Gain on Sale of Investments	0.00	7382.00	0.00	0.00	0.00	0.00	4321.00	0.00	0.00	0.00	0.00
EBIT	3051.00	14113.00	8126.00	10162.00	6960.00	7252.00	11682.53	7782.40	8524.67	9409.33	10420.09
Operating Margin	8.11%	37.77%	20.74%	25.05%	16.72%	16.38%	25.63%	16.41%	17.11%	17.94%	18.83%
Financial Expenses	(440.00)	(388.00)	(368.00)	(430.00)	(1293.00)	(1073.00)	(1064.81)	(1056.91)	(1053.79)	(1052.55)	(1052.06)
Financial Income	141.00	53.00	40.00	205.00	584.00	519.00	148.80	345.70	329.47	212.12	220.35
Pretax Income	2752.00	13778.00	7798.00	9937.00	6251.00	6698.00	10766.53	7071.19	7800.36	8568.90	9588.39
Income Tax (Expense) Benefit	(121.00)	(1807.00)	(1558.00)	(1909.00)	(1017.00)	(1204.00)	(1918.45)	(1259.99)	(1389.92)	(1526.86)	(1708.52)
Current Income Tax	(1892.00)	(1913.00)	(1908.00)	(2631.00)	(2251.00)	(2152.00)	(2691.63)	(1767.80)	(1950.09)	(2142.22)	(2397.10)
Deferred Income Tax	1771.00	106.00	350.00	722.00	1234.00	948.00	773.18	507.81	560.17	615.36	688.58
Income (Loss) from Affiliates	255.00	359.00	39.00	55.00	(136.00)	60.00	153.60	153.60	153.60	153.60	153.60
Income (Loss) from Cont Ops	2886.00	12330.00	6279.00	8083.00	5098.00	5554.00	9001.68	5964.80	6564.04	7195.64	8033.47
Net Extraordinary (Losses) Gains	(101.00)	0.00	0.00	0.00	338.00	64.00	0.00	0.00	0.00	0.00	0.00
Discontinued Operations	0.00	0.00	0.00	0.00	338.00	64.00	0.00	0.00	0.00	0.00	0.00
XO & Accounting Changes	(101.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income (Loss) Including Minority Interest	2785.00	12330.00	6279.00	8083.00	4760.00	5618.00	9001.68	5964.80	6564.04	7195.64	8033.47
Minority Interest	(31.00)	(36.00)	(56.00)	(113.00)	(36.00)	(58.00)	(92.93)	(61.58)	(67.77)	(74.29)	(82.94)
Minority Interest % of NI	1.11%	0.29%	0.89%	1.40%	0.76%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%
Net Income Avail to Common, GAAP	2754.00	12294.00	6223.00	7970.00	4724.00	5560.00	8908.74	5903.22	6496.27	7121.35	7950.53

Source: Company Data & Author Analysis

Appendix 3: Cash Flow Statement

In Millions of EUR	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash from Operating Activities											
Net Income	2754.00	12294.00	6223.00	7970.00	5400.00	5560.00	8908.74	5903.22	6496.27	7121.35	7950.53
Net (income)/loss from the discontinued Opella business	0.00	0.00	0.00	(401.00)	(338.00)	(64.00)	0.00	0.00	0.00	0.00	0.00
Depreciation, Amortization, Impairment of Rights of use assets & Intangible Assets & PP&E	7445.00	3671.00	3351.00	3108.00	4429.00	3586.00	4280.48	4403.34	4513.37	4611.93	4700.21
Non-Cash Items	(2065.00)	(8222.00)	(461.00)	(646.00)	(633.00)	140.00	(4138.63)	77.57	160.13	197.98	240.58
Stock-Based Compensation (Cost of employee benefits)	252.00	274.00	244.00	234.00	260.00	278.00	0.00	0.00	0.00	0.00	0.00
Net change in Deferred Taxes	(1772.00)	(221.00)	(356.00)	(529.00)	(1233.00)	(802.00)	0.00	0.00	0.00	0.00	0.00
Other Non-Cash Adj	(545.00)	(8275.00)	(349.00)	(351.00)	340.00	664.00	(4138.63)	77.57	160.13	197.98	240.58
Chg in Working Capital	(419.00)	(325.00)	1409.00	(794.00)	413.00	(615.00)	(13.86)	(288.90)	(317.60)	(352.60)	(392.93)
(Inc) Dec in Inventories	(547.00)	(593.00)	(357.00)	(918.00)	(866.00)	(477.00)	(184.75)	(440.83)	(567.18)	(623.11)	(684.11)
(Inc) Dec in Accts Receiv	(462.00)	(134.00)	185.00	(500.00)	(472.00)	(28.00)	(388.13)	(498.57)	(624.21)	(687.93)	(758.40)
Inc (Dec) in Accts Payable	169.00	86.00	451.00	340.00	258.00	789.00	16.26	210.72	296.36	324.55	354.47
Inc (Dec) in Other Current Assets and Current Liabilities	421.00	316.00	1130.00	284.00	1493.00	(899.00)	542.76	439.78	577.43	633.89	695.10
Net Cash from Continued Operating Activities	7715.00	7418.00	10522.00	9638.00	9609.00	8607.00	9036.74	10095.23	10852.17	11578.65	12498.39
Net Cash From Discontinued Operations	0.00	0.00	0.00	888.00	987.00	474.00	0.00	0.00	0.00	0.00	0.00
Net Cash from Operating Activities	7744.00	7449.00	10522.00	10526.00	10258.00	9081.00	9036.74	10095.23	10852.17	11578.65	12498.39
Cash from Investing Activities											
Acq of Fixed & Intang	(1787.00)	(2083.00)	(2043.00)	(2103.00)	(2906.00)	(3195.00)	(3103.00)	(3103.00)	(3103.00)	(3103.00)	(3103.00)
Fixed Assets	(1261.00)	(1310.00)	(1504.00)	(1748.00)	(1693.00)	(1717.00)	(1500.00)	(1500.00)	(1500.00)	(1500.00)	(1500.00)
Intangible Assets	(555.00)	(804.00)	(539.00)	(453.00)	(1331.00)	(1478.00)	(1603.00)	(1603.00)	(1603.00)	(1603.00)	(1603.00)
Acq of consolidated undertakings and inv. using equity method	(488.00)	(5336.00)	(5594.00)	(987.00)	(2535.00)	(1901.00)	(2663.80)	(2663.80)	(2663.80)	(2663.80)	(2663.80)
Acq of other equity investments	(38.00)	(137.00)	(311.00)	(487.00)	(134.00)	(623.00)	0.00	0.00	0.00	0.00	0.00
Disposals of PPE, intang and NCA	1224.00	918.00	718.00	1340.00	807.00	1461.00	294.83	294.83	294.83	294.83	294.83
Net proceeds from sale of Regeneron/Opella	0.00	10370.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal of consolidated undertakings and investments accounted for using the equity method	0.00	0.00	0.00	134.00	42.00	0.00	10000.00	0.00	0.00	0.00	0.00
Net change in other NCA	(94.00)	(113.00)	(68.00)	(14.00)	(224.00)	(40.00)	184.90	(143.20)	(188.02)	(206.41)	(226.34)
Net Cash from Continued Investing Activities	(1183.00)	3619.00	(7298.00)	(2117.00)	(4950.00)	(4298.00)	4712.93	(5615.17)	(5659.99)	(5678.38)	(5698.31)
Net Cash from Discontinued Operations	154.00	0.00	0.00	42.00	(1250.00)	(109.00)	0.00	0.00	0.00	0.00	0.00
Net Cash from Investing Activities	(1058.00)	3588.00	(7298.00)	(2075.00)	(6200.00)	(4407.00)	4712.93	(5615.17)	(5659.99)	(5678.38)	(5698.31)
Cash from Financing Activities											
Issuance of Sanofi Shares	162.00	203.00	186.00	188.00	195.00	187.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(3834.00)	(3937.00)	(4008.00)	(4168.00)	(4454.00)	(4704.00)	(4905.49)	(5082.00)	(10529.71)	(5454.29)	(5650.55)
Div paid to NCI	(14.00)	(44.00)	(48.00)	(97.00)	(56.00)	(38.00)	(49.50)	(49.50)	(49.50)	(49.50)	(49.50)
Payments received/(made) on changes in ow nership	(7.00)	0.00	0.00	0.00	(3.00)	0.00	0.00	0.00	0.00	0.00	0.00
Additional LT Debt contracted	1997.00	2019.00	0.00	1549.00	48.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments of LT Debt	(2067.00)	(3952.00)	(2241.00)	(2718.00)	(3683.00)	(671.00)	0.00	0.00	0.00	0.00	0.00
Change in LT Debt (Including Capital Leases)	0.00	0.00	0.00	0.00	0.00	0.00	810.88	1798.54	(554.77)	351.53	(1858.37)
Repayments of lease liabilities	(267.00)	(234.00)	(149.00)	(280.00)	(253.00)	(282.00)	0.00	0.00	0.00	0.00	0.00
Change in ST Debt (Including Current Leases)	(154.00)	282.00	(414.00)	216.00	751.00	59.00	(1061.66)	(1897.44)	515.43	(367.23)	1852.10
Acq of Treasury Shares	(9.00)	(822.00)	(382.00)	(497.00)	(593.00)	(302.00)	0.00	0.00	0.00	0.00	0.00
Net Cash from Continued Financing Activities	(4193.00)	(6485.00)	(7056.00)	(5807.00)	(8048.00)	(5751.00)	(5205.76)	(5230.40)	(10618.55)	(5519.50)	(5706.32)
Net Cash from Discontinued Financing Activities	0.00	0.00	0.00	(14.00)	(4.00)	(12.00)	0.00	0.00	0.00	0.00	0.00
Net Cash from Financing Activities	(4193.00)	(6485.00)	(7056.00)	(5821.00)	(8052.00)	(5763.00)	(5205.76)	(5230.40)	(10618.55)	(5519.50)	(5706.32)
Effect of Foreign Exchange Rates	9.00	(64.00)	15.00	8.00	(32.00)	(13.00)	0.00	0.00	0.00	0.00	0.00
Impact on cash & cash equivalents of reclassification of the Opella business to "Assets held for sale"	0.00	0.00	0.00	0.00	0.00	(167.00)	0.00	0.00	0.00	0.00	0.00
Net Change in Cash	2502.00	4488.00	(3817.00)	2638.00	(4026.00)	(1269.00)	8543.91	(750.34)	(5426.37)	380.78	1093.76

Source: Company Data & Author Analysis

Appendix 4: Key Financial Ratios

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	Peers	CAGR 19-24	CAGR 25-29
Activity Ratios														
Working Capital Turnover	4.57	2.59	4.23	4.03	6.44	21.41	3.90	3.61	6.64	6.10	6.72	0.01	29.35%	11.50%
EPS	2.20 €	9.81 €	4.97 €	6.37 €	3.77 €	4.44 €	7.12 €	4.72 €	5.19 €	5.69 €	6.35 €	0.50 €	12.40%	-2.25%
Inventory Turnover	1.36	1.35	1.31	1.22	1.24	1.27	1.30	1.30	1.30	1.30	1.29	1.88	-1.04%	-0.05%
Days of Inventory on Hand	269.12	270.80	278.35	300.34	294.36	286.52	281.82	279.85	280.00	281.23	282.47	204.82	1.05%	0.05%
Receivables turnover	4.74	4.84	5.20	5.07	4.94	5.50	5.79	5.70	5.61	5.50	5.40	4.45	2.50%	-1.40%
Days of sales outstanding	76.98	75.35	70.15	71.95	73.92	66.39	63.02	64.00	65.03	66.33	67.63	62.35	-2.44%	1.42%
Payables turnover	2.04	2.08	1.95	1.65	1.63	1.64	1.63	1.67	1.70	1.72	1.75	4.95	-3.63%	1.36%
Number of days of payables	178.86	175.74	187.15	220.78	223.48	223.23	223.69	218.29	214.63	211.82	209.03	115.77	3.76%	-1.35%
Cash Conversion Cycle (DOH+DSO-NOP)	167.24	170.41	161.35	151.51	144.80	129.67	121.15	125.56	130.40	135.73	141.06	151.40	-4.15%	3.09%
Liquidity Ratios														
Current Ratio	1.40	1.75	1.44	1.42	1.27	1.08	1.44	1.51	1.28	1.31	1.27	1.32	-4.33%	-2.55%
Quick Ratio	1.01	1.32	1.03	1.05	0.87	0.73	1.08	1.12	0.88	0.91	0.88	0.65	-5.34%	-3.95%
Cash ratio	0.46	0.72	0.47	0.53	0.36	0.28	0.60	0.60	0.36	0.36	0.36	0.27	-8.29%	-9.58%
Solvency Ratios														
Debt-to-Equity	43.78%	37.43%	32.47%	28.23%	24.78%	23.00%	21.56%	21.22%	22.25%	21.76%	21.14%	88.95%	-10.17%	-0.39%
Debt-to-Assets	23.02%	20.69%	18.64%	16.74%	14.57%	13.48%	13.06%	12.84%	13.09%	12.79%	12.44%	26.47%	-8.53%	-0.97%
Debt-to-Capital	30.45%	27.24%	24.51%	22.01%	19.86%	18.70%	17.73%	17.50%	18.20%	17.87%	17.45%	43.74%	-7.81%	-0.32%
Financial Leverage	1.90	1.85	1.77	1.71	1.69	1.70	1.68	1.65	1.68	1.70	1.70	2.50	-1.82%	0.27%
Net Debt/EBITDA	1.58	0.91	1.04	0.61	0.80	0.85	0.13	0.17	0.53	0.47	0.37	1.22	-9.72%	24.07%
Interest Coverage	9.59	43.03	25.96	28.07	12.54	12.11	20.71	13.99	15.41	17.05	18.90	3.95	3.95%	-1.81%
Profitability Ratios														
Gross Margin	71.19%	70.52%	71.44%	73.52%	72.25%	72.53%	72.94%	72.94%	72.94%	72.94%	72.94%	71.34%	0.31%	0.00%
EBITDA Margin	27.80%	28.67%	30.10%	34.20%	29.23%	27.67%	28.77%	28.81%	29.13%	29.54%	29.98%	27.14%	-0.08%	0.83%
Operating Margin	8.11%	37.77%	20.74%	25.05%	16.72%	16.38%	25.63%	16.41%	17.11%	17.94%	18.83%	9.30%	12.43%	-5.98%
Pretax Margin	7.62%	38.23%	20.65%	26.39%	16.53%	16.30%	25.52%	16.14%	16.96%	17.71%	18.79%	6.74%	13.52%	-5.94%
Return on Equity	4.65%	20.07%	9.41%	11.06%	6.32%	7.31%	11.15%	7.17%	8.05%	8.95%	9.75%	6.21%	7.82%	-2.66%
ROE (DuPont Analysis)	4.65%	20.07%	9.41%	11.06%	6.32%	7.31%	11.15%	7.17%	8.05%	8.95%	9.75%	6.21%	7.82%	-2.66%
Net Profit Margin	7.32%	32.90%	15.89%	19.65%	11.35%	12.55%	19.54%	12.45%	13.04%	13.58%	14.36%	4.94%	9.41%	-5.97%
Asset Turnover	0.33	0.33	0.33	0.33	0.33	0.34	0.34	0.35	0.37	0.39	0.40	0.50	0.37%	3.24%
Financial Leverage Ratio	1.90	1.85	1.77	1.71	1.69	1.70	1.68	1.65	1.68	1.70	1.70	2.50	-1.82%	0.27%
ROA	2.45%	10.83%	5.30%	6.45%	3.73%	4.29%	6.65%	4.34%	4.80%	5.26%	5.73%	1.17%	9.82%	-2.93%
ROIC	3.43%	14.25%	7.29%	8.74%	6.16%	6.31%	9.83%	6.40%	7.13%	7.97%	8.64%	3.07%	10.72%	-2.54%
Fixed Asset Turnover	3.87	3.92	4.04	4.08	4.16	4.37	4.46	4.54	4.69	4.85	5.05	4.26	2.05%	2.48%

Source: Company Data & Author Analysis

Appendix 5: Common-Size Income Statement

Income Statement Common-Size	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue	96.00%	96.45%	96.39%	92.83%	90.87%	92.76%	92.54%	92.39%	92.32%	92.26%	92.21%
Other Revenue	4.00%	3.55%	3.61%	7.17%	9.13%	7.24%	7.46%	7.61%	7.68%	7.74%	7.79%
Gross Profit	71.19%	70.52%	71.44%	73.52%	72.25%	72.53%	72.94%	72.94%	72.94%	72.94%	72.94%
Other Operating Income/(Expense)	-1.13%	-1.92%	-2.41%	-1.75%	-5.92%	-7.44%	-6.67%	-6.67%	-6.67%	-6.67%	-6.67%
Selling and General Expenses	-26.27%	-25.13%	-24.39%	-21.55%	-21.46%	-20.74%	-20.78%	-20.78%	-20.78%	-20.78%	-20.78%
Research & Development	-16.00%	-14.80%	-14.53%	-16.03%	-15.64%	-16.70%	-16.72%	-16.68%	-16.36%	-15.95%	-15.51%
EBITDA	27.80%	28.67%	30.10%	34.20%	29.23%	27.67%	28.77%	28.81%	29.13%	29.54%	29.98%
Depreciation Expense	-3.02%	-3.06%	-2.72%	-2.82%	-2.60%	-2.35%	-2.49%	-2.45%	-2.38%	-2.30%	-2.21%
Amortization	-5.70%	-4.50%	-4.03%	-4.45%	-4.59%	-3.95%	-5.07%	-5.07%	-5.00%	-4.90%	-4.77%
Impairments	-9.58%	-0.88%	-0.49%	1.06%	-2.15%	-0.56%	-1.83%	-1.76%	-1.68%	-1.59%	-1.51%
Restructuring costs and similar items	-2.89%	-2.91%	-2.09%	-2.66%	-2.47%	-3.15%	-2.38%	-2.28%	-2.17%	-2.07%	-1.96%
Fair value remeasurement of contingent consideration	0.63%	0.33%	-0.01%	0.07%	-0.22%	-0.22%	-0.21%	-0.20%	-0.19%	-0.18%	-0.17%
Other gains and losses, and litigation	0.87%	0.36%	-0.01%	-0.35%	-0.47%	-1.06%	-0.65%	-0.62%	-0.59%	-0.56%	-0.53%
Gain on Regeneron investment	0.00%	19.75%	0.00%	0.00%	0.00%	0.00%	9.48%	0.00%	0.00%	0.00%	0.00%
EBIT	8.11%	37.77%	20.74%	25.05%	16.72%	16.38%	25.63%	16.41%	17.11%	17.94%	18.83%
Financial Expenses	-1.17%	-1.04%	-0.94%	-1.06%	-3.11%	-2.42%	-2.34%	-2.23%	-2.12%	-2.01%	-1.90%
Financial Income	0.37%	0.14%	0.10%	0.51%	1.40%	1.17%	0.33%	0.73%	0.66%	0.40%	0.40%
Pretax Income	7.31%	36.87%	19.91%	24.50%	15.02%	15.12%	23.62%	14.91%	15.66%	16.34%	17.32%
Income Tax (Expense) Benefit	-0.32%	-4.84%	-3.98%	-4.71%	-2.44%	-2.72%	-4.21%	-2.66%	-2.79%	-2.91%	-3.09%
Current Income Tax	-5.03%	-5.12%	-4.87%	-6.49%	-5.41%	-4.86%	-5.90%	-3.73%	-3.91%	-4.08%	-4.33%
Deferred Income Tax	4.71%	0.28%	0.89%	1.78%	2.97%	2.14%	1.70%	1.07%	1.12%	1.17%	1.24%
Income (Loss) from Affiliates	0.68%	0.96%	0.10%	0.14%	-0.33%	0.14%	0.34%	0.32%	0.31%	0.29%	0.28%
Income (Loss) from Cont Ops	7.67%	33.00%	16.03%	19.93%	12.25%	12.54%	19.75%	12.58%	13.18%	13.72%	14.51%
Net Extraordinary (Losses) Gains	-0.27%	0.00%	0.00%	0.00%	0.81%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Discontinued Operations	0.00%	0.00%	0.00%	0.00%	0.81%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
XO & Accounting Changes	-0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income (Loss) Including Minority Interest	7.40%	33.00%	16.03%	19.93%	11.44%	12.69%	19.75%	12.58%	13.18%	13.72%	14.51%
Minority Interest	-0.08%	-0.10%	-0.14%	-0.28%	-0.09%	-0.13%	-0.20%	-0.13%	-0.14%	-0.14%	-0.15%
Net Income Avail to Common, GAAP	7.40%	33.00%	16.03%	19.93%	11.44%	12.69%	19.75%	12.58%	13.18%	13.72%	14.51%

Source: Company Data & Author Analysis

Appendix 6: Common-Size Statement of Financial Position

In %	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Assets											
Cash & Cash Equivalents	8.37%	12.16%	8.40%	10.05%	6.89%	5.60%	11.82%	11.14%	7.33%	7.45%	8.02%
Accounts & Notes Receiv	7.05%	6.55%	6.29%	6.65%	6.67%	5.78%	5.97%	6.26%	6.86%	7.22%	7.56%
Inventories	7.10%	7.30%	7.25%	7.07%	7.64%	7.10%	7.11%	7.35%	7.94%	8.22%	8.48%
Raw Materials	0.97%	0.85%	1.06%	1.16%	1.23%	1.09%	1.04%	1.08%	1.16%	1.20%	1.24%
Work In Process	4.01%	4.24%	4.18%	3.93%	4.20%	3.99%	4.02%	4.16%	4.49%	4.65%	4.80%
Finished Goods	2.12%	2.20%	2.01%	1.97%	2.21%	2.02%	2.05%	2.12%	2.29%	2.37%	2.45%
Other Current Assets	2.17%	2.39%	2.97%	2.79%	2.73%	2.88%	2.88%	2.96%	3.18%	3.28%	3.37%
Current Income Tax Asset	0.72%	1.06%	0.51%	0.30%	0.31%	0.55%	0.54%	0.53%	0.54%	0.53%	0.51%
Total Current Assets	25.40%	29.46%	25.42%	26.85%	24.24%	21.91%	28.32%	28.25%	25.85%	26.69%	27.95%
Property, Plant & Equip, Net	8.63%	8.19%	8.34%	7.79%	8.03%	7.60%	7.64%	7.71%	8.01%	7.96%	7.85%
Property, Plant & Equip	20.93%	20.25%	20.63%	18.88%	19.59%	18.12%	18.52%	19.02%	20.16%	20.43%	20.57%
Accumulated Depreciation & Impairments	-12.30%	-12.07%	-12.29%	-11.09%	-11.55%	-10.52%	-10.88%	-11.31%	-12.15%	-12.47%	-12.72%
Right-of-use assets	1.15%	1.05%	1.62%	1.43%	1.31%	1.14%	1.13%	1.12%	1.16%	1.14%	1.12%
Goodwill	39.53%	38.78%	39.97%	39.37%	39.07%	32.67%	32.09%	31.73%	32.41%	31.70%	30.85%
Other Intangible Assets	14.66%	16.03%	17.80%	17.08%	19.23%	17.04%	17.44%	17.86%	18.81%	18.90%	18.82%
Investments accounted equity method	3.19%	0.18%	0.21%	0.53%	0.34%	0.24%	4.43%	4.38%	4.48%	4.38%	4.26%
Other Non-Current Assets	2.22%	2.39%	2.60%	2.44%	2.54%	2.83%	2.64%	2.71%	2.91%	3.00%	3.08%
Non-Current Income tax asset	0.15%	0.22%	0.15%	0.19%	0.15%	0.42%	0.41%	0.41%	0.42%	0.41%	0.40%
Deferred Tax Assets	4.79%	3.65%	3.82%	4.25%	5.08%	6.00%	5.89%	5.83%	5.95%	5.82%	5.67%
Total Noncurrent Assets	74.31%	70.47%	74.51%	73.08%	75.75%	67.93%	71.68%	71.75%	74.15%	73.31%	72.05%
Assets held for sale or exchange	0.29%	0.07%	0.07%	0.07%	0.01%	10.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities & Shareholders' Equity											
Accounts Payable	4.72%	4.63%	5.14%	5.38%	5.79%	5.69%	5.60%	5.69%	6.03%	6.14%	6.22%
CLiab. Related NCI & Business Combinations	0.26%	0.19%	0.11%	0.08%	0.16%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Current Provisions & Other C.Liab.	8.61%	8.86%	9.33%	9.49%	10.87%	10.72%	10.99%	11.30%	12.13%	12.49%	12.83%
Current Income tax liabilities	0.23%	0.53%	0.26%	0.45%	0.47%	0.52%	0.52%	0.51%	0.52%	0.51%	0.50%
ST Debt	4.28%	2.62%	2.87%	3.51%	1.83%	3.37%	2.52%	1.10%	1.51%	1.21%	2.50%
Current Lease Liabilities	0.23%	0.20%	0.22%	0.22%	0.22%	0.20%	0.19%	0.19%	0.19%	0.19%	0.18%
ST Borrowings	4.04%	2.42%	2.65%	3.29%	1.62%	3.17%	2.33%	0.92%	1.32%	1.03%	2.32%
Total Current Liabilities	18.10%	16.82%	17.71%	18.91%	19.13%	20.35%	19.68%	18.66%	20.25%	20.40%	22.09%
LT Debt	18.75%	18.07%	15.77%	13.23%	12.73%	10.12%	10.54%	11.73%	11.57%	11.58%	9.94%
LT Borrowings	17.87%	17.26%	14.24%	11.72%	11.34%	8.88%	9.37%	10.58%	10.40%	10.43%	8.83%
LT Capital Leases	0.88%	0.81%	1.53%	1.50%	1.39%	1.24%	1.17%	1.15%	1.17%	1.15%	1.12%
NCI & NCLiab. Business Combinations	0.45%	0.34%	0.48%	0.53%	0.40%	0.43%	0.42%	0.42%	0.43%	0.42%	0.40%
NC Provisions and ONC Liabilities	6.58%	6.39%	5.59%	5.00%	6.01%	6.10%	6.06%	6.00%	6.20%	6.15%	6.10%
NC Income Tax Liabilities	1.49%	1.51%	1.70%	1.56%	1.46%	1.14%	1.12%	1.11%	1.13%	1.10%	1.08%
Deferred Tax Liabilities	2.04%	1.55%	1.34%	1.45%	1.47%	1.63%	1.60%	1.58%	1.62%	1.58%	1.54%
Total Noncurrent Liabilities	29.31%	27.86%	24.88%	21.78%	22.06%	19.41%	19.74%	20.84%	20.94%	20.83%	19.06%
Liabilities related to assets held for sale or exchange	0.01%	0.03%	0.00%	0.01%	0.01%	1.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Liabilities	47.41%	44.72%	42.59%	40.70%	41.21%	41.37%	39.41%	39.49%	41.19%	41.24%	41.16%
Preferred Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Share Capital & APIC	2.36%	2.52%	2.54%	2.09%	2.25%	1.90%	1.87%	1.85%	1.89%	1.85%	1.80%
Common Stock	2.23%	2.20%	2.10%	1.99%	2.00%	1.90%	1.87%	1.85%	1.89%	1.85%	1.80%
Additional Paid in Capital	0.13%	0.32%	0.44%	0.10%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Treasury Stock	-0.01%	-0.62%	-0.78%	-0.56%	-0.94%	-0.63%	-0.62%	-0.61%	-0.63%	-0.61%	-0.60%
Retained Earnings	46.08%	52.57%	52.41%	52.66%	53.37%	51.34%	53.40%	53.39%	51.53%	51.62%	51.87%
Other Equity	4.00%	0.68%	2.95%	4.82%	3.86%	5.75%	5.65%	5.58%	5.70%	5.58%	5.43%
Equity Before Minority Interest	52.43%	55.16%	57.12%	59.01%	58.55%	58.36%	60.30%	60.21%	58.49%	58.44%	58.50%
Minority Interest	0.15%	0.13%	0.29%	0.29%	0.25%	0.26%	0.29%	0.30%	0.32%	0.33%	0.34%
Total Equity	52.59%	55.28%	57.41%	59.30%	58.79%	58.63%	60.59%	60.51%	58.81%	58.76%	58.84%
Total Liabilities & Equity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Company Data & Author Analysis

Appendix 7: Common-Size Cash Flow Statement

In %	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash from Operating Activities											
Net Income	7.32%	32.90%	15.89%	19.65%	12.98%	12.55%	19.54%	12.45%	13.04%	13.58%	14.36%
Net (income)/loss from the discontinued Opella business	0.00%	0.00%	0.00%	-0.99%	-0.81%	-0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation, Amortization, Impairment of Rights of use assets & Intangible Assets & PP&E	19.78%	9.82%	8.55%	7.66%	10.64%	8.10%	9.39%	9.29%	9.06%	8.79%	8.49%
Non-Cash Items	-5.49%	-22.00%	-1.18%	-1.59%	-1.52%	0.32%	-9.08%	0.16%	0.32%	0.38%	0.43%
Stock-Based Compensation (Cost of employee benefits)	0.67%	0.73%	0.62%	0.58%	0.62%	0.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Net change in Deferred Taxes	-4.71%	-0.59%	-0.91%	-1.30%	-2.96%	-1.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Non-Cash Adj	-1.45%	-22.14%	-0.89%	-0.87%	0.82%	1.50%	-9.08%	0.16%	0.32%	0.38%	0.43%
Chg in Working Capital	-1.11%	-0.87%	3.60%	-1.96%	0.99%	-1.39%	-0.03%	-0.61%	-0.64%	-0.67%	-0.71%
(Inc) Dec in Inventories	-1.45%	-1.59%	-0.91%	-2.26%	-2.08%	-1.08%	-0.41%	-0.93%	-1.14%	-1.19%	-1.24%
(Inc) Dec in Accts Receiv	-1.23%	-0.36%	0.47%	-1.23%	-1.13%	-0.06%	-0.85%	-1.05%	-1.25%	-1.31%	-1.37%
Inc (Dec) in Accts Payable	0.45%	0.23%	1.15%	0.84%	0.62%	1.78%	0.04%	0.44%	0.59%	0.62%	0.64%
Inc (Dec) in Other Current Assets and Current Liabilities	1.12%	0.85%	2.88%	0.70%	3.59%	-2.03%	1.19%	0.93%	1.16%	1.21%	1.26%
Net Cash from Continued Operating Activities	20.50%	19.85%	26.86%	23.76%	23.09%	19.44%	19.82%	21.29%	21.78%	22.07%	22.58%
Net Cash From Discontinued Operations	0.00%	0.00%	0.00%	2.19%	2.37%	1.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Cash from Operating Activities	20.58%	19.93%	26.86%	25.95%	24.65%	20.51%	19.82%	21.29%	21.78%	22.07%	22.58%
Cash from Investing Activities											
Acq of Fixed & Intang	-4.75%	-5.57%	-5.22%	-5.18%	-6.98%	-7.21%	-6.81%	-6.54%	-6.23%	-5.92%	-5.61%
Fixed Assets	-3.35%	-3.51%	-3.84%	-4.31%	-4.07%	-3.88%	-3.29%	-3.16%	-3.01%	-2.86%	-2.71%
Intangible Assets	-1.47%	-2.15%	-1.38%	-1.12%	-3.20%	-3.34%	-3.52%	-3.38%	-3.22%	-3.06%	-2.90%
Acq of consolidated undertakings and inv. using equity method	-1.30%	-14.28%	-14.28%	-2.43%	-6.09%	-4.29%	-5.84%	-5.62%	-5.35%	-5.08%	-4.81%
Acq of other equity investments	-0.10%	-0.37%	-0.79%	-1.20%	-0.32%	-1.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Disposals of PPE, intang and NCA	3.25%	2.46%	1.83%	3.30%	1.94%	3.30%	0.65%	0.62%	0.59%	0.56%	0.53%
Net proceeds from sale of Regeneron/Opella	0.00%	27.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Disposal of consolidated undertakings and investments accounted for using the equity method	0.00%	0.00%	0.00%	0.33%	0.10%	0.00%	21.94%	0.00%	0.00%	0.00%	0.00%
Net change in other NCA	-0.25%	-0.30%	-0.17%	-0.03%	-0.54%	-0.09%	0.41%	-0.30%	-0.38%	-0.39%	-0.41%
Net Cash from Continued Investing Activities	-3.14%	9.68%	-18.63%	-5.22%	-11.89%	-9.71%	10.34%	-11.84%	-11.36%	-10.83%	-10.30%
Net Cash from Discontinued Operations	0.41%	0.00%	0.00%	0.10%	-3.00%	-0.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Cash from Investing Activities	-2.81%	9.60%	-18.63%	-5.12%	-14.90%	-9.95%	10.34%	-11.84%	-11.36%	-10.83%	-10.30%
Cash from Financing Activities											
Issuance of Sanofi Shares	0.43%	0.54%	0.47%	0.46%	0.47%	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%
Dividends Paid	-10.19%	-10.54%	-10.23%	-10.28%	-10.70%	-10.62%	-10.76%	-10.72%	-21.14%	-10.40%	-10.21%
Div paid to NCI	-0.04%	-0.12%	-0.12%	-0.24%	-0.13%	-0.09%	-0.11%	-0.10%	-0.10%	-0.09%	-0.09%
Payments received/(made) on changes in ownership	-0.02%	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Additional LT Debt contracted	5.31%	5.40%	0.00%	3.82%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repayments of LT Debt	-5.49%	-10.58%	-5.72%	-6.70%	-8.85%	-1.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Change in LT Debt (Including Capital Leases)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.78%	3.79%	-1.11%	0.67%	-3.36%
Repayments of lease liabilities	-0.71%	-0.63%	-0.38%	-0.69%	-0.61%	-0.64%	0.00%	0.00%	0.00%	0.00%	0.00%
Change in ST Debt (Including Current Leases)	-0.41%	0.75%	-1.06%	0.53%	1.80%	0.13%	-2.33%	-4.00%	1.03%	-0.70%	3.35%
Acq of Treasury Shares	-0.02%	-2.20%	-0.98%	-1.23%	-1.42%	-0.68%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Cash from Continued Financing Activities	-11.14%	-17.35%	-18.01%	-14.32%	-19.34%	-12.99%	-11.42%	-11.03%	-21.31%	-10.52%	-10.31%
Net Cash from Discontinued Financing Activities	0.00%	0.00%	0.00%	-0.03%	-0.01%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Cash from Financing Activities	-11.14%	-17.35%	-18.01%	-14.35%	-19.35%	-13.01%	-11.42%	-11.03%	-21.31%	-10.52%	-10.31%
Effect of Foreign Exchange Rates	0.02%	-0.17%	0.04%	0.02%	-0.08%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Impact on cash & cash equivalents of reclassification of the Opella business to "Assets held for sale"	0.00%	0.00%	0.00%	0.00%	0.00%	-0.38%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Change in Cash	6.65%	12.01%	-9.74%	6.50%	-9.67%	-2.87%	18.74%	-1.58%	-10.89%	0.73%	1.98%

Source: Company Data & Author Analysis

Appendix 8: Income Statement Assumptions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Income Statement Assumptions												
Sales	Assumptions											
Biopharma	31450.00	31397.00	33194.00	40401.00	37890.00	41080.00	42187.22	43809.77	45991.35	48393.25	51034.18	Revenues will grow at expected market CAGR 2025-2030 of the respective therapeutic areas, with exception of Neurology and Other Pharma. CAGRS provided by Mordor Intelligence report
Sales by Category	Expected CAGR											
Immunology & Inflammation	2259.00	3770.00	5536.00	8632.00	11072.00	13496.00	14319.26	15192.73	16119.49	17102.78	18146.05	6.10%
Rare Diseases	4021.00	4140.00	4168.00	7248.00	5023.00	5900.00	6289.40	7039.73	7879.56	8819.60	9871.77	11.93%
Neurology	2160.00	2158.00	2037.00	2111.00	955.00	379.00	283.58	212.18	185.47	162.12	141.71	-25.18%
Oncology	484.00	798.00	912.00	950.00	990.00	944.00	1044.44	1155.57	1278.52	1414.56	1565.07	10.64%
Other Pharma	16795.00	14558.00	14218.00	14231.00	12376.00	12063.00	11415.66	10803.07	10513.21	10231.12	9956.61	-5.37%
Human Vaccines	5731.00	5973.00	6323.00	7229.00	7474.00	8298.00	8834.88	9406.50	10015.10	10663.07	11352.98	6.47%
R&D	6020.00	5530.00	5692.00	6501.00	6507.00	7394.00	7622.71	7911.27	8151.73	8368.15	8584.57	Explained in Expenses
R&D Growth (%)		-8.14%	2.93%	14.21%	0.09%	13.63%	3.09%	3.79%	3.04%	2.65%	2.59%	
Other Revenues	1505.00	1328.00	1414.00	2910.00	3801.00	3205.00	3399.28	3606.30	3826.95	4062.17	4312.98	Expected to grow at CAGR 19-24
VaxServe Sales	1273.00	1136.00	1078.00	1567.00	2167.00	1959.00	2104.92	2261.71	2430.17	2611.19	2805.69	Covid-19 expected to remain 0, since in 2024 the sales had an absence of sales
Covid-19 Vaccines	0.00	0.00	0.00	0.00	505.00	0.00	0.00	0.00	0.00	0.00	0.00	Will grow at the same rate of Revenues
Other Royalties received & Revenues from agreements	232.00	192.00	336.00	825.00	702.00	1246.00	1294.36	1344.59	1396.77	1450.98	1507.30	
Expenses												
Cost of Revenue (including Discontinued Operations)	(11979.00)	(12159.00)	(12255.00)	(11882.00)	(12628.00)	(13205.00)						Before 2024 there were two more segments that were discontinued. That's why the COGS, S&G and Other Operating Income/(Loss) is different from the total until 2022.
Cost of Revenue Biopharma	(10125.00)	(10353.00)	(10395.00)	(11882.00)	(12628.00)	(13205.00)						
COGS	(8988.00)	(9210.00)	(9330.00)	(10740.00)	(11548.00)	(12164.00)	(12334.20)	(12829.22)	(13479.19)	(14192.71)	(14975.12)	
Depreciation Expense	(1137.00)	(1143.00)	(1065.00)	(1142.00)	(1080.00)	(1041.00)						
Cost of Revenue % Of revenues	27.27%	28.14%	26.96%	24.80%	27.70%	27.47%	27.06%	27.06%	27.06%	27.06%	27.06%	% of Revenues historical
Depreciation Expense	(1137.00)	(1143.00)	(1065.00)	(1142.00)	(1080.00)	(1041.00)	(1135.13)	(1161.85)	(1185.57)	(1206.61)	(1225.29)	Balance Sheet Assumptions
RORC	5.22	5.68	5.83	6.21	5.82	5.56	5.53	5.54	5.64	5.78	5.94	
Selling & General Expenses	(9884.00)	(9391.00)	(9555.00)	(8739.00)	(8933.00)	(9183.00)	(9472.90)	(9853.08)	(10352.27)	(10900.26)	(11501.17)	% of Revenues last 3y
S&G Biopharma	(6265.00)	(5919.00)	(6131.00)									
S&G % Of revenues	19.01%	18.09%	17.72%	20.18%	21.43%	20.74%	20.78%	20.78%	20.78%	20.78%	20.78%	
S&G CHC	(1529.00)	(1450.00)	(1388.00)	(1761.00)	(1828.00)							
S&G Other	(2089.00)	(2021.00)	(2036.00)	5.00	4.00							
Amortization	(2146.00)	(1681.00)	(1580.00)	(1804.00)	(1911.00)	(1749.00)	(2309.56)	(2405.69)	(2492.02)	(2569.53)	(2639.13)	Balance Sheet Assumptions
R&D	(6020.00)	(5530.00)	(5692.00)	(6501.00)	(6507.00)	(7394.00)	(7622.71)	(7911.27)	(8151.73)	(8368.15)	(8584.57)	% of Total R&D of Industry 5y average
R&D of industry	196000.00	211000.00	247000.00	258000.00	301000.00	306000.00	317000.00	329000.00	339000.00	348000.00	357000.00	2024 Evaluate Pharma Report
% of total industry	3.07%	2.62%	2.30%	2.52%	2.16%	2.42%	2.40%	2.40%	2.40%	2.40%	2.40%	Historical 5y Average
Other Operating Income/(Loss)	(424.00)	(718.00)	(946.00)	(709.00)	(2464.00)	(3293.00)	(3042.00)	(3164.09)	(3324.39)	(3500.37)	(3693.34)	% of Revenues last 2 years
Biopharma	(625.00)	(486.00)	(1044.00)									
% of Revenues	1.90%	1.49%	3.02%	1.64%	5.91%	7.44%	6.67%	6.67%	6.67%	6.67%	6.67%	
CHC	193.00	54.00	111.00	148.00	181.00							
Other	50.00	(130.00)	(13.00)	17.00	(18.00)							
Impairment of Intangible Assets	(3604.00)	(330.00)	(192.00)	429.00	(896.00)	(248.00)	(429.50)	(429.50)	(429.50)	(429.50)	(429.50)	Balance Sheet Assumptions
Fair value remeasurement of contingent consideration	238.00	124.00	(4.00)	27.00	(93.00)	(96.00)	(94.50)	(94.50)	(94.50)	(94.50)	(94.50)	Historical 2y Average
Restructuring costs and similar items	(1088.00)	(1089.00)	(820.00)	(1077.00)	(1030.00)	(1396.00)	(1083.33)	(1083.33)	(1083.33)	(1083.33)	(1083.33)	Historical Average
Other gains and losses, and litigation	327.00	136.00	(5.00)	(143.00)	(196.00)	(470.00)	(294.83)	(294.83)	(294.83)	(294.83)	(294.83)	Based on PP&E Rights-of-use and Intangible Assets Disposals
Financial Expenses/Income												
Cost of Debt	(318.00)	(328.00)	(313.00)	(362.00)	(555.00)	(599.00)	(564.04)	(556.14)	(553.02)	(551.78)	(551.29)	Based on a Fernández et al., 2025 Market Survey + a Company Default Spread (Damodaran) was added based on the Rating of Sanofi (AAA).
Cost of Debt as %	1.29%	1.33%	1.27%	1.47%	2.25%	2.43%	3.15%	3.15%	3.15%	3.15%	3.15%	
Risk Free (German Bonds 10y)						2.70%						
Industry Cost of Debt						7.58%						
Interest Coverage	8.55	38.56	23.35	24.91	11.76	11.31	19.36	13.07	14.39	15.91	17.64	
Company Default Spread (Damodaran)	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	
Interest Income	146.00	103.00	54.00	239.00	533.00	413.00	148.80	345.70	329.47	212.12	220.35	
Int. Income (%) of Cash & Cash Equivalents	1.55%	0.74%	0.53%	1.88%	6.12%	5.55%	2.73%	2.73%	2.73%	2.73%	2.73%	Historical Average (%)
Foreign Exch Gain (Loss)	1.00	(6.00)	2.00	(3.00)	(2.00)	6.00	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)	Historical Average
Unwinding of discounting of provisions	(25.00)	(11.00)	(11.00)	(17.00)	(51.00)	(44.00)	(26.50)	(26.50)	(26.50)	(26.50)	(26.50)	Historical Average
Int. Cost of Employee Benefits	(87.00)	(59.00)	(44.00)	(40.00)	(70.00)	(64.00)	(60.67)	(60.67)	(60.67)	(60.67)	(60.67)	Historical Average
Net Int. Expense on Lease Liabilities	(39.00)	(38.00)	(35.00)	(46.00)	(37.00)	(42.00)	(39.50)	(39.50)	(39.50)	(39.50)	(39.50)	Historical Average
Other	19.00	(4.00)	16.00	4.00	(523.00)	(224.00)	(373.50)	(373.50)	(373.50)	(373.50)	(373.50)	Historical Average of last 2y
Tax Rate	4.40%	13.12%	19.98%	19.21%	16.27%	17.98%	17.82%	17.82%	17.82%	17.82%	17.82%	Tax rate schedule
Other												
Discontinued Operations	0.00	0.00	0.00	0.00	338.00	64.00	0.00	0.00	0.00	0.00	0.00	Remain 0 for future years as is its historical values
XO & Accounting Changes	(101.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Equal to previous year
Income (Loss) from Affiliates	255.00	359.00	39.00	55.00	(136.00)	60.00	153.60	153.60	153.60	153.60	153.60	Historical Average excluding 2023
Minority Interest	1.11%	0.29%	0.89%	1.40%	0.76%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	Equal to previous year

Source: Company Data & Author Analysis

Appendix 9: Balance Sheet Assumptions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Balance Sheet Assumptions												
Current Assets												
Cash & Cash Equivalents	9427.00	13915.00	10098.00	12736.00	8710.00	7441.00	15984.91	15234.56	9808.19	10188.97	11282.73	All components are forecasted as Historical % of Cash & Cash Equivalents, in exception of Term Deposits = 0%.
Accounts & Notes Receiv	7937.00	7491.00	7568.00	8424.00	8433.00	7677.00	8065.13	8563.70	9187.91	9875.84	10634.23	
Receivable days	80.19	75.86	73.15	81.66	81.39	68.21	69.78	71.35	72.92	74.49	76.06	
Inventories	7994.00	8352.00	8715.00	8960.00	9666.00	9431.00	9615.75	10056.58	10623.77	11246.88	11930.99	Inventory days are going converge linearly to 5 year historical average by 2029F
Inventory days	269.12	276.73	284.27	304.51	305.52	282.99	284.55	286.12	287.68	289.24	290.80	
Raw Materials	1087.00	975.00	1278.00	1474.00	1550.00	1453.00	1407.57	1472.10	1555.13	1646.34	1746.48	
% of inventory	13.60%	11.67%	14.66%	16.45%	16.04%	15.41%	14.64%	14.64%	14.64%	14.64%	14.64%	Raw Materials, Work in Process and Finished Goods as % of total Inventory
Work In Process	4522.00	4856.00	5025.00	4985.00	5316.00	5296.00	5435.41	5684.59	6005.20	6357.42	6744.12	
% of inventory	56.57%	58.14%	57.66%	55.64%	55.00%	56.16%	56.53%	56.53%	56.53%	56.53%	56.53%	
Finished Goods	2385.00	2521.00	2412.00	2501.00	2800.00	2682.00	2772.77	2899.89	3063.44	3243.12	3440.38	Historical (3y) % of Revenues
% of inventory	29.83%	30.18%	27.68%	27.91%	28.97%	28.44%	28.84%	28.84%	28.84%	28.84%	28.84%	
Other Current Assets	2445.00	2737.00	3571.00	3532.00	3455.00	3826.00	3897.47	4053.89	4259.28	4484.74	4731.97	
% of Revenues	6.50%	7.32%	9.12%	8.71%	8.30%	8.64%	8.55%	8.55%	8.55%	8.55%	8.55%	Remain constant
Current Income Tax Asset	808.00	1208.00	612.00	374.00	391.00	724.00	724.00	724.00	724.00	724.00	724.00	
% EBT	29.36%	8.77%	7.85%	3.76%	6.25%	10.81%	8.53%	8.53%	8.53%	8.53%	8.53%	
Non-Current Assets												
Property, Plant & Equip, Net	9717.00	9365.00	10028.00	9869.00	10160.00	10091.00	10328.53	10539.35	10726.45	10892.50	11039.88	PP&E schedule below
Property, Plant & Equip	23568.00	23169.00	24810.00	23924.00	24770.00	24061.00	25035.17	26009.33	26983.50	27957.67	28931.83	PP&E schedule below
Accumulated Depreciation & Impairments	(13851.00)	(13804.00)	(14782.00)	(14055.00)	(14610.00)	(13970.00)	(14706.63)	(15469.98)	(16257.05)	(17065.16)	(17891.96)	PP&E & Intangible and Right-of-use schedule below
Right-of-use assets	1300.00	1198.00	1948.00	1815.00	1654.00	1510.00	1522.04	1534.09	1546.13	1558.17	1570.22	Right-of-use assets schedule below
Goodwill	44519.00	44364.00	48056.00	49892.00	49404.00	43384.00	43384.00	43384.00	43384.00	43384.00	43384.00	Goodwill will remain constant from 2024 value.
Other Intangible Assets	16509.00	18341.00	21407.00	21640.00	24319.00	22629.00	23570.91	24416.68	25176.13	25858.07	26470.41	Intangible Assets schedule below
Investments accounted equity method	3591.00	201.00	250.00	677.00	424.00	316.00	5995.00	5995.00	5995.00	5995.00	5995.00	Remain constant after Opella Sale
Other Non-Current Assets	2503.00	2734.00	3127.00	3095.00	3218.00	3753.00	3568.10	3711.31	3899.33	4105.74	4332.08	Historical (5y) % of Revenues
% of Revenues	6.65%	7.32%	7.98%	7.63%	7.73%	8.47%	7.83%	7.83%	7.83%	7.83%	7.83%	
Non-Current Income tax asset	164.00	248.00	175.00	242.00	188.00	560.00	560.00	560.00	560.00	560.00	560.00	
% EBT	5.96%	1.80%	2.24%	2.44%	3.01%	8.36%	5.20%	7.92%	7.18%	6.54%	5.84%	Remain constant
Deferred Tax Assets	5391.00	4176.00	4598.00	5381.00	6427.00	7967.00	7967.00	7967.00	7967.00	7967.00	7967.00	Remain constant
% EBT	195.89%	30.31%	58.96%	54.15%	102.82%	118.95%	74.00%	112.67%	102.14%	92.98%	83.09%	
Current Liabilities												
Accounts Payable	5313.00	5295.00	6180.00	6813.00	7328.00	7551.00	7567.26	7777.98	8074.34	8398.89	8753.36	Payable days are going converge linearly to 5 year historical average by 2029F
Payable days	178.86	175.44	201.58	231.54	231.62	226.58	223.93	221.29	218.64	216.00	213.35	
CLiab. Related NCI & Business Combinations	292.00	218.00	137.00	105.00	208.00	72.00	72.00	72.00	72.00	72.00	72.00	
Current Provisions & Other C.Liab.	9703.00	10132.00	11217.00	12021.00	13741.00	14241.00	14855.24	15451.44	16234.25	17093.61	18035.94	Historical (2y) % of revenue, as rebates, returns and discounts are the major driver of this component
% Revenues	25.78%	27.11%	28.63%	29.64%	33.02%	32.16%	32.59%	32.59%	32.59%	32.59%	32.59%	
Current Income tax liabilities	258.00	604.00	309.00	574.00	597.00	697.00	697.00	697.00	697.00	697.00	697.00	
% EBT	9.38%	4.38%	3.96%	5.78%	9.55%	10.41%	6.47%	9.86%	8.94%	8.13%	7.27%	Debt schedule below
ST Debt	4815.00	2999.00	3452.00	4451.00	2320.00	4470.00	3408.34	1510.90	2026.33	1659.10	3511.20	
Current Lease Liabilities	261.00	232.00	269.00	277.00	275.00	261.00	257.34	255.90	255.33	255.10	255.01	
ST Borrowings	4554.00	2767.00	3183.00	4174.00	2045.00	4209.00	3151.00	1255.00	1771.00	1404.00	3256.19	
Non-Current Liabilities												
LT Debt	21118.00	20676.00	18962.00	16761.00	16102.00	13436.00	14246.88	16045.42	15490.65	15842.18	13983.81	Debt schedule below
LT Borrowings	20131.00	19745.00	17123.00	14857.00	14347.00	11791.00	12662.58	14469.99	13918.75	14271.69	12413.88	
LT Capital Leases	987.00	931.00	1839.00	1904.00	1755.00	1645.00	1584.30	1575.43	1571.90	1570.49	1569.93	
NCI & NCLiab. Business Combinations	508.00	387.00	577.00	674.00	501.00	569.00	569.00	569.00	569.00	569.00	569.00	Remain constant
NC Provisions and ONC Liabilities	7413.00	7315.00	6721.00	6341.00	7602.00	8096.00	8185.44	8201.43	8293.79	8417.48	8575.12	Sum of Other NC liabilities + Provisions
Other NC liabilities	288.00	317.00	291.00	519.00	2,340.00	2,334.00	2106.00	1878.00	1650.00	1422.00	1194.00	Note D.19. This will be deducted equally for maximum of five years, up to €1,140M
Provisions	7,353.00	7,219.00	6,430.00	5,822.00	5,262.00	5,762.00	6079.44	6323.43	6643.79	6995.48	7381.12	Historical % of Revenues (3y, since it has been reducing last years)
% Revenues	19.54%	19.32%	16.41%	14.35%	12.64%	13.01%	13.34%	13.34%	13.34%	13.34%	13.34%	
NC Income Tax Liabilities	1680.00	1733.00	2039.00	1979.00	1842.00	1512.00	1512.00	1512.00	1512.00	1512.00	1512.00	
% EBT	61.05%	12.58%	26.15%	19.92%	29.47%	22.57%	14.04%	21.38%	19.38%	17.65%	15.77%	Remain constant
Deferred Tax Liabilities	2294.00	1770.00	1617.00	1841.00	1857.00	2166.00	2166.00	2166.00	2166.00	2166.00	2166.00	Remain constant
% EBT	83.36%	12.85%	20.74%	18.53%	29.71%	32.34%	20.12%	30.63%	27.77%	25.28%	22.59%	
Equity												
Preferred Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Remains constant
Share Capital & APIC	2655.00	2880.00	3059.00	2647.00	2843.00	2526.00	2526.00	2526.00	2526.00	2526.00	2526.00	Sum of the two below
Common Stock	2508.00	2518.00	2527.00	2522.00	2530.00	2526.00	2526.00	2526.00	2526.00	2526.00	2526.00	
Additional Paid in Capital	147.00	362.00	532.00	125.00	313.00	0.00	0.00	0.00	0.00	0.00	0.00	
Treasury Stock	(9.00)	(705.00)	(939.00)	(706.00)	(1184.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)	Remain constant
Retained Earnings	51902.00	60149.00	63013.00	66734.00	67499.00	68185.00	72188.26	73009.48	68976.04	70643.09	72943.07	Sum of the 8 below
Other Equity	4508.00	782.00	3548.00	6109.00	4882.00	7636.00	7636.00	7636.00	7636.00	7636.00	7636.00	Remain constant
Stock-Based Compensation	252.00	274.00	244.00	234.00	260.00	278.00	0.00	0.00	0.00	0.00	0.00	Constant to 0

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Source: Company Data & Author Analysis

Appendix 10: Balance Sheet Assumptions – Other Components

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Other Components												Assumptions
Assets held for sale or exchange	325.00	83.00	89.00	85.00	15.00	13489.00	0.00	0.00	0.00	0.00	0.00	Assuming it will be sold in 2025
Liabilities related to assets held for sale or exchange	6.00	32.00	0.00	10.00	13.00	2131.00	0.00	0.00	0.00	0.00	0.00	Assuming it will be liquidated in 2025
Minority Interest	174.00	146.00	350.00	368.00	313.00	350.00	393.43	405.51	423.78	448.57	482.00	Change based on NI and Dividend Paid to Non-Controlling Interest
Treasury Stock												
Treasury Stock	(9.00)	(705.00)	(939.00)	(706.00)	(1184.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)	(840.00)	Remain constant, as there is no information
stock options	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Share Repurchase	(12.00)	(822.00)	(382.00)	(497.00)	(593.00)	(302.00)	0.00	0.00	0.00	0.00	0.00	
Reduction in Share Capital	0.00	0.00	0.00	600.00	0.00	530.00	0.00	0.00	0.00	0.00	0.00	
Issuance of restricted shares and vesting	153.00	126.00	148.00	130.00	115.00	116.00	0.00	0.00	0.00	0.00	0.00	
Div Paid												
Div Paid	(3834.00)	(3937.00)	(4008.00)	(4168.00)	(4454.00)	(4704.00)	(4905.49)	(5082.00)	(10529.71)	(5454.29)	(5650.55)	DPS will increase by DPS CAGR 19-23 period and Shares Outstanding will remain constant. 2027F will be distributed an exceptional dividend due to the sale of Opella (dividends will be paid twice the expected amount)
DPS	3.07	3.15	3.20	3.33	3.56	3.76	3.92	4.06	4.21	4.36	4.52	
# Shares outstanding average	1249.90	1253.60	1252.50	1251.90	1251.70	1251.40	1251.40	1251.40	1251.40	1251.40	1251.40	
Div Paid to NCI	(14.00)	(44.00)	(48.00)	(97.00)	(56.00)	(38.00)	(49.50)	(49.50)	(49.50)	(49.50)	(49.50)	
Other Equity												
Other Equity	4508.00	782.00	3548.00	6109.00	4882.00	7636.00	7636.00	7636.00	7636.00	7636.00	7636.00	Remain constant, as there is no feasible information
OCI	(168.00)	645.00	(3356.00)	(857.00)	1451.00	(62.00)	2376.00	2376.00	2376.00	2376.00	2376.00	
OCI for the period	813.00	(4003.00)	2499.00	2308.00	(1513.00)	2438.00	0.00	0.00	0.00	0.00	0.00	
Stock Options and Other Share-Based payments	3863.00	4138.00	4405.00	4658.00	4944.00	5260.00	5260.00	5260.00	5260.00	5260.00	5260.00	

Source: Company Data & Author Analysis

Appendix 11: Property, Plant and Equipment

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
PP&E Schedule												
PP&E Gross Beg	22697.00	23568.00	23169.00	24810.00	23924.00	24770.00	24061.00	25035.17	26009.33	26983.50	27957.67	Remain 0
Changes in scope of consolidation	0.00	10.00	30.00	(2104.00)	(51.00)	0.00	0.00	0.00	0.00	0.00	0.00	
CAPEX	1261.00	1310.00	1504.00	1748.00	1693.00	1717.00	1500.00	1500.00	1500.00	1500.00	1500.00	Following 2024 annual report, they expect on average to invest in Capex around €1.5Bn for the next years
% CAGR 19-24						0.05						
Disposals and other decreases	(319.00)	(487.00)	(314.00)	(559.00)	(502.00)	(974.00)	(525.83)	(525.83)	(525.83)	(525.83)	(525.83)	Historical Average
Currency Translation differences	200.00	(711.00)	443.00	347.00	(245.00)	349.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	(271.00)	(521.00)	(22.00)	(318.00)	(49.00)	5.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale which will be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	(1806.00)	0.00	0.00	0.00	0.00	0.00	One time thing - will be zero
PP&E Gross End	23568.00	23169.00	24810.00	23924.00	24770.00	24061.00	25035.17	26009.33	26983.50	27957.67	28931.83	
PP&E Net Beg	9651.00	9717.00	9365.00	10028.00	9869.00	10160.00	10091.00	10328.53	10539.35	10726.45	10892.50	
Depreciation	(1137.00)	(1143.00)	(1065.00)	(1142.00)	(1080.00)	(1041.00)	(1135.13)	(1161.85)	(1185.57)	(1206.61)	(1225.29)	Historical Average
% Depreciation	11.78%	11.76%	11.37%	11.39%	10.94%	10.25%	11.25%	11.25%	11.25%	11.25%	11.25%	
Changes in scope of consolidation	0.00	0.00	0.00	1533.00	24.00	0.00	0.00	0.00	0.00	0.00	0.00	Remain 0
Impairment losses, net of reversals	(98.00)	(43.00)	(39.00)	(186.00)	(130.00)	(105.00)	(100.17)	(100.17)	(100.17)	(100.17)	(100.17)	Historical Average
Disposals and other decreases	313.00	460.00	299.00	518.00	488.00	914.00	498.67	498.67	498.67	498.67	498.67	Historical Average
Currency Translation differences	(92.00)	345.00	(208.00)	(138.00)	112.00	(189.00)	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	209.00	428.00	35.00	142.00	31.00	15.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale which will be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	1046.00	0.00	0.00	0.00	0.00	0.00	One time thing - will be zero
Accumulated Depreciation and Impairment Beg	(13046.00)	(13851.00)	(13804.00)	(14782.00)	(14055.00)	(14610.00)	(13970.00)	(14706.63)	(15469.98)	(16257.05)	(17065.16)	
Accumulated Depreciation and Impairment End	(13851.00)	(13804.00)	(14782.00)	(14055.00)	(14610.00)	(13970.00)	(14706.63)	(15469.98)	(16257.05)	(17065.16)	(17891.96)	
PP&E End, net	9717.00	9365.00	10028.00	9869.00	10160.00	10091.00	10328.53	10539.35	10726.45	10892.50	11039.88	
% change		(0.04)	0.07	(0.02)	0.03	(0.01)	2.35%	2.04%	1.78%	1.55%	1.35%	

Source: Company Data & Author Analysis

Appendix 12: Intangible Assets

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Intangible Assets												
Intangible Assets Gross Beg	70781.00	71381.00	72307.00	78865.00	81716.00	85313.00	81066.00	84187.63	87309.27	90430.90	93552.53	Changes of scope of consolidation is based on historical average, due to acquisitions or sales of subsidiaries
Changes in scope of consolidation	0.00	4083.00	3626.00	464.00	3401.00	1745.00	2663.80	2663.80	2663.80	2663.80	2663.80	
Acquisitions and other increases	475.00	849.00	616.00	571.00	3112.00	1554.00	1196.17	1196.17	1196.17	1196.17	1196.17	Historical average
Disposals and other decreases	(855.00)	(333.00)	(502.00)	(543.00)	(683.00)	(1514.00)	(738.33)	(738.33)	(738.33)	(738.33)	(738.33)	
Currency Translation differences	985.00	(3558.00)	2818.00	2533.00	(1837.00)	3331.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	(5.00)	0.00	0.00	(174.00)	(396.00)	3.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale which will be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	(9366.00)	0.00	0.00	0.00	0.00	0.00	One time thing - will be zero
Intangible Assets Gross End	71381.00	72422.00	78865.00	81716.00	85313.00	81066.00	84187.63	87309.27	90430.90	93552.53	96674.17	
Intangible Assets Net Beg	21889.00	16509.00	18341.00	21407.00	21640.00	24319.00	22629.00	23570.91	24416.68	25176.13	25858.07	
Amortization	(2301.00)	(1832.00)	(1740.00)	(2196.00)	(2345.00)	(2200.00)	(2309.56)	(2405.69)	(2492.02)	(2569.53)	(2639.13)	Historical average
% Amortization	10.51%	11.10%	9.49%	10.26%	10.84%	9.05%	10.21%	10.21%	10.21%	10.21%	10.21%	
Changes in scope of consolidation	0.00	0.00	0.00	11.00	33.00	0.00	0.00	0.00	0.00	0.00	0.00	Remain 0
Impairment losses, net of reversals	(3627.00)	(330.00)	(192.00)	454.00	(932.00)	(264.00)	(429.50)	(429.50)	(429.50)	(429.50)	(429.50)	Historical average, excluding on-offs
Disposals and other decreases	697.00	321.00	462.00	525.00	629.00	722.00	559.33	559.33	559.33	559.33	559.33	Historical average
Currency Translation differences	(687.00)	2649.00	(2022.00)	(1591.00)	1287.00	(2134.00)	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	1.00	0.00	0.00	179.00	410.00	(5.00)	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale which will be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	6438.00	0.00	0.00	0.00	0.00	0.00	One time thing - will be zero
Accumulated Amortization and Impairment Beg	(48892.00)	(54809.00)	(53966.00)	(57458.00)	(60076.00)	(60994.00)	(58437.00)	(60616.73)	(62892.59)	(65254.77)	(67694.46)	
Accumulated Amortization and Impairment End	(54809.00)	(54001.00)	(57458.00)	(60076.00)	(60994.00)	(58437.00)	(60616.73)	(62892.59)	(65254.77)	(67694.46)	(70203.76)	
Intangible Assets Net End	16572.00	18421.00	21407.00	21640.00	24319.00	22629.00	23570.91	24416.68	25176.13	25858.07	26470.41	
		0.11	0.16	0.01	0.12	(0.07)	4.16%	3.59%	3.11%	2.71%	2.37%	

Source: Company Data & Author Analysis

Appendix 13: Right of use Assets

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Rights-of-use Assets												
Rights-of-use Assets Gross Beg	1439.00	1583.00	1711.00	2745.00	2872.00	2672.00	2613.00	2825.83	3038.67	3251.50	3464.33	
Changes in scope of consolidation	0.00	15.00	93.00	(26.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Remain 0
Acquisitions and other increases	157.00	340.00	963.00	292.00	247.00	442.00	406.83	406.83	406.83	406.83	406.83	
Disposals and other decreases	(31.00)	(121.00)	(91.00)	(232.00)	(314.00)	(375.00)	(194.00)	(194.00)	(194.00)	(194.00)	(194.00)	
Currency translation differences	18.00	(85.00)	76.00	101.00	(58.00)	89.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	0.00	(21.00)	(7.00)	(8.00)	(75.00)	(60.00)	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale w hich w ill be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	(155.00)	0.00	0.00	0.00	0.00	0.00	One time thing - w ill be zero
Rights-of-use Assets Gross End	1583.00	1711.00	2745.00	2872.00	2672.00	2613.00	2825.83	3038.67	3251.50	3464.33	3677.17	
Rights-of-use Assets Net Beg	1431.00	1300.00	1198.00	1948.00	1815.00	1654.00	1510.00	1522.04	1534.09	1546.13	1558.17	
Changes in scope of consolidation	0.00	0.00	0.00	14.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Remain 0
Depreciation and impairment charged in the period	(282.00)	(299.00)	(315.00)	(341.00)	(292.00)	(315.00)	(306.12)	(306.12)	(306.12)	(306.12)	(306.12)	
% Depreciation	19.71%	23.00%	26.29%	17.51%	16.09%	19.04%	20.27%	20.27%	20.27%	20.27%	20.27%	
Disposals and other decreases	7.00	44.00	40.00	82.00	276.00	183.00	105.33	105.33	105.33	105.33	105.33	
Currency translation differences	0.00	22.00	(15.00)	(17.00)	21.00	(30.00)	0.00	0.00	0.00	0.00	0.00	Constant to 0, no feasible information
Transfers	0.00	3.00	6.00	2.00	34.00	38.00	0.00	0.00	0.00	0.00	0.00	Constant to 0, depends on Assets Held for Sale w hich w ill be 0
Opella reclassification	0.00	0.00	0.00	0.00	0.00	39.00	0.00	0.00	0.00	0.00	0.00	One time thing - w ill be zero
Accumulated Depreciation and Impairment Beg	(8.00)	(283.00)	(513.00)	(797.00)	(1057.00)	(1018.00)	(1103.00)	(1303.79)	(1504.58)	(1705.37)	(1906.16)	
Accumulated Depreciation and Impairment End	(283.00)	(513.00)	(797.00)	(1057.00)	(1018.00)	(1103.00)	(1303.79)	(1504.58)	(1705.37)	(1906.16)	(2106.95)	
Rights-of-use Assets Net End	1300.00	1198.00	1948.00	1815.00	1654.00	1510.00	1522.04	1534.09	1546.13	1558.17	1570.22	

Source: Company Data & Author Analysis

Appendix 14: Debt Schedule

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Debt & Leases Schedule												Assumptions
DV	23.02%	20.69%	18.64%	16.74%	14.57%	13.48%	9.96%	12.84%	13.09%	12.79%	12.44%	From w hat's understood on the annual reports , LT Debt to be due next period is passed into ST Debt. So that's w hat I did, and then just assuming New Debt w ill go directly to LT Debt.
% Growth		-10.13%	-9.92%	-10.20%	-12.98%	-7.44%	-7.44%	-7.44%	1.92%	-2.27%	-2.72%	
Total Debt - Target	25933.00	23675.00	22414.00	21212.00	18422.00	17906.00	17655.23	17556.32	17516.98	17501.28	17495.01	
% Growth		-8.71%	-5.33%	-5.36%	-13.15%	-2.80%	-1.40%	-0.56%	-0.22%	-0.09%	-0.04%	Debt w ill remain stable at €17Bn, w hich w ill give a target at 2029YE of around 12.00%.
ST Borrowings End	4554.00	2767.00	3183.00	4174.00	2045.00	4209.00	3151.00	1255.00	1771.00	1404.00	3256.19	
% Change		-39.24%	15.03%	31.13%	-51.01%	105.82%	-25.14%	-60.17%	41.12%	-20.72%	131.92%	
% Of total Debt	17.56%	11.69%	14.20%	19.68%	11.10%	23.51%	17.85%	7.15%	10.11%	8.02%	18.61%	The value below is from Bloomberg Principal Due in 30
Future payments of Debt							4105.00	3047.00	1151.00	1667.00	1300.00	
LT Debt after repayment but before new debt	20131.00	19745.00	17123.00	14857.00	14347.00	11791.00	8744.00	11511.58	12802.99	12618.75	11119.50	
New Debt to meet target							3918.58	2958.41	1115.76	1652.94	1294.38	ST debt, LT debt, LT leases and ST leases w ill be based on a % of total debt. ST leases and LT leases w ill be distributed based on % of total leases
LT Debt End							12662.58	14469.99	13918.75	14271.69	12413.88	
% Of total Debt	77.63%	83.40%	76.39%	70.04%	77.88%	65.85%	71.72%	82.42%	79.46%	81.55%	70.96%	
% Change		-1.92%	-13.28%	-13.23%	-3.43%	-17.82%	7.39%	14.27%	-3.81%	2.54%	-13.02%	
ST Leases after repayments but before New Leases	261.00	232.00	269.00	277.00	275.00	261.00	216.60	235.47	217.08	199.55	182.37	
New ST leases to meet target							40.75	20.43	38.25	55.55	72.64	
ST Leases End							257.34	255.90	255.33	255.10	255.01	
% Of total Debt	1.01%	0.98%	1.20%	1.31%	1.49%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	
% Change		-11.11%	15.95%	2.97%	-0.72%	-5.09%	-1.40%	-0.56%	-0.22%	-0.09%	-0.04%	
% Total Leases	20.91%	19.95%	12.76%	12.70%	13.55%	13.69%	13.18%	13.18%	13.18%	13.18%	13.18%	
Future payments of Leases							337.00	166.00	294.67	423.33	552.00	
LT Leases after repayments but before New Leases	987.00	931.00	1839.00	1904.00	1755.00	1645.00	1352.40	1440.17	1319.59	1204.34	1091.22	
New LT leases to meet target							231.90	135.25	252.31	366.15	478.71	
LT Leases End							1584.30	1575.43	1571.90	1570.49	1569.93	
% Of total Debt	3.81%	3.93%	8.20%	8.98%	9.53%	9.19%	8.97%	8.97%	8.97%	8.97%	8.97%	
% Change		-5.67%	97.53%	3.53%	-7.83%	-6.27%	-3.69%	-0.56%	-0.22%	-0.09%	-0.04%	
% Total Leases	79.09%	80.05%	87.24%	87.30%	86.45%	86.31%	86.82%	86.82%	86.82%	86.82%	86.82%	
Future payments of Leases							337.00	166.00	294.67	423.33	552.00	

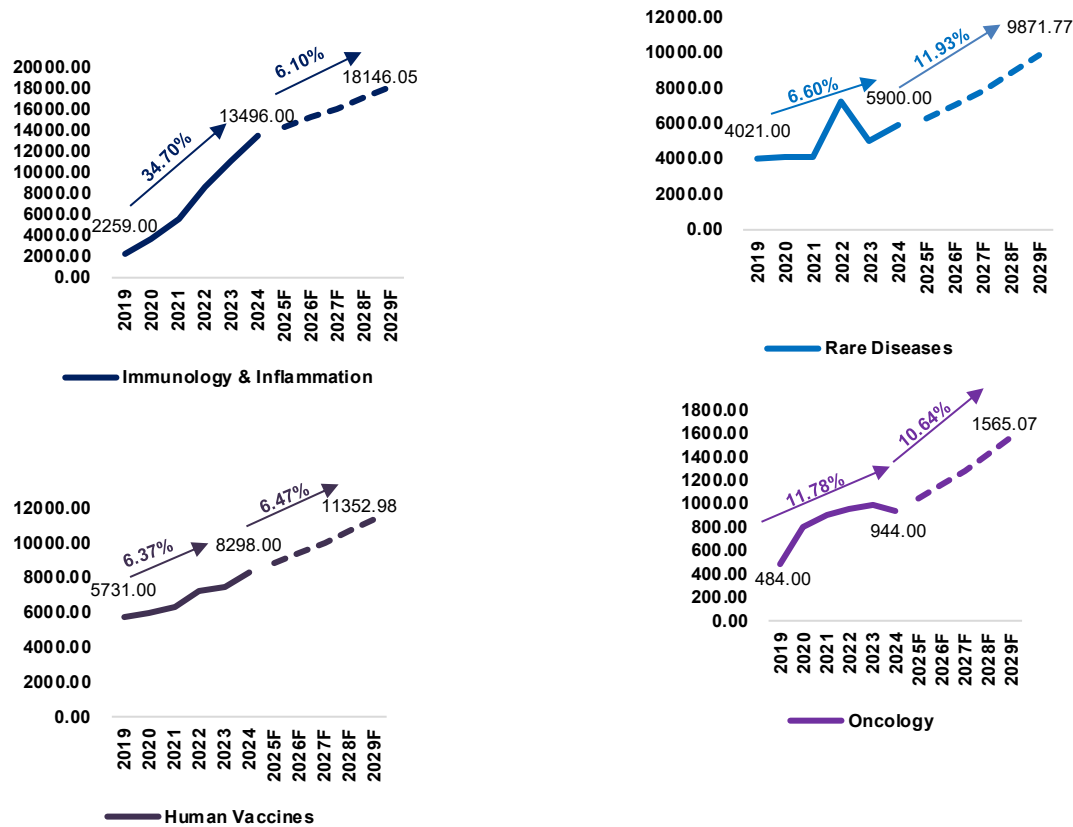
Source: Company Data & Author Analysis

Appendix 15: Sales by Category

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	
Sales by Category												Expected CAGR
Immunology & Inflammation	2259.00	3770.00	5536.00	8632.00	11072.00	13496.00	14319.26	15192.73	16119.49	17102.78	18146.05	6.10%
Rare Diseases	4021.00	4140.00	4168.00	7248.00	5023.00	5900.00	6289.40	7039.73	7879.56	8819.60	9871.77	11.93%
Neurology	2160.00	2158.00	2037.00	2111.00	955.00	379.00	283.58	212.18	185.47	162.12	141.71	-25.18%
Oncology	484.00	798.00	912.00	950.00	990.00	944.00	1044.44	1155.57	1278.52	1414.56	1565.07	10.64%
Other Pharma	16795.00	14558.00	14218.00	14231.00	12376.00	12063.00	11415.66	10803.07	10513.21	10231.12	9956.61	-5.37%
Human Vaccines	5731.00	5973.00	6323.00	7229.00	7474.00	8298.00	8834.88	9406.50	10015.10	10663.07	11352.98	6.47%

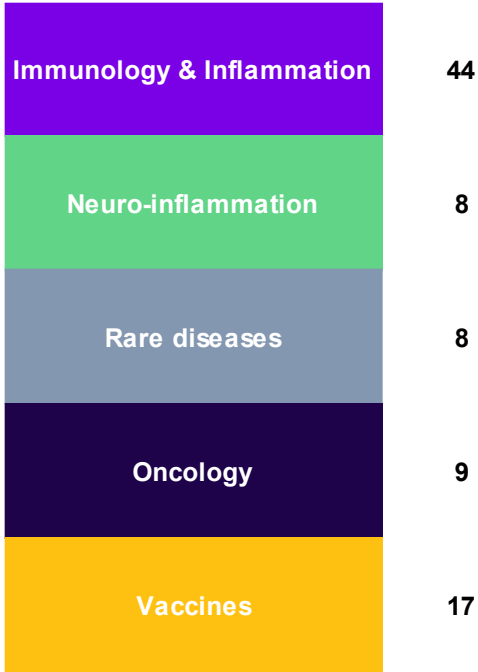
Source: Company Data & Author Analysis

Appendix 16: Key drivers of revenue growth

































Source: Company Data & Author Analysis

Appendix 17: R&D Pipeline



Source: Company Data

Appendix 18: Business and Corporate Structure – Board of Directors

As of February 12, 2025										Audit Committee	Appointments, Governance & CSR Committee	Compensation Committee	Strategy Committee	Scientific Committee
		Age	Nationality	Number of Sanofi shares held	Number of directorships in listed companies ^(a)	Date first appointed	End of current term of office (AGM)	Years of service on Board						
CHAIRMAN	Frédéric Oudéa		61		1,000	3	2023 ^(b)	2027	2		●		★	●
CHIEF EXECUTIVE OFFICER	Paul Hudson		57		136,628 ^(c)	1	2019	2026	5				●	
NON-INDEPENDENT DIRECTORS	Christophe Babule		59		1,000	1	2019	2026	5	●				
	Barbara Lavernos		56		1,000	1	2021	2025	3		●		●	
INDEPENDENT DIRECTORS	Clotilde Delbos		57		500	4	2024	2027	1	●		●		
	Rachel Duan		54		1,000	4	2020	2028	4			●		
	Carole Ferrand		54		1,000	1	2022	2025	2	★				
	Lise Kingo		63		1,000	3	2020	2028	4		●			
	Jean-Paul Kress		59		1,000	1	2025 ^(d)	2026	0				●	●
	Patrick Kron		71		1,000	3	2014	2026	10		★ ^(e)	★	●	
	Fabienne Lecorvaisier		62		1,000	3	2013	2025	11	●				
	Anne-Françoise Nesmes		53		533	2	2024	2027	1	●				
	John Sundy		63		500	1	2024	2027	1					●
	Emile Voest		65		1,000	1	2022	2025	2					●
	Antoine Yver		67		1,000	1	2022	2025	2				●	★
DIRECTORS REPRESENTING EMPLOYEES	Wolfgang Laux		57		See biography	1	2021	2025	3			●		
	Yann Tran		59		See biography	1	2021	2025	3					

★ Chair ● Member

Source: Company Data

Appendix 19: SARD Model

Name	Net Debt/EBIT	Market Cap	Sales Growth	ROE (%)	RORC	R&D/Sales	Op Margin	SARD Rank	Peer?
Sanofi	1.21	132,248,948,888.70	6.41	7.34	5.99	16.7%	16.38		
NOVARTIS AG-REG	1.23	213,408,726,932.65	10.85	26.33	5.16	19.4%	28.12	11	NO
ASTRAZENECA PLC	2.46	225,199,070,492.00	18.03	17.60	3.98	25.1%	18.35	10	NO
MERCK & CO. INC.	1.23	225,777,119,131.20	6.74	40.81	3.58	28.0%	31.03	13	NO
ABBVIE INC	6.84	358,384,689,925.59	3.71	62.08	4.40	22.7%	16.22	11	NO
NOVO NORDISK	0.60	382,006,069,157.00	25.03	80.78	6.04	16.6%	44.19	15	NO
ELI LILLY & CO	2.43	867,585,030,784.99	32.00	84.84	4.10	24.4%	28.64	16	NO
GSK PLC	3.26	73,032,308,218.00	3.46	19.06	4.90	20.4%	12.82	1	YES
ROCHE	1.42	259,948,714,563.00	3.03	27.10	3.95	25.3%	22.18	5	NO
PFIZER INC	10.59	149,721,876,724.70	8.77	4.49	5.88	17.0%	19.51	7	NO
JOHNSON & JOHNSON	0.63	392,634,130,294.44	4.30	20.06	5.15	19.4%	23.69	5	NO
AMGEN INC	6.74	164,588,850,436.34	18.57	67.55	5.60	17.8%	21.71	14	NO
GILEAD SCIENCES INC	22.16	137,662,526,564.22	6.04	2.28	4.87	20.5%	5.78	3	YES
CSL LTD	2.64	75,772,043,752.00	11.19	15.38	10.35	9.7%	25.76	8	NO
ZOETIS INC	1.02	73,881,188,385.83	8.33	50.91	13.49	7.4%	36.07	8	NO
UCB SA	6.01	35,040,194,288.70	17.14	2.67	3.77	26.5%	21.52	4	YES
SANDOZ GROUP AG	15.28	18,726,603,701.00	7.23	0.01	10.91	9.2%	3.76	1	YES

Source: Author Analysis

Appendix 20: Market Value of Debt

MVD Computati	01/09/2025	01/03/2026	01/09/2026	01/01/2027	01/04/2028	01/03/2029	01/04/2029	01/03/2030	01/04/2030	01/03/2034	01/03/2038
Debt	750.00	1500.00	1510.00	1150.00	1666.00	650.00	650.00	2000.00	1000.00	500.00	1250.00
Int.Rate	1.500%	1.000%	1.750%	0.500%	1.125%	0.875%	1.250%	1.375%	1.500%	1.250%	1.875%
Maturity	0.24	0.73	1.24	1.57	2.82	3.74	3.82	4.74	4.82	8.74	12.74
Total Debt	12626.00										
Debt*Maturity	178.77	1101.37	1869.92	1808.49	4701.32	2429.04	2484.25	9473.97	4821.92	4369.86	15928.08
Average Maturit	3.89										
MVD + BVLease	15100.95										

MVD = Interest Expense (historical average) X ((1-(1/(rd^{average} maturity)))/rd) + (total debt/((1+rd)^{average maturity}))

Source: Author Analysis & Corporate Finance Institute

Appendix 21: Terminal Growth Rate

PRAT Model											
	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
NI	2754.00	12294.00	6223.00	7970.00	4724.00	5560.00	8908.74	5903.22	6496.27	7121.35	7950.53
Dividends	3837.19	3948.84	4008.00	4168.83	4456.05	4704.00	4905.49	5082.00	10529.71	5454.29	5650.55
Sales	37631.00	37369.00	39175.00	40561.00	41618.00	44286.00	45586.50	47416.07	49818.29	52455.42	55347.16
Total Assets	112630.00	114413.00	120242.00	126722.00	126464.00	132798.00	135182.85	136740.16	133857.18	136840.92	140622.51
Equity	59230.00	63252.00	69031.00	75152.00	74353.00	77857.00	81903.69	82736.99	78721.82	80413.66	82747.08
(NI-D)/NI (1) (Retained Earnings)	-39.33%	67.88%	35.59%	47.69%	5.67%	15.40%	44.94%	13.91%	-62.09%	23.41%	28.93%
ROE (2)	4.65%	19.44%	9.01%	10.61%	6.35%	7.14%	10.88%	7.13%	8.25%	8.86%	9.61%
g = 1*2	-1.83%	13.19%	3.21%	5.06%	0.36%	1.10%	4.89%	0.99%	-5.12%	2.07%	2.78%

25-29 Average

Fisher Formula			
	US	EU	ROW
% Revenues	48.65%	21.97%	29.38%
Inflation Rate	2.00%	1.90%	1.88%
GDP Growth	1.90%	1.77%	3.30%
Weighted Inflation	0.97%	0.42%	0.55%
Weighted GDP	0.92%	0.39%	0.97%
Total Weighted	1.91%	0.81%	1.53%
g*	4.24%		

	US	EU	ROW
GDP Growth	1.90%	1.77%	3.30%
Weighted GDP	0.92%	0.39%	0.97%
g*	2.28%		

Stable Growth Model (Equity and Firm Reinvestment Rate)						
	2025E	2026E	2027E	2028E	2029E	TGR
Capex	3103.00	3103.00	3103.00	3103.00	3103.00	
D&A	3444.69	3567.55	3677.58	3776.14	3864.42	
NWC var	(13.86)	(288.90)	(317.60)	(352.60)	(392.93)	
Debt Ratio	13.06%	12.84%	13.09%	12.79%	12.44%	
NI	8908.74	5903.22	6496.27	7121.35	7950.53	
EBIT(1-t)	9600.86	6395.68	7005.69	7732.72	8563.37	
Equity Reinvestment Rate	-3.47%	-11.12%	-11.94%	-12.56%	-12.71%	
ROE	10.88%	7.13%	8.25%	8.86%	9.61%	
g (Equity)	-0.38%	-0.79%	-0.99%	-1.11%	-1.22%	-0.90%
Firm Reinvestment Rate	-3.70%	-11.78%	-12.74%	-13.26%	-13.48%	
ROIC	9.83%	6.40%	7.13%	7.97%	8.64%	
g (Firm)	-0.36%	-0.75%	-0.91%	-1.06%	-1.17%	-0.85%
g (R&D Adjusted)	5.68%	5.32%	5.28%	4.99%	4.67%	5.19%

Source: Author Analysis

Appendix 22: Cost of Debt

	2025	Source
Current Rating	A3	Moody's
RF	2.70%	Market Survey, Pablo Fernandez et al. 2025
Company Default Spread	0.45%	Damodaran
Cost of Debt	3.15%	

Source: Author Analysis

Appendix 23: Beta

Company	Gross Margin	Operating Margin	Cash Holdings	FC	VC	Beta Raw	D/E	Tax	Bu Peers	Bu Cash Adjusted	Bu Peers Adjusted	Bu Sanofi	Bl Sanofi	Bl Sanofi Blume Adjusted	Beta Raw - Blume Adjustment	Damodaran	
Sanofi	72.53%	16.38%	5.60%	56.16%	27.47%	0.70	23.00%	17.98%							0.797	Drugs/Pharmaceutical	0.95
Gsk	76.46%	33.18%	8.46%	43.28%	23.54%	0.78	124.20%	20.22%	0.393					D/E		23.00%	
Gilead Sciences	86.20%	29.60%	11.69%	56.60%	13.80%	0.34	141.30%	25.90%	0.168					Corporate Tax Rate		17.98%	
Ucb	71.52%	21.52%	6.80%	50.00%	28.48%	1.15	30.80%	8.43%	0.900					Levered Beta		1.129	
Sandoz	47.56%	2.96%	5.71%	44.60%	52.44%	0.92	59.50%	24.51%	0.637								
Average	70.44%	21.82%	8.16%	48.62%	29.56%	0.801	88.95%	19.76%	0.524	0.571	0.216	0.657	0.781	0.854		Unlevered Beta	0.748

Source: Author Analysis

Appendix 24: WACC

WACC Computation	% Revenue	Value	MRP	Source
MRP US	48.7%	5.50%	2.68%	Fernández et al., 2025 Market Survey
MRP EU	22.0%	5.40%	1.19%	
MRP CHN	29.4%	5.60%	1.65%	
MRP Total			5.51%	
Risk-Free (EU)			2.77%	
Cost of Equity			7.63%	
Cost of Debt			3.15%	
D/V			11.42%	
E/V			88.58%	
Tax Rate			25%	
WACC			7.02%	

Source: Author Analysis

Appendix 25: Diluted Shares Count

Fully Diluted Shares				
Current Price				96.54
Basic Shares outstanding (latest filing)				1251.40
In-the-money exercisable options				775.19
Total proceeds (€Millions)				60,671.23
Total shares repurchase (Millions)				628.46
Net Dilutive options				146.74
Net Diluted Shares Outstanding				1398.14
Options Outstanding				
	Outstanding	Exercise Price		Dilutive Shares
Tranche 1	136.00	€ 75.90		136.00
Tranche 2	257.01	€ 88.97		257.01
Tranche 3	168.78	€ 65.84		168.78
Tranche 4	213.40	€ 76.71		213.40
Total				775.19

Source: Author Analysis & Company Data

Appendix 26: Free Cash Flow to the Firm Valuation (WACC Approach)

FCFF millions of EUR	2027F	2028F	2029F	Terminal Period	Wacc	7.02%
EBIT (1-t)	7,005.69	7,732.72	8,563.37	8,758.85	g	2.28%
D&A	3,677.58	3,776.14	3,864.42	3,864.42		
CapEx	3,103.00	3,103.00	3,103.00	3,864.42		
Change in NWC	-317.60	-352.60	-392.93	-392.93		
FCFF	7897.88	8758.46	9717.72	193015.37		
Discounted FCFF	7379.52	7646.52	7927.18	157451.28		
Terminal Value	157451.28					
Enterprise Value	180404.50					
Investments	5995.00					
NCI	423.78					
Net Debt	-7708.79					
Value of Equity	178266.93					
Shares Outstanding	1251.40					
Price/Share	€ 142.45					
Current Price	€ 96.54					
Upside/Downside	47.56%					
Annualized Upside/Downside	26.26%					
Recommendation	BUY					

Source: Author Analysis

Appendix 27: Free Cash Flow to Equity Valuation

FCFE millions of EUR	2027F	2028F	2029F	Terminal Period	Re	g
FCFF	7,897.88	8,758.46	9,717.72			7.63%
After Tax Interest	-454.48	-453.46	-453.06			2.28%
Net Borrowing	-39.34	-15.70	-6.27			
FCFE	7404.05	8289.29	9258.39	177257.28		
PV FCFE	6879.49	7156.33	7426.69	142188.28		
Investments	5995.00					
NCI	423.78					
Equity Value	169222.00					
Shares Outstanding	1251.40					
Price/Share	€ 135.23					
Current Price	€ 96.54					
Upside/Downside	40.07%					
Annualized Upside/Downside	22.38%					
Reccomendation	BUY					

Source: Author Analysis

Appendix 28: Discount Dividend Model Valuation

Year	DPS	Re	PV Dividends	gL	gS	H
2027F	€ 8.41	7.63%	€ 7.82			2.28%
2028F	€ 4.36	7.63%	€ 3.76			6.11%
2029F	€ 4.52	7.63%	€ 3.62			13.00%
Sum PV Dividends			€ 15.20			
Terminal Period	€ 107.48					
PV Terminal Period	€ 86.21					
PV DPS + TP	€ 101.42					
Current Price	€ 96.54					
Upside/Downside	5.05%					
Annualized Upside/Downside	3.00%					
Reccomendation	REDUCE					

Source: Author Analysis

Appendix 29: Adjusted Present Value Valuation

APV	2027F	2028F	2029F	Terminal	Unlevered	
FCFF	7,897.88	8,758.46	9,717.72	193,015.37	Rd	7.01%
<i>Ru</i>	7.01%	7.01%	7.01%	7.01%	g	3.15%
Pvu	7,380.51	7,648.56	7,930.35	157,514.21	Tc	2.28%
Vu	180,473.62					25.00%
Debt Capacity	17,516.98	17,501.28	17,495.01			
Interest Paid	553.02	551.78	551.29			
Tax Shield	138.26	137.95	137.82	4,373.75		
PV Tax Shield	134.03	129.65	125.58	3,985.17		
Value Tax Shield	4,374.43					
VL	184,848.05					
Investments	5,995.00					
Net Debt	-7,708.79					
NCI	423.78					
Equity Value	182,710.48					
Shares	1,251.40					
Price/Share	€ 146.00					
Current Price	€ 96.54					
Upside/Downside	51.24%					
Annualized Upside/Downside	28.14%					
Reccomendation	BUY					

Source: Author Analysis

Appendix 30: Relative Valuation – Multiples

Price to Cash Flow Op.	Average
P/FCF	22.53
FCF	7,149.12 €
Equity Value	161,093.60 €
# Shares Outstanding	1,251.40
Share Price	128.73 €
Current Price	96.54 €
Upside/Downside	33.34%
Annualized Upside/Downside	18.82%
Reccomendation	HOLD

Enterprise Value to R&D	Average
EV/R&D	21.16
R&D	7,911.27 €
Enterprise Value	167,395.54 €
Cash & Equivalents	15,234.56 €
Debt	17,556.32 €
Minority Interests	405.51 €
Investments	5,995.00 €
Equity Value	170,663.27 €
# Shares Outstanding	1,251.40
Share Price	136.38 €
Current Price	96.54 €
Upside/Downside	41.27%
Annualized Upside/Downside	23.01%
Reccomendation	BUY

Source: Author Analysis

Price to Earnings	Average
P/E	24.95
Earnings	5,903.22 €
Equity Value	147,304.98 €
# Shares Outstanding	1,251.40
Share Price	117.71 €
Current Price	96.54 €
Upside/Downside	21.93%
Annualized Upside/Downside	12.62%
Reccomendation	HOLD

Enterprise Value to Sales	Average
EV/Sales	4.01
Sales	47,416.07 €
Enterprise Value	189,901.35 €
Cash & Equivalents	15,234.56 €
Debt	17,556.32 €
Minority Interests	405.51 €
Investments	5,995.00 €
Equity Value	193,169.08 €
# Shares outstanding	1,251.40
Share Price	154.36 €
Current Price	96.54 €
Upside/Downside	59.89%
Annualized Upside/Downside	32.48%
Reccomendation	BUY

Appendix 31: Regression Based - EV/R&D

Regression Statistics	
Multiple R	0.852263888
R Square	0.726353734
Adjusted R Square	0.612334457
Standard Error	2.955602063
Observations	18

ANOVA

	df	SS	MS	F	Significance F
Regression	5	278.2478487	55.64956975	6.370446735	0.004126198
Residual	12	104.8270027	8.735583557		
Total	17	383.0748514			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	wer 95.t	Upper 95.0%
Intercept	261.5506024	269.5511976	0.970318829	0.351039665	-325.7510052	848.85221	-325.8	848.85221
Log(Revenues)	-4.46703647	1.276915864	-3.49830133	0.004395602	-7.249197134	-1.684875801	-7.249	-1.684875801
Return on Equity	26.48251927	5.242719366	5.051294456	0.000283905	15.05961505	37.90542348	15.06	37.90542348
Log(Age)	-24.367366	34.95395364	-0.69712761	0.499006453	-100.5254886	51.79075665	-100.5	51.79075665
Net Debt/EBITDA	-1.9850291	0.88966165	-2.23121801	0.045510916	-3.923435313	-0.046622881	-3.923	-0.046622881
R&D/Rev	-71.8406586	24.10811609	-2.97993664	0.011487105	-124.3677312	-19.31358592	-124.4	-19.31358592

Source: Author Analysis

Appendix 32: Tax Rate

Taxes	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	Obs.
Pre-Tax Income	2752.00	13778.00	7798.00	9937.00	6251.00	6698.00	10766.53	7071.19	7800.36	8568.90	9588.39	Only will be accounting 2022, 2023 and 2024, since they are 25%, the rest of the historical periods have different standard tax rates, which would create discrepancies. So effective tax rate is based on the 3y average
Current Taxes	(1892.00)	(1913.00)	(1908.00)	(2631.00)	(2251.00)	(2152.00)	(2691.63)	(1767.80)	(1950.09)	(2142.22)	(2397.10)	
Deferred Taxes	1771.00	106.00	350.00	722.00	1234.00	948.00	773.18	507.81	560.17	615.36	688.58	
Effective Taxes paid	(121.00)	(1807.00)	(1558.00)	(1909.00)	(1017.00)	(1204.00)	(1918.45)	(1259.99)	(1389.92)	(1526.86)	(1708.52)	
Effective Tax Rate	4.40%	13.12%	19.98%	19.21%	16.27%	17.98%	17.82%	17.82%	17.82%	17.82%	17.82%	
Tax Rate France				25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	

Source: Author Analysis

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