

11th March 2016

Healthcare

**Sanofi**

Price EUR72.56

**Sarilumab tops AbbVie's adalimumab in head-to-head trial**

**Fair Value EUR88 (+21%)**

**NEUTRAL**

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 67.3
Market Cap (EURm)	94,741
Avg. 6m daily volume (000)	3 254

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.6%	-5.5%	-18.0%	-7.7%
Healthcare	3.7%	-9.4%	-10.5%	-11.7%
DJ Stoxx 600	5.8%	-8.2%	-7.2%	-8.8%

	2016	2017e	2018e	2019e
P/E	13.1x	12.6x	11.6x	10.7x
Div yield (%)	4.1%	4.3%	4.8%	5.2%

#### ANALYSIS

- Sanofi and Regeneron announced today that the SARIL RFA MONARCH Phase III trial evaluating SC sarilumab (an anti-IL-6R administered at the 200mgQ2W) against adalimumab (AbbVie's anti-TNF- $\alpha$  administered at the 40mg Q2W dose) achieved the primary endpoint of reducing DAS28 score ( $p < 0.0001$ ) in the monotherapy setting. As a reminder, the trial recruited 369 patients suffering from RA and who were either naive or non-responders to MTX over a 24-week treatment course. Change in DAS28 score from baseline at w24 was -3.25 and -2.22 respectively for sarilumab and adalimumab respectively while the secondary endpoint of ACR20 response rate came in at 72% and 58% for sarilumab and adalimumab respectively.
- While we do not view sarilumab as benefitting from a clearly differentiated profile compared to Roche's Actemra, which also compared well vs. adalimumab, we are pleased to see that this study tends to confirm the trend that IL-6 offer a benefit over anti-TNF. While Roche has the only IL-6 marketed at the moment, we might see an increasing recognition for the class in coming years with more products potentially on the market (GSK's sirukumab shortly after Sanofi's sarilumab). However, this should also raise issues as to reimbursement and payers might be willing to favour products with the most favourable efficacy/safety profile (which might cloud's sarilumab's ramp-up alongside a commercial sales force that has to be reinforced for Sanofi in autoimmune diseases) or to the one that offers the highest discounts if products are close.

#### VALUATION

- We reiterate our NEUTRAL rating and EUR88 Fair Value

#### NEXT CATALYSTS

- March 2016: Headline results for dupilumab's phase III trials SOLO 1&2 in AD

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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