24th May 2016

Healthcare

Sanofi

Price EUR70.20

Briefing documents for lixi similar to Novo's in essence

Fair Value EUR86 (+23%) **NEUTRAL**

Bloomberg	SAN FP
Reuters	SASY.PA
12-month High / Low (EUR)	100.7 / 67.3
Market Cap (EURm)	90,336
Avg. 6m daily volume (000)	3 142

	1 M	3 M	6 M	31/12/15
Absolute perf.	-10.6%	-0.4%	-15.4%	-10.7%
Healthcare	-1.9%	2.4%	-10.3%	-9.2%
DJ Stoxx 600	-3.4%	2.7%	-11.5%	-8.0%

	2015	2016e	2017e	2018e
P/E	12.4x	12.8x	12.7x	11.7x
Div yield (%)	4.2%	4.3%	4.5%	5.0%

ANALYSIS

- In the briefing documents posted yesterday on the FDA's website ahead of Thursday's AdCom to review the clinical package submitted for both lixisenatide as a monotherapy and lixi-Lantus FDC, we do not see anything major that could prevent either of the two drugs from being recommended and approved by the FDA.
- However, again, the documents focus on the label and the positioning of such a combination and in this case, more specifically target the risk of having to reduce the dose of insulin when switching from Lantus to the FDC. Clearly the flexibility offered by the FDC of Xultophy and LixiLan is not perfect and is limited to a few cases when patients sometimes require careful attention to the right dose. The question about initiating treatment with either of the two FDC is asked and in our view unlikely to be answered positively. The category should be primarily prescribed for intensification of treatment in patients whose glycaemia is not controlled either under basal insulin or GLP1.
- This should not be too problematic for Sanofi or Novo-Nordisk, as this is how they finally recently said they would position the drugs. However, this means it will take more time than initially thought to make these drugs a commercial success. Discussions with payers might also take time.
- Note that the FDA points out inferiority of lixisenatide vs. exenatide in one study and also has questions about some doses of lixisenatide in the FDC (i.e. below 20µg) that may not be approved.

VALUATION

- No change to our estimates

NEXT CATALYSTS

- 24-25th May 2016: FDA AdCom for Xultophy, lixisenatide and lixiLan

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Distribution of stock ratings

BUY ratings 72% NEUTRAL ratings 0% SELL ratings 28%

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