



## Healthcare

26th February 2019

## SANOFI

- Healthcare
- Pharmaceuticals

## BUY - Top Picks

Fair Value	EUR94(+30%)
Share price	EUR72.57
EPS 3Y Cagr	9.1%

## Good phase III results for Dupixent in Nasal Polyposis

## Detailed results at AAAAI congress

Sanofi and Regeneron have published detailed results of two phase III studies conducted with Dupixent in the treatment of severe chronic rhinosinusitis with nasal polyps (CRSwNP). The top-line results were published in October last year. These trials, SINUS-24 and SINUS-52 were conducted during 24 weeks and 52 weeks respectively. Interestingly the strong data obtained at 24 weeks was maintained at 52 weeks. Multiple parameters were analysed (see table below) and Dupixent was significantly better than placebo. The most interesting parameter, in our view, was the reduction in rescue treatment (systemic corticosteroids or nasal polyp surgery) with 73% reduction at week 24 and 76% reduction at week 52. Nasal polyps are difficult to treat since in most of the cases surgery is ultimately needed without full success.

	Sinus opacification improvement		Identification of smell		Need for rescue treatment	
	Dupixent	Placebo	Dupixent	Placebo	Dupixent	Placebo
SINUS-24	42%	4%	146%	19%	7%	23%
SINUS-52	27%	0%	108%	7%	13%	44%

## Dupixent will be the first in its "class" with three indications

These good results will allow Sanofi (and Regeneron) to file the dossier for this new indication in the coming days/weeks. Since it is already approved in atopic dermatitis and moderate to severe asthma, this new indication will give a clear edge to Dupixent over its direct competitors Fasenna (AstraZeneca) and Nucala (GSK) which are only approved in moderate to severe asthma. Having all these three indications is important since about 30% of patients with severe asthma have also atopic dermatitis and nasal polyps. We estimate sales potential for Dupixent at about EUR750m in 2025 for this indication alone (and global sales of the drug at EUR6.1bn the same year).

## Less positive news for Praluent

For another compound that is part of the alliance between Sanofi and Regeneron, Praluent (cholesterol-lowering drug), we have less positive news regarding litigation with Amgen. Regeneron/Sanofi and Amgen are in a dispute over the patents protecting Praluent. In a first ruling, in 2016, Amgen won the first round with a jury stating its patents are valid (and therefore infringed by Regeneron/Sanofi). Regeneron/Sanofi appealed this decision, and a new trial just took place in the district court of Delaware where Amgen partially won the second round since three of the five asserted claims of two Amgen US patents were upheld. But the jury agreed with Regeneron/Sanofi for two of these five claims. Therefore, Regeneron/Sanofi intend to file post-trial motions and may ultimately appeal this decision. A long and difficult road but for a product that is no longer a key growth driver for Sanofi but more a "cherry on the cake" in case of a commercial revival and/or litigation success. We forecast sales of EUR1.4bn for Praluent in 2025. We still believe that Sanofi could be in a situation to share profits on Praluent with Amgen ultimately.

## Jean-Jacques Le Fur, PharmD

33(0) 70.36.57.45  
jjlefur@bryangarnier.com

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## Market Data

Bloomberg / Reuters	SAN FP/SASY.PA
Market Cap.	EUR90,503m
E.V.	EUR108.150m
Free Float	91
Avg. Daily volume (6m)	2 415
12m high / low	80.2 / 63.2
Ytd Perf.	-4.1%

eurM	12/18	12/19e	12/20e	12/21e
Sales	34,463	35,300	37,148	39,249
% Change		2.4%	5.2%	5.7%
EBITDA	10,064	10,163	10,492	10,627
% Change		1.0%	3.2%	1.3%
EBIT	8,926	9,522	10,284	10,883
% Change		6.7%	8.0%	5.8%
Net Income	6,819	7,170	8,044	8,863
% Change		5.2%	12.2%	10.2%
ROE	0.12	0.12	0.13	0.14

	12/18	12/19e	12/20e	12/21e
EV/Sales	3.1x	3.0x	2.8x	2.5x
EV/EBITDA	10.7x	10.4x	9.8x	9.4x
EV/EBIT	12.1x	11.1x	10.0x	9.2x
EPS	5.47	5.75	6.45	7.11
% change		5.2%	12.2%	10.2%
P/E	13.3x	12.6x	11.3x	10.2x
Div Yield	4.3%	4.5%	4.8%	5.1%

**Next Catalyst: 22/03/2019 - FDA decision on Zynquista (Type I diabetes)**

**Last rating Change:**  
2018-11-2, Q3 figures confirm our investment case

**Last FV Change:**  
2018-11-2, Q3 figures confirm our investment case

**Last Reports:**  
2019-2-8, Our investment thesis is intact

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BUY ratings 55,1%

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SELL ratings 6,8%

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# BRYAN, GARNIER & CO

## London

Bryan, Garnier & Co Ltd  
Beaufort House  
15 St. Botolph Street  
London EC3A 7BB  
United Kingdom  
+44 207 332 2500

## Paris

Bryan, Garnier & Co Ltd  
26 Avenue des Champs-  
Elysées  
75008 Paris  
France  
+33 1 56 68 75 20

## Munich

Bryan, Garnier & Co. GmbH  
Widenmayerstrasse 29  
80538 Munich  
Germany  
+49 89 2422 62 11

## Zurich

Bryan, Garnier & Co  
Theaterstrasse 4  
8001 Zurich  
Switzerland  
+41 44 991 3300

## New York

Bryan Garnier Securities  
750 Lexington Avenue  
16th floor  
New York, NY 10022  
United States  
+1 212 337 7000

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