

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (18/8/2014)
Swiss Exchange, in EUR € 79.17

of Shares (,000) 1,324,320.88
Market Cap (in € mn) 104,846.48
Ave. Volume (p) 2,437,903
Beta Co-efficient 0.54

Statistical Data

Max 52 week 80.20 €
Min 52 week 71.30 €
1-M Rtn 3.35%
6-M Rtn 6.53%
12-M Rtn 0.85%

Source: VRS Calculations,
Reuters, Bloomberg.

Company Profile & Strategy

Sanofi S.A. (or the Group) is a French pharmaceutical company headquartered in Paris with international operations. It is the third largest pharmaceutical company worldwide according to market share.

Sanofi is quite active in the field of M&As. Its most important acquisition was that of Aventis in year 2004. The deal was completed for USD 55.6 billion.

Stock Price & Volume Performance (1 year, in €)



Note: Share price performance based on share price closes on Euronext Paris.
Period as day/month/year.

SANOFI

Listed on Euronext Paris, France and New York Stock Exchange, US

[Bloomberg Ticker: SAN:FP] [Reuters Ticker: SASY.PA]

Business Sector: Pharmaceutical Companies

Corporate & Investment Highlights

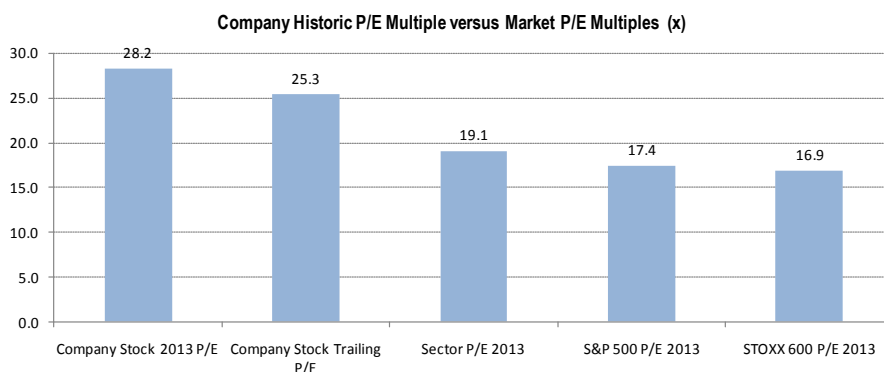
- According to the management, the growth of Sanofi is based on seven pillars: diabetes solutions, human vaccines, innovative drugs, consumer healthcare, emerging markets, animal health and the new Genzyme. These growth platforms represent 76% of Sanofi's total business.
- Both ROE and net profit margin are close to the sector's averages. Debt/equity ratio remains low and almost at the same levels over the last five years. Guidance for the end of 2014 has been improved with the EPS growth estimated now at 6%-8% versus 4%-7% based on the previous announcement.
- Sanofi stock looks to get a good premium from the investors as its P/E ratio is much higher the sector's average. Trailing P/E and P/S ratios stand at 25.3x and 3.2x respectively.

[As of the date of this report, the latest available financial statements of the Company/Group were of the 1st Half 2014.]

1st Half 2014 Consolidated Results

| (€ million) | 6M 2014 | % | 6M 2013 |
|------------------|----------|-----|----------|
| Revenues | 15,917.0 | -1% | 16,062.0 |
| EBITDA | 4,673.0 | -1% | 4,721.0 |
| EBT | 2,539.0 | 36% | 1,868.0 |
| EAT (Net Income) | 1,861.0 | 30% | 1,437.0 |

Source: The Company.



Source: VRS calculations based on consolidated accounts, FACTSET.

Important Note:

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Company Report

FLASH NOTE
August 18, 2014

SANOFI

Listed on Euronext Paris, France and New York Stock Exchange, US

[Bloomberg Ticker: SAN:FP] [Reuters Ticker: SASY.PA]

Business Sector: Pharmaceutical Companies

BASIC FINANCIAL INDICATORS

| (in € mn) | Sales | EBITDA | EBT | EATAM | P/E (x) | P/BV (x) | EV/EBITDA (x) | DEBT/EQUITY (x) | ROE % |
|-------------|----------|----------|---------|---------|---------|----------|---------------|-----------------|-------|
| 2009 | 29,785.0 | 11,329.0 | 6,137.0 | 5,265.0 | 19.9 | 2.2 | 9.6 | 0.2 | 11% |
| 2010 | 32,367.0 | 11,715.0 | 6,173.0 | 5,467.0 | 19.2 | 2.0 | 9.1 | 0.2 | 10% |
| 2011 | 33,389.0 | 11,157.0 | 5,257.0 | 5,646.0 | 18.6 | 1.9 | 10.4 | 0.3 | 10% |
| 2012 | 34,947.0 | 11,108.0 | 5,774.0 | 4,889.0 | 21.4 | 1.8 | 10.2 | 0.3 | 9% |
| 2013 | 32,951.0 | 10,614.0 | 4,603.0 | 3,717.0 | 28.2 | 1.8 | 10.5 | 0.3 | 7% |

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price. Source: Official Consolidated Financial Statements, VRS Calculations. n/c stands for non calculable.

Group Sales Breakdown

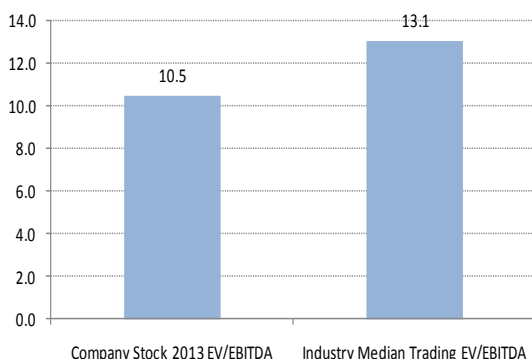
Period 2012 – 6M 2014, per Business Segment

EUR million, consolidated figures

| | 2014 6M | 2013 | 2012 |
|------------------------------------|---------------|---------------|---------------|
| Diabetes | | | |
| Sales | 3,450 | 6,568 | 5,782 |
| Oncology | | | |
| Sales | 680 | 1,465 | 2,394 |
| Genzyme | | | |
| Sales | 1,209 | 2,142 | 1,785 |
| Other prescription products | | | |
| Sales | 5,590 | 12,446 | 14,058 |
| Consumer Healthcare | | | |
| Sales | 1,701 | 3,004 | 3,008 |
| Generics | | | |
| Sales | 887 | 1,625 | 1,844 |
| Vaccines | | | |
| Sales | 1,346 | 3,716 | 3,897 |
| Animal Health | | | |
| Sales | 1,054 | 1,985 | 2,179 |
| Total | 15,917 | 32,951 | 34,947 |

Source: The Company.

Company Historic EV/EBITDA Multiple versus Industry Market EV/EBITDA Multiple (x)



Source: VRS calculations based on consolidated accounts, VALMETRICS VALUATION INDEX.

Working Capital Ratios

| in € million | | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------|------|-----------|-----------|-----------|-----------|-----------|
| Revenues | € mn | 29,785.00 | 32,367.00 | 33,389.00 | 34,947.00 | 32,951.00 |
| Cost (net of depreciation) | € mn | 8,107.00 | 9,398.00 | 10,865.00 | 11,098.00 | 10,990.00 |
| Gross Profit Margin | % | 72.78% | 70.96% | 67.46% | 68.24% | 66.65% |
| Net Income / Profit | € mn | 5,265.00 | 5,467.00 | 5,646.00 | 4,889.00 | 3,717.00 |
| Net Profit Margin | % | 17.7% | 16.9% | 16.9% | 14.0% | 11.3% |
| Cash & Cash Equivalents | € mn | 4,692.00 | 6,465.00 | 4,124.00 | 6,381.00 | 8,257.00 |

Stock Days

| Days | 200 | 195 | 203 | 210 | 211 | |
|-----------------|------|----------|----------|----------|----------|----------|
| Stock Inventory | € mn | 4,444.00 | 5,020.00 | 6,051.00 | 6,379.00 | 6,352.00 |

Debtors Days

| Days | 74 | 73 | 88 | 78 | 76 | |
|-----------------------|------|----------|----------|----------|----------|----------|
| Debtors - Receivables | € mn | 6,015.00 | 6,507.00 | 8,042.00 | 7,507.00 | 6,831.00 |

Creditors Days

| Days | 119 | 109 | 107 | 105 | 100 | |
|-----------------------|------|----------|----------|----------|----------|----------|
| Creditors - Suppliers | € mn | 2,654.00 | 2,800.00 | 3,183.00 | 3,190.00 | 3,003.00 |

Operating Cycle (Days)

| Days | 274 | 268 | 291 | 288 | 287 | |
|-------------------|------|-----|-----|-----|-----|-----|
| Cash Cycle (Days) | Days | 154 | 160 | 184 | 183 | 187 |

Source: Official Consolidated Financial Statements, VRS Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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| Covered Company | Bloomberg | Reuters | Stock Price | Date | Disclosure |
|-----------------|-----------|---------|-------------|-----------------|------------|
| SANOFI | SAN:FP | SASY.PA | € 79.17 | August 18, 2014 | ---- |

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4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
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