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COMPARATIVE ANALYSIS OF STOCK PERFORMANCE

Sanofi Stock Performance

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The business sector

The sector under scrutiny in this analysis is the pharmaceutical industry.

Pharmaceutical stocks can be characterized as both volatile and dynamic.



The present trends of the sector :

- AI speeds up drug discovery, advancing precision medicine.
- mRNA vaccines to expand for wider disease coverage.
- Increasing focus on mental health fuels demand for innovative solutions.
- Investor excitement in longevity sparks funding and research surge.

The key aspects of the Pharmaceutical stocks :



- Research and Development Impact
- Market Conditions and Competition
- Global Health Events
- Healthcare Policy and Pricing



About the company

Founded in 2004 and headquartered in Paris, France, Sanofi is a leading global pharmaceutical company. It operates in the pharmaceuticals, vaccines, and consumer healthcare sectors, placing a strong emphasis on innovation and research. Under the leadership of CEO Paul Hudson since 2019, the company is committed to addressing global health challenges and has a significant presence in various therapeutic areas. Sanofi places a high priority on corporate responsibility and is dedicated to incorporating sustainable practices into its operations.



43 billion euros
of revenue
(2022)



+59 manufacturing
sites



+91500
employees

Mission :“Empower Life”

Empowerment
through healthcare

- Intensifying long-term growth with increased investments and cost-saving initiatives, and planning to separate Consumer Healthcare by Q4 2024 while reaffirming capital allocation policy and growth targets.

Innovation and
collaboration

- Sanofi prioritizes innovation in its mission, acknowledging that transformative breakthroughs in healthcare demand ongoing research and collaborations with academic, healthcare, and industry partners to drive meaningful change..

Worldwide influence
and reach

- Sanofi is committed to global healthcare across 170+ countries, leveraging extensive research to provide accessible and affordable solutions worldwide.

Strategy : “play to win”

- **Increased Investment in Long-Term Growth**

- **Implementation of Strategic Cost Initiatives**

- **Planned Separation of Consumer Healthcare Business**

- **Reiteration of Capital Allocation Policy and Growth Targets**

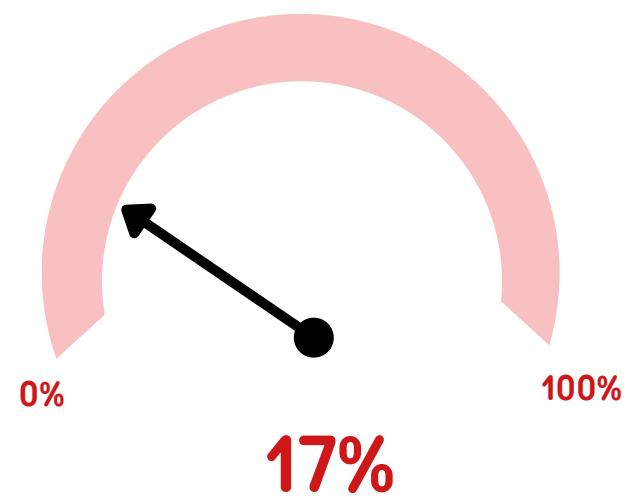
0.81
Quick Ratio

36.7
Interest Coverage

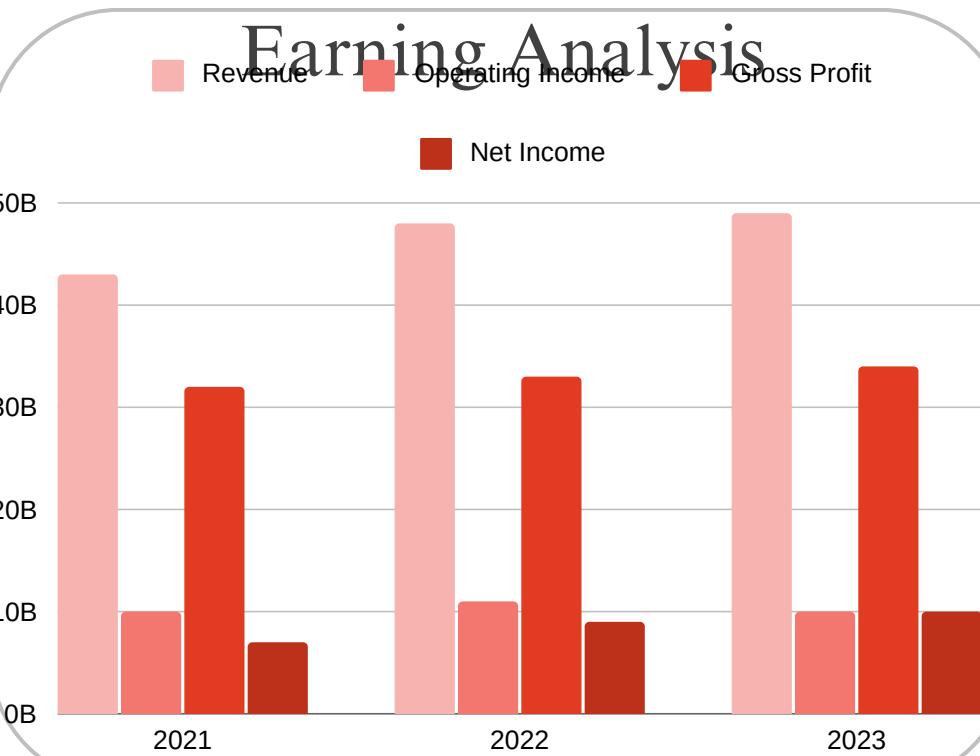
0.00039
FCF- to Debt

\$ 8.61 B
Cash & Equivalent

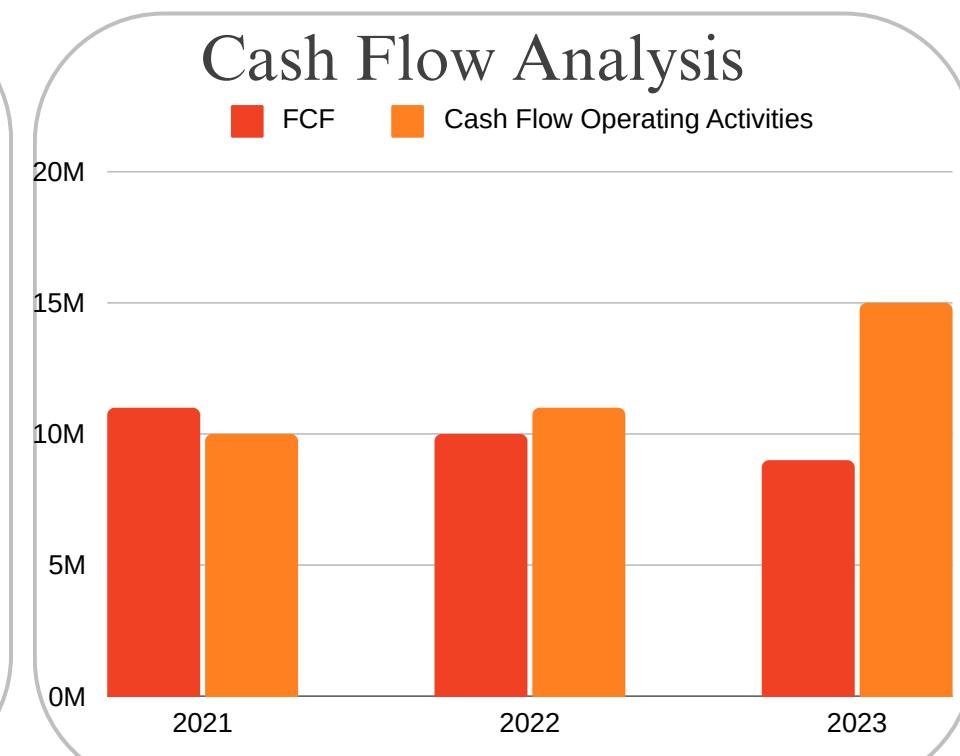
Debt-to-Capital



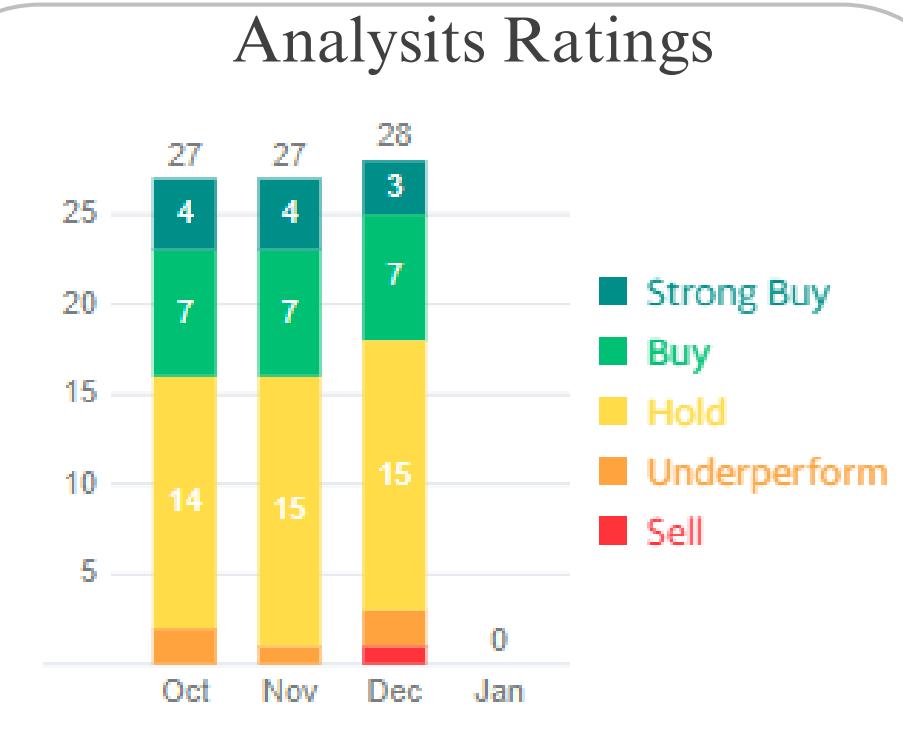
Earning Analysis



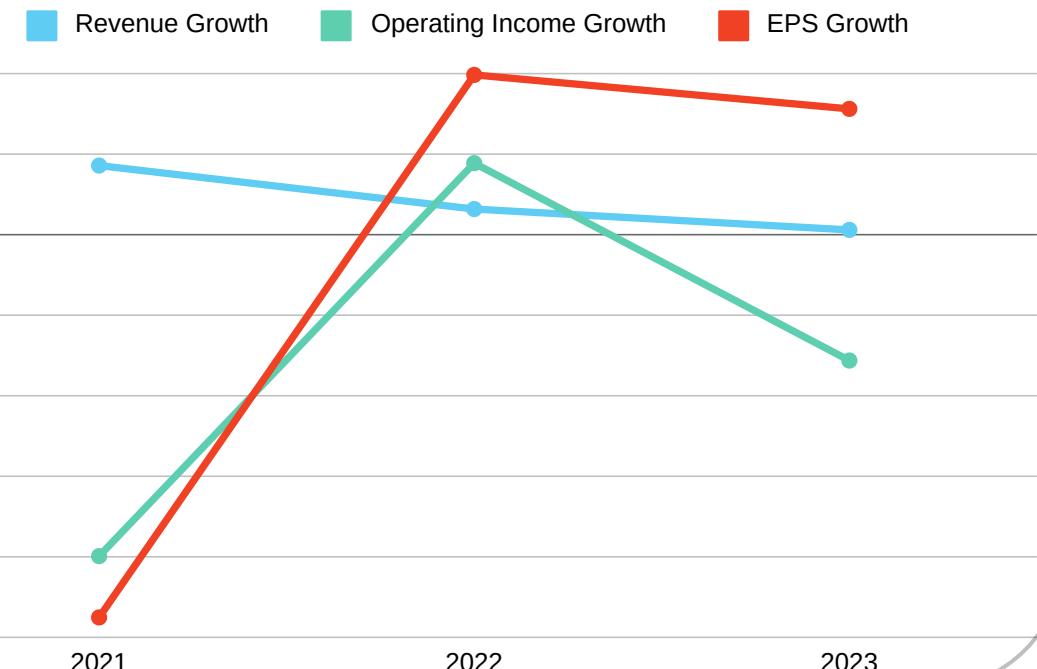
Cash Flow Analysis



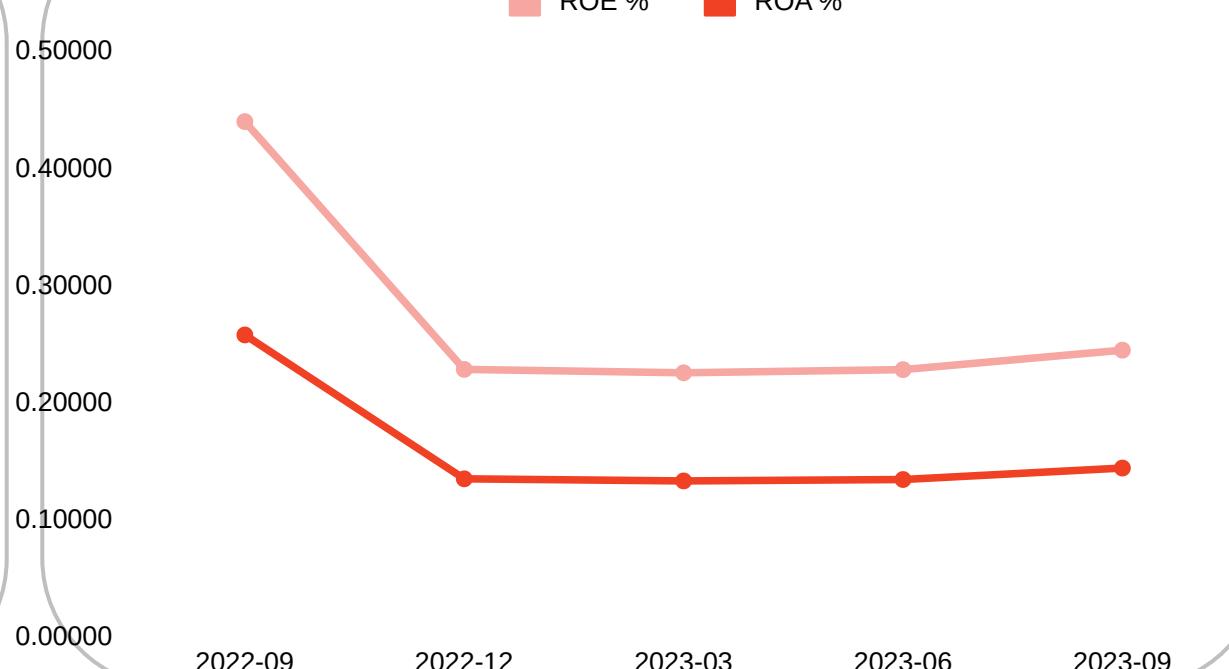
Analysts Ratings



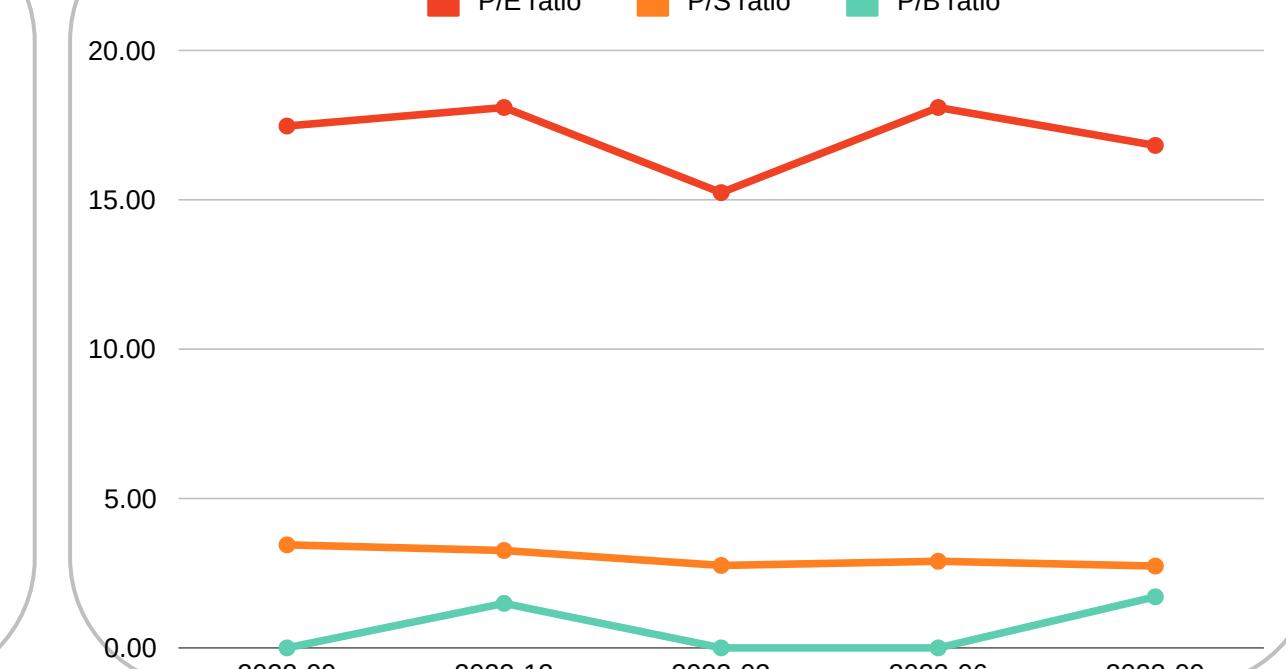
Growth Analysis



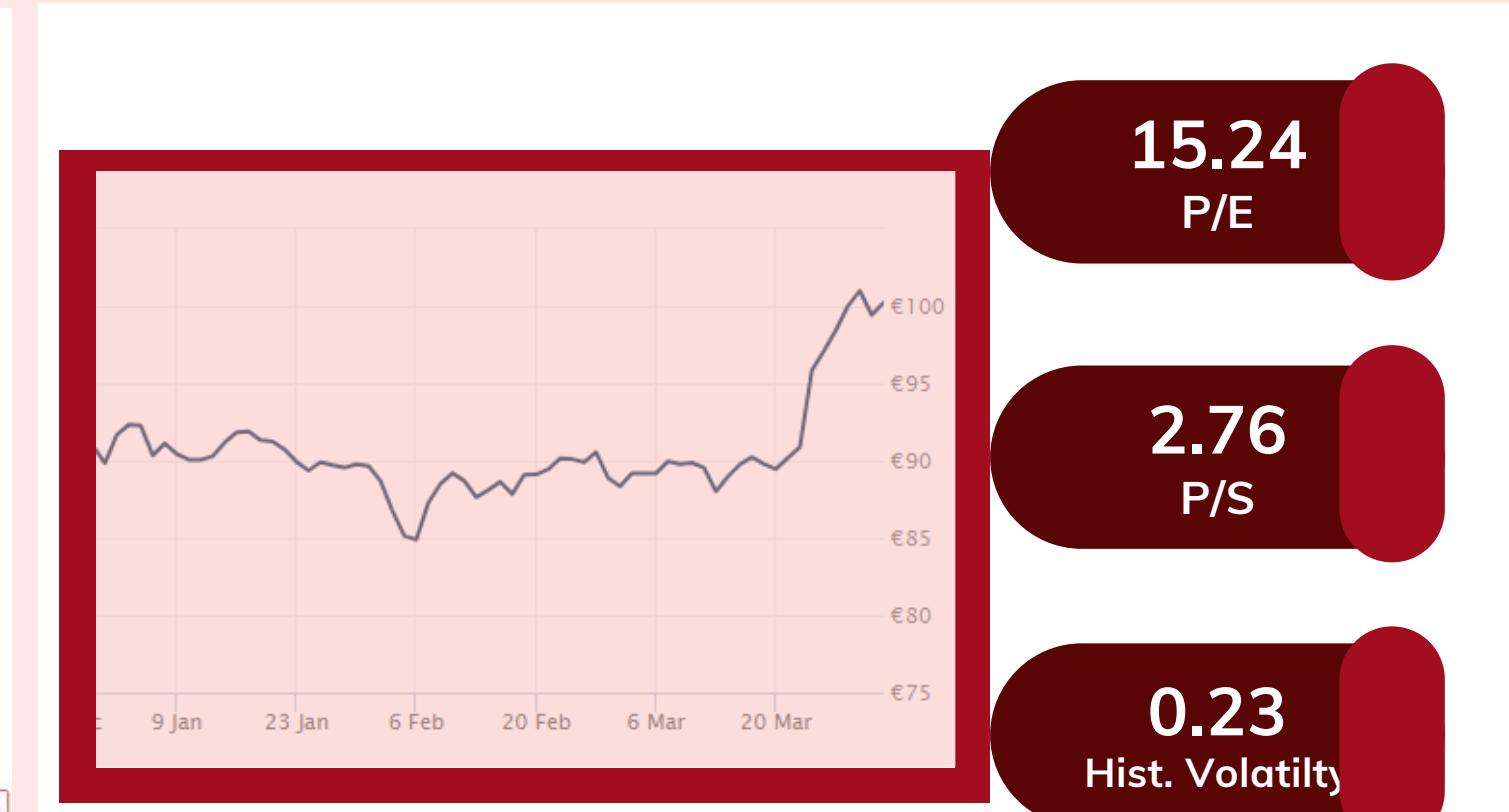
Profitability Analysis



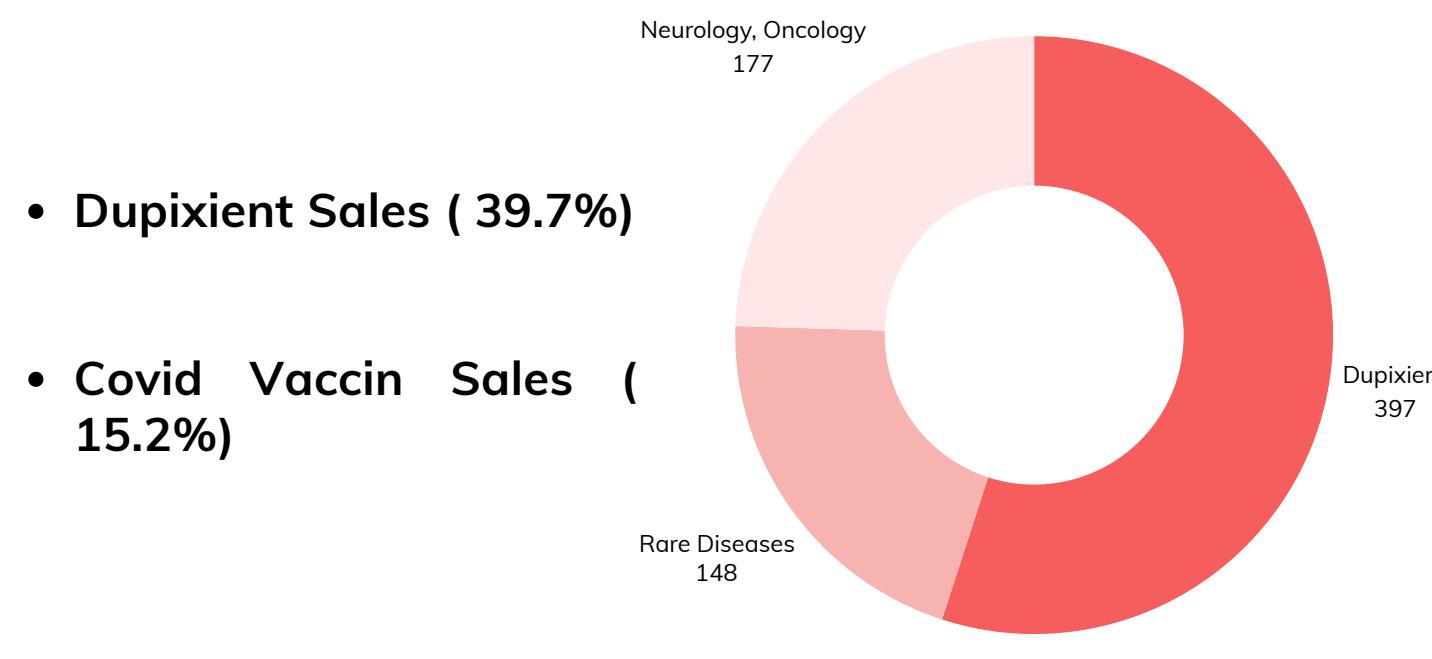
Market Analysis



Stock development analysis of Sanofi



Explaining Factors



- Dupixent Sales (39.7%)
- Covid Vaccin Sales (15.2%)

Q1 Analysis

- Stock Price : €90/share, steady and stable.
- P/E ratio : declined from 18.04 to 15.24 during that trimester.
- P/S ratio : declined from 3.26 to 2.76.
- ROE : remained stable around 0.22.
- ROA : remained stable at around 0.13.

Conclusion : stable trimester

Stock development analysis of Sanofi



Explaining Factors

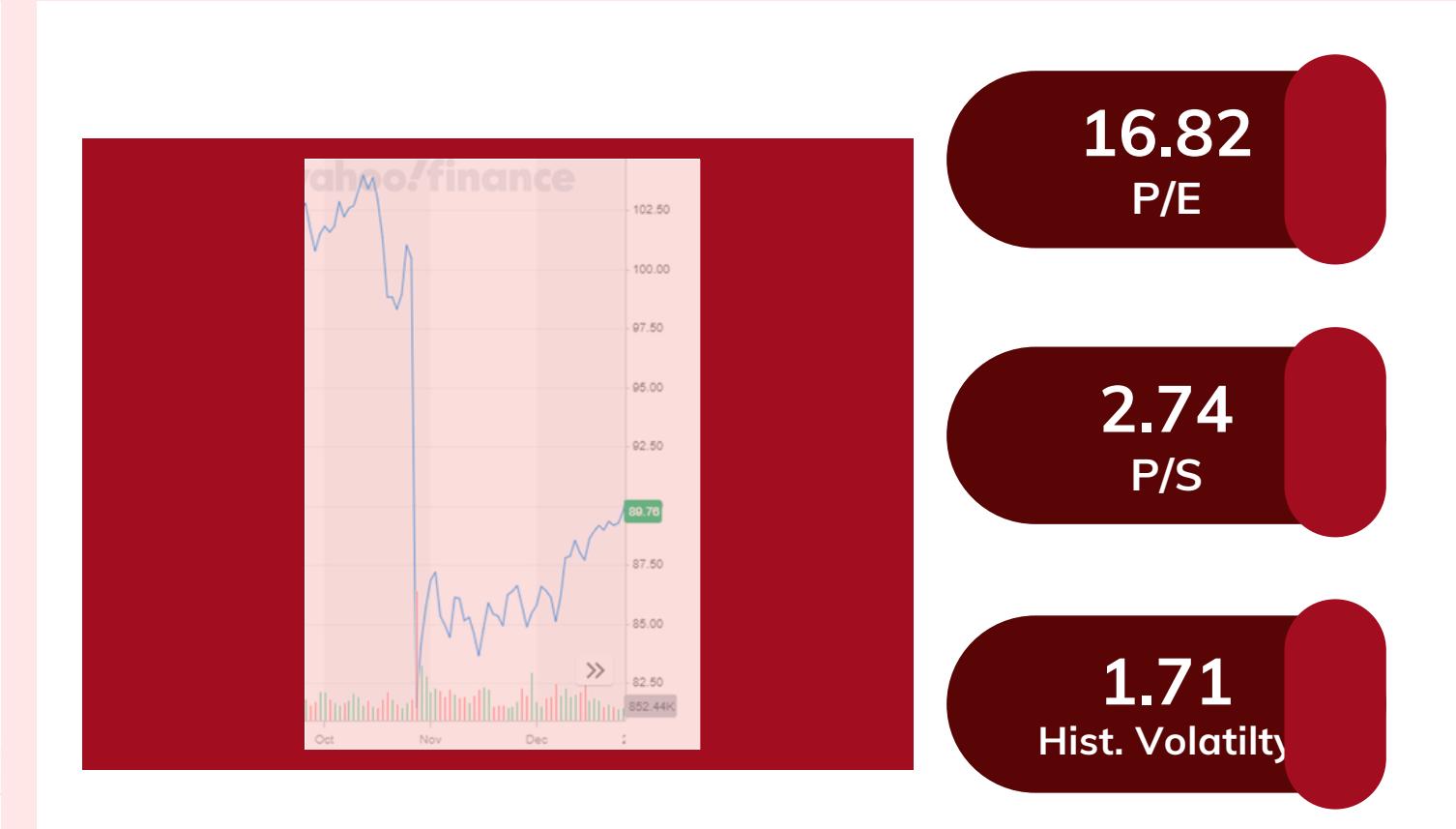
- Approval of the RSV vaccine in the US

Q2 & Q3 Analysis

- **Stock Price** : Surge to €100/share (change of +15%)
- **P/E ratio** : increased from 15.24 to 16.82 during that trimester.
- **P/S ratio** : remained stable around 2.75.
- **ROE** : remained stable around 0.23.
- **ROA** : remained stable at around 0.14.

Conclusion : stable trimester

Stock development analysis of Sanofi



Explaining Factors

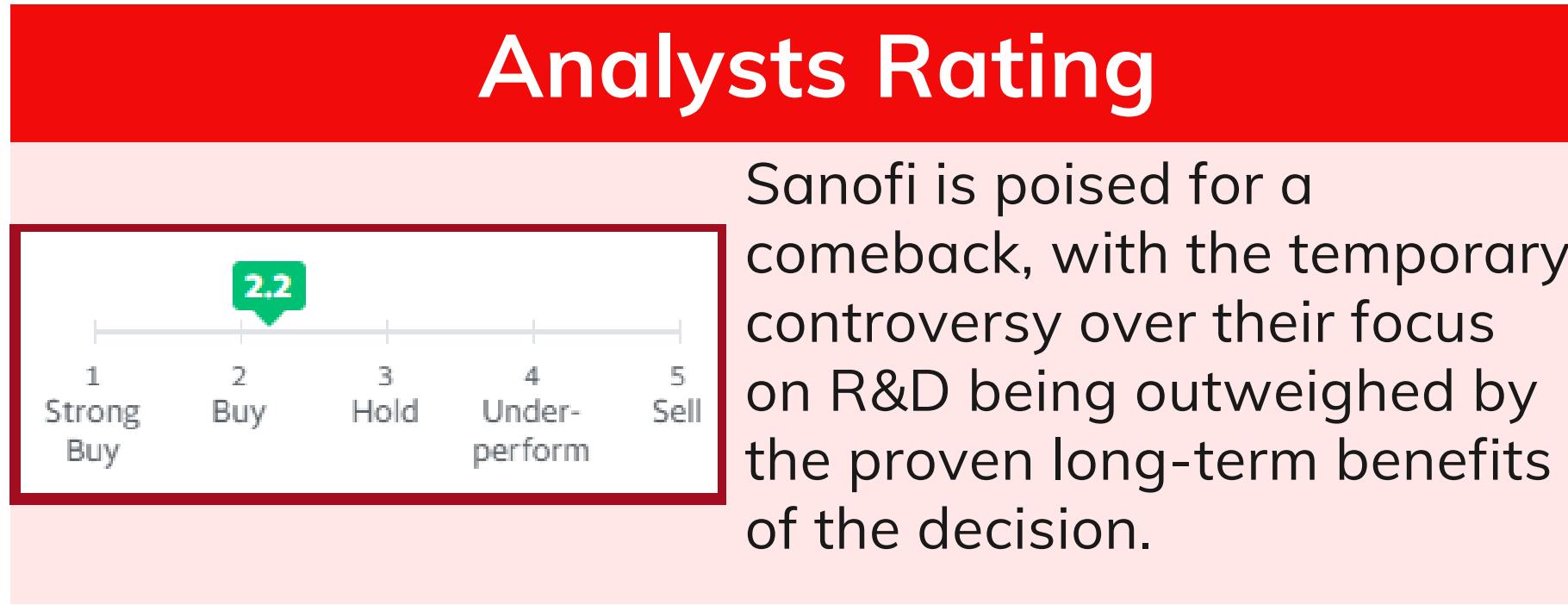
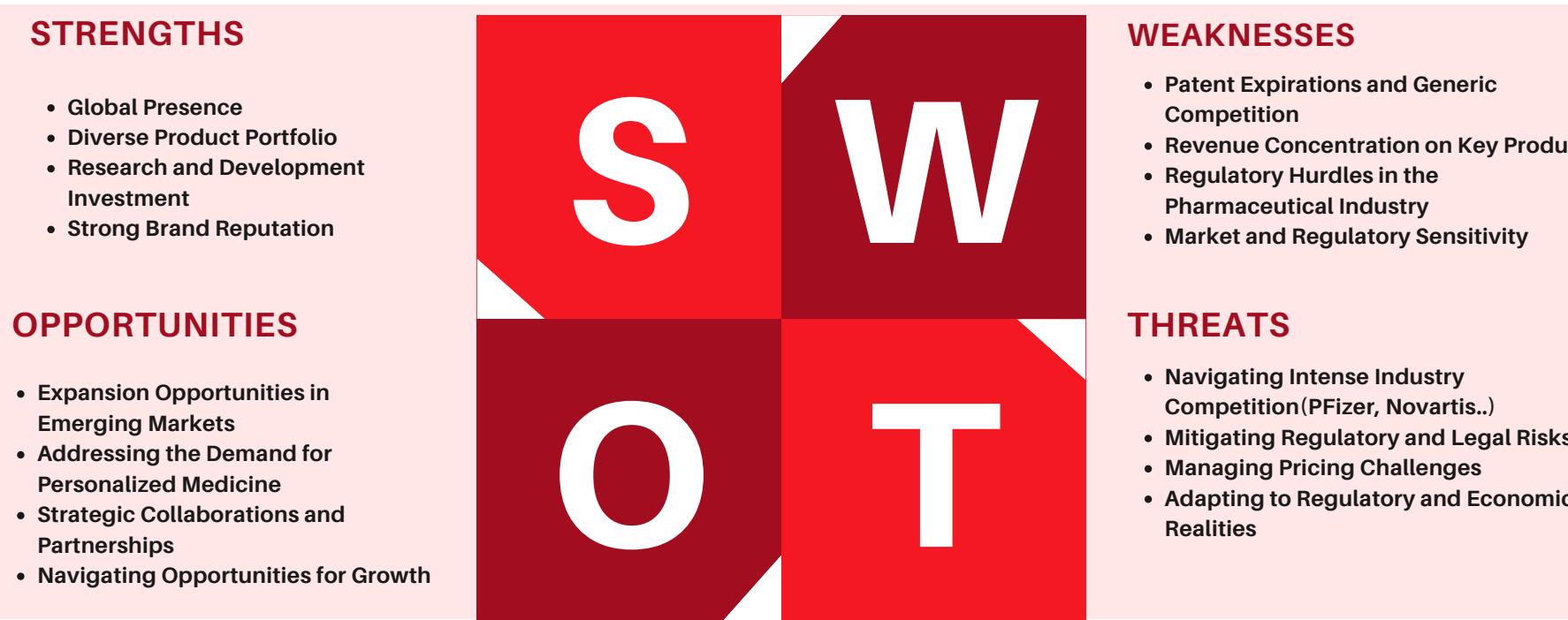
- The company abandoned a target for a 32% operating profit margin for 2025 to focus on "long-term profitability", meaning R&D.

Q4 Analysis

- Stock Price : €90/share, steady and stable.
- P/E ratio & P/S ratio : important decline over the last trimester showing the disappointment of the investors in Sanofi's revised decisions.

Conclusion : challenging trimester

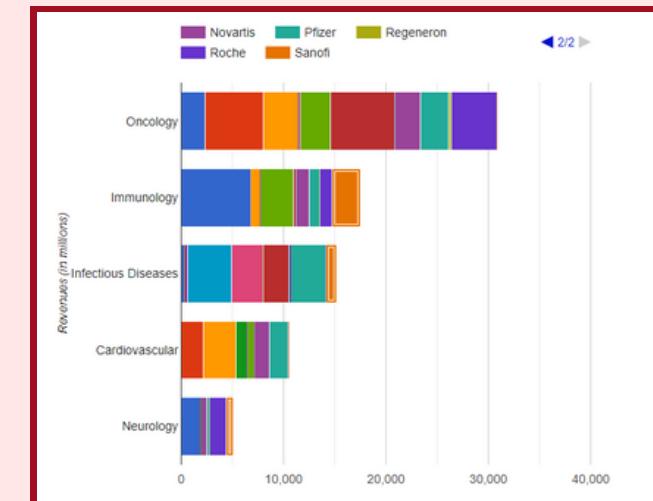
Overall Insights



Stock Performance

Sanofi's stock held steady in 2023, except for a dip in the last quarter following news of increased investment in R&D, which displeased investors. However, the company weathered the stock price drop well, with earnings and cash flow showing minimal change compared to 2022.

Global Industry Performance

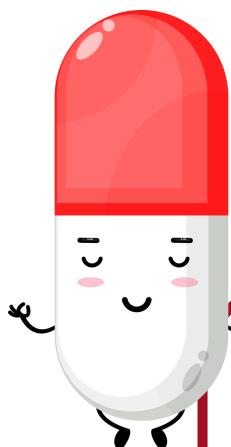


Despite the challenges encountered in the last quarter, Sanofi successfully maintained its presence in the pharmaceutical industry.

Main Competitors:

The main two competitors of Sanofi are : **Pfizer Inc.** and **Novartis AG**

Why ?



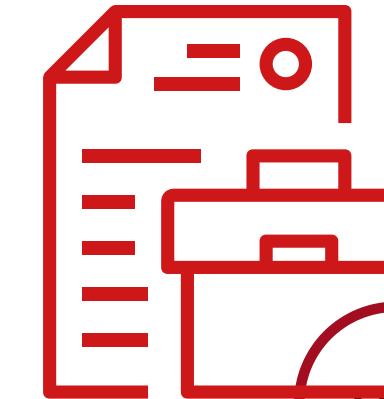
Business Model

Sanofi, Novartis, and Pfizer share a common business model focused on research and development (R&D) and manufacturing within the pharmaceutical and healthcare industry.



Geography

Sanofi, Novartis, and Pfizer are global corporations, competing internationally for market share across various countries and regions.



PORTOFOLIO

All three companies have diverse portfolios that encompass various therapeutic areas. They specialize in cardiovascular, oncology, diabetes, and vaccines, with overlapping product offerings.

Competitor 1 : Pfizer Inc.

About The Company :

Founded

1849

Employees

83,000

CEO

Albert Bourla

Website

<https://www.pfizer.com>

Pfizer Inc. discovers, develops, manufactures, markets, distributes, and sells biopharmaceutical products worldwide.

Pfizer and Sanofi are considered competitors :

Pfizer is one of the major competitors of Sanofi, particularly in the pharmaceutical industry. With a diversified portfolio of products and a strong global presence, Pfizer is known for its breakthrough medicines and innovative solutions in areas such as oncology, immunology, and rare diseases.

Pfizer	
Product Overlap	Drugs, vaccines, and consumer healthcare products
Business Model	R&D, Manufacturing, Marketing and sales.
Global Presence	USA – Europe – Asia-Pacific – Middle East – Africa (overlapping markets)
Research and Development	Long term R&D or

Stock Price Comparison

Stock price evolution in 2023 for Pfizer



Pfizer's stock price :

Stock price value constantly decreased over the year 2023 to hit a low point of **\$29.70** on October 31, 2023.

Stock price evolution in 2023 for Sanofi



Comparison between Pfizer and Sanofi stock price :

Over the analyzed period, Sanofi and Pfizer, two prominent pharmaceutical companies, exhibited divergent trends in their stock performances.

Sanofi's stock demonstrated a positive trajectory, with an approximate increase of 3.60%. Starting at \$88 on January 2, 2023, it concluded the period at \$92.080002 on January 26, 2024.

In contrast, Pfizer experienced a decline in its stock value, showing a decrease of approximately -32.29%. Commencing at \$40.570000 on January 2, 2023, its closing price at \$28.

Financial Metrics for Pfizer and Sanofi in 2023

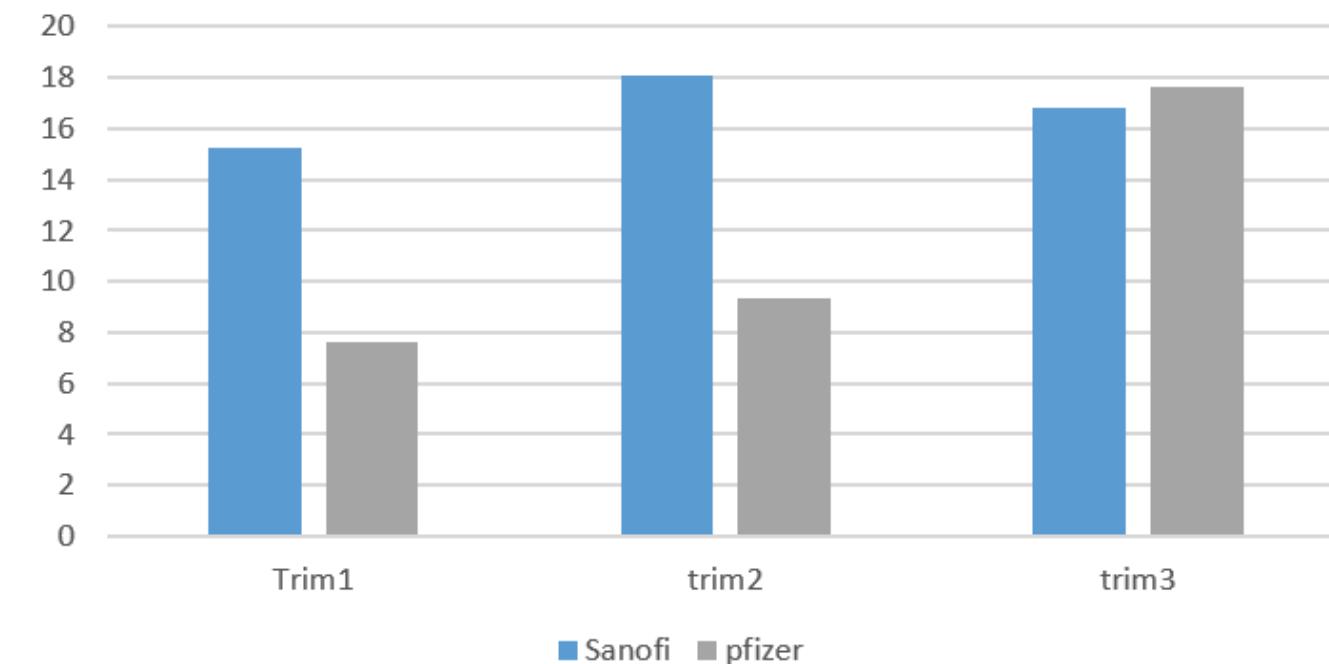
Indicator	Pfizer	Sanofi
Total Revenue	US\$68,537,000	US\$45,699,000
Gross Profit	US\$41,498,000	US\$31,777,000
P/E ratio	14.7688	15.711
ROE	-9.72%	9.41%
Basic EPS	1.85	7.25
Historical volatility	0.2	0.36
Dividend Yield	5.79%	2.62%

Let's analyze the provided financial indicators:

Pfizer has a larger total revenue and gross profit, Sanofi demonstrates a higher ROE and Basic EPS.

P/E Ratio for Sanofi and Pfizer :

PE/Semestre



The P/E ratio suggests a potential market preference for Pfizer in terms of valuation. Additionally, Pfizer offers a higher dividend yield compared to Sanofi.

Key Factors :

Pfizer significantly contributed to COVID-19 vaccine development resulting in a substantial boost in revenues and profits amid the pandemic. Yet, with the fading influence of COVID-19 and the return to normalcy, Pfizer witnessed a decline in its stock price. Pfizer wasn't ready for the NEXT, after the pandemic.

Competitor 2 : Novartis AG

About The Company :

Founded	Employees	CEO	Website
1996	103,000	Vas Narasimhan	https://www.novartis.com

Novartis AG researches, develops, manufactures, and markets healthcare products in Switzerland and internationally. The company offers prescription medicines for patients and physicians.

Novartis and Sanofi are considered competitors :

Novartis is another prominent competitor of Sanofi. The Swiss multinational pharmaceutical company operates in multiple sectors, including pharmaceuticals, generics, eye care, and oncology. Novartis has a strong focus on innovation and invests heavily in research and development to bring novel treatments to the market.

Novartis

Product Overlap

Pharmaceuticals, Oncology Products, Generics and Biosimilars, Vaccines

Business Model

Research and Development (R&D), Pharmaceuticals, Oncology Leadership, Generics and Biosimilars, Vaccines, Collaborations and Partnerships

Global Presence

Novartis operates in many more countries across Europe, Asia, the Americas

Research and Development

Novartis places a strong emphasis on research and development

Stock Price Comparison

Stock price evolution in 2023 for Novartis



Novartis stock price :

The evolution of Novartis' stock price from January 2023 to January 2024 shows fluctuations, with periods of growth, declines, and stabilization. The closing stock price on January 26, 2024, matches the closing price at the end of December 2023, indicating stability or potentially a temporary plateau in the stock's value.

Stock price evolution in 2023 for Sanofi



Comparison between Novartis and Sanofi stock price :

- Overall Performance: Novartis outperformed Sanofi in terms of percentage change, indicating a more robust growth in stock value.
- Consistency: Novartis showed a more consistent and strong upward trend, while Sanofi had a comparatively mixed performance with fluctuations.
- Ending Values: Both Novartis and Sanofi had the same closing stock prices, suggesting convergence in their values despite their differing trajectories throughout the period.

Financial Metrics for Novartis and Sanofi in 2023

Indicator	Novartis	Sanofi
Total Revenue	US\$54,217,000	US\$45,699,000
Gross Profit	US\$16,395,000	US\$31,777,000
P/E ratio	29.81	15.711
ROE	14.94%	9.41%
Basic EPS	3.59	7.25
Dividend Yield	2.12%	2.62%

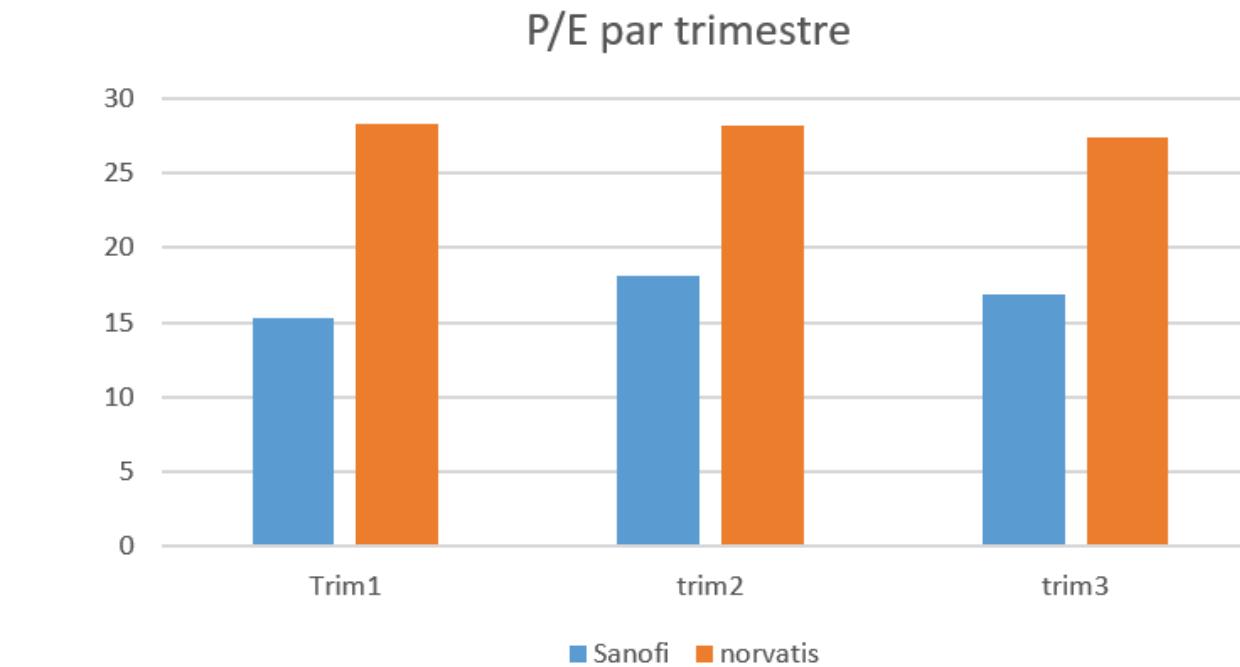
Novartis has a higher total revenue, while Sanofi has a higher gross profit, suggesting different strengths in their revenue generation and cost management strategies.

Novartis has a higher P/E ratio, indicating potentially higher growth expectations among investors.

Novartis demonstrates a higher ROE, reflecting better efficiency in using shareholder equity to generate profits.

Sanofi provides a higher dividend yield, making it potentially more attractive to income-focused investors.

P/E Ratio for Sanofi and Novartis :



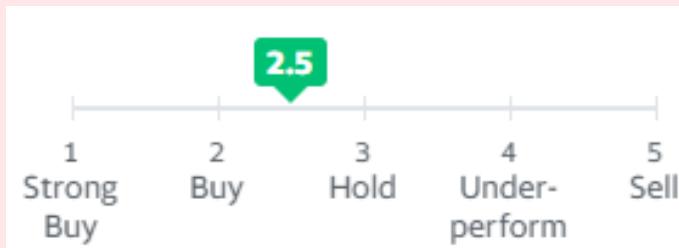
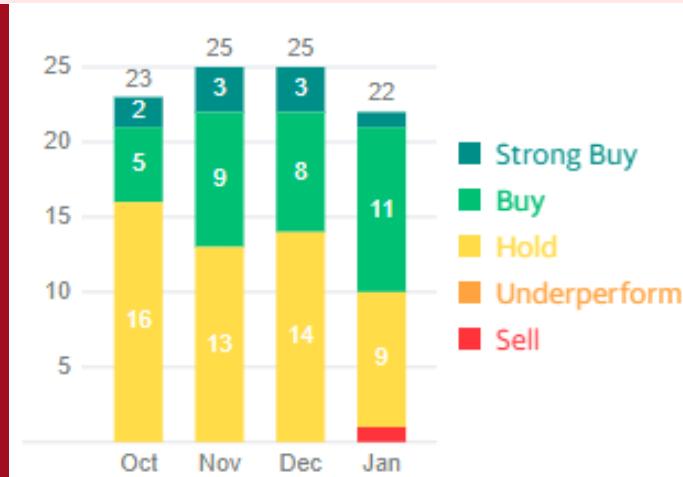
Novartis consistently maintained a higher P/E ratio compared to Sanofi across the three time periods, indicating that investors were willing to pay a premium for Novartis' earnings relative to Sanofi.

Key Factors :

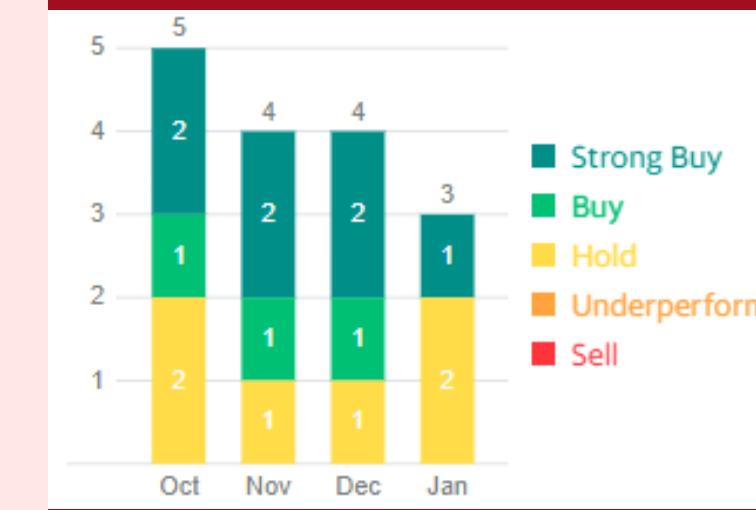
Novartis' positive stock market performance in 2023 can be attributed to strong second-quarter results driven by the success of key drugs such as Entresto, Kesimpta, Kisqali, and Pluvicto. Despite facing generic competition for Gilenya, the overall performance was robust. Additionally, the successful spin-off of Sandoz allowed Novartis to sharpen its focus on high-value innovative medicines, contributing to increased investor confidence and positively influencing the company's stock trajectory throughout the year.

Overall Insights

Pfizer



Novartis



Despite the distinct challenges confronting Pfizer, Novartis, and Sanofi, all three companies are garnering unanimous enthusiasm from analysts, as reflected in consistent "buy" ratings.

DIVIDEND ARISTOCRAT

Key information :

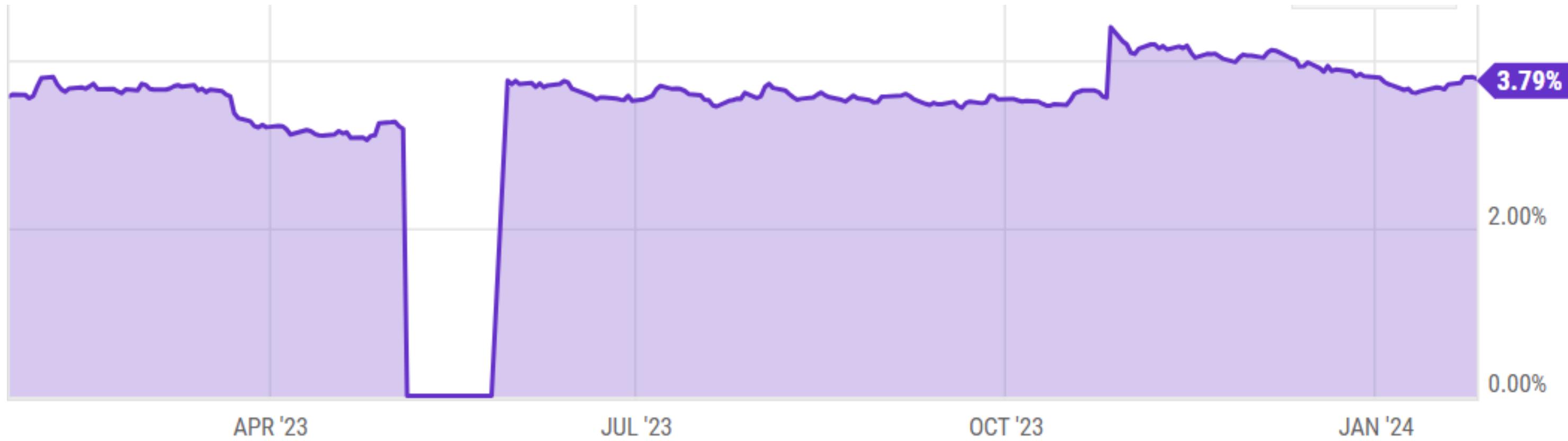
Dividend yield of sanofi : 3.9%

| Payout ratio : 52%

Industry average yield 3.6%

Sanofi is a dividend paying company with a current yield of 3.9% that is well covered by earnings.

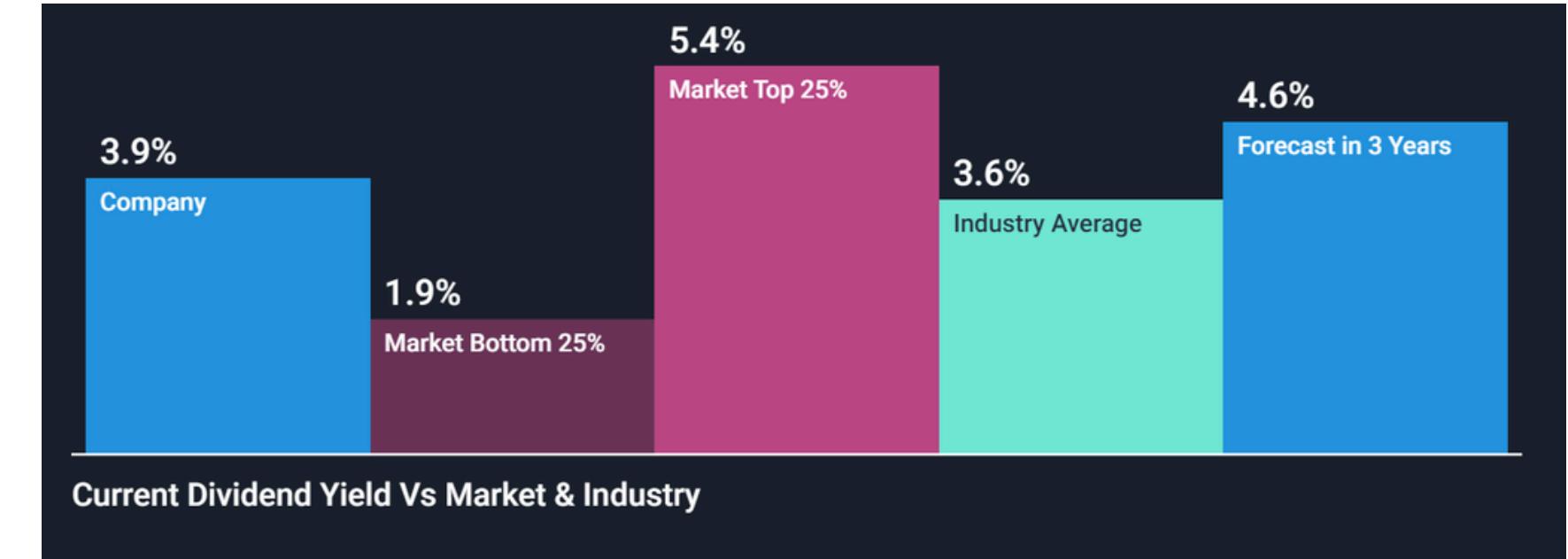
Past Dividend Yield :



DIVIDEND ARISTOCRAT

Description of the past evolution dividend yield :

- Sanofi has been a Dividend Aristocrat for 28 years. Within the last 10 years, Sanofi has increased it by 2.7% annually.
- Sanofi's Dividend Yield is high compared to the industry average.
- Stable Dividend Yield around 3.9% over the year of 2023, indicates that the company will maintain its dividend policy.



Sanofi last recorded an operating margin of **23.87%**, although it has been declining during the year of 2023 it is above **20%** indicating a healthy and stable financial situation.

Companies in the big pharma industry who faced similar situations as Sanofi have maintained their dividend payment rates.

Assumption on the dividend of 2024 :

Dividend payment policy will remain unchanged, so we can expect that they will increase their dividend payment to around **3.65 €**.

Conclusion

Despite the decline in Sanofi's stock price in 2023 attributed to its strategic shift towards a singular focus on Research and Development (R&D), this move marks a pivotal juncture in the company's trajectory.

While the initial reaction might have unnerved investors, it is essential to recognize that many successful companies have undergone similar transformations and emerged stronger by redirecting their focus entirely towards R&D. Sanofi's commitment to innovation and research is a strategic maneuver that, historically, has proven to be beneficial for organizations in the pharmaceutical sector.