Sanofi (SNY)

$51.14 (As of 02/18/20)

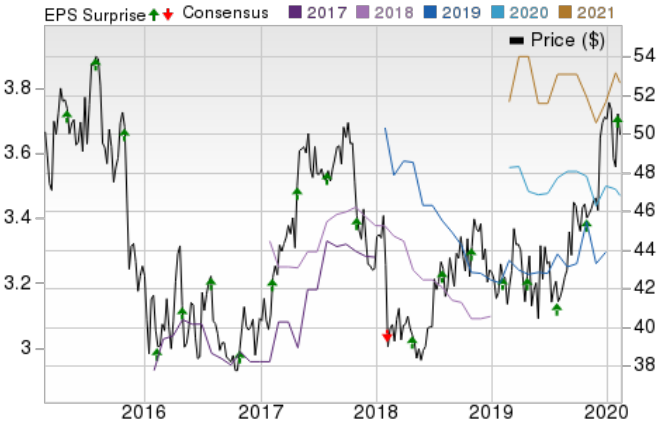
Price Target (6-12 Months): **$54.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 08/27/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: A | Momentum: C	

Summary

Sanofi's Q4 results were mixed as it beat on earnings and missed on sales. Sanofi's Specialty Care segment is on a strong footing, particularly with regular label expansion of Dupixent. The drug has, in a very short time, become the key top-line driver for Sanofi. The performance of the Vaccines franchise has also improved of late. Sanofi's R&D pipeline is strong and it delivered several positive data read-outs and achieved regulatory milestones in 2019 with the momentum expected to continue in 2020. Its cost savings and efficiency initiatives are supporting bottom-line growth. However, headwinds include weak performance of the Diabetes unit, generic competition for many drugs and slower-than-expected uptake of core products like Praluent. Shares have outperformed the industry in the past one year.

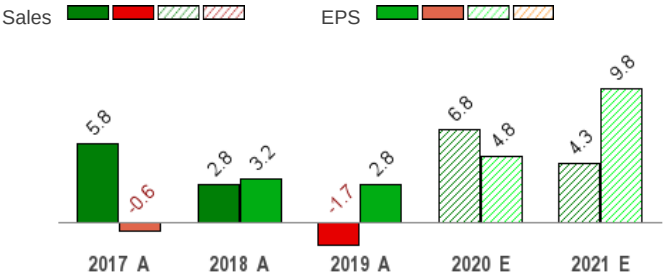
Price, Consensus & Surprise



Data Overview

52 Week High-Low	**$51.84 - $40.00**
20 Day Average Volume (sh)	**1,518,677**
Market Cap	**$128.1 B**
YTD Price Change	**1.9%**
Beta	**0.62**
Dividend / Div Yld	**$1.16 / 2.3%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Top 30% (76 out of 255)**
Last EPS Surprise	**5.7%**
Last Sales Surprise	**-4.4%**
EPS F1 Est- 4 week change	**-0.4%**
Expected Report Date	**04/24/2020**
Earnings ESP	**0.0%**
P/E TTM	**15.2**
P/E F1	**14.7**
PEG F1	**2.2**
P/S TTM	**3.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021					44,574 E
2020	9,849 E	10,168 E	11,231 E	11,295 E	42,736 E
2019	9,529 A	9,696 A	10,561 A	10,639 A	40,002 A

EPS Estimates

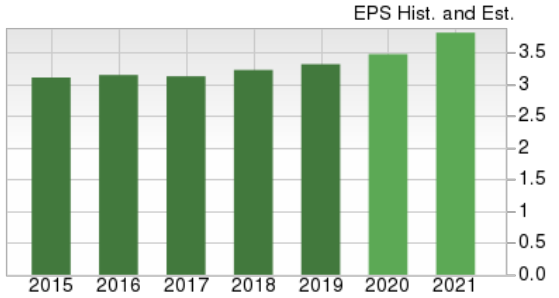
	Q1	Q2	Q3	Q4	Annual*
2021					$3.82 E
2020	$0.81 E	$0.78 E	$1.03 E	$0.82 E	$3.48 E
2019	$0.81 A	$0.74 A	$1.07 A	$0.74 A	$3.32 A

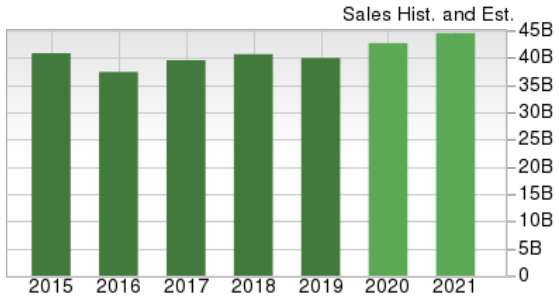
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 02/18/2020. The reports text is as of 02/19/2020.

Overview

Sanofi, located in Paris, France, develops and manufactures pharmaceutical products, primarily for sale in the prescription drug market. The company, which has global operations, focuses on major therapeutic areas such as cardiovascular, immunology, oncology and diabetes, among others. Sanofi manufactures and markets prescription drugs in Europe, the United States and other countries. In April 2011, Genzyme Corporation became a subsidiary of Sanofi. With this deal, Sanofi has expanded its presence in biotech and now has products like Cerezyme, Myozyme/Lumizyme and Fabrazyme in its portfolio. Sanofi swapped its Merial Animal Health businesses with Boehringer Ingelheim's Consumer Healthcare (CHC) business in January 2017.





Sanofi has collaboration agreements with companies like Regeneron and Alnylam among others. Sanofi has developed Dupixent, Kevzara, Praluent and Libtayo in collaboration with Regeneron.

Sanofi reports through five Global Business Units (GBUs) namely Sanofi Genzyme (Specialty Care – 25.5% of 2019 sales), Primary Care (25%), China & Emerging Markets (20.6%), Consumer Healthcare (13%) and Vaccines (15.9%). The Sanofi Genzyme and Primary Care units do not include Emerging Markets sales, which are included in China & Emerging Markets GBU

At its Capital Markets Day held in December 2019, Sanofi announced plans to restructure the company's operations under three GBUs – Specialty Care (immunology, rare diseases, rare blood disorders, neurology and oncology), Vaccines and General Medicines (diabetes, cardiovascular, and established products). The company's Consumer Healthcare (CHC) will operate as a standalone business unit.

In 2019, total sales declined 2.8% (at CER) to €36.1 billion.

Reasons To Buy:

Sanofi's Specialty Care segment is on a strong footing, particularly with the regular label expansion of Dupixent. The drug could prove to be key long-term driver.

- **Shares Outperforming Industry:** Sanofi's share price has risen 21.3% in the past one year compared with its industry's 9.2% increase.

- **Diversified Product Portfolio and New Product Launches:** Sanofi possesses a diversified product portfolio with a presence in several therapeutic areas including multiple sclerosis, cardiovascular diseases, diabetes, oncology, immunology, among others. Sanofi has also been progressing with new product launches.

  Sanofi's new immunology drug Dupixent is now annualizing at around €2.7 billion in sales after just around two years on the market. Sanofi expects Dupixent to achieve more than €10 billion in peak sales. Dupixent now is approved in the United States and the EU for three type II inflammatory diseases, namely severe chronic rhinosinusitis with nasal polyposis, severe asthma and moderate-to-severe atopic dermatitis. The frequent label expansion approvals are driving the drug sales higher with the positive trend expected to continue in the future quarters. We are optimistic about the sales prospects of Dupixent, which could prove to be an important catalyst for the company.

  Libtayo/cemiplimab was approved in the United States in September 2018 and in the EU in July 2019 for the treatment of cutaneous squamous cell carcinoma. Libtayo is the only treatment approved by the FDA for this potentially life-threatening form of skin cancer. Cablivi (caplacizumab), for the treatment of a rare blood disorder called acquired thrombotic thrombocytopenic purpura, was approved by the FDA in February 2019 and in the EU in September 2018.

  Sanofi is investing in these launches to optimize their success. In fact, Sanofi's new products are now delivering revenues greater than the LoE impact.

- **Strong Vaccine Segment:** Sanofi possesses one of the world's leading vaccine operations, with total sales of more than €5 billion in the past three years (2017-2019). The company's portfolio includes pediatric vaccines, influenza vaccines, adult and adolescent booster vaccines, meningitis vaccines and travel and endemic vaccines. Sanofi also has a strong position in both seasonal and pre-pandemic influenza vaccine spaces.

  Sanofi continues to expand its vaccine business further. Sanofi has also beefed up its Chinese presence with a new vaccine manufacturing facility in Shenzhen. Sanofi expects sales in its Vaccine unit to grow at mid-to-high single digit CAGR from 2018 to 2025.

- **Robust Pipeline:** Sanofi has shifted its R&D focus on Specialty Care therapy areas (oncology, immunology, rare disease and rare blood disorder) and Vaccines. Its programs in these areas have increased significantly since 2017. It has also enhanced its internal research capabilities in gene therapy area while also expanding its competencies in data sciences, machine learning and artificial intelligence.

  At the beginning of February 2020, Sanofi's pipeline included 39 pharmaceutical new molecular entities and vaccine candidates, which were in phase III studies or under regulatory review.

  Promising candidates include dupilumab (bullous pemphigoid, chronic spontaneous urticaria, prurigo nodularis, eosinophilic esophagitis and chronic obstructive pulmonary disease — phase III; peanut allergy and grass pollen allergy — phase II), cemiplimab (first line non-small cell lung cancer in combination studies – phase III, metastatic and locally advanced basal cell carcinoma – phase II, second-line treatment of cervical cancer – phase III), fitusiran (hemophilia A and B – phase III), sutimlimab (cold agglutinin disease – phase III), sarilumab (Kevzara) (giant cell arteritis and polymyalgia rheumatica – phase III; systemic juvenile arthritis – phase II), nirsevimab vaccine (respiratory syncytial virus (RSV) – phase III), fully liquid meningococcal vaccine, MenQuadfi (under review in the United States and the EU), BTK inhibitor/SAR442168 (relapsing multiple sclerosis – phase II) and isatuximab (third-line r/r multiple myeloma – under review in the United States (PDUFA Date- April 30, 2020); newly diagnosed multiple myeloma and second line r/r multiple myeloma – phase III).

- **Acquisitions and Deals to Drive Growth:** Sanofi has also significantly stepped up its acquisition and alliance activity over the past few years. The company diversified into the rare diseases segment with the Genzyme deal which provided the company with a new source of growth. The acquisition boosted Sanofi's revenues as well as its pipeline. Products like Fabrazyme, Aubagio and Cerdelga became part of Sanofi's portfolio through the Genzyme acquisition. Sanofi has also expanded its presence in biotechnology with this acquisition.

  With the acquisition of Chattem in 2010, Sanofi has become a major player in the CHC sector. This acquisition has helped Sanofi establish a strong presence in the U.S. CHC market. Moreover, in order to realign its portfolio, the company swapped businesses with Boehringer – Sanofi's Merial (enterprise value of €11.4 billion) was exchanged with Boehringer's CHC business (worth €6.7 billion). The deal allowed Sanofi to strengthen its position in several categories including Pain Care, Allergy Solutions, Cough & Cold Care, Feminine Care, Digestive Health and Vitamins, Minerals and Supplements.

  Sanofi has a 21.7% stake in Regeneron (as of Dec 31, 2018) and has also extended its agreement with Alnylam to develop RNAi therapeutics for rare genetic diseases. The company has been actively striking deals related to diabetes and oncology. The 2018 acquisitions of Ablynx and Bioverativ and the in-licensing of fitusiran from Alnylam have strengthened Sanofi's position in the rare blood disorders market.

  Sanofi bought small cancer biotech Synthorx in early 2020 which added Synthorx's lead pipeline asset, THOR-707 to Sanofi's immuno-oncology portfolio. THOR-707 is being evaluated across multiple solid tumor types alone and in combination with immune checkpoint inhibitors.

  We expect to see more such activities on the acquisition and collaboration front.

- **Cost Cutting Initiatives:** Sanofi reviewed its cost base and conducted an extensive review of its research and development operations in order to reallocate resources to the highest growth and most promising development programs. Moreover, Sanofi's new operating model is expected to streamline the company's business and drive long-term growth. In 2016, the company's savings amounted to €650 million and more than doubled (roughly €1.5 billion) in 2017.

Sanofi's cost savings come from simplification of its organization, enhanced manufacturing productivity, streamlining of products portfolio and alignment of sales force.

In Dec 2019, Sanofi said that it is discontinuing all its research activities in diabetes and cardiovascular area to help it focus on high growth franchises. Meanwhile, the company said it will prioritize key growth drivers – Dupixent and vaccines and six investigational therapies, including fitusiran, venglustat & nirsevimab. Along with these restructuring initiatives, Sanofi also announced a cost-saving plan, which is expected to generate €2 billion in savings. Sanofi expects business operating income margin to improve to 30% by 2022.

Reasons To Sell:

- **Sales Decline in Diabetes Franchise:** Sanofi's Diabetes franchise is under significant pressure with key product, Lantus (insulin glargine), facing increasing competitive pressure at the payor level and biosimilar competition in several European markets and Japan. Moreover, a biosimilar insulin glargine hit the U.S. markets in December 2016. Lantus was a major contributor to the company's top line having accounted for 10.3% of total sales in 2017 and 7.3% in 2018.

> The company is facing generic competition for several products and the Diabetes franchise continues to be under pressure.

  Sales of Sanofi's global diabetes franchise declined 11% in 2017, 17.5% in 2018 and 15.6% in 2019. Lantus sales declined more than 25% in the past three years (2017-2019) with sales in the United States declining in all years due to lower average net price and loss of Medicare Part D business. In Europe too, Lantus sales declined in all years due to biosimilar competition and patient switching to Toujeo.

- **Generics Impacting Revenues:** Sanofi has faced significant loss of revenues in the last couple of years as several of its key products went off patent including its blockbuster drug, Plavix. Meanwhile, sales of drugs like Lantus and Renagel declined in 2018 and 2019 due to loss of exclusivity. Additionally, the company is facing increased genericization in Japan due to new policies. \

- **Praluent Sales Yet to Pick Up:** While Praluent was launched in 2015, sales have been below expectations since launch due to payer restrictions. Prescription volumes remain subdued in key markets with treatment being reserved only for very severe patients.

  Sanofi has been actively negotiating with U.S. payers to simplify the utilization management criteria and improve access to Praluent. Sanofi and Regeneron lowered Praluent's U.S. net price for those payers who agreed to reduce access barriers for high-risk heart patients. Though these efforts have paid off, the improved access came at the cost of significantly higher rebates, which hurt profits from the drug's sales. In February 2019, Sanofi announced a 60% cut in the U.S. list price of Praluent to improve access and affordability of the drug. However, the lower prices as well as the significantly higher rebates significantly dented Sanofi's profits from Praluent in 2019. Sales declined 7.6% in 2019.

  Meanwhile, though Sanofi has gained approval to include data from the phase III cardiovascular outcome study on Praluent's label in the United States as well as EU, it remains to be seen if the label expansion leads to improved demand trends.

  We note that Amgen's Repatha is also approved both in the U.S. and in the EU. Potential competitors that could enter the market include Alnylam/Novartis' Inclisiran (under review in the United States and EU).

- **Pipeline under Pressure:** In order to compensate for the loss of revenues to generic competition, Sanofi needs to successfully develop and launch new products. While the company has several candidates in different stages of development, we note that clinical development involves a high degree of risk. Gaining approval for pipeline candidates has become more difficult given the tough regulatory environment. Some high-profile setbacks include candidates like fedratinib, rimonabant, TroVax, larotaxel, otamixaban, AVE1642, iniparib and xaliproden.

Last Earnings Report

Sanofi's Q4 Earnings Top, Sales Miss

Quarter Ending	12/2019
Report Date	**Feb 06, 2020**
Sales Surprise	**-4.37%**
EPS Surprise	**5.71%**
Quarterly EPS	**0.74**
Annual EPS (TTM)	**3.36**

Sanofi reported fourth-quarter 2019 earnings of 74 cents per American depositary share, which beat the Zacks Consensus Estimate of 70 cents. Earnings increased 21.8% on a reported basis. At constant currency rates (CER), earnings rose 17.3% driven by higher revenues and lower costs.

Net sales rose 6.8% on a reported basis to $10.64 billion (€9.6 billion). Exchange rate movements benefited sales by 2.1% driven by a strong dollar and Japanese yen. At CER, sales increased 4.7% year over year. Sales however missed the Zacks Consensus Estimate of $11.12 billion.

Double-digit growth in Specialty Care and Vaccines was offset by persistent sluggishness in Diabetes and Cardiovascular franchises and a weak performance in the CHC unit in the quarter.

Sales rose 11.8% at CER in the United States and 1.8% in the Emerging Markets. Sales were flat in Europe at CER but rose 0.6% in the Rest of the World (Japan, South Korea, Canada, Australia, New Zealand and Puerto Rico).

All growth rates mentioned below are on a year-on-year basis and at CER.

Segmental Performance

Pharmaceuticals sales (including the emerging markets) rose 2.4% in the fourth quarter to €6.55 billion driven by Dupixent, which was partially offset by lower Diabetes and Established Rx products sales.

Sanofi **Genzyme/Specialty Care GBU** sales (excluding the emerging markets) increased 19.7% to €2.53 billion, driven by Dupixent.

In the immunology franchise, Dupixent generated sales of €668 million in the quarter, up 133.1%. Sales of the drug in the United States were €545 million, up 134.7% driven by continued growth in atopic dermatitis and rapid uptake in new asthma indication and launch in chronic rhinosinusitis with nasal polyposis in June 2019. Sales in Europe were €64 million, up 117.2%.

Kevzara recorded sales of €53 million in the quarter, up 64.5%.

Sales of rare disease drugs increased 0.8% to €661 million against a high base for comparison. Myozyme/Lumizyme rose 2.1% to €197 million, Fabrazyme sales were €186 million, up 0.6%. Cerezyme sales declined 6.3% to €121 million.

Oncology sales increased 12.6% to €333 million. Key cancer drug Jevtana's sales were up 10.1% to €123 million supported by higher sales in the United States.

Sales of multiple sclerosis drugs declined 3.8% to €517 million. Aubagio sales increased 3.9% to €465 million while sales of Lemtrada fell 42.5% to €52 million.

Rare blood disorders franchise, added to Sanofi's portfolio with the acquisition of Bioverativ in 2018, fetched sales of €293 million, down 2.4% year over year. New drug Cablivi (caplacizumab) generated sales of €16 million in the quarter, lower than €20 million in the previous quarter, primarily due to price adjustments in Europe and increased assistance program participation in the United States. Sales of another drug in the franchise, Eloctate declined 14.9% in the quarter due to the ongoing competitive pressure in the United States.

Primary Care GBU comprises the Diabetes and Cardiovascular and the Established Rx Products segments. Sales in the Primary Care GBU declined 8.7% to €2.33 billion hurt by lower sales in Diabetes and Established Products.

The Diabetes franchise (excluding the emerging markets) declined 15.5% to €861 million due to lower sales of key drug Lantus.

Sales of diabetes drugs in the United States declined 20.5% to €454 million due to pricing pressure and loss of Part D business. In Europe, it dropped 4.4% and in rest of the world, it declined 21.8%.

Lantus sales decreased 23.9% to €485 million in the quarter. Lantus sales plunged 26.9% in the United States due to lower average net price and change in coverage with respect to Sanofi's Part D business. In Europe, sales decreased 13.1% due to biosimilar competition and patient switching to Toujeo.

Toujeo generated sales of €186 million in the reported quarter, up 1.7%. Sales rose 14.3% in Europe while it declined 7.4% in the United States.

Admelog, a rapid-acting insulin, similar to Lilly's Humalog, achieved sales worth €56, down 1.8% year over year.

In the cardiovascular franchise, Praluent, garnered worldwide sales of €68 million in the reported quarter, down 14.1%. Sales in the United States declined due to significantly higher rebates offered by Sanofi and partner Regeneron to payers to improve access to the drug. Sales of the other drug, Multaq, in this franchise rose 1.1% to €97 million.

Sales of Established Rx Products came in at €1.3 billion, down 4% mainly due to lower sales of Plavix and Aprovel in China due to anticipated price and inventory adjustments in the channel following the implementation of the VBP program in China in December. Meanwhile, lower sales of Lovenox in Europe and generic competition for Renvela/Renagel in the United Sales also hurt segment sales.

Sales of **China and Emerging Markets GBU** declined 1.9% to €1.7 billion.

Consumer Healthcare GBU (including the emerging markets) sales were €1.15 billion, down 5.2% as higher sales in Emerging Markets were offset by lower sales in the United States and Europe. Sales declined 12.8% in the United States due to Sanofi's voluntary recall of its over-the-counter acid reflux medicine Zantac.

FDA tests, results of which were released in September, found low levels of a chemical called NDMA, which has been classified as a probable human carcinogen in multiple ranitidine products. This prompted Sanofi and a couple of companies marketing the generic ranitidine to recall their products.

Meanwhile, non-core divestments and increased regulatory requirements, which resulted in product suspensions, also hurt the performance of the CHC segment. These factors are expected to dent sales in the first half of 2020 as well.

Moreover, in Europe, sales decreased 11.7% to €325 million, reflecting divestments of non-strategic brands and strengthening regulatory requirements.

Sanofi Pasteur (Vaccines) GBU sales (including the emerging markets) rose 22% to €1.91 billion. U.S. sales of vaccines rose 33.1% in the quarter, reflecting the majority of U.S. influenza vaccine shipments in the fourth quarter. Sales also rose in Emerging Markets and Europe.

Costs Decline

Selling, general and administrative expenses declined 1.4% at CER in the quarter, reflecting cost-control measures. Research and development expenses declined 0.7% at CER due to smart spending initiatives as well as portfolio prioritization.

2020 Guidance

Sanofi expects earnings to grow approximately 5% at CER in 2020. It anticipates a positive currency impact of around 1% on earnings. In 2020, while strong growth from Dupixent and vaccines should pull up sales, the impact from VBP in China and the Zantac recall will hurt the top-line mostly in the first half. The company expects earnings growth to be weighted toward the second half. Also, the first quarter of 2020 will face difficult comparisons from the year-ago quarter as a result of strong 22% sales growth reported in China in the first quarter of 2019.

Recent News

Partners with BARDA to Work on a Coronavirus Vaccine – Feb 18

Sanofi has joined forces with BARDA of the U.S. Department of Health and Human Services to quickly develop a vaccine for COVID-19, the new coronavirus from China. Sanofi will advance the development of a COVID-19 vaccine by leveraging work on a pre-clinical vaccine candidate for SARS (severe acute respiratory syndrome). COVID-19 and SARS are both coronaviruses that can cause respiratory diseases. It will now freshly investigate an advanced pre-clinical SARS vaccine candidate, which it had started to develop when the SARS coronavirus emerged in 2002. Sanofi will use its recombinant DNA platform to quickly advance a potential coronavirus vaccine candidate.

BTK inhibitor Meets Primary Endpoint in Study – Feb 6

Sanofi announced that its investigational brain-penetrant BTK inhibitor, SAR442168 met the primary endpoint in a phase II study in relapsing multiple sclerosis. Data from the study showed that SAR442168 significantly reduced disease activity associated with multiple sclerosis as measured by magnetic resonance imaging (MRI). Sanofi claims that SAR442168 has the potential to address sources of multiple sclerosis damage in the brain and could transform the way the disease is treated. Sanofi plans to initiate four phase III studies on SAR442168 in relapsing and progressing forms of multiple sclerosis by mid-2020.

Top-Line Data from Study on Olipudase Alfa – Jan 30

Sanofi announced positive data from two separate studies evaluating olipudase alfa for the treatment of acid sphingomyelinase deficiency (ASMD) in adult and pediatric patients. ASMD is a rare, progressive and potentially life-threatening disease for which no treatments are approved.

The phase II/III study (ASCEND) in adults met the first independent primary endpoint measuring improvement in lung function, using the percent predicted diffusing capacity of carbon monoxide (DLco). In the olipudase alfa arm, the relative improvement from baseline to week 52 was 22% compared with 3% for the placebo arm.

The second independent primary endpoint was measuring the effect of olipudase alfa on spleen size, assessed as percent change from baseline in multiples of normal (MN) of spleen volume. The second primary endpoint was also met. The spleen volume was reduced by 39.5% in the olipudase alfa arm, compared with 0.5% increase in the placebo arm.

The second study, a phase II study in pediatric patients, also showed positive results.

FDA Accepts Dupixent sBLA for Atopic Dermatitis in Children – Jan 28

Sanofi and Regeneron announced that the FDA has accepted its supplemental biologics license application (sBLA) for Dupixent for priority review. The sBLA is seeking approval of Dupixent as an add-on maintenance treatment for children 6-11 years with moderate-to-severe atopic dermatitis whose disease is not adequately controlled with topical prescription therapies or when those therapies are not advisable. The FDA set an action date of May 26, 2020.

Dupixent is already approved in the United States to treat patients aged 12 years and older with AD.

Closes Synthorx Deal – Jan 23

Sanofi announced that it has completed the p[previously announced acquisition of Synthorx for for $68 per share in cash.

Valuation

Sanofi's shares are up 1.9% in the year-to-date period and 21.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 0.1% and 2.1%, respectively, in the year-to-date period. Over the past year, stocks in the sub-industry and sector are up 9.2% and 2%, respectively.

The S&P 500 Index is up 4.9% in the year-to-date period and 20.5% in the past year.

The stock is currently trading at 14.54X forward 12-month earnings per share, which compares with 14.94X for the Zacks sub-industry, 21.35X for the Zacks sector and 19.34X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.07X and as low as 10.68X, with a 5-year median of 13.4X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $54 price target reflects 15.3X forward 12-month earnings per share.

The table below shows summary valuation data for SNY

Valuation Multiples - SNY

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.54	14.94	21.35	19.34
	5-Year High	17.07	18.1	21.35	19.34
	5-Year Low	10.68	13.94	15.83	15.18
	5-Year Median	13.4	15.5	18.89	17.47
P/S F12M	Current	2.98	4.62	2.84	3.58
	5-Year High	3.38	4.84	3.83	3.58
	5-Year Low	2.13	3.93	2.45	2.54
	5-Year Median	2.6	4.43	2.97	3
P/B TTM	Current	1.93	6.82	4.63	4.68
	5-Year High	2.3	7.26	5.04	4.68
	5-Year Low	1.47	3.78	3.44	2.85
	5-Year Median	1.68	5.2	4.31	3.62

As of 2/18/2020

Industry Analysis **Zacks Industry Rank:** Top 30% (76 out of 255)

Top Peers

Pfizer Inc. **(PFE)**	Outperform
AbbVie Inc. **(ABBV)**	Neutral
Bayer Aktiengesellschaft **(BAYRY)**	Neutral
GlaxoSmithKline plc **(GSK)**	Neutral
Eli Lilly and Company **(LLY)**	Neutral
Merck & Co., Inc. **(MRK)**	Neutral
Novartis AG **(NVS)**	Neutral
Roche Holding AG **(RHHBY)**	Neutral

Industry Comparison Industry: Large Cap Pharmaceuticals

Industry Peers

	SNY Neutral	X Industry	S&P 500	BAYRY Neutral	GSK Neutral	MRK Neutral
VGM Score	A	-	-	A	B	A
Market Cap	128.06 B	136.91 B	24.61 B	75.95 B	108.67 B	209.94 B
# of Analysts	6	2	13	2	6	7
Dividend Yield	2.26%	2.61%	1.78%	2.68%	4.52%	2.96%
Value Score	B	-	-	A	B	B
Cash/Price	0.08	0.05	0.04	0.08	0.06	0.04
EV/EBITDA	13.11	15.02	14.06	8.42	10.22	16.99
PEG Ratio	2.19	2.03	2.09	0.94	5.84	2.10
Price/Book (P/B)	1.93	6.06	3.29	1.48	4.63	7.84
Price/Cash Flow (P/CF)	11.97	12.21	13.65	5.39	9.32	13.28
P/E (F1)	14.70	15.61	19.21	10.10	14.36	14.41
Price/Sales (P/S)	3.17	4.16	2.70	1.48	2.52	4.48
Earnings Yield	6.80%	6.43%	5.19%	9.92%	6.96%	6.94%
Debt/Equity	0.36	0.51	0.71	0.82	1.29	0.84
Cash Flow ($/share)	4.27	4.47	6.92	3.78	4.67	6.21
Growth Score	A	-	-	D	C	B
Hist. EPS Growth (3-5 yrs)	0.74%	8.34%	10.85%	NA	6.31%	8.10%
Proj. EPS Growth (F1/F0)	4.77%	9.97%	7.17%	14.81%	-4.31%	10.24%
Curr. Cash Flow Growth	-18.39%	12.32%	8.56%	60.37%	13.03%	3.40%
Hist. Cash Flow Growth (3-5 yrs)	-3.62%	6.91%	8.36%	6.70%	2.61%	-1.53%
Current Ratio	1.40	1.22	1.23	1.29	0.81	1.26
Debt/Capital	26.32%	35.53%	42.91%	45.00%	56.24%	45.72%
Net Margin	7.78%	21.01%	11.81%	-2.89%	13.72%	21.01%
Return on Equity	25.84%	32.84%	16.86%	13.42%	57.93%	48.76%
Sales/Assets	0.65	0.53	0.54	0.35	0.47	0.56
Proj. Sales Growth (F1/F0)	5.72%	6.88%	3.85%	2.64%	4.54%	6.36%
Momentum Score	C	-	-	A	B	A
Daily Price Chg	2.42%	-0.33%	0.06%	-3.14%	-0.43%	-0.23%
1 Week Price Chg	-2.16%	-1.17%	2.47%	-1.18%	-0.48%	-2.86%
4 Week Price Chg	1.85%	-1.05%	0.59%	-2.98%	-8.32%	-8.35%
12 Week Price Chg	9.81%	6.99%	6.98%	7.27%	-2.81%	-5.59%
52 Week Price Chg	21.13%	12.69%	16.62%	5.77%	5.47%	4.06%
20 Day Average Volume	1,518,677	3,040,523	2,020,569	378,900	3,689,379	11,723,097
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.13%	0.00%
(F1) EPS Est 4 week change	-0.40%	0.03%	-0.05%	0.00%	-4.86%	3.41%
(F1) EPS Est 12 week change	-0.79%	-0.10%	-0.17%	0.00%	-1.46%	4.13%
(Q1) EPS Est Mthly Chg	NA%	-0.22%	-0.24%	NA	1.25%	NA

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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