

Summary of the financial reports for Sanofi from 2010-2018

By David Belk MD

First, some definitions:

-Sales/revenue: For these reports I try to stick to the revenues from pharmaceutical sales only whenever possible. Many of these companies have other product lines such as medical devices, over-the counter (OTC) health aids or nutritional products. When possible, I separate out the revenues from those product sales, though.

-Profit: Net income after taxes. Many companies will add or subtract money from taxes or other revenue/fees from discontinued items to their net income after taxes. In such cases I'll use net income attributable to that company for profit.

-Research includes research and development and purchased in-process research.

-Marketing is usually listed as Selling, informational, and administrative. It includes more than just the money spent on direct to consumer advertising. The marketing budget also includes money spent on pharmaceutical representatives that visit your doctor, free drug samples left at doctors' offices, payments to doctors who give "educational" talks on behalf of pharmaceutical companies, etc...

There are other administrative expenses that are not directly related to marketing lumped into this budget. This might even include such expenses as litigation costs to fight lawsuits against these companies. Still, the pharmaceutical companies could list their marketing budget as a separate expense if they wanted the way Bristol-Myers Squibb lists their advertising budget separately, so it's their choice not to. Anyway, much of what Pharmaceutical companies call research is really just marketing so all figures should be taken with a grain of salt.

-Rebates/Chargebacks: Rebates are payments that go mostly to pharmacy benefit managers (PBMs) in the U.S. and providers who administer medications in a clinical setting. These rebates are incentives for the PBMs "prefer" certain medications when deciding which medications to cover. Chargebacks are normally refunds given to medication suppliers to balance the rebates given to the PBMs. Both rebates and chargebacks are normally deducted from the total pharmaceutical revenue of a company prior to the revenue being assessed, and not listed as an expense.

-Revisions: When a figure is revised in a subsequent report it's often because that company divested one or more products by either selling that line to another company or splitting off a new company. When companies do this, they often retroactively deduct the revenues and expenses related to that division from the finances of previous years, but not the profits. This makes year over year comparisons for these companies challenging. For the most part, I only use original data, and not revised data in such cases.

Sanofi is a French pharmaceutical company that also markets several vaccines including an influenza vaccine each year. Vaccine sales account for about 12% of Sanofi's annual revenues and the sale of the long acting insulin, Lantus account for nearly 20% of Sanofi's pharmaceutical revenue since 2010. Lantus sales earned Sanofi 38% of their U.S. revenue since 2010 due to the extremely high price of all forms of insulin in the U.S. relative to other countries.

Outside of Lantus and Vaccine sales, Sanofi markets very few products that sell very well in the U.S. or anywhere else anymore. As a result, Sanofi's revenues have declined significantly since 2011.

Here are the composite numbers for Sanofi from 2010-2018:

Total Sales:	€295 Billion
Total Profit:	€46 Billion
Total Spent on Research:	€45 Billion
Total Spent on Marketing:	€79 Billion
Total Spent on Taxes	€9 Billion
US Revenue:	€96 Billion
Revenue from All Other Countries:	€199 Billion
Pharmaceutical Sales Revenue	€257 Billion
U.S Pharmaceutical Sales Revenue	€76 Billion
Vaccine Sales Revenue	€38 Billion
U.S. Vaccine Sales Revenue	€21 Billion

**Proportional Allocation of Revenue
2010-2018**



Figure 1: The proportion of Sonofi's total revenue that was allocated toward research, marketing, taxes and profits.

Proportion of Sanofi's Total Revenue from US vs. All Other Countries

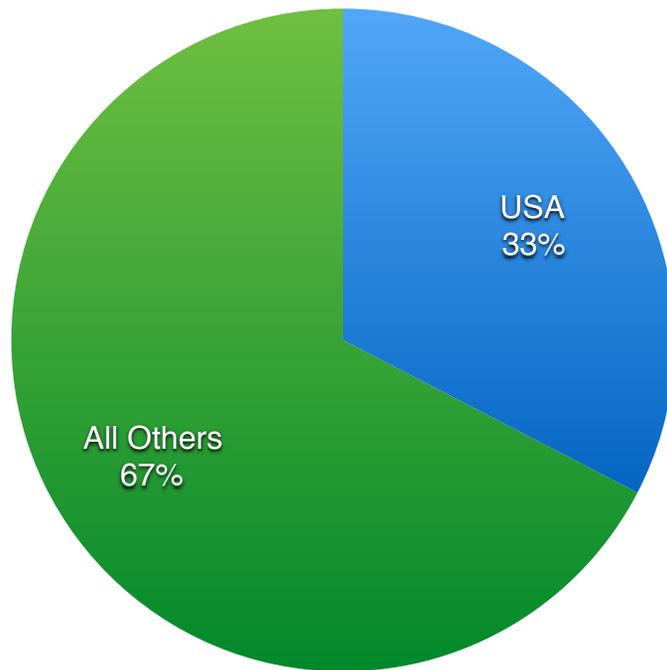


Figure 2: 33% Sonofi's total revenue since 2010 has come from sales in the U.S.

Revenue From Lantus Sales

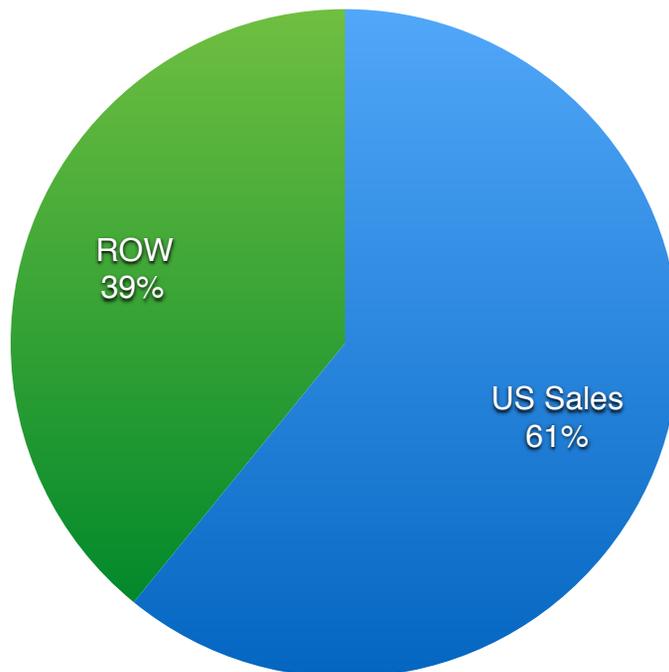


Figure 3: 61% of Sanofi's Lantus Revenue comes from sales in the U.S.

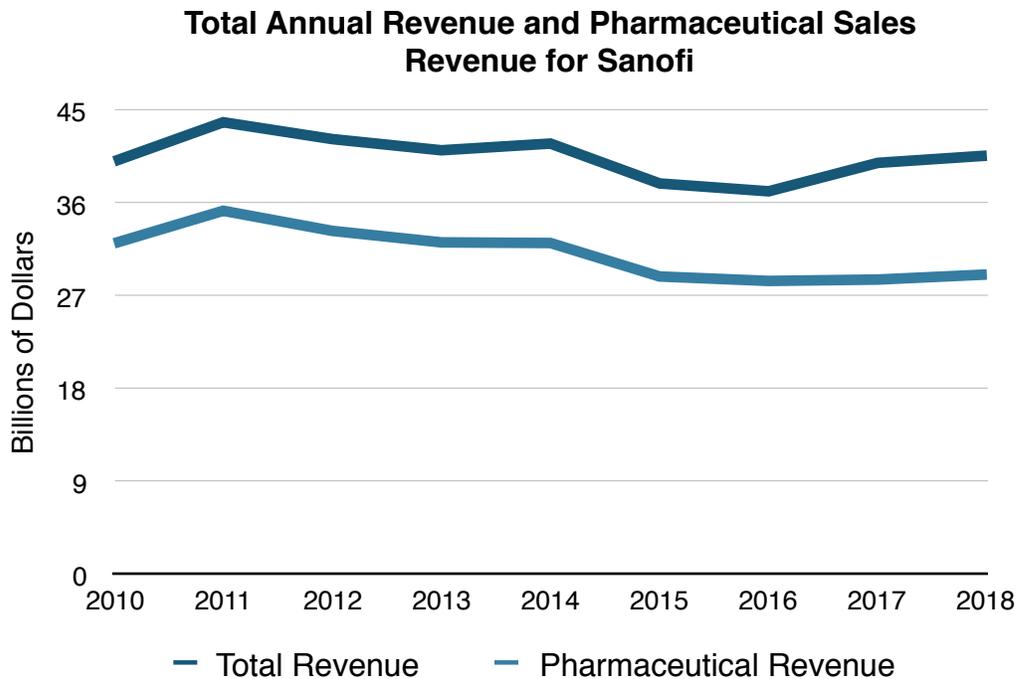


Figure 4: Sanofi, like most pharmaceutical companies, has marketed very few new products that have sold well anywhere in the world. As a result, their revenues have declined in recent years.

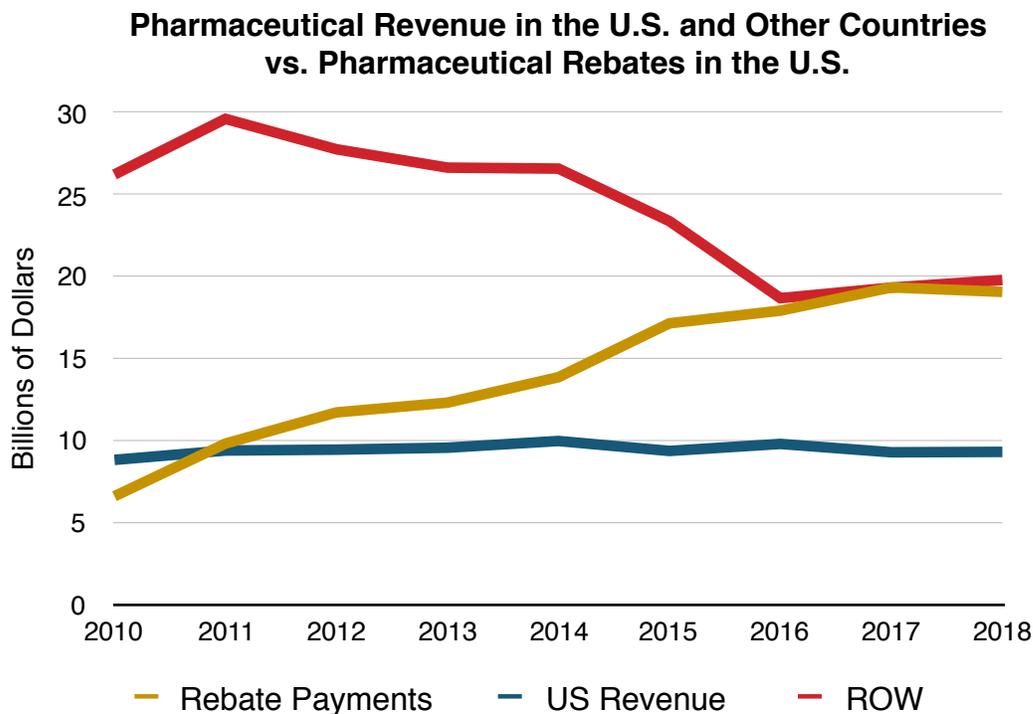


Figure 5: In order to offset declining revenues from U.S. sales, Sanofi has more than tripled the amounts they've paid to U.S. PBMs and suppliers in rebate and chargeback incentives since 2010.

Total Executive pay for Sanofi was €3.70 million in 2017 with €3.0 million going to their CEO Olivier Brandicourt.

<http://insiders.morningstar.com/trading/executive-compensation.action?t=SNY>

http://truecostofhealthcare.net/pharmaceutical_financial_index/