Sanofi S.A.

French Republic, Pharmaceuticals

Issuer
AA

Outlook
Stable

Short-term debt
S-1+

Senior unsecured debt
AA

Rating composition

Business Risk Profile		
Industry risk profile	AA	AA-
Competitive position	AA-	
Financial Risk Profile		
Credit metrics	AA+	AA+
Liquidity	+/-0 notches	
Standalone credit assessment		**AA**
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		**AA**

Key metrics

			Scope estimates	
Scope credit ratios*	**2023**	**2024**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	>20x	>20x	>20x	>20x
Scope-adjusted debt/EBITDA	0.9x	1.1x	1.1x	1.0x
Scope-adjusted funds from operations (FFO)/debt	89%	71%	80%	86%
Scope-adjusted free operating cash flow (FOCF)/debt	86%	66%	55%	61%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook (individually):

- Greater clarity on Sanofi's use of its significant financial headroom and more visibility on the company's ability to move closer to a net cash position (remote)
- An improving business risk profile via higher profitability and enhanced diversification (remote)

The downside scenarios for the ratings and Outlook (individually):

- Deteriorating credit metrics such as funds from operations/debt falling back below 60% or FOCF/debt below 40% on a sustained basis
- A business risk profile deterioration due to weakening profitability or diversification

*All credit metrics refer to Scope-adjusted figures.

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Related methodologies

General Corporate Rating Methodology, Feb 2025
Pharmaceutical Companies' Rating Methodology, Jun 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Globally leading immunology and vaccines company • Comparatively diversified player • No meaningful patent expiry before the end of the decade • Strong free cash-generating capability and strong overall credit metrics • High efficiency in product innovation and development results in constant development of products which foster human health and well-being (ESG driver)	• Comparatively low operating margin • Increasing dependence on Dupixent • Regulatory and litigation risks inherent to pharmaceutical industry (ESG driver) • Global macroeconomic challenges

2. Rating Outlook

The **Stable Outlook** reflects our expectation that Sanofi can maintain debt/EBITDA at around 1.0x over the next few years. This assumption is contingent upon the company's continued utilisation of its substantial cash reserves for smaller acquisitions, rather than larger ones.

3. Corporate profile

Sanofi was formed in 2004 through the merger of Sanofi-Synthélabo and Aventis (including Germany's Hoechst) and is one of the largest pharmaceutical companies with a global footprint. The company focuses on innovative medicines and vaccines. In recent years, its cooperation with US biotech Regeneron produced strong results, most notably with Dupixent, which became a blockbuster in 2019. Sanofi's reporting structure has evolved significantly. In 2023, Specialty Care, Vaccines, and General Medicines were combined into a single segment: Biopharma. In 2025, Sanofi finalised the divestment of a 52% controlling stake in its Consumer Healthcare business (Opella) for EUR 10.7bn, completing its transition to pure-play biopharma and reinforcing its strategic focus on core therapeutic areas.

Sanofi is now a pure-play biopharma company focused on innovative medicines and vaccines

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
01 Dec 2025	Affirmation	AA/Stable
06 Dec 2024	Affirmation	AA/Stable
07 Dec 2023	No action	AA/Stable

5. Financial overview (financial data in EUR m)

				Scope estimates		
Scope credit ratios	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
EBITDA interest cover	54.4x	151.9x	53.0x	44.2x	39.8x	42.2x
Debt/EBITDA	0.7x	0.9x	1.1x	1.1x	1.0x	0.9x
Funds from operations/debt	119%	89%	71%	80%	86%	98%
Free operating cash flow/debt	111%	86%	66%	55%	61%	73%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
EBITDA						
Reported EBITDA[1]	14,076	12,667	10,838	12,033	12,970	13,971
add: recurring dividends from associates	1	17	52	60	60	60
Other items[2]	(466)	(226)	(88)	-	-	-
EBITDA	**13,611**	**12,458**	**10,802**	**12,093**	**13,030**	**14,031**
Funds from operations (FFO)						
EBITDA	13,611	12,458	10,802	12,093	13,030	14,031
less: Scope-adjusted interest	(250)	(82)	(204)	(274)	(327)	(333)
less: cash tax paid	(2,452)	(2,623)	(3,291)	(1,458)	(1,627)	(1,816)
Other non-operating charges before FFO	280	(136)	812	-	-	-
Funds from operations	**11,189**	**9,617**	**8,119**	**10,362**	**11,076**	**11,883**
Free operating cash flow (FOCF)						
Funds from operations	11,189	9,617	8,119	10,362	11,076	11,883
Change in working capital	(1,252)	(835)	284	(998)	(972)	(766)
Non-operating cash flow	1,369	2,659	1,220	-	-	-
less: capital expenditures (net)	(579)	(1,967)	(1,734)	(2,000)	(2,000)	(2,000)
less: lease amortisation	(291)	(265)	(282)	(282)	(282)	(282)
Free operating cash flow	**10,436**	**9,209**	**7,607**	**7,082**	**7,822**	**8,835**
Interest						
Net cash interest per cash flow statement	207	12	140	210	263	269
add: 50% of interest paid on hybrid debt	-	-	-	-	-	-
Other items[3]	43	70	64	64	64	64
Interest	**250**	**82**	**204**	**274**	**327**	**333**
Debt						
Reported financial (senior) debt	21,212	18,422	17,906	19,297	18,787	18,507
add: subordinated (hybrid) debt (net of equity credit)	-	-	-	-	-	-
add: shareholder loans (net of equity credit)	-	-	-	-	-	-
less: cash and cash equivalents	(12,736)	(8,710)	(7,441)	(7,390)	(6,978)	(7,464)
add: non-accessible cash	500	500	500	500	500	500
add: pension adjustment[4]	451	542	523	523	523	523
add: other debt-like items	-	-	-	-	-	-
Debt	**9,427**	**10,754**	**11,488**	**12,929**	**12,832**	**12,065**

[1] Importantly, for the calculation of EBITDA, Sanofi consolidates 100% of Dupixent's sales but only half of its profits due to the 50% profit-sharing arrangement with Regeneron.

[2] Includes gains and losses on asset disposals and share-based compensation.

[3] Net interest exposure of pensions obligations and pension assets.

[4] 50% of uncovered pensions after deferred tax asset due to large coverage of annual pension payments by dedicated pension asset.

6. Environmental, social and governance (ESG) profile[5]

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit-positive credit-negative credit-neutral

Industry-specific ESG risks

The pharmaceutical industry is subject to significant ESG-related risks, particularly in the areas of regulatory compliance and reputational management. For Sanofi, one of the main regulatory risks stems from potential large-scale litigation, especially in the United States, a market that contributes heavily to its revenues. These risks can arise from issues such as patent disputes, product liability claims, and violations of regulatory requirements set by authorities like the FDA. Legal challenges in such cases can result in substantial financial costs, which might impact the company's balance sheet and credit profile.

Reputational risks for Sanofi are tied to broader industry challenges, including public concerns over high drug pricing and transparency. Moreover, the company's ability to manage the expiration of existing drug patents while launching revenue-generating alternatives is critical. Failure to achieve a smooth transition can lead to revenue declines, affecting financial performance and market confidence.

On the positive side, Sanofi's robust commitment to advancing global health and well-being through innovative treatments reinforces its strong market position and creditworthiness. The company's dedication to addressing unmet medical needs has established it as a trusted leader in the pharmaceutical sector, bolstering its financial stability.

[5] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: AA-

Transformation into pure-play biopharma company

Sanofi has completed its transition to pure-play biopharma. The company has reported under a single Biopharma segment since 2024 and divested its 52% stake in its Consumer Healthcare business (Opella) for EUR 10.7bn in 2025. This strategic shift reflects the company's "Play to Win" strategy, prioritising specialty care, vaccines, immunology, rare diseases, and neurology: areas with strong pricing power and lower generic exposure. As a pure biopharma company, we classify Sanofi under innovative pharmaceuticals, which carries an industry risk of AA.

Global leader in multiple franchises

Sanofi's market strength increasingly stems from its leadership in immunology and rare diseases, supported by a strategic pivot away from diabetes and reinforced by targeted acquisitions and pipeline expansion. This shift positions Sanofi among the global leaders in high-growth therapeutic areas with strong pricing power and lower generic exposure, alongside its established top-three position in vaccines.

Dupixent: cornerstone of growth

Sanofi aims to become a leading immunology company and has built sizeable positions in immunology, with the most significant progress in dermatology and respiratory through Dupixent, co-developed with Regeneron. Dupixent gained blockbuster status in 2019 and generated EUR 13bn in sales in 2024, with guidance exceeding EUR 22bn by the end of the decade. Its versatility across all indications, such as asthma, atopic dermatitis, eosinophilic esophagitis, and COPD, combined with strong prescription trends and ongoing label expansions, ensures that Dupixent remains central to Sanofi's immunology strategy. Sanofi is also investing heavily in next-generation biologics and small molecules targeting immune-mediated diseases.

Rare diseases franchise

Beyond immunology, Sanofi continues to be a major global player in rare diseases. Flagship products include Fabrazyme, Altuviiio and Myozyme, with an increasing annual sales contribution. Newly launched Xenpozyme, Enjaymo, Cablivi, and Ayvakit will also reinforce its longstanding leadership and commitment in rare diseases.

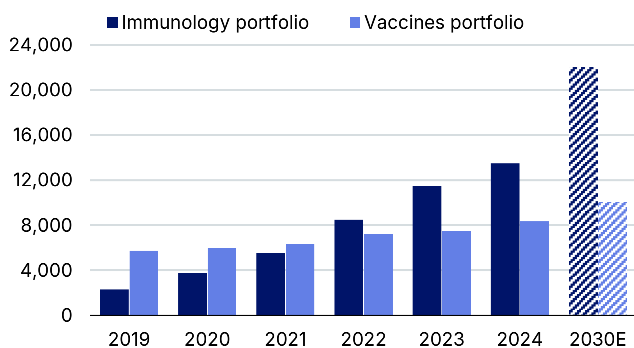
Vaccines as a strategic pillar

Vaccines remain another strategic pillar, contributing EUR 8.3bn in 2024 and targeted to surpass EUR 10bn by 2030, driven by product innovations and high demand, especially in emerging markets. Future contributors to growth will be PPH and booster vaccines, influenza vaccines, meningitis treatments, and a monoclonal antibody for respiratory syncytial virus (Beyfortus). Sanofi benefits from being one of the four largest vaccine makers worldwide and is leveraging premium pricing and heightened public awareness about the importance of vaccines post-Covid-19 to strengthen its market position.

Diversified business structure

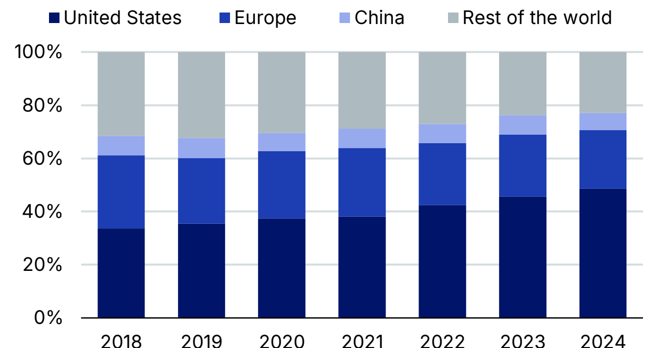
Sanofi's business structure also supports credit quality. Despite recent divestitures, it remains diversified across six major treatment areas (including vaccines). Sales are well diversified geographically, with strong exposures to the high-margin US market, Europe, and emerging markets (the latter being important for growth).

Figure 1: Sanofi's immunology and vaccines portfolio sales by year (EUR m)



Source: Sanofi, Scope estimates

Figure 2: Geographical split of sales



Source: Sanofi, Scope

However, product concentration is high. Blockbuster Dupixent accounts for most of Sanofi's innovative pharma sales, at over 30% in 2024 with an expected increase to over 35% in the long term. This concentration risk is dampened somewhat by the drug's ability to withstand competition thanks to its safety and efficacy. Further, the top-three drugs in terms of sales accounted for 45% of innovative pharma sales in 2024.

Concentration risk due to Dupixent

Sanofi's high number of blockbuster drugs (about ten), including vaccines, is credit-positive and compares well to peers. Blockbusters are typically more profitable than non-blockbuster products and require lower marketing expenses. Dupixent will likely remain the company's most profitable drug this decade.

Blockbuster portfolio exceptionally strong

Patent expiry risk is limited in the near term: Aubagio and older diabetes products such as Lantus have already lost exclusivity. No major patent cliffs remain until Dupixent's loss of exclusivity post-2031, providing medium-term visibility. This allows Sanofi to focus on pipeline execution rather than defending existing franchises.

Dupixent has dampened patent expiry risk

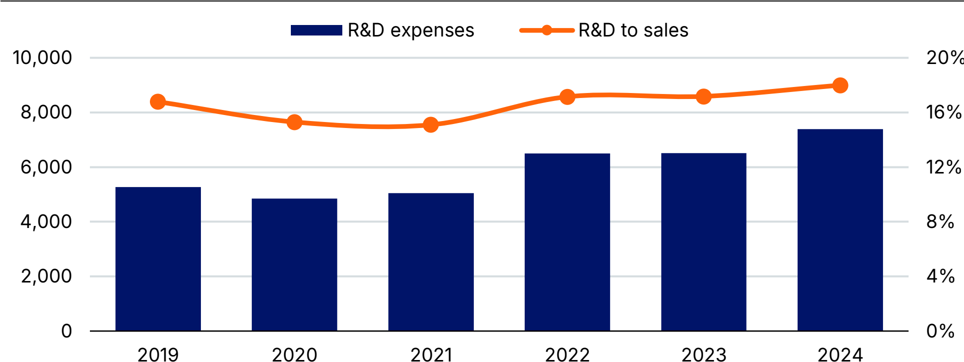
Recent launches strengthen the current portfolio and contribute to near-term growth. In parallel, Sanofi is expanding its late-stage pipeline, primarily in immunology, rare diseases, vaccines, and neurology, with key assets such as amlitelimab and tolebrutinib expected to drive future growth. At its 2023 R&D Day, Sanofi presented a record number of potential blockbusters, including a few with peak sales potential above EUR 5bn. These initiatives, combined with the goal of generating over EUR 10bn in cumulative sales from new launches by 2030, aim to mitigate dependence on Dupixent and secure sustainable long-term growth.

Promising pipeline expansion and growth targets

Sanofi's commitment to research and development (R&D) is reflected in its allocation of approximately 18% of sales to R&D efforts. This investment underpins a robust product portfolio and supports pipeline advancement. Recognising the importance of external innovation, Sanofi has strategically utilised cash reserves for acquisitions and partnerships aligned with its core therapeutic areas. Recent deals, including for Blueprint Medicines and Vigil Neuroscience, will likely strengthen rare disease, immunology and neurology franchises and increase US exposure (already 49% of 2024 sales), aligning with Sanofi's commitment to invest USD 20bn in US manufacturing, R&D and workforce over five years, excluding M&A and business development, to mitigate tariff risk.

R&D commitment and external innovation

Figure 3: Continuously high pharma R&D (EUR m)

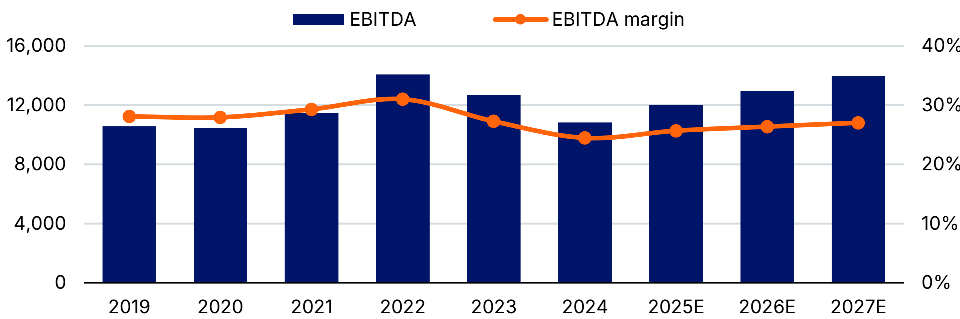


Source: Sanofi, Scope

Historically, Sanofi's profitability has trailed that of peers. The pharmaceutical division's EBITDA margin of below 35% reflected its mature product portfolio and significant exposure to emerging markets, which typically generate lower-margin business. The company is now actively reshaping its portfolio toward innovative, higher-margin assets/products. While near-term profitability (EBITDA margin below 30%) is temporarily diluted by elevated R&D spending to accelerate pipeline expansion, we expect margins to recover over the medium term, supported by new product launches, an improved product mix, and greater discipline on operational costs.

Profitability outlook assumes margin expansion

Figure 4: Group EBITDA (EUR m) and margin (%) by year



Source: Sanofi, Scope estimates

8. Financial risk profile: AA+

Credit metrics resilient despite temporary weakness

Sanofi's issuer rating remains strongly supported by its financial risk profile. This is based on our view that the company will continue to deliver strong and stable credit metrics in the foreseeable future. Sanofi's consistent generation of significant positive FOCF keeps the balance sheet strong and underpins its financial risk profile. We expect cash generation to remain robust, driven by sales growth (Dupixent, vaccines, pipeline), efficiency gains, and continued deleveraging. Management is likely to keep discretionary spending (M&A, shareholder remuneration) under control, with the exception of opportunistic bolt-on acquisitions. Despite these strengths, credit metrics weakened temporarily in 2024 due to Opella deconsolidation and accelerated R&D spending, which negatively impacted EBITDA. Metrics are expected to remain broadly at 2024 levels in 2025, reflecting ongoing R&D investment, despite the large inflow from the Opella transaction. From 2026 onward, we expect a gradual improvement in credit metrics driven by a recovering EBITDA margin.

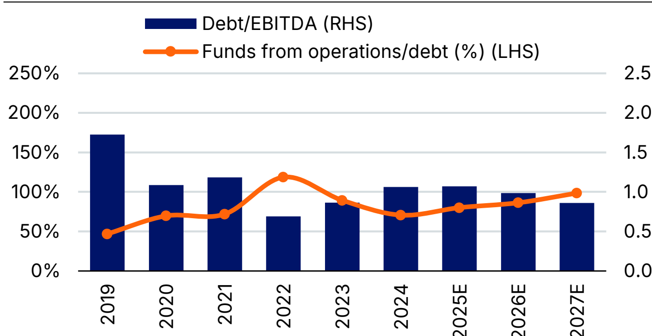
Funds from operations/debt offsetting weaker debt/EBITDA

Weaker EBITDA caused leverage, as measured by debt/EBITDA, to deteriorate to 1.1x in 2024 (YE 2023: 0.9x versus YE 2022: 0.7x). We expect leverage to stabilise at around 1.0x for 2025–2027, assuming no significant acquisitions or debt issuance, with funds from operations/debt remaining above 70%.

Low interest burden supports ratio

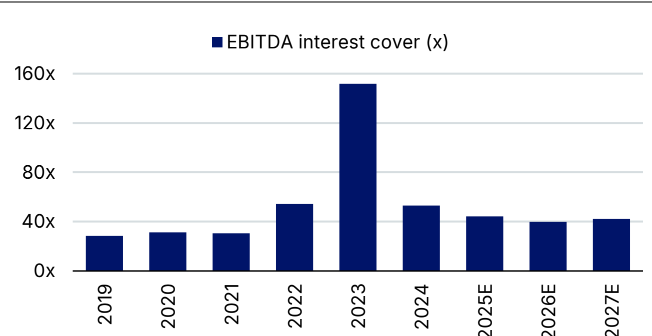
Debt protection, as measured by EBITDA interest coverage, continues to be solid at levels exceeding 10x. This reflects the low burden on cash flows from interest obligations.

Figure 5: Scope-adjusted leverage



Source: Sanofi, Scope estimates

Figure 6: Interest cover



Source: Sanofi, Scope estimates

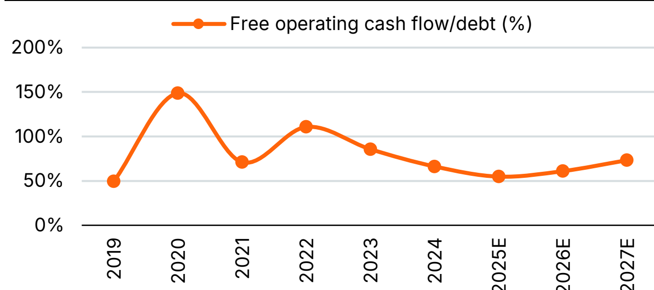
Strong cash flow and steady capex drive FOCF

Sanofi's FOCF generation remains solid, although it moderated in 2024 as the company accelerated investments in R&D and pipeline development. Cash flow cover, as measured by FOCF/debt, declined to 66% in 2024 from 86% in 2023, reflecting higher operating cost and strategic reinvestment rather than structural weakness. Despite this temporary dip, cash generation continues to comfortably support bolt-on acquisitions and shareholder returns without compromising credit quality.

Base case: focus on bolt-on deals, no large acquisitions

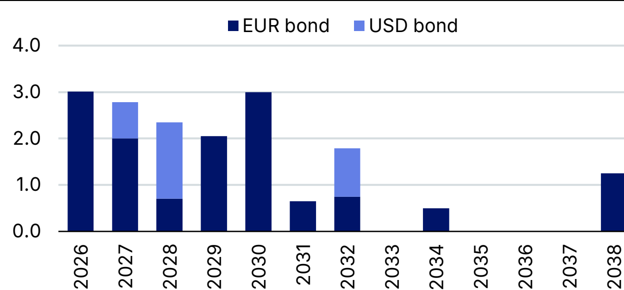
Our rating case assumes bolt-on transactions rather than large acquisitions in 2026-2027. The large volume of acquisitions that took place in 2025 (over EUR 10bn) was partially funded internally and via debt issuance. Going forward, we expect Sanofi to adhere to its established capital allocation priorities, balancing shareholder returns, investment in growth, and debt management, while maintaining credit metrics consistent with the current rating.

Figure 7: Cash flow cover



Source: Sanofi, Scope estimates

Figure 8: Debt maturity in EUR bn as of November 2025



Source: Sanofi, Scope estimates

Adequate liquidity

Liquidity remains adequate. The absence of significant short-term debt, coupled with positive FOCF and a substantial cash buffer (unrestricted cash reserves of around EUR 7bn as at FY 2024 and EUR 8bn of undrawn committed credit facilities), mitigates refinancing risks. This leads to a robust overall liquidity ratio of well above 200%.

Table 1. Liquidity sources and uses (in EUR m)

	2024	2025E	2026E
Unrestricted cash (t-1)	8,210	6,941	6,890
Open committed credit lines (t-1)	8,000	8,000	8,000
Free operating cash flow (t)	7,607	7,082	7,822
Short-term debt (t-1)	2,045	4,209	3,010
Liquidity	**>200%**	**>200%**	**>200%**

Source: Sanofi, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

No rating impact from supplementary rating drivers

The rating incorporates no adjustments related to financial policy, peer group considerations, parent support, or governance and structure.

Financial policy is the most important supplementary rating driver for Sanofi. Management is committed to preserving a strong investment-grade rating and adhering to its capital allocation framework. Since 2019, reasonable dividend growth has been a consistent priority. The EUR 5bn share buyback funded by Opella proceeds and the EUR 10bn acquisition volume in 2025 were exceptional transactions enabled by divestment liquidity and do not signal a structural shift in policy. We view these actions as opportunistic rather than recurring. Management continues to emphasise a neutral financial policy focused on organic growth, selective bolt-on acquisitions, and conservative leverage in line with its AA rating and available headroom.

10. Debt ratings

Senior unsecured debt rating: AA

The rated debt is issued by Sanofi S.A. The rating on senior unsecured debt has been affirmed at AA, in line with the issuer rating.

Short-term debt rating: S-1+

The affirmed short-term debt rating of S-1+ reflects Sanofi's sound credit quality, supported by robust internal liquidity and strong access to external funding through capital markets and bank debt as signalled by the bond issuances and available credit facilities.

Related research

US pharma tariffs redirect investment, spreading credit risk unevenly across sector's value chain, September 2025

US tariff increases to have uneven direct cashflow, credit impact on European corporates, April 2025

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