

Sanofi's China, Brazil sales and profits plunge

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Singapore: French Drugmaker Sanofi has posted a decline in sales from emerging markets for the second quarter in a row. The company in its third quarter results showed a vast decline in sales from China and Brazil and an even steeper decline in profits. The company has cut its earnings forecast for the year, for the second quarter in a row.

The slowdown in China, faltering generic sales in Brazil and lagging vaccines sales have brought the emerging markets growth to an anemic 2.80 percent for the third quarter.

Sanofi's sales dropped overall by 6.70 percent to \$11.59 billion and profits declined by 19 percent. "Times are a changing. The third quarter was an inflection point that marks the end of Sanofi's patent-cliff nightmare. All that ended in August and the company actually put forth sales growth in September," Sanofi CEO, Mr Christopher Viehbacher said.

Problems at one of the company's vaccines plant in Toronto also took a toll on sales in that area. The vaccines affected by those problems were childhood shots, which are higher-margin products, taking a disproportionate bite out of profits. And the biggest impact came from generic competition, which took a \$262.70 million chunk out of net sales.

Off-setting all this was some strong growth in diabetes, with Lantus continuing its surge. The drug delivered 21 percent sales growth year-over-year, to \$2.01 billion, and the entire diabetes business was up 20 percent on a constant-currency basis.

Sanofi's other designated growth areas--consumer healthcare and Genzyme among them also pumped things up. The launch of multiple sclerosis drug Aubagio, coupled with rare-disease growth, lifted Genzyme sales by 21 percent to \$727.6 million.

The CEO assured that the emerging markets won't continue to be a drag. "In China, for instance, new hospitals are popping up regularly, adding new customers each time," he said. The company intends to continue investing there, and in other countries, if on a more targeted, thoughtful basis, he added.

"There will be some ups and downs. You're going to have currency movements, there are going to be some issues on

pricing, but you are going to still see a volume increase. Here and there will be pockets of slowdown, but there's still growth to be found. We may just have to look harder for it.," he reportedly told analysts in a conference call.