Regeneron Pharmaceuticals Inc

2Q24 Second Opinion: Solid qtr all round with Eylea growth & encouraging pipeline updates

Equities

Americas

Biotechnology

12-month rating **Buy**

12m price target	**US$1,251.00**
	Prior : US$1,250
Price (01 Aug 2024)	**US$1,090.95**

RIC: REGN.O **BBG:** REGN US

Trading data and key metrics

52-wk range	US$1,100.05-732.12
Market cap.	US$118b
Shares o/s	108m (COM)
Free float	93%
Avg. daily volume ('000)	436
Avg. daily value (m)	US$445.4
Common s/h equity (12/24E)	US$28.3b
P/BV (12/24E)	4.1x
Net debt to EBITDA (12/24E)	NM

EPS (UBS, diluted) (US$)

	12/24E			
	From	To	% ch	Cons.
Q1	9.55	9.55	0	9.55
Q2	10.47	11.56	10	10.61
Q3E	12.36	11.75	-5	12.02
Q4E	12.56	12.36	-2	12.21
12/24E	45.38	45.91	1	44.56
12/25E	52.07	52.13	0	48.22
12/26E	65.22	65.57	1	53.02

Eylea franchise returns to growth

REGN delivered a solid 2Q24 performance with Revenue and EPS coming in 5% and 11% ahead of consensus. Initially there seemed to be some investor disappointment as Eylea HD was a little light (5% miss). However, this was outweighed by Eylea franchise growth (+2% YoY), the first time since 4Q22, and beats across all products. Importantly, we highlight Eylea's franchise share has held steady at 45% share (in a 5% growing market). The loss of standard Eylea share is being more than offset by the growth of Eylea HD, with share coming from new offices (number of offices ordering Eylea HD increased over 50% since J-code), naive patients (doubled since 1Q24), and switching (from standard Eylea, Vabysmo and Lucentis/Rituxan). *With another solid fundamental performance under the belt, we reiterate our Buy rating given the attractive valuation relative to growth, and plenty of pipeline optionality.*

Focus moves to dupi's dev opportunity in severe allergy & Factor XI as next catalysts

On the call questioning centered on: (1) initial PoC data from the Dupixent-linvoseltamab combination in severe food allergy by year end as well as the implied market potential, and (2) development path & timeline for the two Factor XI antibodies (REGN9933 targeting A2 domain & REGN7508 targeting catalytic domain). On dupi-linvo's development opportunity for severe allergy, mgmt are confident of the biology and believe preclinical data can translate into patients, with data in those with very high risk features first but the potential to move into milder patients and other allergy types. For the Fact XI assets, there will be some P2s data from both programs in the back half with additional PoC data from a new study and development decisions (whether to proceed one or both to pivotal P3) next year (see details inside).

Linvo PDUFA will be delayed, severe allergy PoC data by YE

Key catalysts in 2H include: (1) Dupixent PDUFA in CRSwNP (9/15) and COPD (9/27), (2) REGN9933 P2 PoC topline in VTE after knee replacement surgery - 2H & 7508 P2 interim by YE, (3) Dupixent P3 topline in CSU and regulatory strategy updates - 4Q24, (4) **Dupixent + linvoseltamab P1 PoC data in severe allergy - YE'24**.

Valuation:

Our $1,251 (up from $1250) price target is based on a 24x (unchanged) forward 2025 P/E valuation, supported by DCF (see more details of model changes inside).

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Highlights (US$m)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenues	16,072	12,173	13,117	14,085	15,884	18,084	20,462	21,961
EBIT (UBS)	9,830	5,719	5,129	5,172	5,921	7,367	9,071	9,966
Net earnings (UBS)	8,488	5,164	5,045	5,193	5,848	7,376	9,190	10,324
EPS (UBS, diluted) (US$)	74.66	44.98	43.79	45.91	52.13	65.57	81.43	91.10
DPS (net) (US$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	2,995	5,041	8,142	9,990	14,998	21,010	28,772	38,026

Profitability/valuation	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
EBIT (UBS) margin %	61.2	47.0	39.1	36.7	37.3	40.7	44.3	45.4
ROIC (EBIT) %	126.2	61.9	49.5	47.0	51.2	57.6	63.4	63.6
EV/EBITDA (UBS core) x	5.3	10.3	13.4	19.2	16.5	13.4	10.9	10.0
P/E (UBS, diluted) x	7.5	14.7	17.9	23.8	21.0	16.7	13.4	12.0
Equity FCF (UBS) yield %	11.2	6.3	4.6	5.6	4.2	5.1	6.6	7.8
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 1,093.14 on 01-Aug-2024 18:41:39 EDT

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Highlights from 2Q24 call

- **Eylea HD prefilled syringe launch now a high priority, anticipated in early 2025.** The overall brand has maintained 45% share and that utilization in treatment naïve patients doubled sequentially. Increasing switchings from other anti-VEGF products (Vabysmo, avastin) were mentioned. Further, the number of physician offices prescribing Eylea HD increased >50% sequentially with a permanent J-Code now in place and access for >80% of patient lives. Importantly, the launch of the prefilled syringe for Eylea HD remains on track for early 2025, which could mitigate some potential competitive pressure from Vabysmo (Vabysmo PFS was approved in early July).
- **Dupixent EU launch in COPD has commenced while US PDUFA (September 27, 2024) approaches.** Dupixent was recently approved by the European Commission for patients with COPD with raised blood eosinophils. Management noted COPD patients already started Dupi treatment journey in Germany with payer coverage is in place. Other EU regions will more ramp up from 2025 and beyond. In the EU there are ~220K patients with eosinophilic COPD uncontrolled by other therapies. Similarly in the US there are ~300K patients with COPD with type 2 inflammation.
- **Phase 2 proof of concept data for two Factor XI antibodies (REGN9933 and REGN7508) expected later this year for the prevention of venous thromboembolism after knee replacement surgery.** The P2 study for REGN9933 (targeting the A2 domain) is fully enrolled with results expected at a medical meeting while the P2 study regarding REGN7508 (targeting the catalytic domain) will have an internal analysis with results by year end (ROXI-VTE II). A 3rd PoC study looking at both '9933 and '7508 in prevention of blood clotting for those with a peripherally inserted central catheter will start soon with initial data next year (ROXI-CATH). Management noted that it is possible that the company could choose to progress both antibodies in development for patients with different risk statuses. Further, management also noted that the size of the direct oral coagulant market is $20bn.
- **Initial data from pilot study for severe food allergy with Dupixent in combination linvoseltamab (BCMAxCD3 bispecific) expected by YE24.** Management emphasized expectations that the combination could have a compelling safety profile enabling potential utilization in a broad patient population of patients with mild alto severe allergies. That said the ongoing study focuses on the patients with severe food allergies. Additionally management noted that there is meaningful overlap in patients with allergies and other indications already approved for Dupixent.
- **Phase 2 trial for trevogrumab in obese patients underway with goal of achieving lean muscle preservation in combination with GLP-1's.** Part A of the phase 2 COURAGE study (evaluating high dose trevogrumab in combination with semaglutide) in healthy volunteers has been completed with no new safety signals and Part B (evaluating safety and efficacy in obese patients) is now enrolling with topline results anticipated in 2H25 - including changes in body weight, fat mass and muscle mass.
- **Linvoseltamab PDUFA will likely be delayed, more updates to be provided at a later time** - linvoseltamab's BLA PDUFA in 4L+RRMM was expected on 8/22, however mgmt noted the FDA informed REGN that the 3rd party fill/finish manufacturer for linvo. had unresolved issues from another company's product candidates and a reinspection to the site will be required. Thus PDUFA will likely go beyond 8/22 with more updates to be provided at a later time.

Changes to Forecasts

We have increased our Eylea franchise estimates on the sales trajectory seen in 2Q (first return to growth since 4Q22), Pradulent and Evkkeza estimates were also upgraded on 2Q reports.Total sales were up 1% in 2024 and beyond, partially offset by slightly increased OpEx (+c.1%) going beyond. Our new price target, $1251 is based on 25x (unchanged) forward 2025 P/E valuation, with 2025 EPS increased slightly from $52.07 to $52.13

Figure 1: Changes to REGN model post 2Q EPS

Old ($m)	2024E	2025E	2026E	2027E	2028E	2029E
Eylea HD - US	1,390	2,642	3,567	4,280	4,708	4,708
Eylea - US	4,409	3,086	2,160	1,296	778	467
Libtayo - Global	1,148	1,402	1,613	1,718	1,804	1,849
Pradulent - US	200	180	162	154	139	125
Evkeeza - US	108	119	130	137	110	88
Inmazeb - Global	69	50	50	50	50	50
Total net product sales	7,356	7,732	8,606	9,053	9,911	10,723
Sanofi collaboration revenue	4,589	5,564	6,859	8,836	9,539	9,660
Bayer collaboration revenue	1,500	1,836	1,829	1,776	1,746	1,647
Total collaboration revenue	6,097	7,412	8,706	10,633	11,309	11,337
Sales	**13,976**	**15,671**	**17,845**	**20,193**	**21,701**	**22,517**
Cost of Sales	764	878	996	1,067	1,204	1,343
COCM	867	807	835	831	832	790
R&D	4,515	5,079	5,485	5,869	6,163	6,224
SG&A	2,554	2,860	3,060	3,275	3,438	3,473
Operating Income (non-GAAP)	5,175	5,942	7,368	9,051	9,964	10,587
Net Income (non-GAAP)	5,134	5,841	7,337	9,113	10,242	11,199
EPS (non-GAAP)	$45.38	$52.07	$65.22	$80.74	$90.38	$98.64

New ($m)	2024E	2025E	2026E	2027E	2028E	2029E
Eylea HD - US	1,448	2,751	3,714	4,457	4,902	4,902
Eylea - US	4,455	3,119	2,183	1,310	786	472
Libtayo - Global	1,134	1,385	1,593	1,698	1,783	1,827
Pradulent - US	218	196	176	167	151	136
Evkeeza - US	120	144	158	166	133	106
Inmazeb - Global	67	50	50	50	50	50
Total net product sales	7,451	7,895	8,793	9,259	10,117	10,915
Sanofi collaboration revenue	4,599	5,532	6,829	8,818	9,511	9,634
Bayer collaboration revenue	1,482	1,896	1,889	1,837	1,809	1,709
Total collaboration revenue	6,090	7,440	8,736	10,676	11,343	11,373
Sales	**14,085**	**15,884**	**18,084**	**20,462**	**21,961**	**22,763**
Cost of Sales	778	892	1,012	1,085	1,222	1,360
COCM	872	843	863	853	851	808
R&D	4,525	5,090	5,498	5,882	6,176	6,238
SG&A	2,637	3,033	3,245	3,472	3,646	3,682
Operating Income (non-GAAP)	5,172	5,921	7,367	9,071	9,966	10,575
Net Income (non-GAAP)	5,193	5,848	7,376	9,190	10,324	11,289
EPS (non-GAAP)	$45.91	$52.13	$65.57	$81.43	$91.10	$99.43

New	2024E	2025E	2026E	2027E	2028E	2029E
Eylea HD - US	4%	4%	4%	4%	4%	4%
Eylea - US	1%	1%	1%	1%	1%	1%
Libtayo - Global	-1%	-1%	-1%	-1%	-1%	-1%
Pradulent - US	9%	9%	9%	9%	9%	9%
Evkeeza - US	11%	21%	21%	21%	21%	21%
Inmazeb - Global	-3%	0%	0%	0%	0%	0%
Total net product sales	1%	2%	2%	2%	2%	2%
Sanofi collaboration revenue	0%	-1%	0%	0%	0%	0%
Bayer collaboration revenue	-1%	3%	3%	3%	4%	4%
Total collaboration revenue	0%	0%	0%	0%	0%	0%
Sales	**1%**	**1%**	**1%**	**1%**	**1%**	**1%**
Cost of Sales	2%	2%	2%	2%	2%	1%
COCM	0%	5%	3%	3%	2%	2%
R&D	0%	0%	0%	0%	0%	0%
SG&A	3%	6%	6%	6%	6%	6%
Operating Income (non-GAAP)	0%	0%	0%	0%	0%	0%
Net Income (non-GAAP)	1%	0%	1%	1%	1%	1%
EPS (non-GAAP)	1%	0%	1%	1%	1%	1%

Source: UBS estimates

Regeneron Pharmaceuticals Inc (REGN.O)

Income Statement (US$m)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Revenues	**16,072**	**12,173**	**13,117**	**14,085**	*7.4*	**15,884**	*12.8*	**18,084**	**20,462**	**21,961**
Gross profit	13,938	10,906	11,464	12,435	*8.5*	14,149	*13.8*	16,210	18,525	19,888
EBITDA (UBS)	**10,116**	**6,060**	**5,550**	**5,499**	*-0.9*	**6,201**	*12.8*	**7,635**	**9,379**	**10,249**
Depreciation & amortisation	(286)	(341)	(421)	(327)	*22.3*	(280)	*14.4*	(267)	(308)	(283)
EBIT (UBS)	**9,830**	**5,719**	**5,129**	**5,172**	*0.9*	**5,921**	*14.5*	**7,367**	**9,071**	**9,966**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	49	216	492	656	*33.5*	635	*-3.3*	885	1,186	1,538
Net interest	(57)	(59)	(73)	(63)	*14.3*	(63)	*-1.2*	(63)	(52)	(41)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**9,822**	**5,876**	**5,547**	**5,766**	*3.9*	**6,493**	*12.6*	**8,189**	**10,204**	**11,462**
Tax	(1,333)	(712)	(503)	(573)	*-14.0*	(645)	*-12.6*	(814)	(1,014)	(1,139)
Profit after tax	**8,488**	**5,164**	**5,045**	**5,193**	*2.9*	**5,848**	*12.6*	**7,376**	**9,190**	**10,324**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	(413)	(826)	(1,091)	(774)	*29.1*	(733)	*5.3*	(741)	(749)	(758)
Net earnings (local GAAP)	**8,075**	**4,338**	**3,954**	**4,420**	*11.8*	**5,115**	*15.7*	**6,635**	**8,441**	**9,566**
Net earnings (UBS)	**8,488**	**5,164**	**5,045**	**5,193**	*2.9*	**5,848**	*12.6*	**7,376**	**9,190**	**10,324**
Tax rate (%)	13.6	12.1	9.1	9.9	*9.7*	9.9	*0.0*	9.9	9.9	9.9

Per Share (US$)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
EPS (UBS, diluted)	74.66	44.98	43.79	45.91	*4.8*	52.13	*13.5*	65.57	81.43	91.10
EPS (local GAAP, diluted)	71.02	37.79	34.32	39.07	*13.8*	45.59	*16.7*	58.98	74.79	84.42
EPS (UBS, basic)	80.31	48.22	47.28	48.66	*2.9*	55.04	*13.1*	68.90	85.28	95.40
DPS (net) (US$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) [1]	77.17	47.96	47.45	48.80	*2.9*	54.62	*11.9*	67.94	84.16	93.60
Book value per share	179.54	211.65	242.45	267.76	*10.4*	322.07	*20.3*	389.80	474.00	569.63
Average shares (diluted)	114	115	115	113	*-1.8*	112	*-0.8*	112	113	113

Balance Sheet (US$m)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Cash and equivalents	5,695	7,742	10,845	12,693	*17.0*	17,701	*39.5*	23,713	30,755	40,009
Other current assets	8,320	8,142	8,634	7,629	*-11.6*	8,011	*5.0*	8,892	9,800	10,294
Total current assets	**14,015**	**15,884**	**19,479**	**20,323**	*4.3*	**25,712**	*26.5*	**32,605**	**40,556**	**50,303**
Net tangible fixed assets	3,482	3,763	4,146	4,669	*12.6*	5,342	*14.4*	6,160	7,080	8,114
Net intangible fixed assets	0	0	0	0	-	0	-	0	0	0
Investments / other assets	7,938	9,567	9,455	8,801	*-6.9*	8,885	*1.0*	9,149	9,434	9,395
Total assets	**25,435**	**29,215**	**33,080**	**33,793**	*2.2*	**39,938**	*18.2*	**47,914**	**57,069**	**67,812**
Trade payables & other ST liabilities	3,213	3,141	3,423	1,876	*-45.2*	1,974	*5.2*	2,283	2,659	2,829
Short term debt	720	0	0	0	-	0	-	720	0	0
Total current liabilities	**3,933**	**3,141**	**3,423**	**1,876**	*-45.2*	**1,974**	*5.2*	**3,003**	**2,659**	**2,829**
Long term debt	1,980	2,701	2,703	2,703	*0.0*	2,703	*0.0*	1,983	1,983	1,983
Other long term liabilities	754	708	981	872	*-11.1*	913	*4.7*	1,045	1,193	1,281
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**6,666**	**6,550**	**7,107**	**5,451**	*-23.3*	**5,590**	*2.6*	**6,031**	**5,836**	**6,093**
Common s/h equity	**18,769**	**22,664**	**25,973**	**28,341**	*9.1*	**34,348**	*21.2*	**41,883**	**51,234**	**61,718**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**25,435**	**29,215**	**33,080**	**33,793**	*2.2*	**39,938**	*18.2*	**47,914**	**57,069**	**67,812**

Cash Flow (US$m)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Net income (before pref divs)	8,075	4,338	3,954	4,420	*11.8*	5,115	*15.7*	6,635	8,441	9,566
Depreciation & amortisation	286	341	421	327	*-22.3*	280	*-14.4*	267	308	283
Net change in working capital	(1,917)	(243)	(94)	461	-	(256)	-	(486)	(431)	(266)
Other operating	636	578	314	2,135	*NM*	822	*-61.5*	681	672	988
Operating cash flow	**7,081**	**5,015**	**4,594**	**7,343**	*59.8*	**5,961**	*-18.8*	**7,097**	**8,990**	**10,571**
Tangible capital expenditure	(552)	(590)	(719)	(790)	*-10.0*	(953)	*-20.6*	(1,085)	(1,228)	(1,318)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	(1,257)	(263)	0	-	0	-	0	0	0
Other investing	(4,833)	(1,937)	(2,204)	(1,553)	*29.5*	0	-	0	0	0
Investing cash flow	**(5,385)**	**(3,785)**	**(3,185)**	**(2,343)**	*26.4*	**(953)**	*59.3*	**(1,085)**	**(1,228)**	**(1,318)**
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	27	(563)	(1,090)	(2,609)	*-139.5*	0	-	0	0	0
Other financing	(1,033)	(446)	(701)	(344)	*50.9*	0	-	0	0	0
Change in debt & pref shares	0	0	0	0	-	0	-	0	(720)	0
Financing cash flow	**(1,006)**	**(1,009)**	**(1,790)**	**(2,953)**	*-65.0*	**0**	-	**0**	**(720)**	**0**
Cash flow inc/(dec) in cash	**691**	**221**	**(381)**	**2,046**	-	**5,008**	*144.7*	**6,012**	**7,042**	**9,254**
FX / non cash items	1,417	1,826	3,484	(198)	-	0	*100.0*	0	0	0
Balance sheet inc/(dec) in cash	**2,108**	**2,048**	**3,103**	**1,849**	*-40.4*	**5,008**	*170.9*	**6,012**	**7,042**	**9,254**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Regeneron Pharmaceuticals Inc (REGN.O)

Valuation (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
P/E (local GAAP, diluted)	7.9	17.5	22.8	27.9	23.9	18.5	14.6	12.9
P/E (UBS, diluted)	7.5	14.7	17.9	23.8	20.9	16.6	13.4	12.0
P/CEPS	6.7	12.9	15.3	21.1	18.9	15.3	12.4	11.1
Equity FCF (UBS) yield %	11.2	6.3	4.6	5.6	4.3	5.1	6.6	7.9
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	3.1	3.1	3.2	4.1	3.4	2.8	2.3	1.9
EV/revenues (core)	3.3	5.2	5.7	7.5	6.4	5.6	5.0	4.6
EV/EBITDA (UBS core)	5.3	10.3	13.4	19.2	16.4	13.4	10.9	10.0
EV/EBIT (core)	5.4	11.0	14.5	20.4	17.2	13.8	11.2	10.2
EV/OpFCF (core)	5.5	11.1	14.4	20.6	17.6	14.1	11.4	10.3
EV/op. invested capital	6.8	6.8	7.2	9.6	8.8	8.0	7.1	6.5

Enterprise value (US$m)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Market cap.	58,367	69,982	84,118	117,761	117,761	117,761	117,761	117,761
Net debt (cash)	(1,882)	(4,018)	(6,591)	(9,066)	(12,494)	(12,494)	(12,494)	(12,494)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**56,485**	**65,964**	**77,526**	**108,695**	**105,267**	**105,267**	**105,267**	**105,267**
Non core assets	(3,263)	(3,263)	(3,263)	(3,263)	(3,263)	(3,263)	(3,263)	(3,263)
Core enterprise value	**53,223**	**62,701**	**74,264**	**105,433**	**102,005**	**102,005**	**102,005**	**102,005**

Growth (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenue	89.1	(24.3)	7.8	7.4	12.8	13.9	13.1	7.3
EBITDA (UBS)	138.4	(40.1)	(8.4)	(0.9)	12.8	23.1	22.8	9.3
EBIT (UBS)	145.3	(41.8)	(10.3)	0.9	14.5	24.4	23.1	9.9
EPS (UBS, diluted)	137.2	(39.7)	(2.6)	4.8	13.5	25.8	24.2	11.9
Net DPS	-	-	-	-	-	-	-	-

Margins & Profitability (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Gross profit margin	NM	NM	NM	NM	NM	NM	NM	NM
EBITDA margin	62.9	49.8	42.3	39.0	39.0	42.2	45.8	46.7
EBIT (UBS) margin	61.2	47.0	39.1	36.7	37.3	40.7	44.3	45.4
Net earnings (UBS) margin	52.8	42.4	38.5	36.9	36.8	40.8	44.9	47.0
ROIC (EBIT)	NM	61.9	49.5	47.0	51.2	57.6	63.4	63.6
ROIC post tax	NM	54.4	45.0	42.3	46.1	51.9	57.1	57.3
ROE (UBS)	57.0	24.9	20.7	19.1	18.7	19.4	19.7	18.3

Capital structure & Coverage (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Net debt / EBITDA	(0.3)	(0.8)	(1.5)	(1.8)	(2.4)	(2.8)	(3.1)	(3.7)
Net debt / total equity %	(16.0)	(22.2)	(31.3)	(35.2)	(43.7)	(50.2)	(56.2)	(61.6)
Net debt / (net debt + total equity) %	(19.0)	(28.6)	(45.7)	(54.4)	(77.5)	NM	NM	NM
Net debt/EV %	(3.3)	(6.1)	(8.5)	(8.3)	(11.9)	(17.1)	(23.6)	(31.7)
Capex / depreciation %	192.8	172.8	170.7	NM	NM	NM	NM	NM
Capex / revenue %	3.4	4.8	5.5	5.6	6.0	6.0	6.0	6.0
EBIT / net interest	NM	NM	70.3	NM	NM	NM	NM	NM
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-

Revenues by division (US$m)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	16,072	12,173	13,117	14,085	15,884	18,084	20,462	21,961
Total	**16,072**	**12,173**	**13,117**	**14,085**	**15,884**	**18,084**	**20,462**	**21,961**

EBIT (UBS) by division (US$m)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	9,830	5,719	5,129	5,172	5,921	7,367	9,071	9,966
Total	**9,830**	**5,719**	**5,129**	**5,172**	**5,921**	**7,367**	**9,071**	**9,966**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	14.7%
Forecast dividend yield	0.0%
Forecast stock return	14.7%
Market return assumption	9.3%
Forecast excess return	5.4%

Company Description

Regeneron Pharmaceuticals, Inc. is a fully integrated biotechnology company that develops, manufactures, and commercializes medicine for the treatment of serious diseases. Current commercialized products include Eylea, Eylea HD, Dupixent, and Libtayo, among others, for treatment of eye diseases, allergic and inflammatory diseases, cancer, and cardiovascular and metabolic diseases. The company also aims to maintain a strong foundation in basic scientific research and discovery-enabling technologies, and to build on that a diversified pipeline in oncology, immunology, rare diseases, and other areas.

Valuation Method and Risk Statement

REGN Valuation method: Our price target is derived using a 1-year forward P/E multiple, which is supported by a DCF framework. We reviewed companies with similar risk profile to that of REGN especially those with diversified commercial and pipeline products. Risks: 1) limited uptake of Eylea HD post-launch; 2) Regulatory failure of sBLA for Dupixent in multiple new indications; and 3) competitive threats to Libtayo and other oncology pipeline products. The company is also exposed to mid-cap biotech segment that include changes in FDA guidelines, payer pressure, and key management changes.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Regeneron Pharmaceuticals Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	December 15, 2024
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	LLY's bima + sema combo data as a read through

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	52%	25%
Neutral	FSR is between -6% and 6% of the MRA.	40%	22%
Sell	FSR is > 6% below the MRA.	8%	21%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2024.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

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Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Regeneron Pharmaceuticals Inc[16]	REGN.O	Buy	US$1,093.14	01 Aug 2024

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.
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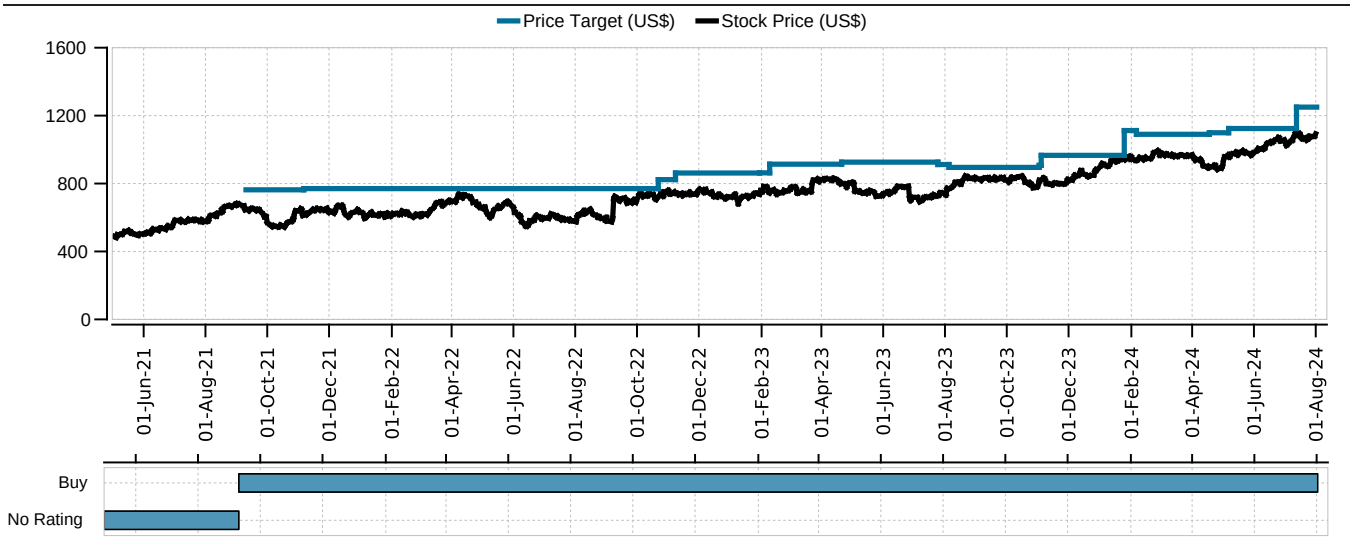
Regeneron Pharmaceuticals Inc (US$)



Date	Stock Price (US$)	Price Target (US$)	Rating
2021-04-30	481.30	-	No Rating
2021-09-09	646.11	763.00	Buy
2021-11-05	611.54	770.00	Buy
2022-10-21	713.91	823.00	Buy
2022-11-07	750.93	862.00	Buy
2023-01-29	742.83	863.00	Buy

Date	Stock Price (US$)	Price Target (US$)	Rating
2023-02-08	749.66	914.00	Buy
2023-04-20	798.10	926.00	Buy
2023-07-24	727.13	912.00	Buy
2023-08-04	766.44	895.00	Buy
2023-11-01	791.27	907.00	Buy
2023-11-03	816.90	966.00	Buy
2024-01-24	948.24	1112.00	Buy
2024-02-05	936.33	1090.00	Buy
2024-04-17	901.19	1099.00	Buy
2024-05-06	958.64	1124.00	Buy
2024-07-12	1100.05	1250.00	Buy

Source: UBS Global Research; LSEG Eikon as of 01-Aug-2024. All prices as of local market close. Ratings as of date shown.

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