



# **Equity Valuation: Regeneron Pharmaceuticals, Inc.**

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## **Abstract**

This dissertation aims to deliver an informed investment opinion on Regeneron Pharmaceuticals, Inc. as of 31 December 2025. Regeneron is an American biopharmaceutical company listed on Nasdaq since 1991. Its business strategy of connecting advanced technology with scientific innovation has led to the discovery of several drugs over the past three decades. The collaboration with other biopharmaceuticals to develop and commercialize medicines has accelerated the company's growth. Today, Regeneron is seen as one of the leading innovators in biologic drugs, particularly within oncology, immunology, and ophthalmology.

This dissertation incorporates a review of the literature in equity valuation, an analysis on biopharma and Regeneron's financial profiles, a detailed DCF model, and a multiples' analysis. Additionally, the intrinsic values found through relative and fundamental valuations will be compared against professional investment opinions from J.P. Morgan and Wells Fargo to complement the final opinion.

The DCF model estimates that Regeneron's intrinsic share value at the end of 2025 lies within a range of \$507 to \$1011, with a base-case valuation of \$813. Overall, the evidence supports a hold recommendation. Although the company shows a great operational profile with high profitability, the market is already foreseeing it, as the current share price is close to the DCF base case outcome and within the market multiples' ranges.

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## **List of Abbreviations**

APV - Adjusted Present Value

BV – Book Value

CAGR - Compound Annual Growth Rate

CAPEX - Capital Expenditures

CAPM - Capital Asset Pricing Model

CF – Cash Flow

CFA - Chartered Financial Analyst

COGS - Cost of Goods Sold

D&A - Depreciation and Amortization

DCF - Discounted Cash Flow

DDM - Dividend Discount Model

DNA - Deoxyribonucleic acid

EBIT - Earnings Before Interest

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization

ERP - Equity Risk Premium

EV - Enterprise Value

FCF - Free Cash Flow

FCFF - Free Cash Flow to the Equity

FCFF - Free Cash Flow to the Firm

FDA - Food and Drug Administration

GAAP - Generally Accepted Accounting Principles

IC – Invested Capital

IMF - International Monetary Fund

IPRD - In-Process Research and Development

ITS - Interest Tax Shield

M&A - Mergers and Acquisitions

NOPAT - Net Operating Profit After Taxes

NWC - Net Working Capital

PP&E - Property, Plant, and Equipment

R&D - Research and Development

ROE - Return on Equity

ROIC - Return on Invested Capital

ROW – Rest of the World

S&P500 - Standard & Poor's 500

SG&A - Selling, General & Administrative

TV - Terminal Value

U.S. – United States

WACC - Weighted Average Cost of Capital

YTM – Yield to Maturity

## **1 Introduction**

The primary goal of this thesis is to determine an investment recommendation, either buy, hold, or sell Regeneron Pharmaceuticals, Inc. shares as of 31 December 2025. For this purpose, this dissertation will assess whether Regeneron's market price reflects its intrinsic value obtained through equity valuation methods and compare the results with professional analysts' reports to capture the market sentiment.

Valuation models are essential tools to compute a company's worth and for guiding investment recommendations. Analysts commonly rely on two approaches to value a company: fundamental and relative valuation (Mauboussin and Callahan, 2024). Therefore, the research starts with a literature review, which introduces the most relevant valuation methodologies used in equity research, their strengths, and limitations. Followed by an industry analysis of the biopharmaceutical sector that will focus on the latest trends in the pharmaceutical sector, including market size, growth, R&D investments, innovation, patents, and regulation. Furthermore, a company overview will be conducted to explore Regeneron business model, financial performance, and strategic positioning. Attending the information gathered on the earlier chapters, the research methods section will explain the valuation methods adopted for the company's valuation, which will then be presented and compared to professional equity reports. Finally, the conclusion will provide the final investment analysis and recommendation.

This thesis therefore seeks to answer three fundamental questions: Does Regeneron's market price accurately reflect its intrinsic value? Is the estimated value in line with professional reports? And how does the outcome of the relative valuation compare with the fundamental valuation results?

## **2 Literature review**

### **2.1 Introduction**

When assessing a company's share price to issue an investment recommendation, analysts face the same question: is the stock price reflecting all the past and future performance of that company? Kennedy and Sinaga (2022) suggest that analysts must establish a benchmark, also referred as an intrinsic or fair value, which is obtained using valuation methods (Kothari 2001).

Based on a survey of 2000 members of the CFA Society, Mauboussin and Callahan (2024) observed that 93% of participants use market multiples to value a firm and 79% complement the analysis with a present discount value approach. Although these are the most used techniques, they are both vulnerable to errors and assumptions made by practitioners. Fernández (2004) highlighted that relative valuations derived from market data can be deceptive, as outdated information and outliers may be easily taken into consideration leading to biased results. On fundamental approaches, Penman (2006) raises three objections: first, the dividends should not be considered as they are linked to the distribution of earnings and not their generation; second, the free cash flow underestimates the future value of cash investments by excluding them; and, third, the speculation around discount and growth rates brings uncertainty and sensitivity to the output value of the model. As a result, analysts often face a trade-off: while intrinsic models focus on the company's financial reality, relative valuation provides a quicker approach that captures the current market sentiment. Alberro and Zurek (2018) argue that both methods can be used separately but recommend using them together to produce a more reliable valuation, and this aligns with Mauboussin and Callahan (2024) surveys' result, that most of the analysts use both approaches simultaneously to value the capital of a company.

### **2.2 Valuation Models**

#### **2.2.1 Discounted Cash Flow Models**

Irving Fisher (1930) defines the capital value as the estimated future income discounted to the present value. So, the value of a company is the sum of the discounted expected future earnings. This idea is the base of the Discounted Cash Flow (DCF) model.

$$V_0 = \sum_{t=1}^{\infty} \frac{CF_t}{(1+r)^t}$$

Where:

CF is the cash flow;

r is the discount rate/ cost of capital.

This model multiplied in different valuation approaches, as the type of cash flow and discount rate can change. Fernández (1997) proved these different models will yield the same result if the discount rate is consistent with the cash flow type. To achieve this consistency across approaches, further analysis of these variables is needed.

### 2.2.1.1 Cost of Capital

Starting with the cost of capital, Damodaran (2016) presents it as a “Swiss Army Knife” as it plays several roles depending on its application. In valuation, it functions as a discount rate, which investors use to value the capital. According to Damodaran, the same rate that is used by the company to make management decisions is also be the one used by investors to value that company.

Among the available approaches to discount future earnings, the Weighted Average Cost of Capital (WACC) is the most used in practice (Bruner et al., 1998). By combining the cost of equity with the after-tax cost of debt, WACC links the company’s operating cash flows after all expenses, investments, and taxes to its capital structure, reflecting the opportunity cost faced by all providers of capital (Damodaran, 2012).

According to Damodaran (2016), WACC is expressed as the weighted average of the cost of equity and the after-tax cost of debt, where the weights reflect the firm’s capital structure:

$$WACC = \frac{E}{D + E} * K_E + \frac{D}{D + E} * K_D * (1 - T)$$

Where:

E is the value of equity;

D is the value of debt;

$K_E$  is the cost of equity;

$K_D$  is the pre-tax cost of debt;

T is the tax rate.

### 1.2.1.1.1 Cost of Equity

Damodaran (2016) defines the cost of equity as the required rate of return for equity investors to account for their risk exposure. The author presents it as the sum of two inputs, a risk-free rate, and a risk premium to capture the additional compensation required by the shareholders. The origin of such definition comes from the modern portfolio theory, when Sharpe (1964) and Lintner (1965) developed the Capital Asset Pricing Model (CAPM), which is given by the sum of the expected return of a risk-free asset and the expected return of the equity risk premium that can be written as the asset's beta times the expected market return (Fama and French 2004).

$$CAPM = K_E = R_F + \beta_i * (R_M - R_F)$$

Where:

$R_F$  is the return rate of a risk-free asset;

$\beta$  is the beta;

$(R_M - R_F)$  is the equity risk premium.

Other robust approaches derived from CAPM included multiple factors to provide a more comprehensive explanation of the stocks' returns, like the Arbitrage Pricing Theory (Ross, 1976) and the Fama–French three-factor model (Fama and French, 1992). However, CAPM is still the dominant model among practitioners to compute the cost of equity (Bruner et al., 1998).

#### *Return of a Risk-Free Asset*

According to CAPM, the minimum required rate of return for any equity investor is the risk-free asset rate. Damodaran (2016) defines it as an investment in which its returns come from an entity that has no default risk, making them guaranteed earnings. Additionally, the investor should not be exposed to reinvestment risk, suggesting that the maturity of the investment should match the period of the cash flow analysis, so the return rate of the investment is constant. The author suggests both risks can be mitigated if analysts use long-term government bonds, as it does not only ensure consistency between the horizon of the valuation and the maturity of the risk-free rate, but also between the currencies used.

Fernández (2004) alerts about two common errors when estimating the risk-free rate. One, regarding the use of historical averages instead of the actual rate. The valuation models are used to estimate future earnings, so the risk-free rate should also be forward-looking. The second common error is using short-term rates instead of long-term ones. As explained before, the investment is no longer risk-free if it has reinvestment risk.

### ***Beta***

Bruner et al. (1998) define beta as a measure of an asset's risk relative to market portfolio. In other words, it gauges the sensitivity of an asset's return to movements in the overall market. An asset with a beta greater than one is expected to be more sensitive to market movements. This means its returns tend to move more than the market's returns. If beta is one, then the asset return is as volatile as the market's. And if it is below one, its expected returns will be lower than the market's.

Like the risk-free rate, beta estimation should also be forward-looking. However, the risk-free rate can be inferred from market instruments that embed expectations of future inflation, which is not the case for beta as it is unobservable, so analysts rely on historical market returns and, published estimations (Bruner et al. 1998).

### ***Equity Risk Premium***

The last part of CAPM is the equity risk premium, which is the expected return on the market portfolio minus the risk-free rate. It can be interpreted as the excess return investors require for holding the diversified portfolio of risky assets instead of a risk-free investment (Damodaran, 2016).

Damodaran (2016) shows that the equity risk premium can be estimated either from historical market returns or through a forward-looking approach based on expected dividends and buybacks. Zenner et al. (2008) add surveys as a third method. Each of these approaches has drawbacks, as they may depend on outdated data, on forecasted future cash flows, or analyst biases.

As described above, the estimation of the three variables of CAPM are controversial, which may lead to different cost of equity among practitioners.

In WACC's equation, the weight of the cost of equity depends on the firm's capital structure. If a company is more financed with equity relative to debt, then the cost of equity will have a greater impact on the overall cost of capital. Thus, the analysis of the weights is also important for the overall output of WACC.

#### **1.2.1.1.2 Debt and Equity**

Damodaran (2016) explains that when computing WACC, analysts can use either book values from accounting records or market values to determine the values of debt and equity. Schill (2018) discusses that book values may be acceptable for mature firms, as they rely on past information and ignore growth prospects. Overall, market values are preferred, especially for publicly traded companies, since debt and equity claims are priced in the market and can differ from book values.

As previously noted, these weights determine the relative impact of the cost of equity in WACC, but they will also weigh the impact of the cost of debt, which plays an equally key role in the overall cost of capital.

#### **1.2.1.1.3 After-Tax Cost of Debt**

Damodaran (2016) defines the cost of debt as the return required by lenders to compensate for default risk. The author presents two ways to estimate the cost of debt: one is the sum of two components, the long-term risk-free rate, and the default spread. And the other is the average yield to maturity on the company's traded bonds (Damodaran, 2012).

To align the cost of debt with after-tax cash flows, analysts adjust the before-tax cost of debt by multiplying it with  $(1 - \text{tax rate})$ . This reflects the tax deductibility of interest payments, which creates a shield that lowers the effective cost of borrowing (Damodaran, 2012). Fernández (2004) defends the right tax rate to use is the effective tax rate, which is the real tax rate derived from companies' financials.

Overall, although WACC is the preferred method for estimating the cost of capital, each of its components is subject to uncertainty and assumptions, which requires caution to avoid common pitfalls. Damodaran (2016) warns that, while the cost of capital is important, most valuation errors arise from the estimation of cash flows.

### 2.2.1.2 Cash Flows

As noted at the beginning of this section, the discount rate must be consistent with the type of cash flows being valued (Fernández, 2004). WACC, the most widely used measure of the cost of capital, is not the only approach. Its use reflects the preference for Free Cash Flow to the Firm (FCFF) among practitioners. However, when analysts use Free Cash Flow to Equity (FCFE) or Dividends, which is cash available only to shareholders, the appropriate discount rate should be the cost of equity (Damodaran, 2012).

#### 1.2.1.1 Free Cash Flows to Firm

Gode and Ohlson (2006) define FCFF as the cash generated from operations after expenses, investments, and taxes. Since financing costs are not deducted, this cash is available to pay debtholders, in the form of interest, and the remain goes to shareholders as dividends or buybacks. The standard discounted cash flow formula can be expressed as the sum of two components:

$$V_0 = \sum_{t=1}^n \frac{FCFF_t}{(1 + WACC_t)^t} + \frac{TV_n}{(1 + WACC_t)^n}$$

Where:

FCFF is the free cash flows to the firm;

WACC is the weighted average cost of capital;

TV is the terminal value.

The first component corresponds to the forecasted cash flows over a finite horizon, known as forecasted period. This period is the time the company needs to reach a steady state, when all the transitional effects and competitive advantages are null, so the business will no longer have abnormal profits (Schill, 2018). Therefore, the forecasted period will depend on the firm's size, the existing growth rate, the current excess return, and the level of competitive advantages (Damodaran, 2012).

According to Damodaran (2012), the FCFF can be computed as the difference between the net operational profit after taxes and the net invested capital needed to sustain the business, this translates into:

$$FCFF_t = NOPAT_t - \Delta IC_t$$

$$FCFF_t = EBIT_t(1 - T) + D\&A_t - \Delta NWC_t - CAPEX_t$$

Where:

NOPAT is the net operating profit after taxes;

IC is the invested capital;

EBIT is the earnings before interests and taxes;

T is the corporate income tax rate;

D&A is the depreciation and amortization;

NWC is the working capital;

CAPEX is the capital expenditure.

Each component comes directly from the firm's financial statements. To forecast each of these components, judgment and assumptions need to be made. Damodaran (2012) presents three ways to estimate the growth rate of any component. First, through a backward-looking approach, computing the implicit growth. The second approach is from public sources and the third is to use the performance metrics of the company, like margins and ratios.

The second term of the FCFF model represents the present value of the terminal value, which estimates the firm's value beyond the explicit forecast period. There are different alternatives to compute the terminal value: through liquidation, under the assumption that the firm will cease its operations at some point in the future; through multiples that are estimated from comparable firms; and through a perpetual growth model, under the assumption that the firm will keep going concerning and will grow at a stable rate. The simplest approach to estimate the terminal value is using a perpetual growth model, in which all the future cash flows are calculated under the assumption of a constant long-term growth rate (Damodaran, 2012), resulting in:

$$TV_n = \frac{FCFF_{t+1}}{(WACC_{t+1} - g)}$$

Where:

g is the stable growth rate.

For a correct estimation of the stable growth rate, Damodaran (2012) warns that if the company relies solely on its domestic market, then the ceiling of the growth rate should be the growth rate in the domestic market. In case it is a multinational company, then the correct ceiling should

be the growth rate in the global economy. The author adds that mature companies often expand more slowly than younger, fast-growing firms, which means their growth will fall below the economy's average.

Overall, even though the FCFF is the preferred model used by practitioners to value a company, Luehrman (1997) sees it as limiting, as WACC is not enough to capture all the tax benefits linked to corporate debt, especially in complex capital structures. Two different approaches are presented by Damodaran (2012): if all residual cash flows are distributed as dividends to shareholders, the Dividend Discount Model (DDM) is the simplest and most proper choice. However, if some cash is retained in the company, or if the firm does not pay dividends, the FCFE model is more suitable.

### 1.2.1.2 Dividend Discount Model

When investors buy a share, they expect to receive future cash flows, which consist of dividends paid by the company. In this case, the cash flows are dividends, and the proper discount rate is the cost of equity, as it reflects the return required by investors for choosing this asset over another with a similar risk profile (Damodaran, 2012). This principle underlies the dividend discount model presented by Gordon and Shapiro (1956), in which dividends grow at a constant rate forever, so the value of the firm's equity can be estimated as a growing perpetuity model based on next period's expected dividend.

$$V_0 = \frac{DPS_{t+1}}{(K_E - g)^t} \quad DPS_{t+1} = DPS_t * g$$

Where:

DPS is the dividends per share.

Damodaran (2012) explains that the dividend growth rate can be estimated in the same way as FCFF, because in a stable state, the growth in earnings should be the same as in dividends.

A different approach to the model relaxes the assumption of a single unique growth rate. This approach breaks down the model into distinct stages. If investors expect their dividends to grow at higher rates in the first period of the forecast and then abruptly stabilize their growth, then a two-stage model is enough to value the company. However, if they expect dividends to slow down in different steps, they can add an extra stage to capture that transition, forming the three-stage model. These models work better for companies that are still growing and reinvesting or

that are in fast-paced markets. The uncertainty around dividends is bigger in the first years than when the growth is stable, this translates into different rates required by investors in each step (Fuller and Hsia, 1984).

Although the second approach relaxes one of the main critics of the Gordon Dividend Model, it still depends on a stable growth rate to compute the terminal price. Another critic pointed out by Gode and Ohlson (2006) is that not all companies pay dividends, which makes the model useless. To overcome this problem, an analyst can use free cash flows to equity (FCFE) as an alternative type of cash flow (Damodaran, 2012).

### 1.2.1.3 Free Cash Flows to Equity

Damodaran (2012) presents three variants of the model which are based on the DDM models, although the two-stage model is the most common among practitioners.

$$V_0 = \sum_{t=1}^n \frac{FCFE_t}{(1 + K_{EHG})^t} + \frac{P_n}{(1 + K_{EHG})^n} \quad P_n = \frac{FCFE_{t+1}}{(K_{EST} - g)}$$

Where:

$K_{EHG}$  and  $K_{EST}$  are the cost of equity in high growth and in steady state, respectively.

According to the author, the FCFE represents the available cash to shareholders after addressing capital investment and fulfilling all financial obligations. This cash can be retained for strategic reinvestment or distributed in the form of dividends or shares buyback.

$$FCFE_t = NOPLAT_t - \Delta IC_t + \text{Net Debt}$$

$$FCFE_t = EBIT_t(1 - T) + D\&A_t - \Delta WC_t - CAPEX_t + \text{Net Debt}$$

Where:

Net Debt is the new debt raised minus the debt repayment done by the company.

The estimation of each part is the same as in FCFF. Net debt also comes from financial statements, and its forecast can rely on historical values or public sources (Damodaran, 2012).

When the FCFE is used to substitute dividends in a DCF model, it is assumed that all the cash available will potentially be distributed to shareholders and there will be no retention for that cash in the company, thus it assumes the same level of risk for investors as the dividend model (Damodaran, 2012).

Although all approaches involve forecasting future uncertainty, growth projections that rely on managerial decisions to distribute dividends are highly speculative and difficult to estimate in the long term (Penman, 2006). This makes cash models more reliable to estimate the equity value. However, cash models face limitations when the capital structure of the company changes, because they implicitly embed financing assumptions into the cash flows or into the discount rate, which can lead to biased valuations (Bienfait, 2005 and Luehrman 1997). To address this problem, Myers (1974) developed the Adjusted Present Value (APV) model, which separates the value of operations from the value of financing decisions.

#### 1.2.1.4 Adjusted Present Value

Bertoneche and Federici (2006) describe the APV as a multipart valuation model. The first part represents the present value of the firm's future free cash flows, discounted at the unlevered cost of capital, while the others capture the present value of financing effects such as the interest tax shields (ITS), the financial distress (FD) and the issue costs (ICD).

$$V_0 = PV(FCFF)_{Unlevered} + PV(ITS) - PV(FD) - PV(ICD)$$

Where:

ITS is the interest tax shield;

FD is the financial distress;

ICD is the issuance cost of debt.

Fernández (1997) argues that the present value of the interest tax shield is not a unique flow but the difference between two cash flows with different levels of risk: the present value of the taxes paid in the unlevered firm and those paid in the levered firm.

In an unlevered firm, all free cash flows from operations after expenses and investments are available to equity holders, so the risk of these cash flows is equivalent to that of the FCFE. Thus, the proper discount rate is the unlevered cost of equity, which can also be estimated using

the CAPM, but while the levered cost of equity incorporates the additional financial risk arising from debt, the unlevered cost of equity only accounts for the firm's business risk, independent of its capital structure (Damodaran, 2012).

$$CAPM = K_{E\text{ unlevered}} = R_F + \beta_{\text{unlevered}} * (R_M - R_F)$$

$$\beta_{\text{Levered}} = \beta_{\text{Unlevered}} * \left(1 + \frac{D_t}{E_t} * (1 - T)\right)$$

Where:

$K_{E\text{ Unlevered}}$  is the unlevered cost of equity;

$\beta_{\text{Levered}}$  is the levered beta of the firm:

$\beta_{\text{Unlevered}}$  is the unlevered beta of the firm.

As seen before, the beta coefficient measures the firm's sensitivity to overall market movements or the exposure to economic fluctuations. When a company increases its debt to finance growth, its earnings become more volatile, which increases the risk exposed by equity holders and, consequently, its levered beta. The term (1-T) reflects the benefits that arise from the tax deductibility of interest payments, which partially offsets the higher financial risk introduced by leverage (Damodaran, 2012).

The model is seen by Luehrman (1997) as the best alternative to value a company, because of its value additive principle, in which cash flows are valued separately and summed at the end, it provides more input for managerial decisions. However, it still relies on cash, which for Gode and Ohlson (2006) can misestimate the real value of a firm. The authors note the difficulty of separating investing and financing from operating activities cash flows in some businesses. Due to these limitations, the residual income model is pointed out by Penman (2006) as the preferred method to estimate the value of a firm.

#### **1.2.1.5 Residual Income Model**

Gode and Ohlson (2006) states that the firm's market value can be expressed as the sum of last year's equity book value and the present value of expected future abnormal income, assuming that changes in book value are only explained by earnings and dividends, known as the clean surplus relation.

$$V_0 = BV_0 + \sum_{t=1}^{\infty} \frac{RI_t}{(1 + K_E)^t} \quad RI_t = EE_t - (K_E * BV_{t-1}) = (ROE - K_E) * BV_{t-1}$$

Where:

BV is the book value;

RI is the residual income;

EE is the expected earning;

ROE is the return on equity.

According to the authors, this model reflects the firm's wealth instead of the value of its cash. The book value of equity at time zero represents the accumulated wealth and the present value of expected residual income represents the expected growth. The estimation of residual income is given by the difference between the firm's return on equity and the return required by investors on the firm's book value of equity. This means that value only increases when the firm's return on equity exceeds the cost of equity, indicating that the firm generates earnings above those required by investors. In this sense, the Residual Income (RI) model links accounting performance directly to value creation.

Brealey et al. (2008) alert for the risk of creative accounting embedded in the company's earnings. The authors pointed out that the focus on earnings by shareholders pressures managers to manipulate them, biasing the valuation of the firm.

Overall, valuation approaches have evolved from discounting dividends and cash flows, to using accounting-based metrics. Each model represents a different attempt to estimate the intrinsic value of equity as accurately as possible. However, as discussed earlier, all these models are constrained by complexity, forecast uncertainty and accounting quality, since even small variations on underlying assumptions can lead to significant differences in the estimated value. These limitations made practitioners explore other valuation methods that were simpler, faster, and more directly comparable across firms. This explains the empirical evidence shown by Mauboussin and Callahan (2024), that analysts rely primarily on relative valuation measures, also called multiples or comparables.

### 2.3 Relative Valuation

The relative valuation approach determines the company's worth by comparing it to similar companies. This approach relies on the law of one price, which says that assets with identical characteristics should trade at identical prices (Luehrman, 2009). However, in financial markets, prices are determined by the value of equity and the number of shares outstanding, and the latter is not the same across firms, thus prices cannot be simply compared. Analysts must standardize prices relative to another common metric, such as earnings, book value, or revenues. The most common valuation multiples are Price-to-Earnings (P/E), Enterprise Value-to-EBITDA (EV/EBITDA), and Price-to-Book Value (P/B). In some cases, analysts also complement their analysis with non-financial or sector-specific multiples (Damodaran, 2012).

$$\frac{P}{E} = \frac{\text{SHARE PRICE}}{\text{EARNINGS}}$$

$$\frac{EV}{EBITDA} = \frac{ENTERPRISE\ VALUE}{EBITDA}$$

$$\frac{P}{B} = \frac{SHARE\ PRICE}{BOOK\ VALUE}$$

As Alberro and Zurek (2018) note, these multiples are a shorthand for underlying DCF relationships. Each multiple can be derived from fundamentals such as growth or profitability. For instance, the EV/EBITDA ratio can be seen as a proxy for the firm's operating cash flow yield, while P/E reflects expectations of earnings growth and risk.

The process of conducting comparables valuation follows four steps. First, analysts must define the peer sample, selecting firms with similar operations, financial structures, and risk exposures (Alberro and Zurek, 2018). Second, they should choose the proper valuation multiples, according to the industry, such as P/E, EV/EBITDA, or EV/Sales. Third, they must compute multiples for each comparable firm and adjust for outliers, non-recurring items, and accounting differences. Finally, the analyst should apply the multiple to the target firm's corresponding financial metric to estimate its implied value (Luehrman, 2009).

Schueler (2020) highlights that one of the limitations of relative valuation is its dependence on market efficiency. If peers are mispriced, the valuation derived from them will be biased.

Mauboussin and Callahan (2024) also show that differences in accounting practices, capital structures, and growth expectations can distort multiples. Furthermore, multiples are static measures, reflecting only one point in time, and may overlook changes in a firm's prospects or risk profile. To mitigate these issues, Alberro and Zurek (2018) recommend combining relative valuation with fundamental methods.

### **3 Biopharmaceutical industry overview**

The biopharmaceutical industry is defined by the development, production, and commercialization of therapeutic substances derived from living material, such as cells or tissues.

Medicines have been around for centuries, but biopharmaceutical industry as we know today has its origins in the 17th century, when Edward Jenner developed the first vaccine against smallpox. In the 19th century, scientists discovered the treatment for infectious diseases such as diphtheria and tetanus using animal-derived antitoxins. The turning point in the industry was in the second half of the 20th century, when scientists learnt how to manipulate DNA to treat diseases. In fact, the first Food and Drug Administration (FDA) approval came in 1982 with Humulin, the first biosynthetic insulin. From that point onward, pharmaceuticals start incorporating biologics on their R&D expenses, which accelerated the development of new drugs. According to the IQVIA Report: 2024 Pipeline Review, the rise in world population, and particularly in life expectancy (Appendix 1), has led to an increase in age-related and chronic diseases, like dementia, cancers, diabetes and depression, which consequently leads to a higher demand for innovative treatments. All these transformations have turned the pharmaceutical industry into one of the most attractive sectors for both governments and investors<sup>12</sup>.

#### **3.1 Market Size and Growth**

In 2024, the global biopharmaceutical market was valued at \$1,7 trillion, representing an 8% growth compared to 2023 (Appendix 4). Over the past five years, consumption and sales grew 14% and 38%, respectively, surpassing pre-pandemic trends. The United States has been leading the market, with sales between manufactures and wholesalers at \$1,023 trillion in 2024 (Appendix 2). For comparison, the next largest country was China with \$166 billion in sales. The U.S. market's dominance reflects both high volume of consumption and prices. Over the past five years, sales on a net price basis, after rebates and discounts have grown at a compound annual growth rate of 7,3% in the U.S. (The Global Use of Medicines 2025: Outlook to 2029).

#### **3.2 R&D Investment and Innovation**

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<sup>1</sup> Teva Pharmaceuticals: A Brief History of Biopharmaceuticals.

<sup>2</sup> Biopharma Excellence: How Biologicals Have Changed the Paradigm of How We Treat Diseases Today and in the Future

One of the main characteristics of the biopharmaceutical industry is its investment in R&D, whether through funding or mergers and acquisitions (M&A). According to IQVIA’s Global Trends in R&D 2025 report, global biopharma R&D funding rose from \$71 billion in 2023 to \$102 billion in 2024. This growth suggests that companies are turning to the market to finance their activities, as follow-ons, which are public offerings done after the Initial Public Offering (IPO), increased 70% compared to 2023.



Figure 1- Biopharma Funding Levels, 2015-2024, US\$Bn.  
 Source: IQVIA Report: Global Trends in R&D 2025

In parallel, pharmaceutical companies are increasing their R&D investment through strategic acquisitions and licensing agreements, enabling the exchange of product, technology, or intellectual property rights between organizations. IQVIA also reported that the R&D expenditure in M&A deals decreased from \$138 billion in 2023 to \$104 billion in 2024. However, there were more deals above \$1 billion in 2024 than in the prior year, especially in areas such as oncology, neurology, gastrointestinal and cardiovascular (Appendix 3).



Figure 2 - Large Pharma R&D Expenditure and as a Percentage of Sales, 2015-2024, US\$Bn.  
 Source: IQVIA Report: Global Trends in R&D 2025

Overall, in 2024, the main biopharmaceutical firms spent \$190 billion on R&D, which represented 25% of their sales, number that has been increasing throughout the years, which reflects a shift toward R&D intensive business models.

### **3.3 Patents and Regulation**

Another fundamental characteristic of the biopharmaceutical industry is its patents' portfolio. According to the United States Patent and Trademark Office,

“A U.S. patent gives the inventor the right to exclude others from making, using, offering for sale, or selling an invention, or importing it into the United States. (...) Patents have a term of up to 20 years from the date the first non-provisional application for patent was filed.”

In the biopharmaceutical sector, patents are crucial for allowing companies to have pricing power and recover the R&D investments spent during the drug development process. However, because patents are filed early in the process, long before the completion of clinical trials and regulatory approvals, the effective period of market exclusivity is often much shorter than 20 years. Once a patent expires, the company loses exclusivity, enabling generic and biosimilar competitors to enter the market. IQVIA's Market Prognosis 2025 report shows that the impact of loss of exclusivity is projected to more than double in the forthcoming five years compared to the preceding period. Even so, the growth in products with exclusivity is expected to mitigate the impact of the upcoming expirations (Appendix 4).

Regulatory reforms, particularly in the United States, have become a key focus of the biopharmaceutical industry's agenda. The U.S. government has implemented the Inflation Reduction Act of 2022, which authorizes Medicare, the federal health insurance program for individuals aged 65 and older, as well as younger people with disabilities, to negotiate prices for top-selling drugs and impose penalties on price increases that exceed the rate of inflation. In parallel, the FDA has approved new biosimilar interchangeability designations, making the substitution of biologics for biosimilars easier. These policy measures are expected to drive a reduction in medicine prices. While list prices for protected brands may rise 1 to 4% (Appendix 5), net prices are projected to decline by the same amount annually, signaling that future market growth will rely more on innovation and consumption volume than on price inflation.

### **3.4 Projections**

The biopharmaceutical market is projected to expand over the next years, but not the same across the globe. Markets such as North America, Europe, and Asia-Pacific are expected to increase sales by more than 30%, because of demographic expansion and a shift toward higher-value innovative medicines in therapeutic areas such as oncology, immunology, diabetes, and, specially, obesity (Appendix 6), as clinical trials increased by 68% between 2022 and 2023.

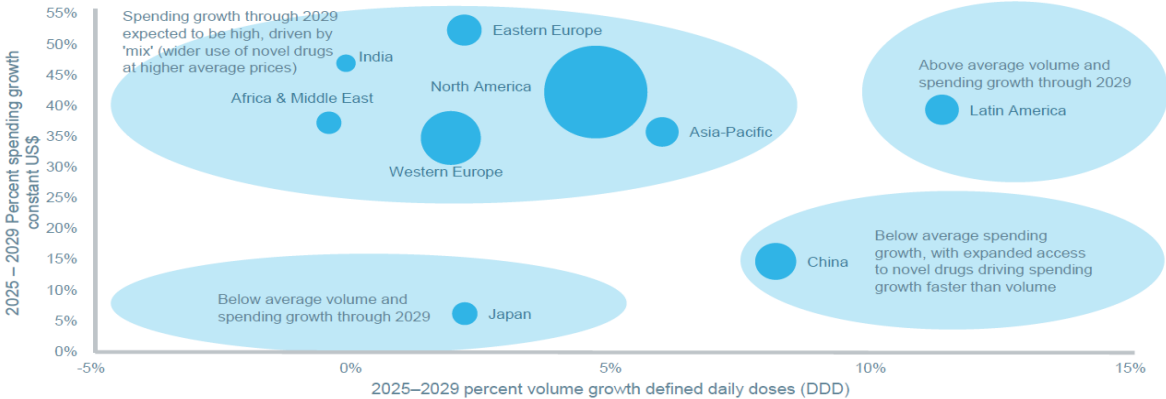


Figure 3 - Spending and Volume Growth by Region.  
 Source: IQVIA Report: Global Use of Medicines Outlook Through 2029

In the United States, which continues to account for over half of global biopharmaceutical spending, IQVIA projects net expenditure will increase by approximately \$116 billion between 2024 and 2029, which represents a net growth after discounts and rebates between 3 to 6%. Additionally, the market’s expansion will be primarily driven by the launch of new therapies. However, this growth will be limited by patent expirations, biosimilar competition, and price constraints.

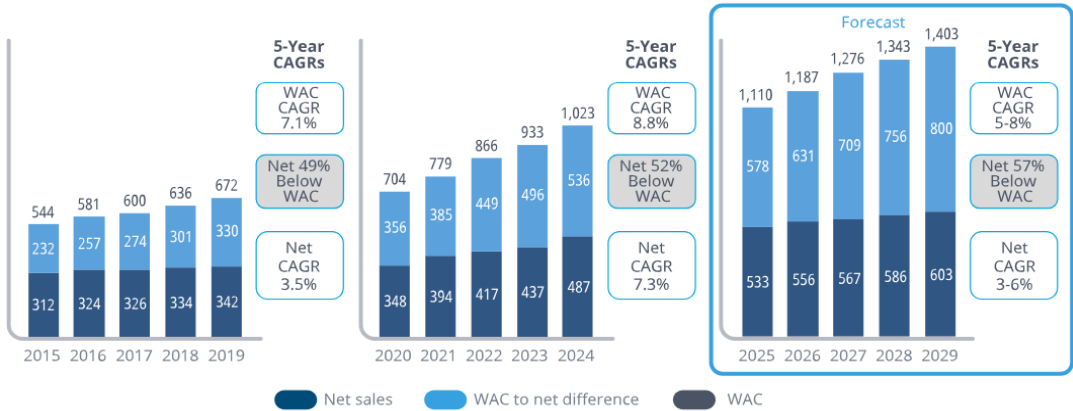


Figure 4 - Medicine Spending at List Price (WAC) and Estimated Net Manufacturer Prices, 2015–2029, US\$Bn.  
 Source: IQVIA Report: Understanding The Use of Medicines in The US 2025

## 4 Company Analysis

Regeneron Pharmaceuticals was founded in 1988 in New York. In the first years, the company focused on neurological therapies, but after some failed trials, it shifted its research to immunology. Regeneron got its first FDA approval in 2008 with Arcalyst, an anti-inflammatory drug used to treat pericarditis. In 2011, the FDA approved Eylea, an injectable therapy for retinal diseases such as age-related macular degeneration<sup>3</sup>. From there on, Regeneron expanded its R&D and global presence by collaborating with other biopharma firms. Today, the company is focused on developing drugs in high-growth therapy areas and investing in technologies that accelerate the process of discovery.

### 4.1 Portfolio of Therapies

Regeneron's business model is centered on the discovery, development, and commercialization of medicines. Eylea has become Regeneron's blockbuster therapy. According to the company's latest annual report, Eylea and its high-dose formulation, Eylea HD, accounted for 52% of Regeneron's total revenue in 2024 and 56% in 2023. Dupixent, created in 2017, has also become another relevant product for the company. It is a monoclonal antibody used to treat allergies and inflammations. In 2024, Dupixent represented 32% of total revenue. In addition, Regeneron also produces other products focused on other therapies, which diversifies its medicine portfolio as depicted in Figure 5.

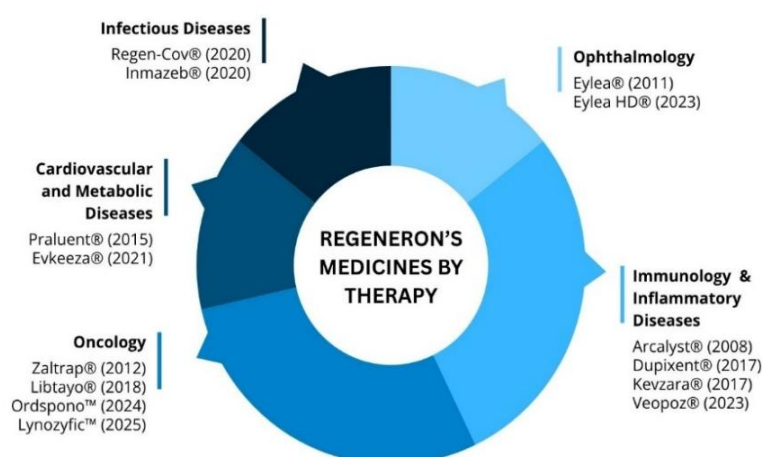


Figure 5 - Regeneron's Discovered Medicines by Therapy.  
Source: Regeneron's financial report 2024

<sup>3</sup> Regeneron's Website

However, not all the drugs are available in the U.S., as they need FDA approval. For example, Ordspono, a treatment developed for follicular lymphoma, was approved in the European Union in August 2024 but has not yet received approval in the United States. Regen-Cov, a monoclonal antibody cocktail for the treatment of COVID-19, was launched under an Emergency Use Authorization in November 2020 but was never fully approved by the FDA.

According to Regeneron Corporate Presentation of 2025, the company is currently testing forty-four new medicines (Appendix 7) on potential growth therapy areas that will lead the company to capture a significant share of global pharmaceutical markets.

## **4.2 Acquisitions and Collaborations**

Over the years, Regeneron has strategically acquired companies to expand its pipeline and explore new modalities. In 2022, the company acquired Checkmate Pharmaceuticals for \$250 million. According to the company's website, vidutolimod, a candidate medicine to treat skin, head and neck cancers developed by Checkmate, is using a different modality that will enrich the company's portfolio and the development of new medicines using the same mechanism. In 2023, Decibel Therapeutics was bought for \$101 million with a non-tradeable contingent value right of \$97 million. This acquisition added DB-OTO, a gene therapy developed to treat patients with otoferlin-related hearing loss, to Regeneron's pipeline. Additionally, Decibel's workforce knowledge in gene therapy will enhance the overall genetic medicines portfolio.

Regeneron also collaborates with other biopharmaceutical companies through co-development, licensing, and other strategic agreements. In 2006, Regeneron and Bayer sign a commercial deal for Eylea, in which Regeneron sells the medicine in the U.S., while Bayer commercializes it outside, sharing global development costs and profits. In 2017, Regeneron received \$5 million to grant Kiniksa Pharmaceuticals Ltd. the exclusive rights to develop and commercialize Arcalyst, in some locations. This partnership allowed Regeneron to focus on other therapeutic areas while continuing to benefit from the product's royalties, and other milestone payments. In 2022, Regeneron paid to Sanofi \$900 million upfront and up to \$100 million in potential milestones for the full rights to commercialize Libtayo, an immune-oncology therapy developed in collaboration with Sanofi. Aside from this acquisition, Regeneron and Sanofi also signed a commercial agreement for Dupixent and Kevzara. Overall, Regeneron's growth strategy relies on collaborations, licensing deals, and acquisitions that enhance its pipeline and strengthen the long-term potential of its portfolio.

### 4.3 Financial Performance

Looking at the company’s annual reports for 2020 and 2024, Regeneron’s revenue by product is very similar. Eylea and Dupixent, Regeneron’s blockbusters have dominated the company’s sales, accounting together 86% in 2020 and 84% in 2024.

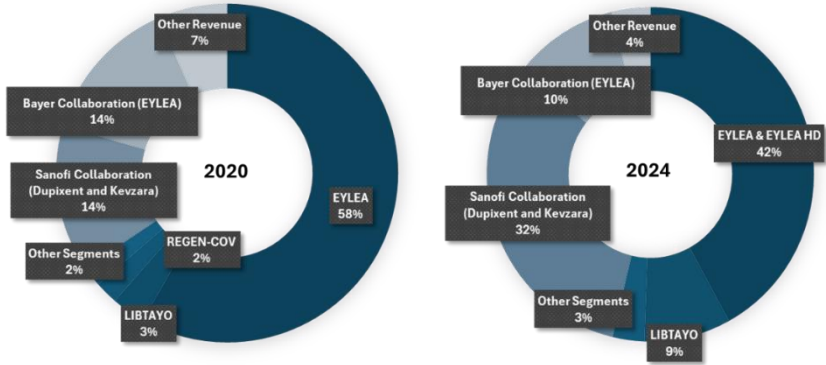


Figure 6 - Regeneron Pharmaceuticals' Revenue Composition by Product. Source: Regeneron's Financial Reports

However, in 2021, Regeneron’s financial results have also been influenced by the COVID-19 pandemic. While in 2020, the Regen-Cov only represented 2% of the total revenue. In 2021, it peaked to 36,3%. In absolute numbers, it went from \$186 million in 2020 to \$5,8 billion in 2021. Despite the value added from this product, SARS-CoV-2 variants became stronger, and Regeneron’s medicine ineffective, which made Regeneron stop selling the drug in 2022, dropping revenues by 24%.

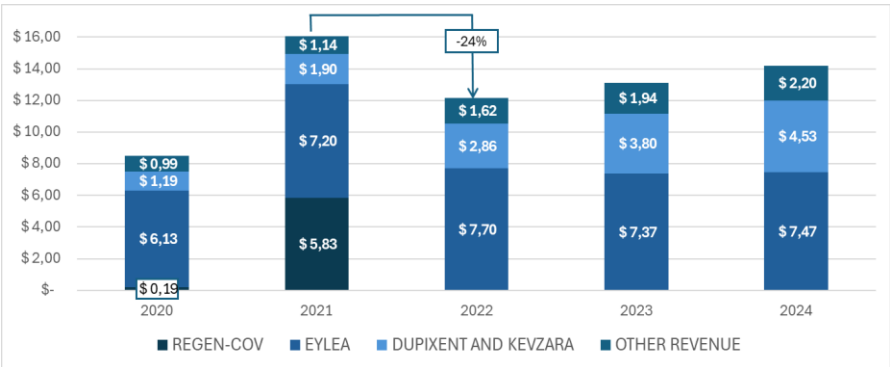


Figure 7 - Regeneron Pharmaceuticals' Revenue by Product, 2020–2024, US\$Bn. Source: Regeneron's Financial Reports

Excluding Regen-Cov, the company’s core business products kept growing throughout the years. Revenue increased from \$8,5 billion in 2020 to \$14,2 billion in 2024, a CAGR of 13,7%.

This growth was driven by Regeneron’s commercialization deal with Sanofi to sell Dupixent and Kevzara, which in 2020 represented 14% of the total sales and in 2024 it reached 32%.

Due to its business model and product’s exclusivity, Regeneron can keep strong pricing power and low manufacturing costs, reflecting in high gross profit margins each year. In 2024, cost of goods sold was \$1,72 billion, while revenue totaled \$14,2 billion, representing a gross profit margin of 88%. Meanwhile, in-house R&D costs under GAAP are expensed and not capitalized, so each year Regeneron spend part of its revenues in R&D. This item rose from \$2,65 billion in 2020 to \$5,13 billion in 2024 and it is linked to clinical manufacturing costs associated with the company’s development pipeline. Another operating cost that has been growing over the years is Selling, General & Administrative (SG&A). It rose from \$2,65 billion in 2020 to \$5,13 billion in 2024. These expenses are linked to the commercialization of its products. For example, after the company obtained the exclusivity rights of Libtayo in 2022, it also increased its costs of SG&A of the product. The same effect can also be seen in 2024, when Regeneron launched Eylea HD.

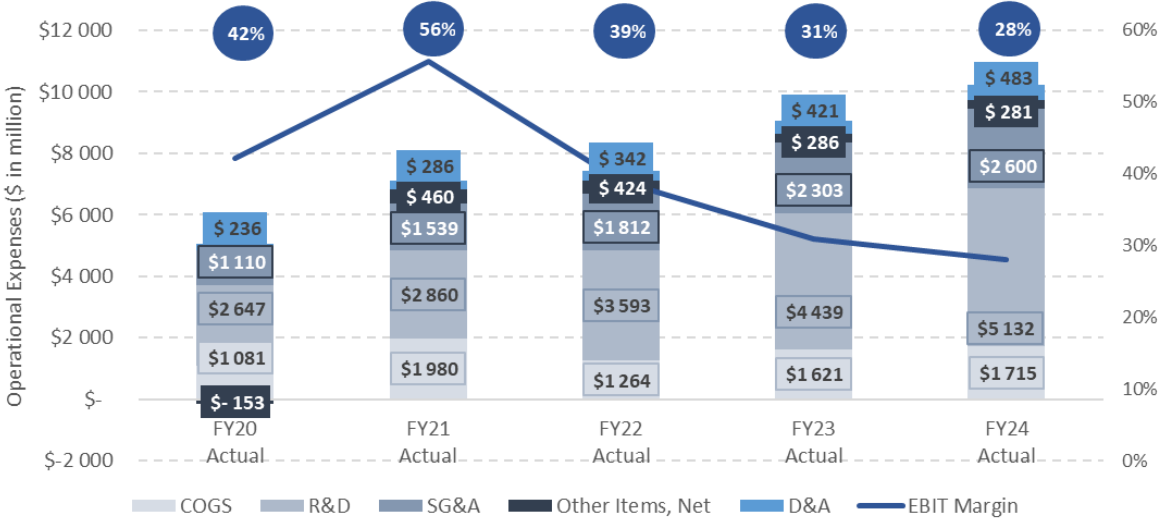


Figure 8 - Regeneron Pharmaceuticals’ Operating Expenses, 2020–2024, US\$Bn.  
 Source: Regeneron’s Financial Reports

The rise in costs has shrunk the company’s operating income, decreasing the EBIT margin over the years. In 2020, it was 42%, peaking at 56% in 2021, due to Regen-Cov revenue and then decreased to 28% in 2024. Although it seems the company is becoming less profitable, it is aligned with the industry’s strategy to increase the relative R&D expenses to accelerate the development process.

Besides the operational income, Regeneron also reports additional profits and losses from non-operational investments. Resulting on a net income of \$4,41 billion, in 2024, and a net profit margin of 31%.

Despite the abnormal spike in the company’s finances during the year 2021, Regeneron has shown a solid growth in its sales, driven by Eylea and Dupixent. The company has also invested more in R&D to support its long-term expansion, which has decreased the operating margins. Even so, for the past 3 years, the firm has stabilized its net income at around \$4 billion, with net profit margins of around 30% and a return on equity of around 15%.

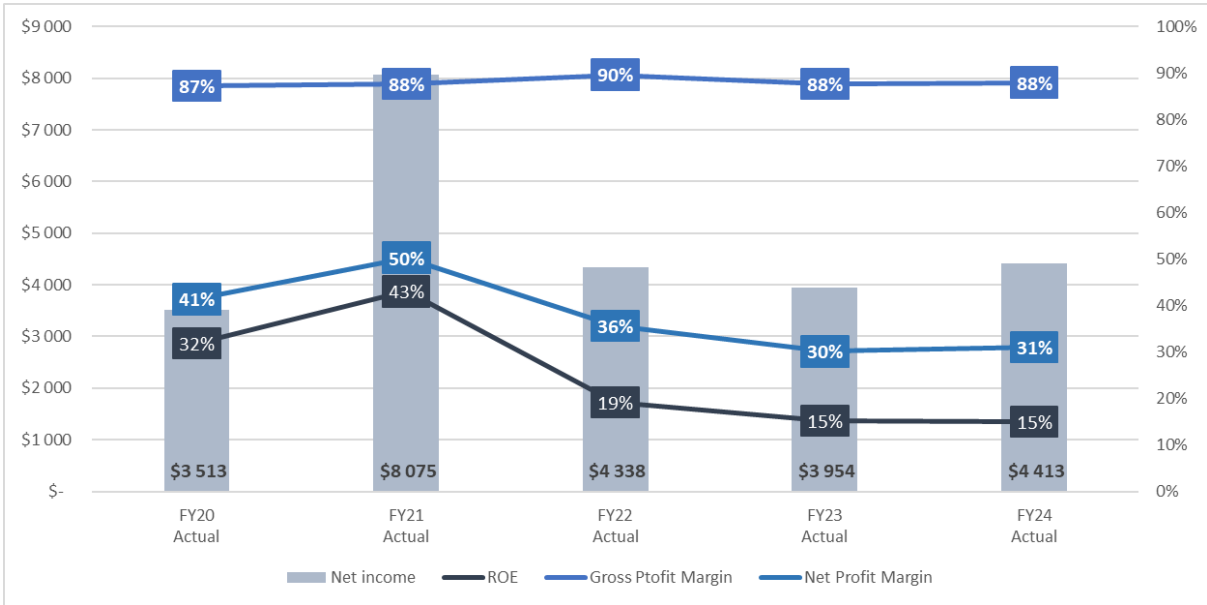


Figure 9 - Regeneron Pharmaceuticals’ Profitability Indicators, 2020–2024. Revenue in US\$Bn. Source: Regeneron’s Financial Reports

#### 4.4 Company’s Operational Efficiency and Liquidity

According to the company’s financial statements, all the working capital items grew from 2020 to 2024. On average, Regeneron’s short-term assets exceed short-term liabilities by \$5 billion, showing a great liquidity position, but also revealing that a substantial portion of revenues is not available cash, but expected.

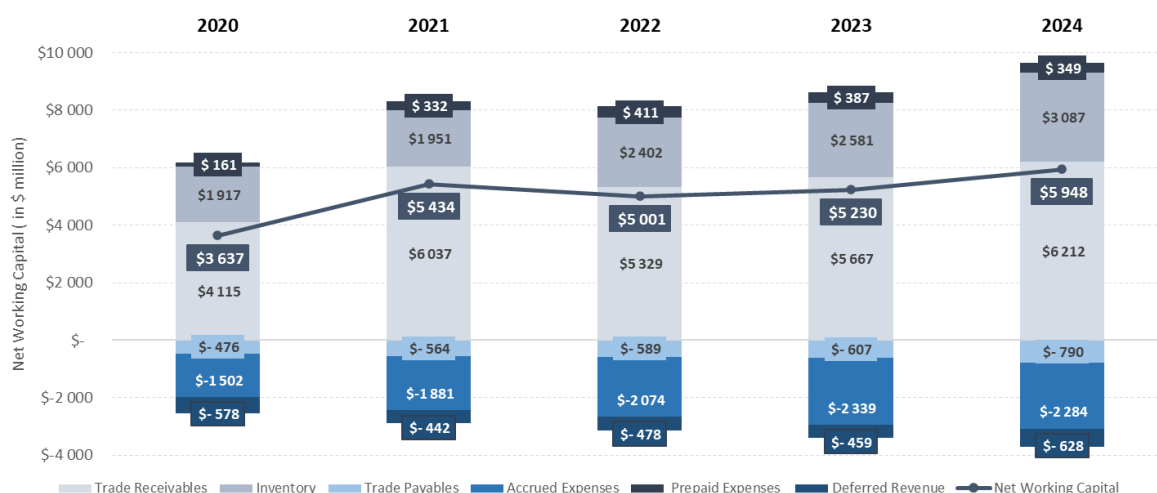


Figure 10 - Regeneron Pharmaceuticals' Net Working Capital and Components, 2020–2024, US\$M.  
Source: Regeneron's Financial Reports

Accounts receivable rose from \$4,11 billion in 2020 to \$6,21 billion in 2024 with a conversion cycle of around 160 days. This is explained by the company's exposure to a few distributor customers, raising the firm's exposure to counterparty risk. Inventory increase from \$1,92 billion in 2020 to \$3,09 billion in 2024, with a conversion cycle bigger than 500 days. In fact, inventory does not also include raw material and finished goods but also work-in-process that accounts for on average 42% of the total value. This item represents the drugs in development that have not been approved. Accounts Payable went from \$475 million in 2020 to \$789 million in 2024 with a conversion cycle of 130 days. The combination of these conversion cycles result in an average net cycle of approximately 550 days (Appendix 8). This extended cycle is driven by high inventory days outstanding, which reflect the long processes involved in developing and securing regulatory approval for the company's products.

Between 2020 and 2024, Regeneron's current assets grew by 91%, reaching \$18,7 billion in 2024, while its current liabilities increased by 46%, totaling \$3,9 billion. As a result, the company's current ratio improved from 3,6X in 2020 to 4,7X in 2024, indicating that current assets were 4,7 times greater than current liabilities. Even when excluding inventory, the quick ratio remained strong, rising from 2,6X to 3,9X over the same period. The cash ratio, which excludes both inventory and receivables, also improved, from 1,3X in 2020 to 2,3X in 2024, showing that Regeneron held enough cash and equivalents to cover more than twice its short-term obligations. This liquidity position explains why the company can afford to maintain long cash conversion cycles, as it does not need to rely on inventory turnover or receivables collection to meet its financial obligations. Overall, the improvement in all ratios reflects a

growing liquidity buffer, allowing Regeneron to continue investing in R&D and repurchasing shares without jeopardizing operational sustainability.

	2020	2021	2022	2023	2024
<b>Current Ratio</b>	3,6 X	3,6 X	5,1 X	5,7 X	4,7 X
<b>Quick Ratio</b>	2,9 X	3,1 X	4,3 X	4,9 X	3,9 X
<b>Cash Ratio</b>	1,3 X	1,4 X	2,5 X	3,2 X	2,3 X

Figure 11 - Regeneron Pharmaceuticals' Liquidity Ratios, 2020–2024.  
Source: Regeneron's Financial Reports

### 4.5 Capital Structure and Solvency

Between 2020 and 2024, the company registered a total debt on average of \$2,7 billion and relies primarily on long-term notes issued in 2020 with coupon rates of 1,75% due in 2030 and 2,8% due in 2050. In the same period, total assets grew 120%, increasing from \$17,2 billion to \$37,8 billion. This growth decreased the financial leverage, debt-to-asset ratio, from 15,7% in 2020 to 7,1% in 2024, meaning that the company has relying less on debt to finance its assets. The same pattern can be seen in debt-to-equity ratio, decreasing from 24,5% in 2020 to 9,2% in 2024 (appendix 9).

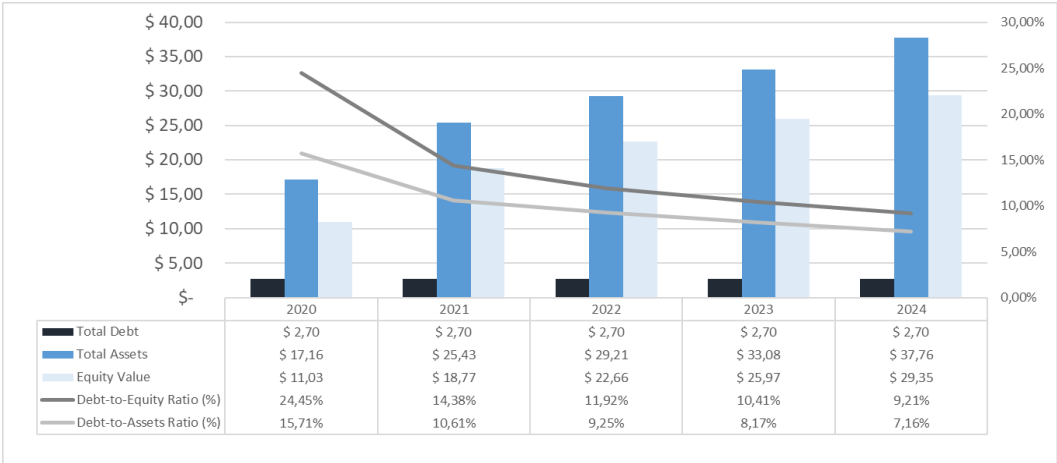


Figure 12 - Regeneron Pharmaceuticals' Capital Structure Indicators, 2020–2024, US\$Bn.  
Source: Regeneron's Financial Reports

Interest expenses include those related to senior notes and leases. The annual amount has been on average \$60 million, which gives an interest-to-debt ratio of around 2,2% and an interest coverage, on average, of 92X (Appendix 9).

Overall, the company presented a healthy solvency position over the years. Regeneron strategy relies on raising debt through equity with low interest rates than using its credit line. Additionally, Regeneron has retained excess cash, which allows it to invest without issuing more debt.

**4.6 Market Position and Share Performance**

In 1991, Regeneron went public on Nasdaq raising \$91,6 million. At the end of 2024, the company had around 109 million shares outstanding and a market capitalization of \$77,8 billion. Between December 2019 and December 2024, Regeneron Pharmaceuticals’ share price had an upward trajectory. Starting at \$375, in December 2019, peaking in August 2024, at \$1200, and decreased to \$712 at end of the year 2024.

The stock market’s trend reflects the revenue growth and the investor’s confidence in the company’s R&D capabilities. However, stock prices of biopharmaceutical companies are also linked to trials of in-process medicines. In fact, the sharp decrease between August and December 2024 can be explained by the trial failure of one of Regeneron’s promising medicines, itepekimab, a drug for chronic obstructive pulmonary disease that is being developed in collaboration with Sanofi.

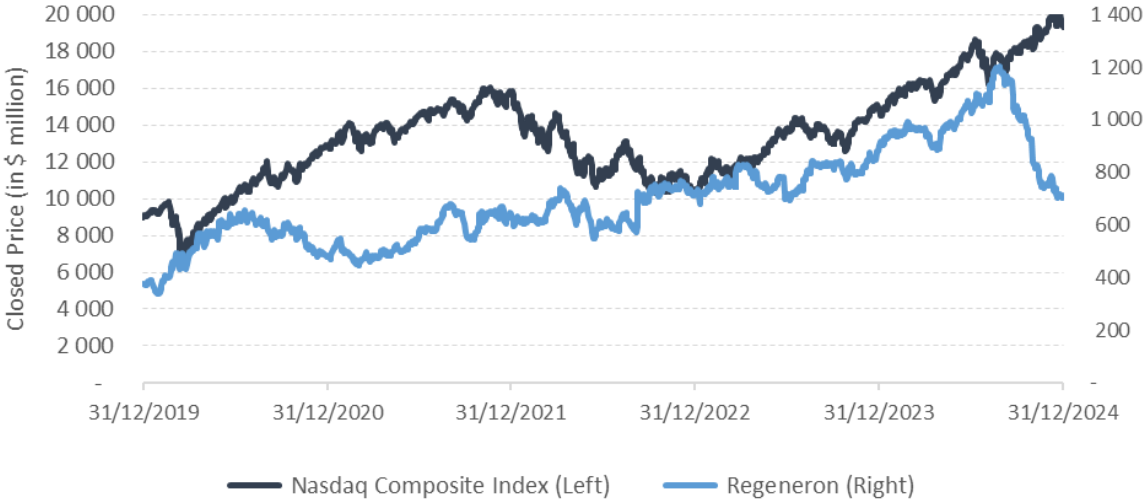


Figure 13 - Regeneron Pharmaceuticals’ Share Price (Right) and Nasdaq Composite Index (Left), 2019–2024, US\$. Source: Refinitiv Workspace

Additionally, the company’s board authorized its first quarterly cash dividend of \$0,88 per common share to be paid in March 2025. Until now, Regeneron has primarily relied on share

repurchase programs to return value to its shareholders. In 2019 and 2020, the company repurchased shares worth up to \$1 billion, increasing this amount to \$3 billion in subsequent years.

Despite the volatility of Regeneron’s share price, the company had a market capitalization of \$77 billion at the end of 2024, putting it in the top twenty pharmaceutical companies of the world (Appendix 10). In fact, the company is competing against others that operate across multiple healthcare segments, while Regeneron remain focused on developing biologic drugs in specific areas. This specialization limits its market capitalization, but also strengths its capabilities in developing drugs in high-growth therapeutical areas.

When compared against Nasdaq U.S. Benchmark Pharmaceuticals Total Return Index, an industry benchmark, and S&P 500 Total Return Index, a market benchmark, Regeneron Pharmaceuticals’ returns kept a reasonable pace until the beginning of 2024, after that, by reasons already explained, the company underperformed drastically, reaching a cumulative 5 years return of 29,89%, while the industry rose 112,6% and the market 134,6%. Another major discrepancy can be seen in the beginning of 2021 because investors were concerned about biosimilar competition targeting Eylea.

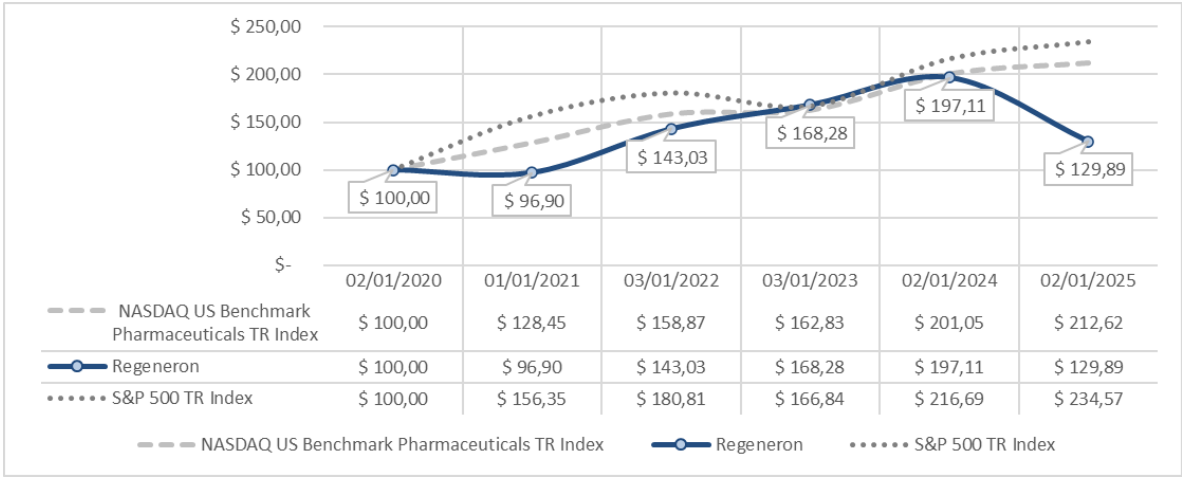


Figure 14 - Relative total return of Regeneron Pharmaceuticals vs. Benchmark Indices, 2020–2025, base = 100.

Source: Refinitiv Workspace

## 5 Data and Methods

Based on the literature review, industry overview, and the company's financial profile, the valuation of Regeneron will primarily rely on a DCF approach, using FCFF as the basis for estimating intrinsic value. To complement this fundamental analysis, a relative valuation through market multiples will also be performed to derive a valuation range and compare the results to professional research reports.

Although each valuation model presents distinct advantages, the FCFF approach discounted by the WACC is the best choice for the analysis. The DDM requires a consistent dividend payment policy, which does not apply to Regeneron, as the company only began distributing dividends for the first time in 2025. The advantage of the APV model on interest tax shield is irrelevant for companies that keep minimal levels of debt. Similarly, the RI model is also inappropriate, as the firm's high R&D spending will reduce its earnings and understate the book value of equity. Therefore, the decision to adopt the FCFF model is justified by Regeneron's financial structure and operational characteristics.

However, the FCFF model is still subject to some assumptions. First, there is not a right period for the development of new medicines, and Regeneron currently has forty-four clinical programs in progress. Moreover, the company's revenue is sensitive to the clinical success of these programs, to biosimilar competition, and to regulatory price constraints, all of which can affect future cash flows and, consequently, the time required to reach a steady state. For these reasons, the model will follow a ten-year forecast period. Second, the global pharmaceutical sales is expected to grow by over 30% in Regeneron sales' locations (Figure 3), but the company's revenue concentrates on two main drugs, which means their performance may not fully reflect industry-wide growth trends, so the revenues will follow a conservative approach.

All the accounting data used in the analysis will be sourced directly from the companies' annual reports, while market data will be obtained from Refinitiv Workspace.

## **6 Valuation**

### **6.1 DCF Valuation**

#### **Income Statement Items**

Forecasting the intrinsic value of Regeneron Pharmaceuticals' shares requires projecting the company's enterprise value, which is given by the capacity of the firm's assets to generate future free cash flows. To estimate the cash flows of each period, a detailed analysis of the company's income statement and balance sheet items is needed.

#### ***Revenues***

Regeneron's revenues derive from products' sales in the U.S. and outside, recognized through collaboration agreements, principally with Bayer for Eylea and with Sanofi for Dupixent.

Revenues were projected based on the industry growth expectations, patent expiry timelines, competitive biosimilars' threat, and, specially, the life cycle of drugs (Appendix 11). However, based on Regeneron's historical performance of marketed products, launches typically show high volatility in the beginning, stabilizing after, as market penetration increases, So, to better access the volatility in sales, revenues will be estimated according to three scenarios.

In the base-case scenario, Regeneron is assumed to introduce three new therapies over the forecast horizon. The first therapy, Lynozyfic, received regulatory approval in June 2025 for the treatment of multiple myeloma. The remaining two candidates are currently in Phase III clinical trials and have reported positive results in areas such as obesity and oncology, which are projected to expand at rates exceeding 25% and 10% per year, respectively. These launches are expected to support revenue acceleration in the medium term. At the end of the period, revenue growth is expected to converge toward the U.S. and the world's economic growth (appendix 18).

Overall, revenue is estimated to grow at a 5,77% CAGR during the projected period, as depicted in Figure 15.

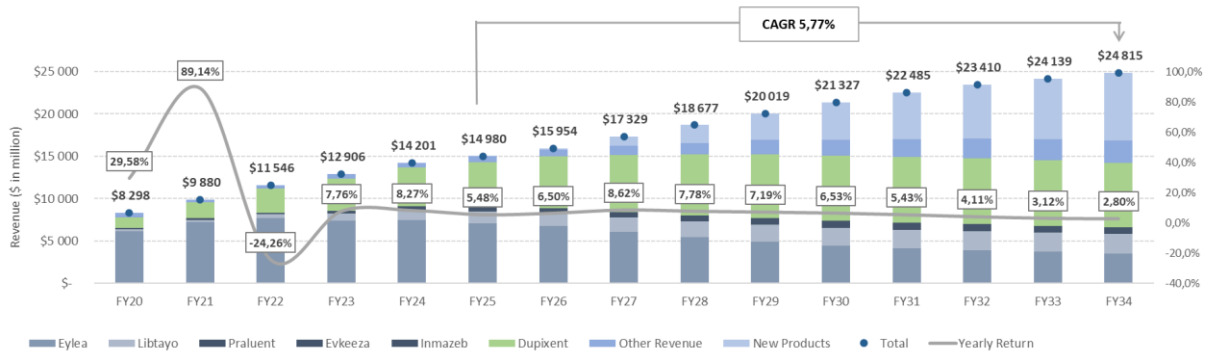


Figure 15 - Regeneron's Revenue by Product, Actual 2020–2024 and Forecast 2025-2034 US\$M.  
Source: Regeneron's Annual Reports and Valuation Excel

Eylea, Regeneron's blockbuster drug responsible for half of revenues in recent years, is facing competition risk, with biosimilars threatening sales, as noted in the company's annual report of 2024. Additionally, Eylea is also exposed to low growth in ophthalmology market. For these reasons, the revenues will gradually decline over the period. Similarly, Praluent, Evkeeza, and Inmazeb are forecast to face the same issues.

In the other hand, Dupixent is expected to exceed Eylea and become the main driver of Regeneron's revenue. Its expanding range of therapeutic indications, combined with patent protection until 2032, will sustain its expansion. Libtayo is also projected to achieve above-market growth, supported by ongoing clinical trials in other oncologic areas, which will also sustain revenue until an eventual biosimilar enters the market.

### Cost of Goods Sold and Gross Profit Margin

Regeneron strategy in developing in-house drugs has allowed it to maintain consistent high gross profit margins averaging 88% in the past five years. The 2024 annual report does not indicate any structural changes expected to impact the production efficiency or cost structure. Therefore, COGS are forecasted to reflect the same historical level as a percentage of revenue. Figure 16 illustrates the expected COGS thought the period, increasing from \$1.794 million in 2025 to \$2.971 million in 2034.

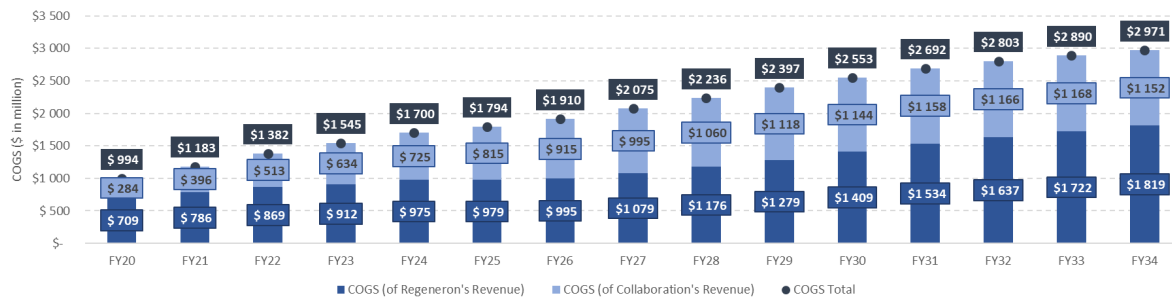


Figure 16 - Regeneron's COGS, Actual 2020–2024 and Forecast 2025-2034 US\$M  
Source: Regeneron's Annual Reports and Valuation Excel

### R&D, SG&A, Other Operating Expenses and Operating Profit Margin

To forecast the company's operating cost structure, the analysis assumes that the company will continue exhibiting the trends observed in 2023 and 2024, a period during which its strategy shifted towards higher operational expenditures to expand clinical activity and global commercialization of its products.

Regeneron's R&D expenses have increased in recent years due to its pipeline, with multiple Phase III programs. The industry analysis shows that R&D intensity as a percentage of net sales is increasing among biopharmaceutical firms and it is expected to remain high over the medium term. Accordingly, the forecast maintains R&D expenditure at 35% of revenue, which is the past two years average, for the first half of the projection horizon. After that, R&D expenses are assumed to decrease to 30% of revenue (appendix 25). This pattern reflects a shift towards a more balanced cost structure as the firm transitions from high growth to a more mature stage.

SG&A expenses have also increased over the past two years, rising to approximately 18% of revenues. This upward trend has been driven by the launch of new therapies and the expansion of international commercialization. Given that Regeneron is expected to continue launching new products and expanding internationally, SG&A expense is projected to remain at 18% of sales throughout the forecast horizon.

Other operating costs primarily include acquired In-Process R&D (IPRD) expenses and inventory write-offs, which are treated separately from COGS for analytical clarity. Both items were projected based on their average ratio to revenue over the past two years. Thus, the forecast assumes IPRD expenses at 1,1% of revenue, reflecting continued strategic acquisitions, collaborations, and licensing activities and inventory write-offs at 0,8% of revenues.

Overall, the company’s profitability expands throughout the projection period. EBITDA rises from \$4.963 million in 2025 to \$9.461 million at the end of the forecast. In marginal terms, the operating profit margin improves from 33% in 2025 to 38% in the final years of the period.

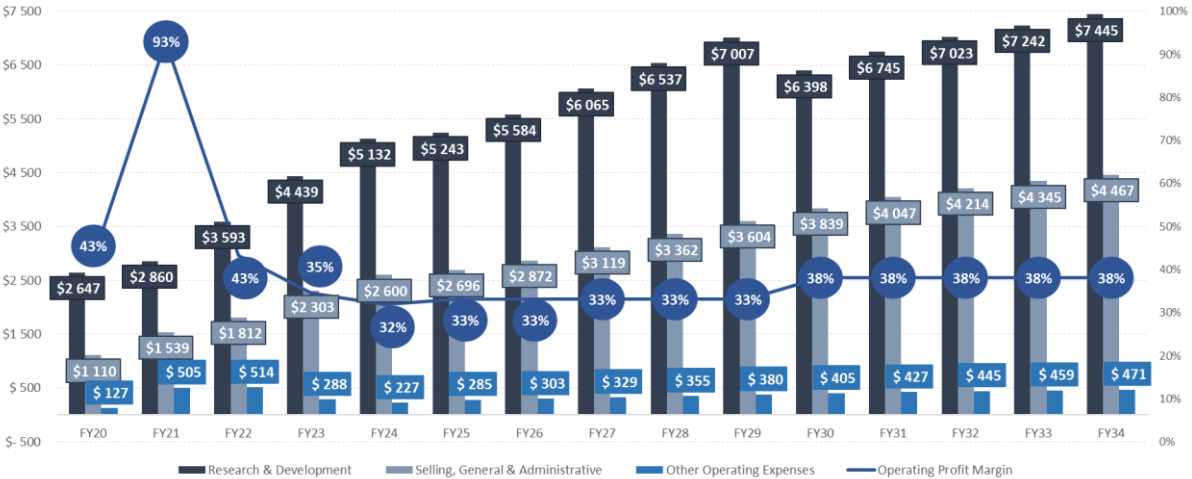


Figure 17 - Regeneron’s Operating Expenses and Profit Margin, Actual 2020–2024 and Forecast 2025–2034 US\$M

Source: Regeneron’s Annual Reports and Valuation Excel

**D&A and EBIT**

Regeneron’s fixed assets consist of long-lived assets such as manufacturing facilities, research laboratories, specialized scientific equipment, and construction-in-progress. As noted in the 2024 annual report, the company expects to raise its future capital expenditure to expand the business. Given the nature of these assets, the analysis assumes an average useful life of 15 years for both historical and new capital expenditures (appendix 22).

Regeneron also presents intangible assets related to product rights of Libtayo and acquired IPR&D, which is treated as an indefinite-lived asset. For valuation purposes, the useful life of historical intangible assets is assumed to be 13 years, as said in the latest annual report and no future intangible assets will be recorded (appendix 23).

The annual D&A expenses were computed by dividing the opening balance of PP&E (excluding land) and intangible assets (excluding indefinite-lived assets) in the first forecast year by their respective useful lives, and adding the annual capex for PP&E, which was also divided by its estimated useful life. Over the forecast period, depreciation increased from \$345 million in

2025 to \$928 million in 2034, while amortization remained constant throughout the period, at \$84 million, as shown in Figure 18.

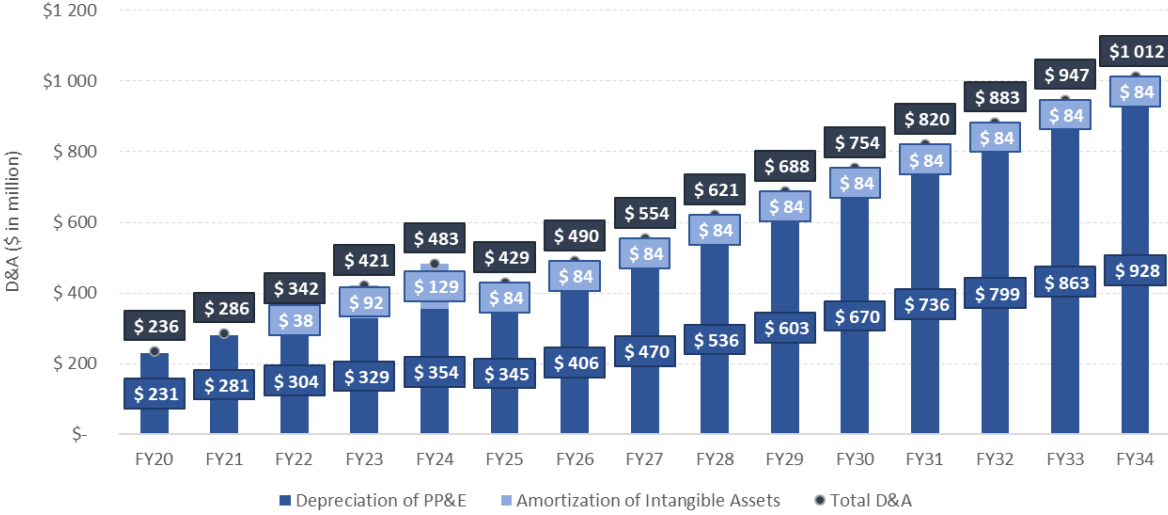


Figure 18 - Regeneron’s D&A Expenses, Actual 2020–2024 and Forecast 2025-2034 US\$M  
 Source: Regeneron’s Annual Reports and Valuation Excel

Operational earnings after D&A are expected to increase over the forecast horizon, from \$4.533 million in 2025 to \$8.449 million in 2034. Resulting in an EBITDA margin’s growth from 30% to 34% (appendix 25).

**Interest Expense, Non-Operating Activities and EBT**

Interest expense reflects the cost of Regeneron’s outstanding debt, which consists primarily of two senior notes maturing in 2030 and 2050, along with existing finance lease obligations. For the initial portion of the forecast horizon, the interest rate applied is the five-year historical average of 2,2%, as the company did not mention it expects to raise debt soon. However, to keep the same capital structure, in 2031, the model assumes the payment of the 2030 senior note and its replacement with newly issued debt at a higher estimated cost based on the average YTM of the corporate active bonds, which is 6,9% (appendix 30). This will raise the total interest rate to 4,3% (appendix 21). As a result, annual interest expense remains stable at approximately \$60 million through 2030 and increases to \$117 million from 2031 onward.

Regeneron’s excess cash has been invested in short and long-term marketable securities. Consequently, non-operating income and expenses reflect movements in the fair value of these

holdings, including unrealized gains and losses, foreign currency adjustments, and interest income. Given that the company has not signaled any intention to liquidate these securities, the analysis assumes that these investments will remain throughout the forecast horizon. Therefore, non-operating income is projected to be 3,1% of revenues, consistent with the five-year historical average (appendix 25). Although this assumption may be optimistic, realized gains and losses will be treated as non-material, leaving interest income as the only recurring component, which is projected to rise as the company generates and invest more money.

Overall, the income resulting from operating and non-operating activities, EBT, has increased throughout the forecast period, from \$4.931 million in 2025 to \$9.089 million in 2034.

### ***Taxes and Net Income***

Rather than applying the statutory U.S. federal corporate tax rate of 21%, the forecast uses Regeneron's five-year historical effective tax rate, which has remained consistently lower and stable at 9%. This approach reflects the firm's current tax burden and is therefore more appropriate (appendix 25). Based on this assumption, taxes increased from \$448 million in 2025 to \$826 million in 2034 and net income increases from \$4.483 million in 2025 to \$8.263 million in 2034, corresponding to a compound annual growth rate (CAGR) of 7,03%.

### **Balance Sheet Items**

Regeneron's short-term assets account for more than half of its total asset base. The company's substantial holdings of cash and short-term marketable securities provide a buffer against the long net conversion cycles characteristic of the biotechnology industry, ensuring liquidity and operational flexibility.

### ***Net Working Capital***

Trade receivables, inventories, and trade payables were projected using the five-year historical averages of their respective conversion cycles. Over this period, Regeneron's average days of sales outstanding was 158 days, days of inventory outstanding was 588 days, and days of payables outstanding averaged 148 days. These metrics reflect the extended production timelines associated with biologics manufacturing. Other working capital items were forecasted based on their five-year average as percentage of revenues. As a result, prepaid expenses are projected at 3% of revenues, accrued expenses at 16% of revenues, and deferred revenue at 5%

of revenues (appendix 19). Overall, net working capital expands in line with revenue growth, increasing at the same 5,77% CAGR as net sales. Net working capital is projected to rise from \$6.026 million in 2025 to \$9.983 million in 2034.



Figure 19 - Regeneron’s NWC, Actual 2020–2024 and Forecast 2025-2034 US\$M  
 Source: Regeneron’s Annual Reports and Valuation Excel

**PP&E, Intangible Assets and Capex**

Regeneron has shown its intention to continue raising its capital by expanding its production facilities in New York and Ireland. Over the past two years, capital expenditures have averaged approximately 20% of net PP&E, and this benchmark will be used as the starting point for the projection. Future capital investments are assumed to gradually decline by 1 percent per year until reaching 13% in 2032, a level that is then maintained for the remainder of the forecast horizon to represent long-term maintenance spending (appendix 22). Under these assumptions, the net value of PP&E increases from \$5.117 million in 2025 to \$7.854 million in 2034.

In 2022, Regeneron acquired the global commercialization rights to Libtayo, which are recognized as a finite-lived intangible asset. According to the 2024 annual report, the estimated useful life of this historical intangible asset is 13 years, which implies that amortization related to this acquisition will continue throughout the entire forecast period (appendix 23). As a result, the carrying value of intangible assets declines from \$1.064 million in 2025 to \$305 million by 2034.

**Debt**

Regeneron has historically maintained a low and stable leverage profile. The high level of liquid assets allows the company to have enough cash to face short-term obligations. Although the

company has access to a \$750 million revolving credit facility, it was never used during the historical analysis period, therefore, the forecast assumes that it will remain unused. Instead, the company's financing structure continues to rely solely on its two existing forms of interest-bearing obligations, senior notes, and finance lease liabilities. To preserve the current capital structure, the projection assumes that Regeneron will refinance maturing senior notes and leases by issuing new of equivalent principal value, thereby keeping total debt levels stable across the forecast horizon (appendix 20).

### ***Other Assets and Liabilities***

Other assets and liabilities were modeled based on the average rate of annual increase relative to net sales over the past 5 years, except deferred taxes, which was estimated based on the average rate of annual increase relative to R&D expenses over the past 5 years. Thus, deferred taxes grew, on average, 12% per year, deferred revenue increased by 0,4% annually, and both other non-current assets and other non-current liabilities increased at 1% and 2%, respectively (appendix 26). These historical growth rates were applied consistently throughout the forecast, under the assumption that the company will continue operating as it has been in the past years.

### ***Shareholders' Equity***

Regarding shareholders' equity, the nominal value of common stock is held constant at \$0,1 per share, consistent with the company's historical reporting. The model also assumes that Regeneron will continue both issuing and repurchasing shares at the average rate observed over the past two years, which means the company will repurchase more shares than it issues through 2031. After that year, no further movements are projected (appendix 24). This approach results in a gradual decline in the number of shares outstanding, before stabilizing in the latter years of the forecast horizon. Additionally, in the company's 2024 annual report, Regeneron announced the payment of a quarterly cash dividend of \$0,88. This dividend policy will also be kept constant throughout the forecast period.

### ***Cash and Marketable Securities***

The analysis assumes that Regeneron will continue investing in marketable securities. The model assumed the average annual increase of marketable securities relative to net income over the past five years, which was 29%. This amount will be evenly distributed between short and

long-term instruments (appendix 26). Any remaining cash is retained on the balance sheet to face short-term obligations (appendix 27).

### ***Free Cash Flows to Firm***

Free cash flows were computed using the indirect method, beginning with EBIT, and deducting the statutory U.S. corporate tax rate of 21% to arrive at NOPAT. Then, every non-cash item movement was taken into consideration to get the unlevered free cash flow, which reflects the cash generated by the firm's core operations before considering financing and non-operational investment decisions.

\$ in millions	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
EBIT	4 533,34	4 794,74	5 186,23	5 566,58	5 944,41	7 377,14	7 752,89	8 042,56	8 256,45	8 448,98
Operating tax expense (21%)	- 952,00	- 1 006,90	- 1 089,11	- 1 168,98	- 1 248,33	- 1 549,20	- 1 628,11	- 1 688,94	- 1 733,85	- 1 774,29
<b>NOPAT</b>	<b>3 581,34</b>	<b>3 787,84</b>	<b>4 097,12</b>	<b>4 397,60</b>	<b>4 696,08</b>	<b>5 827,94</b>	<b>6 124,78</b>	<b>6 353,62</b>	<b>6 522,59</b>	<b>6 674,69</b>
Depreciation and Amortization PP&E	344,92	406,09	470,17	536,26	603,31	670,20	735,74	798,74	863,01	928,16
Depreciation and Amortization Intangible Assets	84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29
<b>Gross Cash Flow</b>	<b>4 010,55</b>	<b>4 278,22</b>	<b>4 651,58</b>	<b>5 018,15</b>	<b>5 383,69</b>	<b>6 582,44</b>	<b>6 944,82</b>	<b>7 236,66</b>	<b>7 469,90</b>	<b>7 687,15</b>
(Increase) decrease in accounts receivable	- 280,58	- 422,00	- 596,02	- 584,07	- 582,04	- 566,83	- 501,62	- 400,89	- 316,19	- 292,91
(Increase) decrease in inventories	199,62	187,70	265,09	259,78	258,87	252,11	223,11	178,31	140,63	130,28
(Increase) decrease in prepaid expenses and other assets	- 107,27	- 29,67	- 41,90	- 41,06	- 40,92	- 39,85	- 35,27	- 28,19	- 22,23	- 20,59
Increase (decrease) in deferred revenue	170,25	111,79	137,07	141,10	146,24	149,74	146,96	139,21	132,50	132,56
Increase (decrease) in accounts payable	- 63,02	47,22	66,69	65,36	65,13	63,43	56,13	44,86	35,38	32,78
Increase (decrease) in accrued expenses	- 181,24	152,48	215,35	211,04	210,30	204,81	181,25	144,85	114,24	105,83
<b>Investments in WC</b>	<b>- 262,24</b>	<b>- 327,89</b>	<b>- 483,91</b>	<b>- 467,42</b>	<b>- 460,16</b>	<b>- 440,82</b>	<b>- 375,66</b>	<b>- 278,47</b>	<b>- 196,92</b>	<b>- 172,62</b>
(Increase) decrease in net capex	- 862,30	- 917,49	- 961,25	- 991,33	- 1 005,83	- 1 003,34	- 983,09	- 945,03	- 964,04	- 977,18
(Increase) decrease in deferred Tax Assets	- 619,64	- 659,92	- 716,80	- 772,55	- 828,10	- 756,17	- 797,20	- 830,00	- 855,87	- 879,83
(Increase) decrease in other noncurrent assets	- 217,37	- 231,50	- 251,45	- 271,00	- 290,49	- 309,47	- 326,26	- 339,68	- 350,27	- 360,08
Increase (decrease) in other noncurrent liabilities	287,79	306,50	332,92	358,81	384,61	409,74	431,97	449,74	463,76	476,74
<b>Unlevered Free Cash Flow</b>	<b>2 336,80</b>	<b>2 447,94</b>	<b>2 571,09</b>	<b>2 874,65</b>	<b>3 183,71</b>	<b>4 482,38</b>	<b>4 894,57</b>	<b>5 293,22</b>	<b>5 566,55</b>	<b>5 774,19</b>

Figure 20 - Regeneron's UFCF, 2025–2034, US\$.M.

Source: Valuation Excel

### ***Discount Rate***

Following the literature review, the appropriate discount rate to compute the present value of the firm's cash flows is the WACC, as it represents the required return for all providers of capital, both debt and equity holders.

The cost of debt was estimated using the yield to maturity (YTM) of Regeneron's outstanding senior notes currently traded in the market. Based on the book values and fair values disclosed in the 2024 annual report, the average YTM across the two notes was 6,9% (appendix 30). To obtain the after-tax cost of debt, this yield is adjusted using the company's five-year historical effective tax rate, which was 9,09%, resulting in an after-tax cost of debt of 6,28%.

The cost of equity was estimated based on the CAPM. The historical MRP was calculated as the difference between the annualized average of the daily returns of MSCI World Index over a 50-year period and the average of daily 10-year U.S. Treasury yields over the same interval. Resulting on an estimated MRP of 6% (appendix 31).

The equity beta was obtained using the covariance between Regeneron's daily returns relative to MSCI World Index's divided by the variance of the market over the past five years. Using a period longer than five years would underestimate the company's current level of risk, while using a shorter period would imply that the recent increase in operating leverage will persist indefinitely. Therefore, the estimated beta was 0,65 (appendix 31), indicating the company's stock price is less volatile than the market, which is understandable for a biopharmaceutical firm that its share price depends on the efficiency of the drugs' portfolio, the number of patients in need and the results of pipeline's trials, regardless of the economic cycle.

Finally, the risk-free rate corresponds to the most recent 10-year U.S. Treasury yield as of November 28, 2025, which was 4,02% (appendix 28). Together, these inputs yield a cost of equity of 7,96% (appendix 31).

Capital structure weights were derived from the market values of equity and debt in the past five years. Given that the company has not mentioned any structural change, WACC will assume the historical average of 97% equity, and 3% debt (appendix 32). All these inputs lead to a cost of capital of 7,91%. This value is consistent with PWC's WACC to healthcare and pharmaceuticals companies<sup>4</sup> (appendix 33).

### ***Enterprise, Equity, and Intrinsic Share Values***

The enterprise value corresponds to the present value of the projected free cash flows during the explicit forecast period together with the present value of the terminal value. The terminal value was estimated under the assumption that, by the end of the projection horizon, Regeneron reaches a steady state and grows at a perpetual rate aligned with long-term U.S. and the world's economic growth. According to the IMF's World Economic Outlook<sup>5</sup>, real GDP growth in the United States is expected to remain close to 2% over the upcoming 5 years, while the world's is approximately 3%. The average annual rate was computed by multiplying the growth rates of each region by their revenue's weights of the last valuation year, which in the U.S. is 61%, while for the ROW is 39% (appendix 29), ending in a total growth rate of 2,45%.

As explained in the literature review, FCFE can underestimate the value of cash investments, therefore, the enterprise value was calculated based on three scenarios. The base case, in which the company's revenue will keep rising, as some products are in the beginning years of its life

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<sup>4</sup> PWC: WACC over the last 12 months: Healthcare & Pharmaceuticals

<sup>5</sup> IMF: Real GDP Growth

cycle and three new products will enter the market in the coming years. The worst-case scenario, characterized by lower revenue growth, failure of new products to obtain approval, and higher competitive pressure from biosimilars. And the best-case scenario, where revenues exceed expectations and competitive risks are mitigated. Under the base case scenario, the present value of the forecasted free cash flows is approximately \$24.317 million, while the discounted terminal value is \$54.610 million. In the worst-case scenario, the present value of cash flows declines to \$18.083 million, and the terminal value falls to \$28.234 million. And in the best-case scenario, the present value of cash flows reaches \$28.368 million, and the discounted terminal value increases to \$71.675 million (Appendix 12).

The equity value is obtained by adding cash and cash equivalents to the enterprise value and subtracting all interest-bearing liabilities. To compute the intrinsic share value at the end of fiscal year 2025, this equity value is then divided by the projected number of outstanding shares. Under the base-case scenario, the implied market value of equity is \$86.503 million and an share value of \$813,4. In the worst-case scenario, the equity value decreases to \$53.957 million, corresponding to a share value of \$507,37. In the best-case scenario, the equity value rises to \$107.558 million, resulting in a share value of \$1011,39 (Appendix 12).

### ***Sensitivity Analysis***

As previously seen in the literature review, the WACC and the terminal growth rate are two strong assumptions that can under or overestimate the final value of a company. Therefore, a sensitivity analysis was conducted to assess the variation of the share value when the WACC increases or decreases by 0,25% and the terminal growth rate increases or decreases by 0,5%. According to the sensitivity analysis, the share value on a base-scenario should vary between \$681, when the growth of cash flows is 1,45% and the cost of equity 8,41%, and \$1044, when the growth of cash flows is 3,45% and the cost of equity 8,41%.

## **6.2 Market Multiples Valuation**

Regeneron is a large-capitalization biopharmaceutical company, and therefore its peer group must consist of firms operating at a comparable scale, with similar business models, profitability characteristics, and long-term growth prospects. To construct the set of

comparables, an initial list of the 22 most capitalized biotechnology and pharmaceutical companies was extracted from Refinitiv Workspace.

The first screening criteria was market capitalization in USD, and firms that deviated from Regeneron's size profile were excluded (appendix 13). A second filter examined the companies' four-years revenue CAGRs. Firms that presented different growth trends were removed. After the first stage of screening, only seven companies presented growth and size characteristics close to Regeneron. A third filter was then applied based on the company's profitability between Q3 2024 to Q3 2025. Those whose gross profit, net income margin and ROE significantly differed from Regeneron were excluded from the final sample. Following this screener, only Vertex, Merck & Co., Astrazeneca, Novo Nordisk and Pfizer had profiles close to Regeneron's.

After computing the market multiples for Regeneron and its peers, which included EV/EBITDA, EV/Sales, EV/EBIT, and P/E, it becomes evident that the six companies differ in every multiple, which can be explained by the type of drugs developed by each one, the capital structure or even the need of third party resources to develop and produce their medicines (appendix 14). For instance, Vertex presents the highest trading multiples due to its operational profitability and leadership position in cystic fibrosis treatments<sup>6</sup>. Merck and AstraZeneca, by contrast, have diversified portfolios of biologics and small molecules drugs with matured growth profiles, which results in lower valuation multiples. Regeneron shows high trading multiples, which indicate high market expectations for future growth due to its strong pipeline, but it can also mean the share value might be overvalued.

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<sup>6</sup> NASDAQ's Article: Down 10%, Should You Buy the Dip on Vertex Pharmaceuticals?

	VERTEX	MERCK & CO	ASTRAZENECA	NOVO NORDISK	PFIZER	Regeneron
EV/EBITDA	22,20 x	8,94 x	15,19 x	7,27 x	9,37 x	16,59 x
EV/Sales	8,97 x	3,95 x	5,19 x	3,74 x	3,32 x	5,21 x
EV/EBIT	23,19 x	10,68 x	20,94 x	8,28 x	12,18 x	18,79 x
PE	29,96 x	12,10 x	35,57 x	10,71 x	17,31 x	16,17 x

	High	75th percentile	Average	Median	25th Percentile	Low	Regeneron
EV/EBITDA	22,20 x	15,19 x	12,60 x	<b>9,37 x</b>	8,94 x	7,27 x	<b>16,59 x</b>
EV/Sales	8,97 x	5,19 x	5,04 x	<b>3,95 x</b>	3,74 x	3,32 x	<b>5,21 x</b>
EV/EBIT	23,19 x	20,94 x	15,05 x	<b>12,18 x</b>	10,68 x	8,28 x	<b>18,79 x</b>
PE	35,57 x	29,96 x	21,13 x	<b>17,31 x</b>	12,10 x	10,71 x	<b>16,17 x</b>

Figure 21 – Market Multiples by Peers (Top) and by Statistics (Bottom). Period Between Q3 2024 to Q3 2025.

Source: Refinitiv Workspace

Applying these multiples to Regeneron’s financials creates a wide valuation range (appendix 15). As shown in Figure 22, estimated enterprise values range from \$32 billion to over \$127 billion. This dispersion reflects the different capital structures and performance across the peer group. Even so, the DCF base case outcome is not only close to the EV at the end of Q3 2025 but also falls within every multiple’s band.

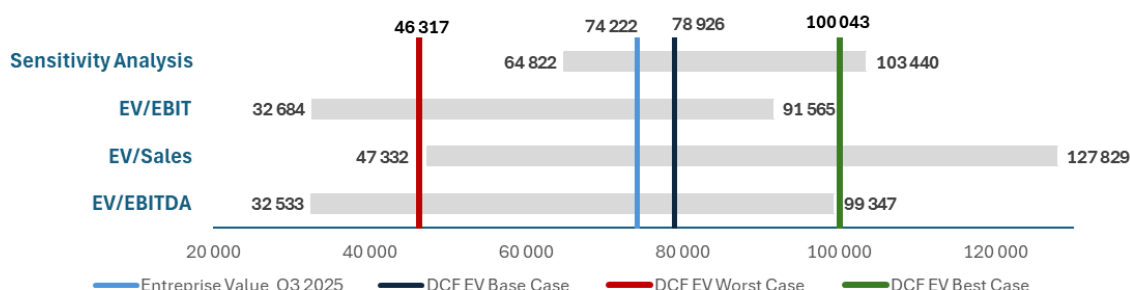


Figure 22 - Multiples Valuation, Enterprise Value, US\$M.

Source: Refinitiv Workspace

When it comes to the market value of equity (appendix 16), the band spans more, ranging from \$49 billion to over \$162 billion. It should be noted that the P/E ratio is based on net income, which includes interest, taxes, D&A and non-operating net income. These items make this measure extremely volatile and can be a poor indicator of the operating performance in the biopharmaceutical sector, as companies’ capital structures and non-operating activities differ.

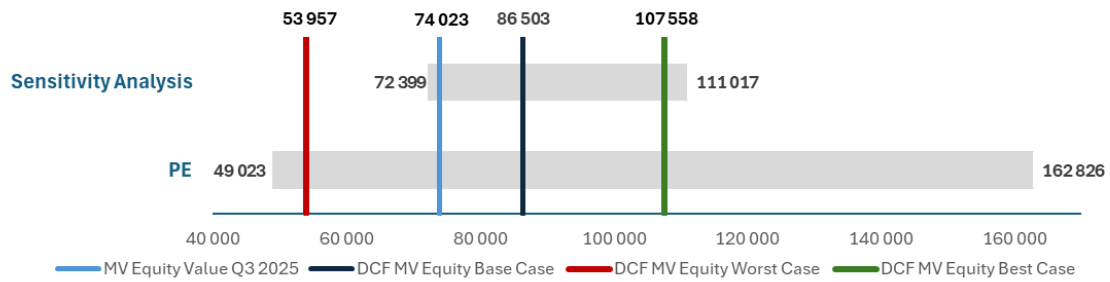


Figure 23 - Multiples Valuation, Equity Value, US\$M.  
Source: Refinitiv Workspace

When converting the enterprise and equity values above into share values (appendix 17), they range from \$308 to \$1,549. Figure 24 shows that the current share price is close to the DCF base case, falling inside the DCF sensitivity analysis and comparables' ranges, which indicates the share is being fairly priced by the market.

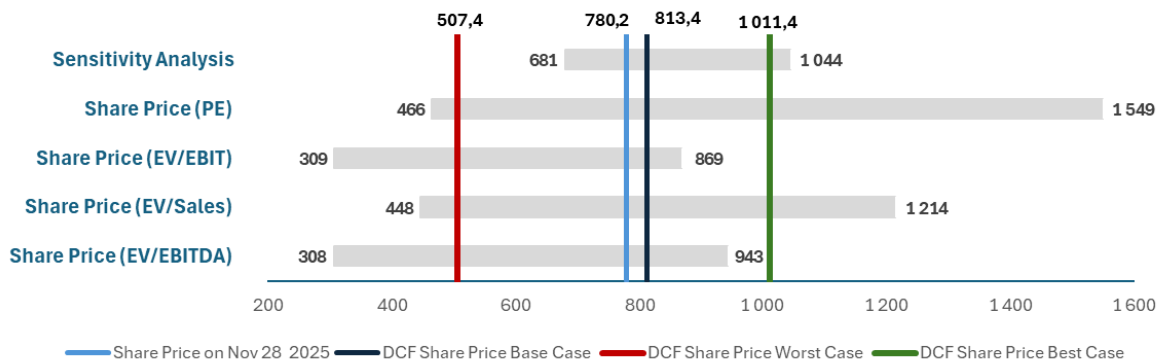


Figure 24 - Multiples Valuation, Share Value, US\$.  
Source: Refinitiv Workspace

Overall, Regeneron's valuation multiples are consistently above the median of comparable biopharmaceutical companies (Figure 21), showing that Regeneron's shares trade at a premium to its peers. This premium suggests that investors are expecting that Regeneron will generate economic value above that of comparable firms and it is consistent with the DCF outcomes and the sensitivity analysis. The company's strategic investment in high-growth therapeutic areas, combined with strong operating margins, can explain the analysts' expectations.

### 6.3 Comparison to Professional Research Reports

To decide whether the assumptions embedded in the DCF model are in line with professional analysts, the outcome of the model will be compared to real equity research reports. So, for Regeneron, the DCF valuation will be compared to J.P. Morgan and Wells Fargo's 3Q 2025

reports. According to J.P. Morgan, Regeneron ended the quarter with strong results, driven by Dupixent and Eylea's sales performance. Despite some delays in late-stage pipeline results, analysts are confident that Regeneron will succeed, thus, they raised the price target from \$800 to \$850 in December 2026. On Wells Fargo side, analysts are more conservative, the uncertainty around the results of trials are keeping the target price at \$580 for the end of October 2025.

Although the reports value Regeneron in different dates, both firms anchor their valuations on the performance of already-approved medicines and on the probability of success of the late-stage pipeline. The DCF valuation done on this dissertation falls within the share price range and period of both reports.

## 7 Conclusion and Final Opinion

After conducting a valuation of Regeneron Pharmaceuticals relying on one of the most common methods used by professional analysts, the DCF model, the intrinsic value of the company's shares is estimated to range between \$507 and \$1,011, with a base-case estimate of \$813,4 per share. This result suggests that Regeneron is undervalued relative to its current share price at \$780,19 on November 28<sup>th</sup>, 2025. The estimation is supported by Regeneron's sales of its two blockbusters, Eylea and Dupixent, and the potential added value of its pipeline medicines in oncology and metabolic diseases. Although competition risks may affect the life and sales of some drugs, the company's gross margins, barely leveraged capital structure, and excessive cash provide significant flexibility to sustain growth, invest in innovation, and mitigate future risks.

If, instead of revenues, the company's valuation was influenced by the economy's growth rate and investors' required return, its share value would be expected to fall between \$681 and \$1,044.

From a market-based perspective, the company trades at multiples above the median of comparable biopharmaceutical firms. This shows that investors are already expecting the company's future growth. Nevertheless, the valuation range is broad, as the type of products, risk exposure, and capital structures differ across firms. Even so, Regeneron's DCF valuation stays consistent with the range implied by the market, falling between the first and third quartiles (appendix 38), indicating the company is being fairly priced by the market.

Finally, the DCF valuation is also compared to those of two equity-research institutions. J.P. Morgan's positive opinion contrasts with the more conservative outlook of Wells Fargo. Yet, both rely on the same metrics: current sales and expectation of the late-stage pipeline. The intrinsic value obtained in this dissertation also lies within the range of these professional opinions. Overall, the evidence supports a hold recommendation. Although the company shows a great operational profile with high profitability, the market is already foreseeing it, as the current share price is close to the DCF base case outcome and within the market multiples' ranges.

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## 9 Appendix

### Appendix 1:

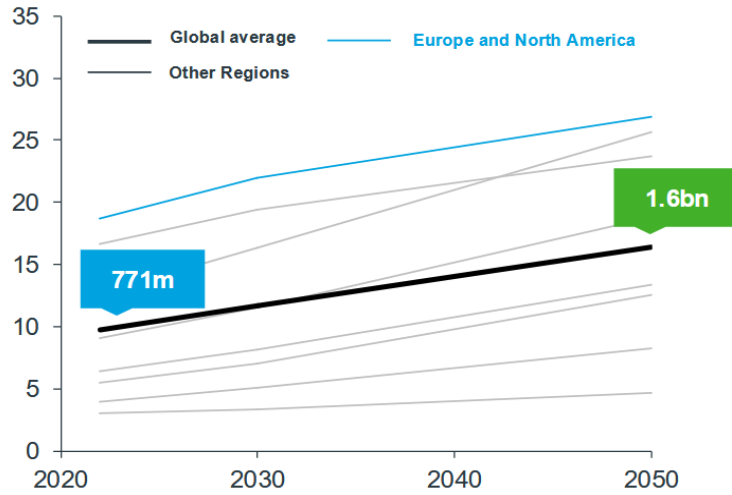


Figure 25- Percentage Population Aged 65+, Globally and by Region.  
Source: IQVIA Report: 2024 Pipeline Review

### Appendix 2:

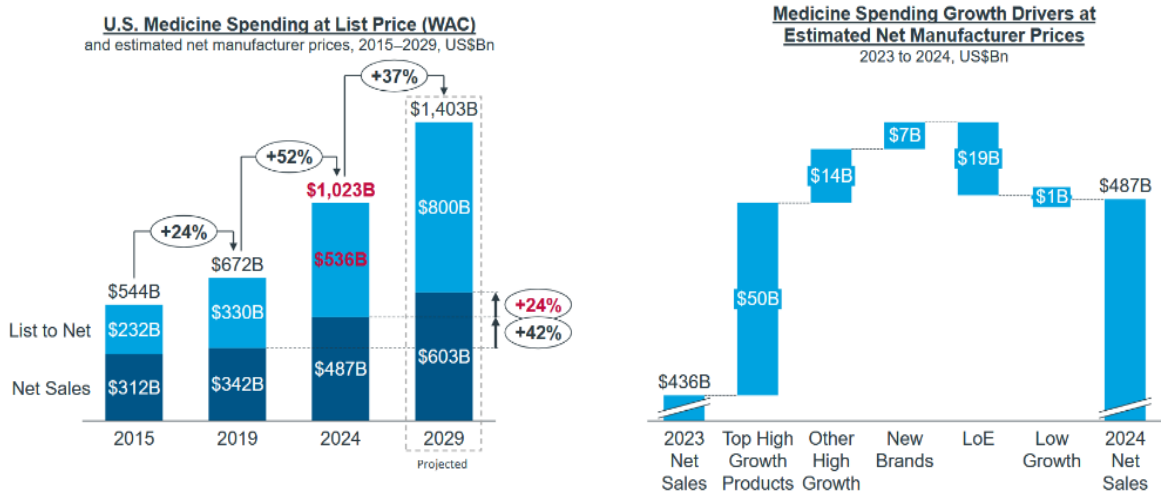


Figure 26 - U.S. Medicine Spending at List Prices, 2015–2029, US\$Bn (left) and Medicine Spending Growth Drivers at Estimated Net Manufacturer Prices, 2023–2024, US\$Bn (right).  
Source: IQVIA Report: Understanding the Use of Medicines in the U.S 2025

Appendix 3:



Figure 27 - Biopharma M&A Activity, 2020-2024.  
Source: IQVIA Report: Global Trends in R&D 2025

Appendix 4:

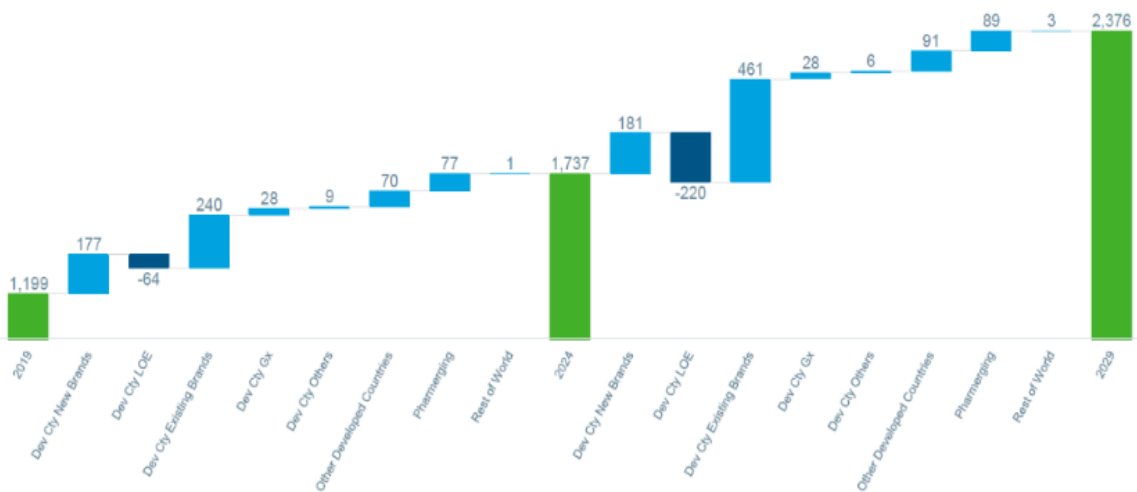


Figure 28 - Global Spending and Growth, 2019-2029, US\$Bn, Excluding COVID Vaccines and Therapeutics.  
Source: IQVIA Report: The Global Use of Medicines Outlook Through 2029

Appendix 5:



Figure 29 - Protected Brand List Price Growth and Estimated Net Price Growth, 2019-2029.

Source: IQVIA Report: Understanding the Use of Medicines in The U.S. 2025

Appendix 6:

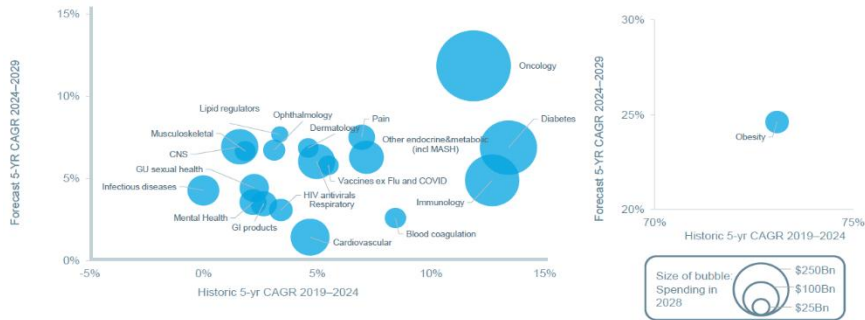


Figure 30 - Global Historic and Forecast Growth for Top 20 Therapy Areas.

Source: IQVIA Report: Global Use of Medicines Outlook to 2029

Appendix 7:

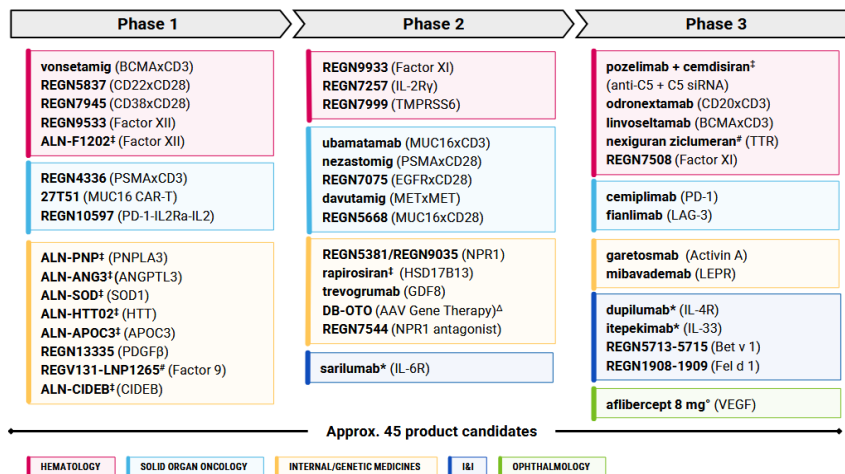


Figure 31 - Regeneron's Investigational Medicines.

Source: Regeneron Corporate Presentation October 2025

## Appendix 8:

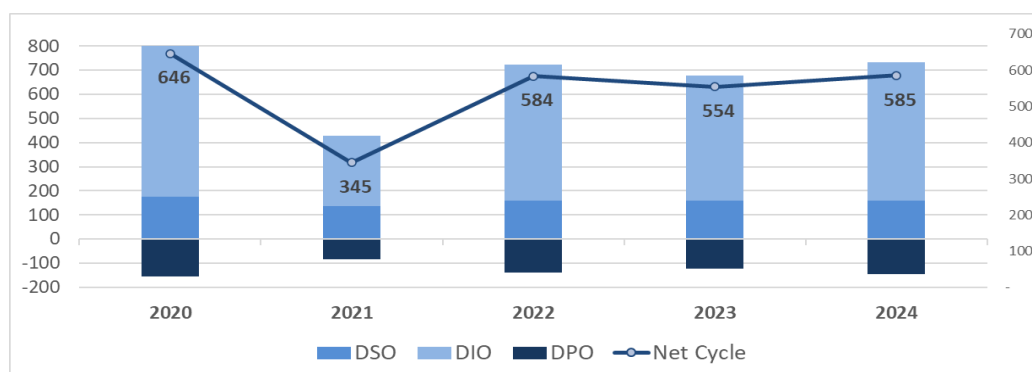


Figure 32 - Regeneron Pharmaceuticals' Cash Conversion Cycle, 2020–2024, in Days.  
Source: Regeneron's Financial Reports

## Appendix 9:

	2020	2021	2022	2023	2024
<b>Short-term debt</b>	0	0	0	0	0
<b>Long-term debt</b>	1 978,50	1 980,00	1 981,40	1 982,90	1 984,40
<b>Leases</b>	717,20	719,70	720,00	720,00	720,00
<b>Total Debt</b>	2 695,70	2 699,70	2 701,40	2 702,90	2 704,40
<b>Interest</b>	56,9	57,3	59,4	73	55,2
<b>Interest Expense to Debt Ratio (%)</b>	2,11%	2,12%	2,20%	2,70%	2,04%
<b>EBIT</b>	3 867,30	9 383,10	4 918,20	4 272,30	4 835,10
<b>Interest Coverage</b>	68,0 X	163,8 X	82,8 X	58,5 X	87,6 X
<b>Degrees of Financial Leverage</b>	1,01	1,01	1,01	1,02	1,01
<b>Total Assets</b>	17 163,30	25 434,80	29 214,50	33 080,20	37 759,40
<b>Equity Value</b>	11 025,30	18 768,80	22 664,00	25 973,10	29 353,60
<b>Debt-to-Equity Ratio (%)</b>	24,45%	14,38%	11,92%	10,41%	9,21%
<b>Debt-to-Assets Ratio (%)</b>	15,71%	10,61%	9,25%	8,17%	7,16%
<b>Assets-to-Equity Ratio (%)</b>	156%	136%	129%	127%	129%

Figure 33 - Regeneron Pharmaceuticals' Leverage and Solvency Indicators, 2020–2024, US\$M.

Source: Regeneron's Financial Reports

Appendix 10:

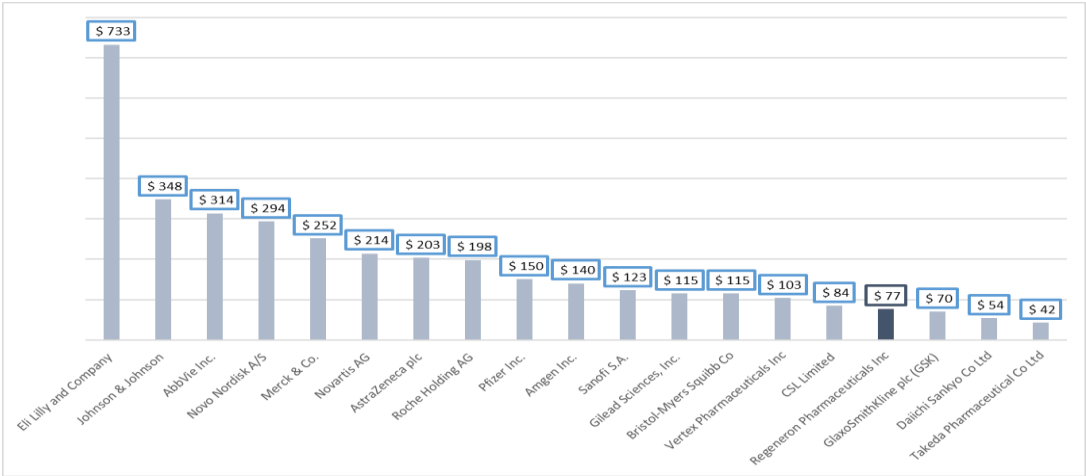
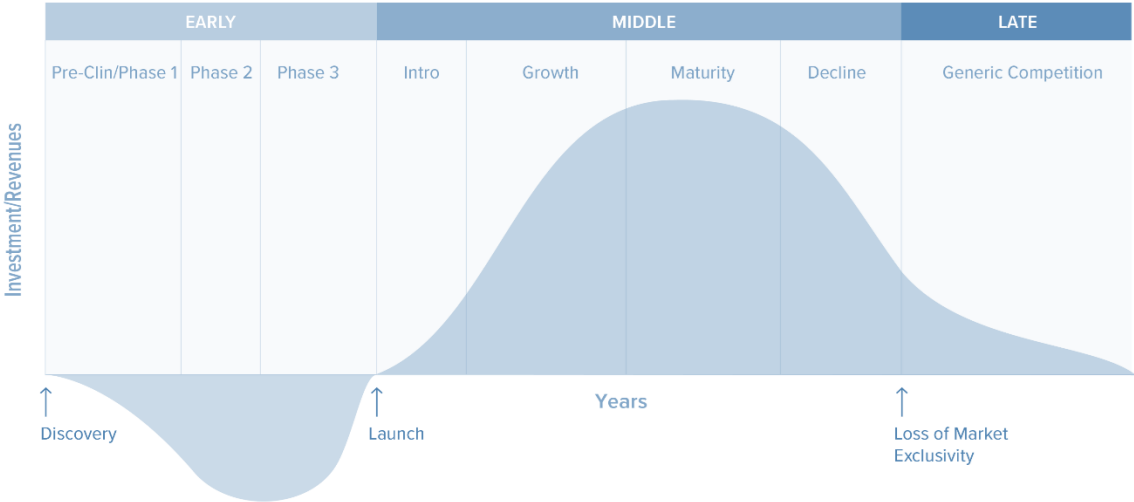


Figure 34 - Market Value of Leading Global Pharmaceutical Companies, December 31, 2024, US\$Bn.

Appendix 11:



For illustrative purposes only.

Figure 35 - Drugs' Lifecycle.  
 Source: Nasdaq Article: Investing in Pharma: The Drug Lifecycle

Appendix 12:

		Weight
Total PV of Cash Flow	28 368	28,4%
PV of Continuing Value	71 675	71,6%
<b>Entreprise Value</b>	<b>100 043</b>	
Cash	3 027	
Financial Liabilities	2 704	
Net non-operating assets	7 193	
<b>Equity Value</b>	<b>107 558</b>	
Number of shares outstanding (as of 31-12-2025)	106	
<b>Price per share</b>	<b>\$ 1 011,39</b>	

		Weight
Total PV of Cash Flow	24 317	30,8%
PV of Continuing Value	54 610	69,2%
<b>Entreprise Value</b>	<b>78 926</b>	
Cash	3 107	
Financial Liabilities	2 704	
Net non-operating assets	7 174	
<b>Equity Value</b>	<b>86 503</b>	
Number of shares outstanding (as of 31-12-2025)	106	
<b>Price per share</b>	<b>\$ 813,40</b>	

		Weight
Total PV of Cash Flow	18 083	39,0%
PV of Continuing Value	28 234	61,0%
<b>Entreprise Value</b>	<b>46 317</b>	
Cash	3 190	
Financial Liabilities	2 704	
Net non-operating assets	7 154	
<b>Equity Value</b>	<b>53 957</b>	
Number of shares outstanding (as of 31-12-2025)	106	
<b>Price per share</b>	<b>\$ 507,37</b>	

Figure 36 – Regeneron’s DCF Valuation Outcome, Best (Top), Base (Middle) and Worst (Bottom) Scenarios. All Values in US\$M, Except Price Per Share, which is in US\$.

Source: Valuation Excel

## Appendix 13:

Company Name	Company Market Capitalization 2024 (in \$ million)	Debt 2024 (in \$ million)	Debt/Equity 2024 (%)	CAGR 4Y (%)	Revenue 2024 (in \$ million)	Reason of Exclusion
Eli Lilly	\$ 732 871,72	\$ 33 644,20	5%	16%	\$ 45 042,70	Different Size
Johnson & Johnson	\$ 348 190,43	\$ 36 634,00	11%	2%	\$ 88 821,00	Different Growth Profile
AbbVie	\$ 314 020,84	\$ 67 144,00	21%	5%	\$ 56 334,00	Different Growth Profile
Merck & Co	\$ 251 648,15	\$ 37 111,00	15%	8%	\$ 64 168,00	
Roche Holding	\$ 230 580,23	\$ 40 072,75	17%	2%	\$ 68 158,77	Different Growth Profile
Novo Nordisk	\$ 216 161,06	\$ 14 271,61	7%	20%	\$ 41 176,04	
Novartis	\$ 214 946,15	\$ 31 258,00	15%	0%	\$ 51 417,81	Different Growth Profile
AstraZeneca	\$ 203 066,66	\$ 30 295,00	15%	19%	\$ 53 789,60	
Pfizer	\$ 150 345,25	\$ 64 351,00	43%	11%	\$ 63 627,00	
Amgen	\$ 139 963,68	\$ 60 099,00	43%	7%	\$ 33 424,00	High D/E
Sanofi	\$ 122 585,28	\$ 18 524,69	15%	1%	\$ 46 838,78	Different Growth Profile
Gilead Sciences	\$ 115 093,02	\$ 26 711,00	23%	4%	\$ 28 754,00	Different Growth Profile
Bristol-Myers Squibb	\$ 114 713,67	\$ 49 649,00	43%	3%	\$ 48 300,00	Different Growth Profile
Vertex	\$ 103 453,63	\$ 118,00	0%	15%	\$ 11 020,10	
Regeneron	\$ 78 277,61	\$ 2 704,40	3%	14%	\$ 14 202,00	
Chugai	\$ 74 932,89	\$ 69,33	0%	0%	\$ 7 505,60	Different Growth Profile
GlaxoSmithKline	\$ 69 828,86	\$ 21 251,09	30%	-3%	\$ 39 875,76	Different Growth Profile
Merck	\$ 63 301,13	\$ 10 632,57	17%	2%	\$ 22 375,50	Different Growth Profile
Lonza Group	\$ 42 822,61	\$ 5 643,74	13%	11%	\$ 7 406,82	
Jiangsu Hengrui	\$ 40 112,92	\$ 49,46	0%	-2%	\$ 3 864,70	Different Growth Profile
Union Chimique Belge	\$ 38 703,79	\$ 3 132,83	8%	1%	\$ 6 506,62	Different Growth Profile
Argenx	\$ 37 499,32	\$ 39,05	0%	166%	\$ 2 147,24	Different Growth Profile

Figure 37 - Market Capitalization, Debt, Debt/Equity Ratio, CAGR, Revenue, and Reason of Exclusion for Regeneron's peers, 2024, in USD\$M.

Source: Refinitiv Workspace

## Appendix 14:

	VERTEX	%	LONZA	%	MERCK & CO	%	ASTRAZENECA	%	NOVO NORDISK	%	PFIZER	%	REGENERON	%
REVENUE	\$ 11 723,30	100%	\$ 8 194,25	100%	\$ 64 235,00	100%	\$ 58 127,00	100%	\$ 46 678,30	100%	\$ 61 185,00	100%	\$ 14 247,80	100%
COGS	\$ -1 598,80	14%	\$ -5 493,85	67%	\$ -11 790,00	18%	\$ -10 341,00	18%	\$ -8 435,08	18%	\$ -15 727,00	26%	\$ -1 965,20	14%
GROSS PROFIT	\$ 10 124,50	86%	\$ 2 700,40	33%	\$ 52 445,00	82%	\$ 47 786,00	82%	\$ 38 243,22	82%	\$ 45 458,00	74%	\$ 12 292,60	86%
OPERATING INCOME / EXPENSES	\$ -5 387,50		\$ -307,62		\$ -24 067,00		\$ -27 906,00		\$ -14 231,98		\$ -23 771,00		\$ -7 818,30	
EBITDA	\$ 4 737,00	40%	\$ 2 392,78	29%	\$ 28 378,00	44%	\$ 19 880,00	34%	\$ 24 011,24	51%	\$ 21 687,00	35%	\$ 4 474,30	31%
D&A	\$ -200,60		\$ -808,03		\$ -4 617,00		\$ -5 461,00		\$ -2 915,85		\$ -5 004,00		\$ -525,10	
EBIT	\$ 4 536,40	39%	\$ 1 584,75	19%	\$ 23 761,00	37%	\$ 14 419,00	25%	\$ 21 095,39	45%	\$ 16 683,00	27%	\$ 3 949,20	28%
OTHER INCOME / EXPENSES	\$ -74,90		\$ -372,80		\$ -671,00		\$ -3 236,00		\$ 553,28		\$ -6 430,00		\$ 1 238,00	
INTEREST EXPENSE	\$ -12,80		\$ -189,49		\$ -1 273,00		\$ -1 350,00		\$ -2 212,01		\$ -2 700,00		\$ -42,10	
TAXES	\$ -773,60		\$ -174,79		\$ -2 773,00		\$ -2 035,00		\$ -4 147,68		\$ 685,00		\$ -567,10	
NET INCOME	\$ 3 675,10	31%	\$ 847,67	10%	\$ 19 044,00	30%	\$ 7 798,00	13%	\$ 15 288,98	33%	\$ 8 238,00	13%	\$ 4 578,00	32%
NOPAT	\$ 3 762,80	32%	\$ 1 409,96	17%	\$ 20 988,00	33%	\$ 12 384,00	21%	\$ 16 947,71	36%	\$ 17 368,00	28%	\$ 3 382,10	24%
COMMON SHARES OUTSTANDING (18-11-2025) (in million)	253,7		68,6		2 482,0		1 550,7		3 364,1		5 685,7		105,1	
MARKET VALUE OF EQUITY (18-11-2025)	\$ 110 119,05		\$ 45 668,66		\$ 230 480,61		\$ 277 352,24		\$ 163 720,87		\$ 142 597,55		\$ 74 022,60	
DEBT (INCLUDING PREFERRED EQUITY & MINORITY INTEREST)	\$ -		\$ 5 887,77		\$ 41 431,00		\$ 32 715,00		\$ 15 910,90		\$ 62 007,00		\$ 2 705,50	
INVESTED CAPITAL	\$ 110 119,05		\$ 51 566,43		\$ 271 911,61		\$ 310 067,24		\$ 179 631,77		\$ 204 604,55		\$ 76 728,10	
CASH AND CASH EQUIVALENTS	\$ -4 939,60		\$ -1 143,76		\$ -18 169,00		\$ -8 143,00		\$ -5 043,62		\$ -1 343,00		\$ -2 506,40	
ENTERPRISE VALUE	\$ 105 179,45		\$ 50 412,67		\$ 253 742,61		\$ 301 924,24		\$ 174 588,15		\$ 203 261,55		\$ 74 221,70	
ROE	3,3%		1,9%		8,3%		2,8%		9,3%		5,8%		6,2%	

Figure 38 – Operational Performance, Common Shares Outstanding, Market Value of Equity, Debt, Invested Capital, Cash, Enterprise Value, and ROE of Vertex, Lonza, Merck & Co, AstraZeneca, Novo Nordisk, Pfizer and Regeneron. Period Between Q3 2024 to Q3 2025, US\$M.

Source: Refinitiv Workspace

Appendix 15:

	VERTEX	MERCK & CO	ASTRAZENECA	NOVO NORDISK	PFIZER
<b>EV/EBITDA</b>	\$ 99 346,51	\$ 40 007,07	\$ 67 952,70	\$ 32 533,09	\$ 41 935,41
<b>EV/Sales</b>	\$ 127 828,83	\$ 56 282,00	\$ 74 006,16	\$ 53 290,22	\$ 47 332,35
<b>EV/EBIT</b>	\$ 91 564,83	\$ 42 173,32	\$ 82 693,61	\$ 32 684,08	\$ 48 116,08

Figure 39 - Multiples Valuation, Enterprise Value, US\$M.

Source: Refinitiv Workspace

Appendix 16:

	VERTEX	MERCK & CO	ASTRAZENECA	NOVO NORDISK	PFIZER
<b>PE</b>	\$ 137 173,14	\$ 55 405,39	\$ 162 826,18	\$ 49 023,16	\$ 79 243,94

Figure 40 - Multiples Valuation, Equity Value, US\$M.

Source: Refinitiv Workspace

Appendix 17:

	VERTEX	MERCK & CO	ASTRAZENECA	NOVO NORDISK	PFIZER
<b>EV/EBITDA</b>	\$ 1 305,17	\$ 527,17	\$ 1 549,26	\$ 466,45	\$ 753,99
<b>EV/Sales</b>	\$ 943,37	\$ 378,76	\$ 644,66	\$ 307,65	\$ 397,11
<b>EV/EBIT</b>	\$ 1 214,37	\$ 533,62	\$ 702,26	\$ 505,15	\$ 448,46
<b>PE</b>	\$ 869,33	\$ 399,38	\$ 784,92	\$ 309,09	\$ 455,92

Figure 41 - Multiples Valuation, Share Price, US\$.

Source: Refinitiv Workspace

## Appendix 18:

\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
<b>U.S. Revenue:</b>															
<b>Eylea</b>	\$ 4 947	\$ 5 792	\$ 6 265	\$ 5 885	\$ 5 968	\$ 5 670	\$ 5 386	\$ 4 848	\$ 4 363	\$ 3 927	\$ 3 534	\$ 3 287	\$ 3 122	\$ 2 966	\$ 2 818
Yearly Return (%)	7%	17%	8%	-6%	1%	-5%	-5%	-10%	-10%	-10%	-10%	-7%	-5%	-5%	-5%
<b>Libtayo</b>	\$ 271	\$ 306	\$ 448	\$ 863	\$ 1 217	\$ 1 399	\$ 1 539	\$ 1 693	\$ 1 862	\$ 2 049	\$ 2 151	\$ 2 216	\$ 2 282	\$ 2 282	\$ 2 282
Yearly Return (%)	54%	13%	46%	93%	41%	15%	10%	10%	10%	10%	5%	3%	3%	0%	0%
<b>Praluent</b>	\$ 151	\$ 170	\$ 130	\$ 182	\$ 242	\$ 278	\$ 300	\$ 318	\$ 331	\$ 338	\$ 344	\$ 344	\$ 344	\$ 337	\$ 331
Yearly Return (%)	0%	13%	-24%	40%	33%	15%	8%	6%	4%	2%	2%	0%	0%	-2%	-2%
<b>Evkeeza</b>	\$ -	\$ 18	\$ 49	\$ 77	\$ 126	\$ 163	\$ 204	\$ 245	\$ 282	\$ 310	\$ 326	\$ 342	\$ 342	\$ 342	\$ 335
Yearly Return (%)	0%	0%	164%	59%	63%	30%	25%	20%	15%	10%	5%	5%	0%	0%	-2%
<b>Immazeb</b>	\$ -	\$ -	\$ 3	\$ 70	\$ 77	\$ 84	\$ 93	\$ 99	\$ 106	\$ 111	\$ 115	\$ 117	\$ 117	\$ 117	\$ 117
Yearly Return (%)	0%	0%	0%	2227%	10%	10%	10%	7%	7%	4%	4%	2%	0%	0%	0%
<b>Collaboration Revenue:</b>															
<b>Dupixent</b>	\$ 1 186	\$ 1 902	\$ 2 856	\$ 3 800	\$ 4 531	\$ 5 302	\$ 6 097	\$ 6 707	\$ 7 176	\$ 7 535	\$ 7 686	\$ 7 763	\$ 7 763	\$ 7 763	\$ 7 607
Yearly Return (%)	194%	60%	50%	33%	19%	17%	15%	10%	7%	5%	2%	1%	0%	0%	-2%
<b>Bayer (Eylea)</b>	\$ 1 186	\$ 1 409	\$ 1 431	\$ 1 488	\$ 1 499	\$ 1 424	\$ 1 353	\$ 1 218	\$ 1 096	\$ 986	\$ 888	\$ 825	\$ 784	\$ 745	\$ 708
Yearly Return (%)	4%	19%	2%	4%	1%	-5%	-5%	-10%	-10%	-10%	-10%	-7%	-5%	-5%	-5%
<b>Other Revenue</b>	\$ -	\$ -	\$ 0	\$ 5	\$ 26	\$ 78	\$ 195	\$ 390	\$ 585	\$ 819	\$ 983	\$ 1 081	\$ 1 189	\$ 1 249	\$ 1 311
Yearly Return (%)	0%	0%	0%	1175%	410%	200%	150%	100%	50%	40%	20%	10%	10%	5%	5%
<b>Other Revenue:</b>															
	\$ 557	\$ 281	\$ 365	\$ 536	\$ 515	\$ 567	\$ 623	\$ 685	\$ 754	\$ 829	\$ 912	\$ 1 004	\$ 1 104	\$ 1 214	\$ 1 336
Yearly Return (%)	220%	-50%	30%	47%	-4%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>New Products Revenue:</b>															
<b>Lysozyfic</b>						\$ 15	\$ 163	\$ 326	\$ 521	\$ 781	\$ 1 094	\$ 1 422	\$ 1 707	\$ 1 877	\$ 2 065
Yearly Return (%)							1000%	100%	60%	50%	40%	30%	20%	10%	10%
<b>Semaglutide</b>							\$ 800	\$ 1 600	\$ 2 320	\$ 3 132	\$ 3 758	\$ 4 134	\$ 4 465	\$ 4 733	
Yearly Return (%)								100%	45%	20%	10%	8%	6%		
<b>Odronextamab</b>									\$ 15	\$ 163	\$ 326	\$ 521	\$ 781	\$ 1 172	
Yearly Return (%)										1000%	100%	60%	50%	50%	
<b>Total</b>	\$ 8 298	\$ 9 880	\$ 11 546	\$ 12 906	\$ 14 201	\$ 14 980	\$ 15 954	\$ 17 329	\$ 18 677	\$ 20 019	\$ 21 327	\$ 22 485	\$ 23 410	\$ 24 139	\$ 24 815
Yearly Return (%)	30%	89%	-24%	8%	8%	5%	6%	9%	8%	7%	7%	5%	4%	3%	3%

Figure 42 - Regeneron's Revenue by Product, Actual 2020–2024 and Forecast 2025–2034 US\$M.

Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 19:

\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Trade Receivables	4 114,70	6 036,50	5 328,70	5 667,30	6 211,90	\$ 6 492	\$ 6 914	\$ 7 511	\$ 8 095	\$ 8 677	\$ 9 243	\$ 9 745	\$ 10 146	\$ 10 462	\$ 10 755
Inventory	1 916,60	1 951,30	2 401,90	2 580,50	3 087,30	\$ 2 888	\$ 3 075	\$ 3 340	\$ 3 600	\$ 3 859	\$ 4 111	\$ 4 334	\$ 4 513	\$ 4 653	\$ 4 784
Prepaid Expenses	160,80	332,40	411,20	386,60	349,20	\$ 456	\$ 486	\$ 528	\$ 569	\$ 610	\$ 650	\$ 685	\$ 713	\$ 736	\$ 756
Trade Payables	475,50	564,00	589,20	606,60	789,50	\$ 726	\$ 774	\$ 840	\$ 906	\$ 971	\$ 1 034	\$ 1 090	\$ 1 135	\$ 1 171	\$ 1 203
Accrued Expenses	1 521,80	2 206,80	2 074,20	2 357,90	2 527,10	\$ 2 346	\$ 2 498	\$ 2 714	\$ 2 925	\$ 3 135	\$ 3 340	\$ 3 521	\$ 3 666	\$ 3 780	\$ 3 886
Deferred Revenue	577,70	442,00	477,90	458,90	627,70	\$ 738	\$ 786	\$ 854	\$ 920	\$ 986	\$ 1 051	\$ 1 108	\$ 1 153	\$ 1 189	\$ 1 223
<b>Net Working Capital</b>	\$ 3 617,10	\$ 5 107,40	\$ 5 000,50	\$ 5 211,00	\$ 5 704,10	\$ 6 026	\$ 6 418	\$ 6 971	\$ 7 513	\$ 8 054	\$ 8 580	\$ 9 045	\$ 9 417	\$ 9 711	\$ 9 983
<b>DSO</b>	177	137	160	158	160	158	158	158	158	158	158	158	158	158	158
<b>DIO</b>	647	360	694	581	657	588	588	588	588	588	588	588	588	588	588
<b>DPO</b>	161	104	170	137	168	148	148	148	148	148	148	148	148	148	148
<b>Net Trade Cycle</b>	663	393	683	602	649	598	598	598	598	598	598	598	598	598	598
Prepaid Expenses as % of Reve	2%	2%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Accrued Expenses as % of Reve	18%	14%	17%	18%	18%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Deferred Revenue as % of Rev	7%	3%	4%	3%	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Figure 43 - Regeneron's NWC, Days Outstanding and Other Income and Expenses as Percentage of Revenue, Actual 2020–2024 and Forecast 2025–2034 US\$M.

Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 20:

\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Long term debt net	1 978,50	1 980,00	1 981,40	1 982,90	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40	1 984,40
Finance Leases net	717,20	-	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00	720,00
Interest expense	- 56,90	- 57,30	- 59,40	- 73,00	- 55,20	- 59,50	- 59,50	- 59,50	- 59,50	- 59,50	- 59,50	- 117,40	- 117,40	- 117,40	- 117,40
<b>Interest rate</b>	2,1%	2,1%	2,2%	2,7%	2,0%	2,20%	2,20%	2,20%	2,20%	2,20%	2,20%	4,34%	4,34%	4,34%	4,34%

Figure 44 - Regeneron's Financing Schedule, Actual 2020–2024 and Forecast 2025–2034 US\$M.

Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 21:

	in \$ million
Interest Expense on LT Debt (2024)	44,4 (from Annual Report)
Interest Expense on Finance Leases (2024)	10,8 (Total - LT interest)
Interest Expense on Income Statement (2024)	55,2 (from Annual Report)
Implicit Interest Rate Total Debt	2,04%
Implicit Interest Rate Finance Leases	1,50%
2,8% Senior Notes Interest Rate	2,80%
New Senior note interest rate (coupon = cost of debt = 6,9%)	6,90%
Finance Leases Amount	720,00
2,8% Senior Notes Amount	741,10
New Senior note amount (2031)	1 243,30
Total Interest	117,40
Implicit Interest Rate Total Debt	4,3%

Figure 45 - Regeneron's Financing Cost for Forecast 2031-2034.  
Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 22:

\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Beginning PP&P (excl Land)	2 890,40	3 221,60	3 482,20	3 763,00	4 146,40	4 311,50	4 828,88	5 340,28	5 831,36	6 286,44	6 688,95	7 022,09	7 269,44	7 415,73	7 516,76
Net Capex	612,30	564,50	609,60	737,50	807,40	862,30	917,49	961,25	991,33	1 005,83	1 003,34	983,09	945,03	964,04	977,18
D&A PP&E	- 281,10	- 303,90	- 328,80	- 354,10	- 354,10	- 344,92	- 406,09	- 470,17	- 536,26	- 603,31	- 670,20	- 735,74	- 798,74	- 863,01	- 928,16
Ending PP&P (incl Land)	3 221,60	3 482,20	3 763,00	4 146,40	4 599,70	5 117,08	5 628,48	6 119,56	6 574,64	6 977,15	7 310,29	7 557,64	7 703,93	7 804,96	7 853,98
Usefull life Capex	15			Land as of 2024	288,2										
Usefull life historical assets	15														

Regeneron Pharmaceuticals Inc. PP&E D&A (\$ in million)															
\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
						287,43	287,43	287,43	287,43	287,43	287,43	287,43	287,43	287,43	287,43
						57,49	57,49	57,49	57,49	57,49	57,49	57,49	57,49	57,49	57,49
							61,17	61,17	61,17	61,17	61,17	61,17	61,17	61,17	61,17
								64,08	64,08	64,08	64,08	64,08	64,08	64,08	64,08
									66,09	66,09	66,09	66,09	66,09	66,09	66,09
										67,06	67,06	67,06	67,06	67,06	67,06
											66,89	66,89	66,89	66,89	66,89
												65,54	65,54	65,54	65,54
													63,00	63,00	63,00
														64,27	64,27
															65,15
Total PP&E D&A						344,92	406,09	470,17	536,26	603,31	670,20	735,74	798,74	863,01	928,16
Capex as a % of PP&E	21,18%	17,52%	17,51%	19,60%	19,47%	20,00%	19,00%	18,00%	17,00%	16,00%	15,00%	14,00%	13,00%	13,00%	13,00%

Figure 46 - Regeneron's D&A Schedule for PP&E, Actual 2020-2024 and Forecast 2025-2034 US\$M.  
Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 23:

\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Beginning IA (excl Indef Assets)	29,30	6,70	915,50	1 038,60	1 095,80	1 011,51	927,22	842,92	758,63	674,34	590,05	505,75	421,46	337,17	
D&A IA	-	22,60	- 37,60	- 92,20	- 128,90	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29	- 84,29
Ending IA (incl Indef Assets)	6,70	915,50	1 038,60	1 148,60	1 064,31	980,02	895,72	811,43	727,14	642,85	558,55	474,26	389,97	305,68	
Usefull life historical assets	13			Indefinite as of 2024	52,8										

Regeneron Pharmaceuticals Inc. Intangible Assets D&A (\$ in million)															
\$ in million	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total IA D&A						84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29	84,29

Figure 47 - Regeneron's D&A Schedule for Intangible Assets, Actual 2020-2024 and Forecast 2025-2034 US\$M.  
Source: Regeneron's Annual Reports and Valuation Excel



## Appendix 26:

\$ in millions	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Cash and cash equivalents	2,193.70	2,885.60	3,105.90	2,730.00	2,488.20	3,107.33	3,814.57	4,618.94	5,701.88	7,069.13	10,507.75	14,289.76	18,446.84	22,860.76	27,467.85
Marketable securities	1,393.30	2,809.10	4,636.40	8,114.80	6,524.30	7,173.90	7,861.85	8,606.91	9,407.49	10,263.24	11,312.99	12,409.26	13,547.42	14,716.88	15,914.02
Accounts receivable, net	4,114.70	6,036.50	5,328.70	5,667.30	6,211.90	6,492.48	6,914.49	7,510.51	8,094.58	8,676.62	9,243.45	9,745.07	10,145.97	10,482.15	10,755.06
Inventories	1,916.60	1,951.30	2,401.90	2,580.50	3,087.30	2,887.68	3,075.37	3,340.47	3,600.25	3,859.12	4,111.23	4,334.34	4,512.65	4,653.28	4,783.55
Prepaid expenses and other current assets	160.80	332.40	411.20	386.60	349.20	456.47	486.14	528.04	569.11	610.03	649.88	685.15	713.33	735.56	756.16
<b>Total current assets</b>	<b>9,779.10</b>	<b>14,014.90</b>	<b>15,884.10</b>	<b>19,479.20</b>	<b>18,660.90</b>	<b>20,117.86</b>	<b>22,152.42</b>	<b>24,604.87</b>	<b>27,373.30</b>	<b>30,478.14</b>	<b>35,825.30</b>	<b>41,463.58</b>	<b>47,366.20</b>	<b>53,428.43</b>	<b>59,676.65</b>
Marketable securities	3,135.60	6,838.00	6,991.80	5,396.50	8,900.10	9,549.70	10,237.65	10,982.71	11,783.29	12,639.04	13,688.79	14,785.06	15,923.22	17,092.48	18,289.82
Property, plant and equipment, net	3,221.60	3,482.20	3,763.00	4,146.40	4,599.70	5,117.08	5,628.48	6,119.56	6,574.64	6,977.15	7,310.29	7,557.64	7,703.93	7,804.96	7,853.98
Intangible assets, net	-	6.70	915.50	1,038.60	1,148.60	1,064.31	980.02	895.72	811.43	727.14	642.85	558.55	474.26	389.97	305.68
Deferred tax assets	858.90	876.90	1,723.70	2,575.40	3,314.10	3,933.74	4,593.66	5,310.47	6,083.02	6,911.12	7,667.29	8,464.49	9,294.49	10,150.36	11,030.19
Other noncurrent assets	168.10	216.10	336.40	444.10	1,136.00	1,353.37	1,584.86	1,836.31	2,107.32	2,397.81	2,707.28	3,033.54	3,373.23	3,723.50	4,083.57
<b>Total assets</b>	<b>17,163.30</b>	<b>25,434.80</b>	<b>29,214.50</b>	<b>33,080.20</b>	<b>37,759.40</b>	<b>41,136.06</b>	<b>45,177.10</b>	<b>49,749.65</b>	<b>54,732.99</b>	<b>60,130.40</b>	<b>67,841.80</b>	<b>75,862.87</b>	<b>84,135.33</b>	<b>92,589.70</b>	<b>101,239.89</b>
Accounts payable	475.50	564.00	589.20	606.60	789.50	726.48	773.70	840.39	905.75	970.87	1,034.30	1,090.43	1,135.29	1,170.67	1,203.44
Accrued expenses and other current liabilities	1,521.80	2,206.80	2,074.20	2,357.90	2,527.10	2,345.86	2,498.34	2,713.70	2,924.73	3,135.04	3,339.84	3,521.09	3,665.94	3,780.18	3,886.02
Finance lease liabilities	-	719.70	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	577.70	442.00	477.90	458.90	627.70	738.03	786.00	853.75	920.15	986.31	1,050.74	1,107.76	1,153.34	1,189.28	1,222.57
Other liabilities - Sanofi	122.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>2,697.40</b>	<b>3,932.50</b>	<b>3,141.30</b>	<b>3,423.40</b>	<b>3,944.30</b>	<b>3,810.37</b>	<b>4,058.04</b>	<b>4,407.84</b>	<b>4,750.63</b>	<b>5,092.22</b>	<b>5,424.89</b>	<b>5,719.28</b>	<b>5,954.56</b>	<b>6,140.13</b>	<b>6,312.03</b>
Long-term debt	1,978.50	1,980.00	1,981.40	1,982.90	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40	1,984.40
Finance lease liabilities	717.20	-	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00	720.00
Deferred revenue	57.80	73.30	69.80	126.70	185.70	245.62	309.44	378.75	453.46	533.53	618.84	708.78	802.42	898.98	998.24
Other liabilities - Sanofi	189.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	497.80	680.20	638.00	854.10	1,571.40	1,859.19	2,165.70	2,498.62	2,857.43	3,242.04	3,651.78	4,083.75	4,533.50	4,997.26	5,474.00
<b>Total liabilities</b>	<b>6,138.00</b>	<b>6,666.00</b>	<b>6,550.50</b>	<b>7,107.10</b>	<b>8,405.80</b>	<b>8,619.59</b>	<b>9,237.57</b>	<b>9,989.61</b>	<b>10,765.91</b>	<b>11,572.19</b>	<b>12,399.91</b>	<b>13,216.22</b>	<b>13,994.88</b>	<b>14,740.76</b>	<b>15,488.67</b>
Common stock	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Additional paid-in capital	6,716.20	8,087.50	9,949.30	11,354.00	14,309.20	15,762.50	17,215.80	18,669.10	20,122.40	20,122.40	20,122.40	20,122.40	20,122.40	20,122.40	20,122.40
Retained earnings	10,893.00	18,968.30	23,306.70	27,260.30	31,672.90	36,155.97	40,903.71	46,045.53	51,570.54	57,476.32	64,720.90	72,286.57	80,141.27	88,210.66	96,473.84
Accumulated other comprehensive loss	29.30	26.20	238.80	80.90	7.90	-	-	-	-	-	-	-	-	-	-
Treasury stock	6,613.30	8,260.90	10,353.30	12,960.40	15,167.40	17,574.45	19,981.50	22,388.55	24,795.60	27,202.65	29,609.70	32,016.75	34,423.80	36,830.85	39,237.90
Dividends	-	-	-	-	-	374.34	745.28	1,112.84	1,477.06	1,837.96	2,198.86	2,559.77	2,920.67	3,281.57	3,642.48
<b>Total stockholders' equity</b>	<b>11,025.30</b>	<b>18,768.80</b>	<b>22,664.00</b>	<b>25,973.10</b>	<b>29,353.60</b>	<b>32,516.48</b>	<b>35,939.53</b>	<b>39,760.04</b>	<b>43,967.08</b>	<b>48,558.21</b>	<b>53,441.89</b>	<b>58,666.70</b>	<b>64,140.45</b>	<b>70,848.93</b>	<b>78,751.21</b>
<b>Total liabilities and stockholders' equity</b>	<b>17,163.30</b>	<b>25,434.80</b>	<b>29,214.50</b>	<b>33,080.20</b>	<b>37,759.40</b>	<b>41,136.06</b>	<b>45,177.10</b>	<b>49,749.65</b>	<b>54,732.99</b>	<b>60,130.40</b>	<b>67,841.80</b>	<b>75,862.87</b>	<b>84,135.33</b>	<b>92,589.70</b>	<b>101,239.89</b>
Check	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>KPIs</b>															
<b>Liquidity ratios</b>															
Current ratio	3.6 X	3.6 X	5.1 X	5.7 X	4.7 X	5.3 X	5.5 X	5.6 X	5.8 X	6.0 X	6.6 X	7.2 X	8.0 X	8.7 X	9.5 X
Quick ratio	2.9 X	3.1 X	4.3 X	4.9 X	3.9 X	4.5 X	4.7 X	4.8 X	5.0 X	5.2 X	5.6 X	6.3 X	7.0 X	7.9 X	8.7 X
Cash ratio	1.3 X	1.4 X	2.5 X	3.2 X	2.3 X	2.7 X	2.9 X	3.0 X	3.2 X	3.4 X	4.0 X	4.7 X	5.4 X	6.1 X	6.9 X
<b>Solvency ratios</b>															
Debt ratio (Book Value)	15.7%	10.6%	9.2%	8.2%	7.2%	6.6%	6.0%	5.4%	4.9%	4.5%	4.0%	3.6%	2.9%	2.9%	2.7%
Interest coverage	68.0 X	163.8 X	82.8 X	58.5 X	87.6 X	76.2 X	80.6 X	87.2 X	93.6 X	99.9 X	124.0 X	66.0 X	68.5 X	70.3 X	72.0 X
<b>Other Metrics</b>															
Increase in Deferred Taxes as % of R&D	1.31%	0.63%	23.7%	19.1%	14.3%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Increase in Other noncurrent assets as % of Rev	0%	0%	1%	1%	5%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Increase in LT Deferred Revenue as % of Rev	-0.6%	0.1%	0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Increase in Other noncurrent liabilities as % of Rev	2.12%	1.13%	-0.35%	1.65%	5.05%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Increase in marketable securities as % of Rev	2%	10%	17%	29%	-8%	9%	9%	9%	9%	9%	9%	10%	10%	10%	10%
Increase in marketable securities as % of Net Income	4%	21%	49%	98%	-26%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%

Figure 50 - Regeneron's Balance Sheet and Metrics, Actual 2020-2024 and Forecast 2025-2034 US\$M.  
Source: Regeneron's Annual Reports and Valuation Excel

## Appendix 27:

\$ in millions	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
EBIT	4,533.34	4,794.74	5,186.23	5,566.58	5,944.41	7,377.14	7,752.89	8,042.56	8,256.45	8,448.98
Operating tax expense (21%)	-	952.00	1,006.90	1,089.11	1,168.98	1,248.33	1,549.20	1,628.11	1,688.94	1,774.29
<b>NOPAT</b>	<b>3,581.34</b>	<b>3,878.84</b>	<b>4,097.12</b>	<b>4,397.60</b>	<b>4,696.08</b>	<b>5,827.94</b>	<b>6,124.78</b>	<b>6,353.62</b>	<b>6,522.59</b>	<b>6,674.69</b>
Depreciation and Amortization PP&E	344.92	406.09	470.17	536.26	603.31	670.20	735.74	798.74	863.01	928.16
Depreciation and Amortization Intangible Assets	84.29	84.29	84.29	84.29	84.29	84.29	84.29	84.29	84.29	84.29
<b>Gross Cash Flow</b>	<b>4,010.55</b>	<b>4,278.22</b>	<b>4,651.58</b>	<b>5,018.15</b>	<b>5,383.69</b>	<b>6,582.44</b>	<b>6,944.82</b>	<b>7,236.66</b>	<b>7,469.90</b>	<b>7,687.15</b>
(Increase) decrease in accounts receivable	-	280.58	422.00	596.02	584.07	582.04	566.83	501.62	400.89	316.19
(Increase) decrease in inventories	-	199.62	187.70	265.09	259.78	258.87	252.11	223.11	178.31	140.63
(Increase) decrease in prepaid expenses and other assets	-	107.27	29.67	41.90	41.06	40.92	39.85	35.27	28.19	22.23
Increase (decrease) in deferred revenue	-	170.25	111.79	137.07	141.10	146.24	149.74	146.96	139.21	132.50
Increase (decrease) in accounts payable	-	63.02	47.22	66.69	65.36	65.13	63.43	56.13	44.86	35.38
Increase (decrease) in accrued expenses	-	181.24	152.48	215.35	211.04	210.30	204.81	181.25	144.85	114.24
<b>Investments in WC</b>	<b>262.24</b>	<b>327.89</b>	<b>483.91</b>	<b>467.42</b>	<b>460.16</b>	<b>440.82</b>	<b>375.66</b>	<b>278.47</b>	<b>196.92</b>	<b>172.62</b>
(Increase) decrease in net capex	-	862.30	917.49	961.25	991.33	1,005.83	1,003.34	983.09	945.03	964.04
(Increase) decrease in deferred Tax Assets	-	619.64	659.92	716.80	772.55	828.10	756.17	797.20	830.00	855.87
(Increase) decrease in other noncurrent assets	-	217.37	231.50	251.45	271.00	290.49	309.47	326.26	339.68	350.27
Increase (decrease) in other noncurrent liabilities	-	287.79	306.50	332.92	358.81	384.61	409.74	431.97	449.74	463.76
<b>Unlevered Free Cash Flow</b>	<b>2,336.80</b>	<b>2,447.94</b>	<b>2,571.09</b>	<b>2,874.65</b>	<b>3,183.71</b>	<b>4,482.38</b>	<b>4,894.</b>			

Appendix 28:

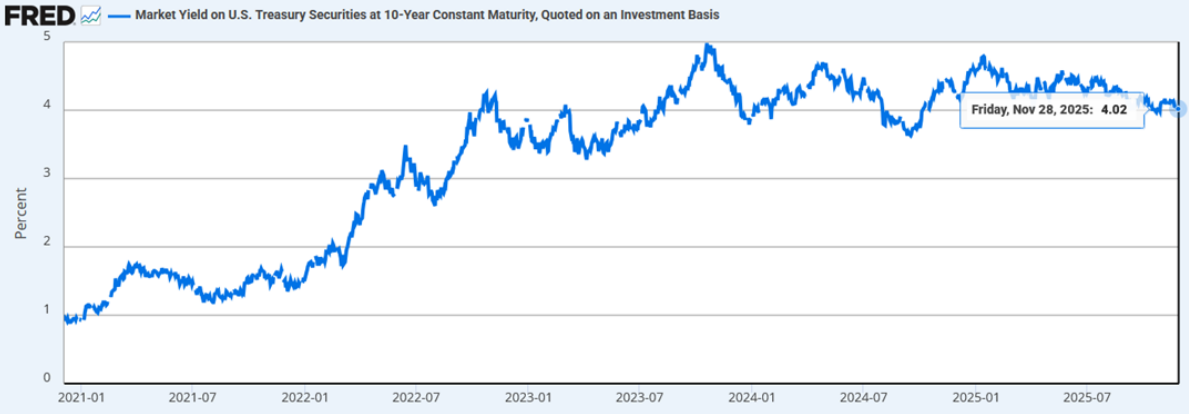


Figure 52 – Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, January 2021 – November 2025  
 Source: Board of Governors of the Federal Reserve System (US) via FRED

Appendix 29:



Real GDP growth (Annual % change)	2025	2026	2027	2028	2029	2030	
US (61%)	2,0%	2,1%	2,1%	2,1%	1,9%	1,8%	
WORLD (39%)	3,2%	3,1%	3,2%	3,2%	3,2%	3,1%	<b>Average</b>
<b>Total</b>	<b>2,5%</b>	<b>2,5%</b>	<b>2,5%</b>	<b>2,5%</b>	<b>2,4%</b>	<b>2,3%</b>	<b>2,5%</b>

Figure 53 – U.S. Real GDP Growth, Actual 1980-2025 and Forecast 2025-2030.  
 Source IMF

Appendix 30:

Liabilities	31-12-2024		Coupon	Val_Date	Maturity	YTM
	Principal	Fair Value				
Debt - Non-Convertible - Note 1,75%	1 243,30	929,78	1,75%	31-12-2025	15-09-2030	8,34%
Debt - Non-Convertible - Note 2,8%	741,10	554,22	2,80%	31-12-2025	15-09-2050	4,50%
<b>TOTAL</b>	<b>1 984,40</b>	<b>1 484,00</b>				<b>6,90%</b>

Figure 54 – Regeneron’s Average Yield to Maturity on December 31, 2025.  
 Source: Regeneron’s Financial Reports

## Appendix 31:

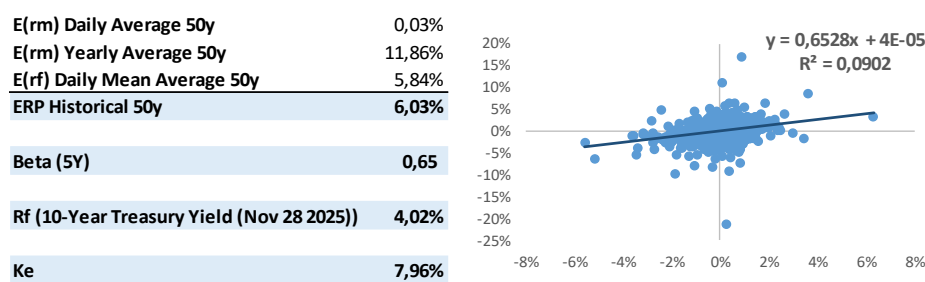


Figure 55 – Regeneron’s Cost of Equity and Beta Chart  
Source: Refinitiv Workspace

## Appendix 32:

10-Year Treasury Yield (Nov 28, 2025)	4,02%
Cost of equity	7,96%
Cost of debt	6,90%
Corporate Tax Rate	9,09%
Cost of debt after tax	6,28%

\$ in million	Regeneron Pharmaceuticals Inc. WACC												
	FY20	FY21	FY22	FY23	FY24	FY25	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Debt	2 677,70	2 606,70	2 163,00	2 248,00	2 204,00								
Equity	51 756,49	68 544,73	78 877,28	96 402,78	76 450,59								
Debt / (Debt+Equity)	5%	4%	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Equity / (Debt+Equity)	95%	96%	97%	98%	97%	97%	97%	97%	97%	97%	97%	97%	97%
WACC						7,91%	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%

Common Outstanding Shares	#####	#####	#####	107 943 750	105 507 536
Class A Stock	1 848 970	1 823 283	1 818 146	1 818 146	1 817 146
Share Price	483,11	631,52	721,49	878,29	712,33
Fair Value of Long Term Debt	1 958,00	1 887,00	1 443,00	1 528,00	1 484,00
Fair Value of Leases	719,70	719,70	720,00	720,00	720,00

Figure 56 – Regeneron’s Market Value of Debt and Equity, in US\$M, and WACC, in percentage, Actual 2020–2024 and Forecast 2025-2034.

Source: Regeneron’s Annual Reports and Valuation Excel

## Appendix 33:

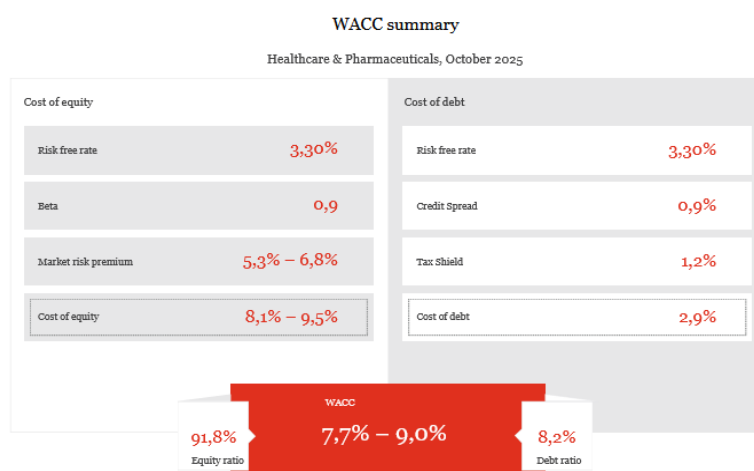


Figure 57 – WACC Summary, October 2025  
Source: PWC

Appendix 34:

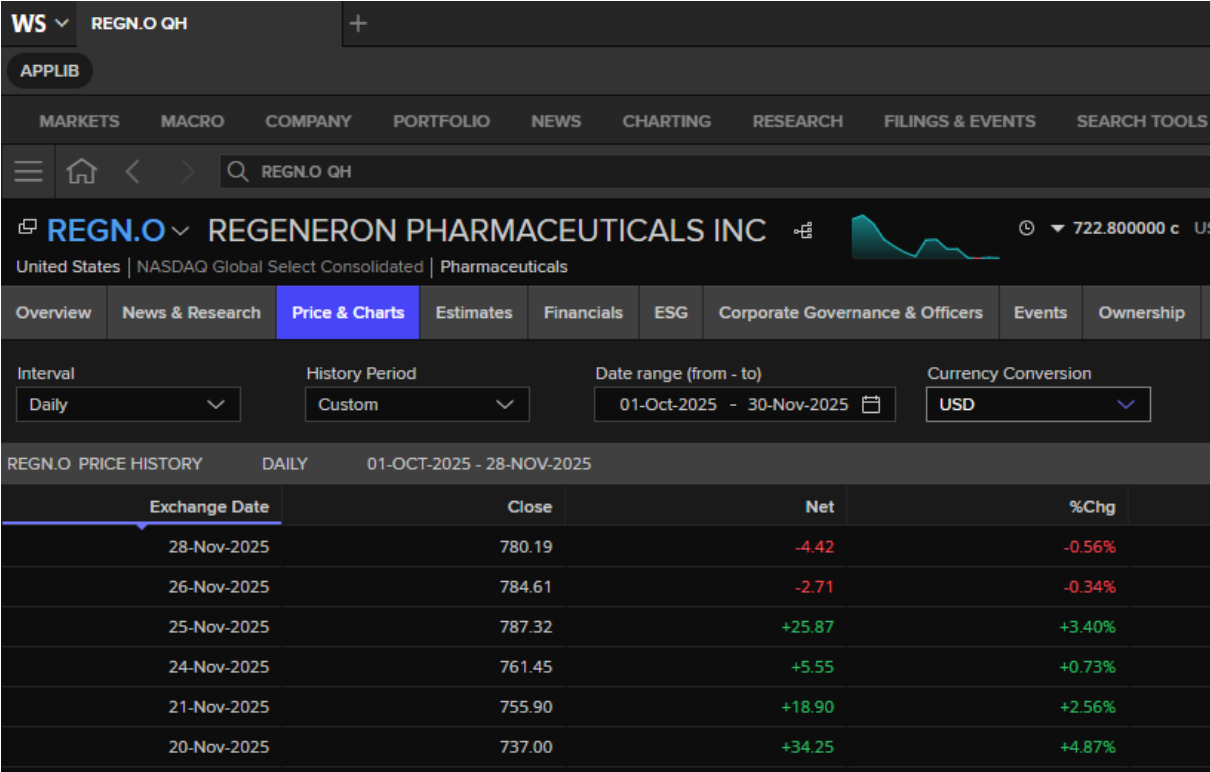


Figure 58 – Regeneron’s Share Price, Daily, Nov 20, 2025 – Nov 28, 2025.  
 Source: Refinitiv Workspace

Appendix 35:

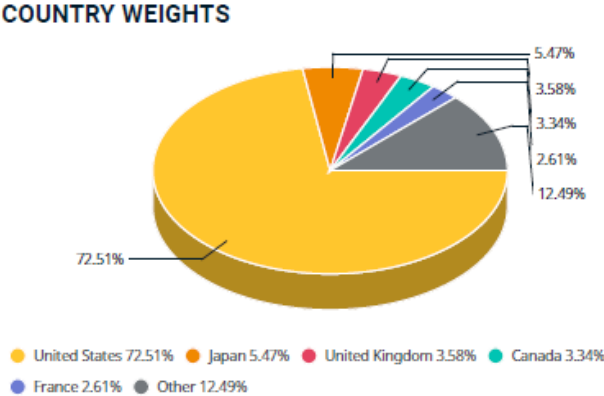


Figure 59 - MSCI World Index Composition by Country  
 Source: MSCI Inc.

## Appendix 36:

\$ in millions	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Unlevered Free Cash Flow	2 447,94	2 571,09	2 874,65	3 183,71	4 482,38	4 894,57	5 293,22	5 566,55	5 774,19
Continuing Value									108 372,14
Discount factor (WACC)	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%	7,91%
<b>Present Value of UFCF</b>	<b>2 268,44</b>	<b>2 207,87</b>	<b>2 287,54</b>	<b>2 347,72</b>	<b>3 063,01</b>	<b>3 099,43</b>	<b>3 106,10</b>	<b>3 026,98</b>	<b>2 909,66</b>
<b>Present Value of CV</b>									<b>54 609,57</b>

Figure 60 - Regeneron's DCF Valuation, US\$M.

Source: Valuation Excel

## Appendix 37:

Enterprise Value Sensitive Analysis						
Expected UFCF Growth						
	78 926	1,45%	1,95%	2,45%	2,95%	3,45%
WACC	7,41%	77 088	81 865	87 607	94 636	103 440
	7,66%	73 644	77 938	83 056	89 261	96 940
	7,91%	70 471	74 344	78 926	84 433	91 174
	8,16%	67 539	71 044	75 162	80 071	86 023
	8,41%	64 822	68 003	71 718	76 114	81 395
MIN		64 822			Expected US Growth	2,5%
MAX		103 440			WACC	7,91%

Equity Value Sensitive Analysis						
Expected UFCF Growth						
	86 503	1,45%	1,95%	2,45%	2,95%	3,45%
WACC	7,41%	84 664	89 442	95 184	102 212	111 017
	7,66%	81 221	85 515	90 633	96 838	104 517
	7,91%	78 048	81 921	86 503	92 009	98 751
	8,16%	75 116	78 621	82 739	87 648	93 600
	8,41%	72 399	75 580	79 295	83 690	88 972
MIN		72 399			Expected US Growth	2,5%
MAX		111 017			WACC	7,91%

Share Price Sensitive Analysis						
Expected UFCF Growth						
	813	1,45%	1,95%	2,45%	2,95%	3,45%
WACC	7,41%	796	841	895	961	1 044
	7,66%	764	804	852	911	983
	7,91%	734	770	813	865	929
	8,16%	706	739	778	824	880
	8,41%	681	711	746	787	837
MIN		681			Expected US Growth	2,5%
MAX		1 044			WACC	7,91%

Figure 61 - Regeneron's DCF Valuation Sensitive Analysis for Enterprise, Equity and Share Values. All values in US\$M, except share price, which is in US\$.

Source: Valuation Excel

## Appendix 38:

Low	1st Quartile	Median	3rd Quartile	High	DCF Base Case
\$ 307,7	\$ 450,3	\$ 589,1	\$ 848,2	\$ 1 549,3	\$ 813,4

Figure 62 - Share Value Statistics from Market Multiples, in US\$.

Source: Refinitiv Workspace: