US EQUITY RESEARCH

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Regeneron Pharmaceuticals Inc

Dupixent's breakout performance drives EPS surge

Company Overview

Regeneron Pharmaceuticals is a leading biopharmaceutical company that invents, develops, manufactures, and commercialises medicines. Its pipeline – consisting of 12 FDA approved drugs and over 30 product candidates in clinical development – mainly targets eye diseases, cancers, allergic and inflammatory diseases. The revenue mix breakdown in FY24 was: Dupixent: c.40%, EYLEA: c.40%, and Libtayo: c.10%.

Investment Overview

Dupixent growth and oncology strength underpin a substantial earnings beat. 2Q25 adjusted EPS grew 12% y/y to USD12.9, buoyed by a 4% y/y increase in total revenue to USD3.7bn lifted by a 22% y/y rise in Dupixent sales and exceptional Libtayo performance. Dupixent's expanded use now covers eczema and COPD and continues to drive collaboration revenue, reflecting relentless demand gain. Newer FDA approvals provided boosts, such as Lynozyfic for multiple myeloma and Dupixent for bullous pemphigoid and chronic spontaneous urticaria, adding late-cycle torque. However, Eylea declines of 25% y/y in US and pressure from biosimilars and Vabysmo limit ophthalmology growth. Non-GAAP operating margin held close to prior levels despite mix shifts, aided by disciplined cost controls. Free cash flow remained solid, enabling continued share repurchases and support for R&D expansion.

Pipeline momentum and new approvals reinforce outlook. Guidance was reaffirmed for full-year performance, as near-term confidence stems from recent FDA nods and robust Dupixent uptake, while the in-licensed GLP-1/GIP agonist in obesity underpin longer-term upside. The launch of Lynozyfic, expansion of Dupixent's label, and potential for rapid uptake in obesity therapy could materially lift future earnings. Yet risks remain, especially continued erosion in ophthalmology revenues.

Pipeline innovation positions obesity strategy as a potential long-term growth engine. Regeneron's entry into the GLP-1 arena reflects both in-licensing and internal innovation, as it secured global rights to Hansoh Pharma's HS-20094, a dual GLP-1/GIP agonist currently in Phase 3 for obesity and Phase 2b for diabetes, with a potential launch around 2027–2028 if trials progress smoothly. Complementing this, its COURAGE Phase 2 trial demonstrated that adding its anti-GDF8 antibody trevogrumab to semaglutide significantly improved fat loss while preserving lean muscle, an important differentiation versus current obesity drugs. Management emphasised that monotherapy GLP-1s risk excessive muscle loss, and the company's strategy aims to deliver higher-quality, more durable weight reduction outcomes.

We have a BUY rating on Regeneron, with a TP of USD720. Our TP is based on a 17.8x 25F PE, 0.4 SD above its 5-year average. We like Regeneron for its continued growth from Dupixent and long term growth potential from its obesity pipeline.

Risks

EYLEA's rising competitors. Since 2022, Roche's Vabysmo (faricimab) has gained significant global traction due to its longer dosing intervals compared to EYLEA. Also, biosimilars of EYLEA may enter the US market by 2026, leading to price erosion for the original EYLEA formulation.

Analyst

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Key Financial Data (FY Dec)

Bloomberg Ticker	REGN US
Sector	Health Care
Share Price(USD)	577.90
DBS Rating	BUY
12-mth Target Price (USD)	720.0
Market Cap (USDbn)	73.63
3m Avg. Daily Val (USDmn)	556.11
Dividend yield (%)	na
Net Debt/Equity (x)	Cash
Fwd. P/E (x)	14.44
P/Book (x)	2.30
ROE (%)	19.23

Closing Price as of 02/09/2025

Source: Twelve Data, DBS, Visible Alpha

Regeneron Pharmaceuticals Inc Share Price

Source: Twelve Data

Financial Summary

FY Dec (USDmn)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Sales	12,173	13,117	14,202	13,857	14,468
% y/y	*(24.3)*	*7.8*	*8.3*	*(2.4)*	*4.4*
Gross Profit	10,906	11,464	12,421	11,946	12,540
% y/y	*(21.8)*	*5.1*	*8.3*	*(3.8)*	*5.0*
EBITDA	6,060	5,549	5,695	4,749	5,072
% y/y	*(40.1)*	*(8.4)*	*2.6*	*(16.4)*	*6.8*
Net Profit	5,164	5,044	5,319	4,410	4,492
% y/y	*(38.9)*	*(2.3)*	*5.4*	*25.4*	*1.8*
FCF	4,425	3,875	3,665	4,248	4,125
% y/y	*(32.2)*	*(12.4)*	*(5.4)*	*16.2*	*3.4*
CAPEX	590.1	718.6	755.9	875.2	850.3
% y/y	*6.9*	*21.8*	*5.2*	*15.3*	*(0.3)*
EBITDA Margin (%)	49.8	42.3	40.1	34.2	35.1
Net Margin (%)	42.4	38.5	37.5	31.8	31.0
ROA (%)	18.9	16.2	15.0	11.6	11.3
ROE (%)	24.9	20.7	19.2	14.7	14.0
Tax Rate (%)	12.1	9.1	9.6	11.4	12.9

Source: Visible Alpha

Valuation Metrics

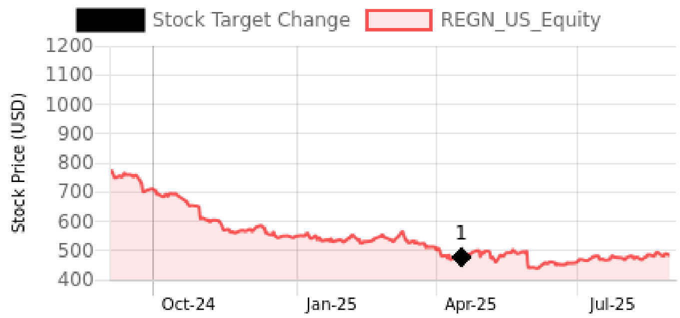
FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	16.0	20.1	15.6	14.6	14.4
P/B (x)	3.7	3.9	2.8	2.1	1.9
EV/EBITDA (x)	12.0	15.5	12.2	11.7	10.9
FCF Yield (%)	5.3	3.8	4.4	6.6	6.4

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Debt / Equity	11.9	10.4	9.2	8.4	7.7
Net Debt / Equity	(0.2)	(0.3)	(0.2)	(0.2)	(0.3)
Debt / Assets	9.2	8.2	7.2	6.7	6.2
Net Debt / Assets	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
ST Debt / Total Debt	0.00	0.00	0.00	0.00	0.00
Debt / EBITDA	0.4	0.5	0.5	0.5	0.5
[Cash + CFO] / ST Debt	nm	nm	nm	nm	nm
Receivables Days	159.8	157.7	159.6	156.9	155.3
Days Payable	17.7	16.9	20.3	19.2	17.4
Inventory Days	72.0	71.8	79.3	74.9	69.1

Source: Visible Alpha



#	Date of Report	Closing Price	12-m Target Price	Rating
1	17 Apr'25	549.28	700.00	BUY

Source: DBS HK
Analyst: Nico Chen

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
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Share price appreciation + dividends

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