Regeneron Pharmaceuticals, Inc.

NASDAQ: REGN · Healthcare and Biotech · Biopharmaceuticals

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE / DOWN
BUY	USD 800.00	USD 618.71	+29.3%

MARKET CAP	P/E (TTM)	EV/FCF	52-WEEK RANGE
~USD 65.5B	~14x	~18x	USD 492-820

REVENUE (FY2026E)	DUPIXENT GROWTH	NET CASH	NEXT EARNINGS
~USD 15.75B	+33% YoY	~USD 15.8B	Late Jul 2026

Report Date: June 8, 2026 · Next Earnings: Late July 2026 · Analyst: Gianfranco Cacciola | Vireo Capital Research

1. INVESTMENT THESIS

Regeneron is trading at approximately 14x forward earnings, holds USD 15.8 billion in net cash and securities, is growing revenue 19% year-over-year, and has its flagship product Dupixent growing at 33%. The stock is down 24% from its 52-week high of USD 820.12 after a failed Phase 3 trial for its experimental melanoma treatment fianlimab in May 2026. We view that selloff as an overreaction that has created a compelling entry point in one of the best-managed large-cap biotechs in the world.

The fianlimab failure is disappointing. It was a real clinical setback, and we will address it honestly in the risk section. But it does not affect Dupixent, which is the engine of the business and grew global net sales 33% to USD 4.9 billion in Q1 2026. It does not affect Eylea HD, which grew U.S. net sales 52% to USD 468 million. It does not affect Libtayo, which grew global net sales 54% to USD 438 million. And it does not affect the USD 15.8 billion fortress balance sheet, the USD 3 billion buyback authorization, or management's 2026 guidance of USD 48.79 in EPS on USD 15.75 billion in revenue.

At 14x forward earnings on a company growing 19% with USD 15.8 billion in net cash and zero financial debt, we believe the market is pricing Regeneron as if the fianlimab failure is representative of the entire pipeline. It is not. We initiate coverage with a BUY rating and a 12-month price target of USD 800.00, representing 29.3% upside from the current price of USD 618.71.

Key Bull Case	Key Bear Case
Dupixent global net sales growing 33% YoY to USD 4.9B in Q1 2026; multiple new indications approved in 2026 extend the growth runway well beyond current penetration	Fianlimab Phase 3 failure in melanoma is a real pipeline setback that reduces the long-term earnings diversification thesis and raises questions about oncology pipeline execution
14x forward P/E on USD 48.79 guided EPS is one of the cheapest valuations for a large-cap biotech with double-digit growth in the market today	Eylea legacy franchise facing biosimilar competition; combined U.S. EYLEA HD and EYLEA net sales declined 10% YoY despite EYLEA HD growth, as transition from Eylea is accelerating
USD 15.8B in cash and securities less debt; self-financing growth and returning capital aggressively with USD 803M repurchased in Q1 and new USD 3B buyback authorized	IRA drug pricing negotiation risk; Dupixent may face Medicare price negotiation under the Inflation Reduction Act, which could reduce net pricing over time
21 analyst Buy ratings, zero Sells; consensus price target USD 833.31 implies 31% upside; current price is at or below the lowest analyst target of USD 641	Sanofi collaboration structure means Dupixent revenues are split; Regeneron only captures a portion of total Dupixent economics through profit share rather than full revenue

2. COMPANY OVERVIEW

Regeneron Pharmaceuticals was founded in 1988 by Leonard Schleifer, George Yancopoulos, and Alfred Gilman in Tarrytown, New York, where the company remains headquartered today. It is one of the few biotechnology companies in history to successfully transition from a research-stage startup to a multi-product commercial franchise entirely on the strength of its internal science, without relying on large-scale acquisitions.

The company's commercial portfolio centers on three franchises. Dupixent (dupilumab), developed with Sanofi, is a biologic treatment for type 2 inflammatory diseases including atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, and prurigo nodularis. It is one of the most successful new drug launches in the history of the pharmaceutical industry, with global net sales on track to exceed USD 20 billion annually by 2027. Eylea (aflibercept) is an anti-VEGF injection for retinal diseases including wet age-related macular degeneration, developed with Bayer; it faces increasing biosimilar competition but is being succeeded by Eylea HD, a higher-dose formulation with extended dosing intervals. Libtayo (cemiplimab), a PD-1 checkpoint inhibitor for certain skin cancers and non-small cell lung cancer, is growing rapidly and is Regeneron's primary oncology franchise after the fianlimab setback.

Regeneron's proprietary VelociSuite technologies, particularly VelocImmune, give it a structural advantage in antibody discovery that has generated approximately 50 active clinical programs across oncology, immunology, ophthalmology, rare diseases, and neuroscience. The breadth of the pipeline is a genuine differentiator from most biotechs of comparable size.

3. INDUSTRY AND COMPETITIVE LANDSCAPE

The biopharmaceutical industry has high barriers to entry, long development timelines, and the potential for extraordinary returns from successful drug launches. Regeneron operates in the premium segment of this market, developing biologic medicines that address serious diseases with significant unmet medical needs and that command pricing reflecting their clinical differentiation.

The type 2 inflammatory disease market, where Dupixent is the clear leader, has grown dramatically as the mechanism of type 2 inflammation has become better understood and as Dupixent's label has expanded to cover additional indications. Potential competitors in the IL-4/IL-13 pathway include AstraZeneca's tralokinumab and Eli Lilly's lebrikizumab, both approved for atopic dermatitis but with significantly lower efficacy data in head-to-head comparisons. The IL-33 pathway is a potential future competitive threat, but Regeneron is itself developing an IL-33 inhibitor (itepekimab) that could protect and extend its franchise in respiratory inflammation.

In oncology, the Libtayo franchise competes in the large and growing PD-1 inhibitor market against Bristol Myers Squibb's Opdivo and Merck's Keytruda. Libtayo does not have the breadth of approvals of either competitor, but it has built a durable position in cutaneous squamous cell carcinoma and non-small cell lung cancer that generates consistent and growing revenue. The fianlimab failure in melanoma is a setback to Regeneron's oncology ambitions but does not change Libtayo's established indications.

Regeneron trades at a significant discount to Eli Lilly despite comparable growth rates when adjusted for Dupixent's maturity versus GLP-1s' earlier stage. The discount reflects the fianlimab-related sentiment overhang and the Eylea biosimilar headwinds, both of which we believe are more than priced in at current levels.

Company	Ticker	Mkt Cap	Rev Growth	P/E (Fwd)	Key Asset
Regeneron Pharma	**REGN**	**~USD 65.5B**	**+19% YoY**	**~13x**	**Dupixent**
Eli Lilly	LLY	~USD 850B	~31% YoY	~38x	Mounjaro/Zepbound
AbbVie	ABBV	~USD 370B	~5% YoY	~18x	Skyrizi/Rinvoq
BioNTech	BNTX	~USD 30B	Declining	~25x	mRNA pipeline

All market data as of June 8, 2026. Source: Bloomberg, company filings, Vireo Capital Research estimates.

4. FINANCIAL ANALYSIS

Regeneron's financial performance in Q1 2026 was strong across the core franchise. Total revenues of USD 3.6 billion grew 19% year-over-year, driven by a 33% increase in Dupixent global net sales to USD 4.9 billion recorded by Sanofi, a 54% jump in Libtayo global net sales to USD 438 million, and a 52% increase in U.S. Eylea HD net sales to USD 468 million. Non-GAAP EPS of USD 9.47 grew 15%, and the company held USD 15.8 billion in cash and securities against zero financial debt.

The GAAP picture was more complicated. GAAP net income declined 10% year-over-year to USD 727 million, on higher R&D investment, acquired in-process R&D charges from business development, and manufacturing interruption costs at the company's Limerick, Ireland

facility. Management said the manufacturing disruption is expected to normalize by Q2 2026 and will not affect product availability. These are transitory items that do not change the underlying commercial trajectory.

The combined U.S. Eylea HD and Eylea franchise deserves attention. Eylea HD grew strongly at 52%, but the total combined franchise declined 10% as patients transition away from the legacy Eylea product. This is a known and managed dynamic: Regeneron is deliberately facilitating the transition to Eylea HD, which carries better patient adherence and equivalent or better economics. The biosimilar risk to legacy Eylea is real but is being addressed structurally by the HD transition. The key metric to watch is whether combined franchise revenues stabilize and start growing again as the HD mix shift completes.

FY2026E reflects company guidance of USD 15.75 billion revenue and non-GAAP EPS of USD 48.79. Dupixent net sales reflect global figures recorded by Sanofi; Regeneron captures approximately 50% through profit share. Net cash estimate based on Q1 2026 balance sheet.

Metric	FY2022	FY2023	FY2024	FY2025	FY2026E
Total Revenue (USD B)	12.2	13.1	14.2	14.9	~15.75E
YoY Growth	20%	7%	8%	5%	~6%E
Dupixent Net Sales (USD B)	8.3	11.6	14.9	17.0	~21-22E
Non-GAAP EPS (USD)	48.21	47.72	45.04	~42	~48.79E
Net Cash (USD B)	~10	~11	~13	~14	~15.8
R&D as % of Revenue	41%	40%	39%	40%	~41%E

Source: Company 10-K/10-Q filings (SEC EDGAR). FY2026E-FY2028E: Vireo Capital Research estimates.

5. VALUATION

At USD 618.71, Regeneron trades at approximately 12.7x our FY2026E non-GAAP EPS of USD 48.79 and at a significant discount to both the broader healthcare sector and its large-cap biopharmaceutical peers. Eli Lilly trades at 38x forward earnings. AbbVie trades at 18x. Even BioNTech, with a declining revenue base, trades at a higher multiple than Regeneron.

Our price target of USD 800.00 applies a 16.4x multiple on our FY2026E non-GAAP EPS of USD 48.79. That is a modest premium to current levels but still a substantial discount to most large-cap pharmaceutical peers, which reflects the Eylea biosimilar headwind and the fianlimab pipeline setback. On a sum-of-the-parts basis, the Dupixent franchise alone, growing 33% annually with likely USD 20 to USD 22 billion in net sales by 2027, justifies a large portion of the current market cap even before ascribing value to the rest of the portfolio.

The most compelling valuation frame is simply the free cash flow yield. At USD 15.8 billion in net cash against a market cap of approximately USD 65.5 billion, the enterprise value is roughly USD 49.7 billion. The company generated USD 848 million in free cash flow in Q1 2026 alone, suggesting an annualized run rate above USD 3.3 billion. That implies an EV/FCF of approximately 15x on a company growing 19% with the best net cash balance in the sector.

Valuation Assumptions	Our Estimate	Commentary
FY2026E Non-GAAP EPS	~USD 48.79	In line with company guidance; reflects manufacturing normalization in Q2
Target P/E Multiple	16.4x	Discount to large-cap pharma peers; reflects Eylea transition and pipeline risk after fianlimab
EV/FCF Cross-Check	~18x annualized FCF	USD 3.3B+ annualized FCF on USD 49.7B EV; conservative for a growing business
Implied Price Target	**USD 800.00**	**+29.3% upside; conservative vs consensus USD 833.31**

6. CATALYSTS

The Q2 2026 earnings report, expected in late July, is the primary near-term catalyst. If manufacturing normalization at the Limerick facility is confirmed, GAAP gross margins recover toward the 79 to 80% range, and Dupixent global net sales maintain the 30%+ growth trajectory, the fianlimab overhang will fade and the stock should re-rate toward its historical multiple. Any upside surprise on Libtayo or positive pipeline news from the broader oncology or immunology portfolio would accelerate this re-rating.

The Sanofi collaboration revenue step-up expected in Q3 2026 is a meaningful catalyst. Management flagged in Q1 that the full profit share recognition from Sanofi is expected to be recognized in Q3, which will be a significant positive to reported collaboration revenues and profitability in the back half of 2026. This timing dynamic means H2 2026 will likely show meaningfully stronger reported financials than H1.

New Dupixent indication approvals represent an ongoing catalyst stream. In Q1 2026, Regeneron received multiple regulatory approvals expanding Dupixent's use in additional patient populations. Each new indication extends the addressable market and sustains the growth trajectory of what is already one of the top-selling drugs in the world. The pipeline of potential new indications, including chronic obstructive pulmonary disease and additional rare inflammatory diseases, provides a multi-year growth runway that is not yet reflected in consensus estimates.

7. RISKS

The fianlimab failure is the most immediate risk to investor sentiment. The Phase 3 trial in first-line melanoma failed to show superiority to pembrolizumab (Keytruda), which drove a 12% single-session decline in the stock and raised broader questions about Regeneron's oncology pipeline strategy. The failure does not affect Libtayo's approved indications, but it reduces the long-term earnings diversification potential of the oncology franchise and may prompt investors to discount the remaining pipeline more aggressively.

IRA drug pricing risk is structural and ongoing. Under the Inflation Reduction Act, Medicare can negotiate prices for high-cost drugs, and Dupixent, given its spending levels, is a likely future candidate for negotiation. Any mandatory price reduction under IRA negotiation would directly reduce Dupixent's net revenue contribution and could materially impact Regeneron's earnings trajectory. The timing and magnitude of any such negotiation are uncertain, but the risk is real and investors should monitor federal drug pricing policy developments carefully.

The Eylea biosimilar headwind is an acknowledged ongoing challenge. While Eylea HD is successfully managing the transition, the pace of patient and physician migration to the HD formulation, the competitive pricing environment for biosimilar aflibercept, and the potential for additional biosimilar entrants all create uncertainty around the combined franchise's long-term revenue stability. A faster-than-expected biosimilar adoption rate could compress the combined Eylea revenue more than current models assume.

Manufacturing risk, while expected to normalize in Q2 2026, bears watching. The Limerick, Ireland facility interruption that affected Q1 GAAP gross margins was described as temporary, but any recurrence or extension would create additional cost headwinds and could affect product supply timelines.

8. ESG NOTE

Regeneron's ESG profile is strong relative to pharmaceutical industry peers. On governance, the company has a conventional structure with no dual-class shares, and founder-CEOs Leonard Schleifer and George Yancopoulos hold scientific leadership roles that have preserved the company's research culture. Executive compensation is linked to long-term financial and pipeline milestones. On social factors, Regeneron's decision to provide its newly approved Ebola treatment Otarmeni free of charge in the United States reflects a social responsibility commitment that is rare in the industry. The company's agreement with the U.S. government to lower drug prices for certain patients, referenced by CEO Schleifer on the Q1 2026 earnings call, also signals a proactive stance on access and pricing. Environmental impact is moderate given the manufacturing-intensive nature of biologic drug production, and the company has ongoing programs to reduce the carbon footprint of its manufacturing operations.

9. MANAGEMENT AND OWNERSHIP

Leonard Schleifer and George Yancopoulos have co-led Regeneron since its founding in 1988, a leadership continuity that is extraordinarily rare for a public company of this size. Schleifer serves as Board Co-Chair, President, and CEO; Yancopoulos serves as Board Co-Chair and Chief Scientific Officer. Their combined scientific and operational vision has produced one of the most successful drug discovery platforms in the industry, and their continued presence is a meaningful competitive advantage that is difficult to replicate. The risk of key-person dependency is real but has been managed through strong scientific and commercial teams that have demonstrated independent execution capability.

Insider Ownership: ~9% (Schleifer and Yancopoulos retain significant economic stakes) | Institutional Ownership: ~82% | Short Interest: ~1.3% of float | Dividend: USD 0.94 per share quarterly

Name	Role	Background
Leonard Schleifer	Co-Chair, President and CEO	Co-founder; MD PhD physician-scientist; CEO since 1988; architect of VelociSuite platform and Dupixent franchise strategy
George Yancopoulos	Co-Chair and CSO	Co-founder; developed VelocImmune technology; widely regarded as one of the most productive biomedical scientists in the industry

10. CONCLUSION

Regeneron is the kind of stock that gets sold after a pipeline failure and bought back by anyone who actually reads the 10-Q. The fianlimab setback is real and we are not dismissing it. But the underlying business, the one that generated USD 3.6 billion in revenue growing 19% with USD 15.8 billion in net cash, is intact.

At 14x forward earnings on a company with this growth profile, this balance sheet, and this pipeline depth, the current price reflects an overreaction to a single trial failure. The consensus of 21 analysts with zero Sells and an average price target of USD 833.31 agrees. We are more conservative at USD 800, but the direction is unambiguous.

We initiate coverage of Regeneron Pharmaceuticals, Inc. (NASDAQ: REGN) with a BUY rating and a 12-month price target of USD 800.00.

Analyst Certification

I, Gianfranco Cacciola, certify that the views expressed in this report accurately reflect my personal views about Regeneron Pharmaceuticals, Inc. and its securities. I have not received and will not receive direct or indirect compensation related to the specific recommendations expressed herein. This report represents my independent analysis based on publicly available information.

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