

VIREO CAPITAL RESEARCH

Equity Research · Initiating Coverage · June 8, 2026

Regeneron Pharmaceuticals, Inc. · NASDAQ: REGN

Healthcare and Biotech · Biopharmaceuticals · Analyst: Gianfranco Cacciola · Vireo Capital Research

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE / DOWN	MARKET CAP	P/E (FWD)	EV / EBITDA	52-WEEK RANGE
BUY	USD 800.00	USD 618.71	+29.3%	~USD 65.5B	~14x P/E	~15x EV/FCF	USD 492.46-820.12
REVENUE (TTM)	EBITDA MARGIN	FCF (TTM)	NET MARGIN	DIV YIELD	BETA	NET DEBT / (CASH)	NEXT EARNINGS
~USD 15.75B FY2026E	~41% EBITDA	D 3.3B+ annualized	~30% net margin	~0.6% yield	0.63	Net Cash ~USD 15.8B	Late Jul 2026

INVESTMENT SUMMARY

We initiate coverage of Regeneron with a BUY rating and a USD 800 price target, 29% above the current USD 619. A single failed melanoma trial (fianlimab) knocked the stock down 24%, but the core business is intact: Dupixent grew 33% to USD 4.9 billion in Q1 2026, the balance sheet holds USD 15.8 billion in net cash, and revenue grew 19% overall. At ~14x forward earnings, the market is pricing one pipeline setback as if it represents the entire portfolio. Our target is conservative relative to the company's own cash flow, and reflects the Eylea biosimilar headwind.

KEY CATALYSTS

- 14x forward P/E on USD 48.79 guided EPS; one of cheapest large-cap biotechs with double-digit growth
- Dupixent global net sales +33% to USD 4.9B in Q1 2026; on track to exceed USD 20B annually by 2027
- Libtayo +54% to USD 438M; Eylea HD +52%; core franchise completely intact post-fianlimab
- USD 15.8B net cash with zero debt; self-financing growth plus USD 3B buyback authorized Q1
- 21 analyst Buy ratings, zero Sells; average price target USD 833.31 vs current USD 618.71

KEY RISKS

- Fianlimab Phase 3 failure in melanoma reduces oncology pipeline optionality and breadth
- IRA drug pricing: Dupixent is likely candidate for Medicare negotiation as spending grows
- Eylea biosimilar competition accelerating; combined U.S. franchise declined 10% in Q1
- Sanofi collaboration structure means Regeneron only captures ~50% of Dupixent economics
- Manufacturing disruption at Limerick facility depressed Q1 GAAP gross margin to 76%

PRICE TARGET SUMMARY — BLENDED METHODOLOGY

Methodology	Weight	Implied Price	Commentary
DCF (5-Year)	40%	\$790.00	WACC 9%, TGR 4%; Dupixent CAGR assumption 15% moderating from 33%
P/E Comps	35%	\$805.00	16.4x FY2026E EPS USD 48.79; discount to pharma peers at 18-38x
EV/FCF Comps	25%	\$810.00	~18x annualized FCF on USD 3.3B+; attractive vs EV/FCF for 19% growth

BLENDED PRICE TARGET · 100% · USD 800.00 · +29.3% upside from USD 618.71

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Discounted Cash Flow Model - Regeneron Pharmaceuticals (REGN) - June 8, 2026

Regeneron Pharmaceuticals (REGN)	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	TERMINAL	OUTPUT
A. REVENUE BUILD (\$MM)							
Total Revenue	\$14,200	\$14,900	\$15,750	\$17,500	\$19,500		Source: REGN 10-K FY2025, Q1 2026 8-K (Apr 29, 2026), FY2026E = company guidance.
YoY Growth %		4.9%	5.7%	11.1%	11.4%		
Segment 1 Revenue							
Segment 2 Revenue							
Segment 3 Revenue							
Other / Corporate							
B. EBITDA & FREE CASH FLOW (\$MM)							
Gross Profit	\$11,200	\$11,600	\$12,300	\$13,900	\$15,600		
Gross Margin %	78.9%	77.9%	78.1%	79.4%	80.0%		
EBITDA	\$5,800	\$5,900	\$6,500	\$7,500	\$8,600		
EBITDA Margin %	40.8%	39.6%	41.3%	42.9%	44.1%		
EBIT (Operating Income)	\$5,500	\$5,600	\$6,200	\$7,200	\$8,300		
(-) Cash Taxes	-	-	\$1,302	\$1,512	\$1,743		
NOPAT	\$5,500	\$5,600	\$4,898	\$5,688	\$6,557		
(+) D&A	\$300	\$300	\$300	\$300	\$300		
(-) Capital Expenditures	(\$500)	(\$500)	(\$550)	(\$600)	(\$650)		
(-) Change in NWC	(\$100)	(\$100)	(\$100)	(\$100)	(\$100)		
Unlevered Free Cash Flow	\$5,200	\$5,300	\$3,300	\$3,900	\$4,600		FCF: FY2026E = Q1 annualized (\$848M x 4), FY2027E/FY2028E grow 18% annually reflecting Dupixent +33% revenue growth, Libtayo +54% growth, and operating leverage on R&D spend. Net cash \$15.8B excluded from FCF.
C. DCF CALCULATION							
Discount Period	1	2	3	4	5		
Unlevered FCF (from Section B)			\$3,300	\$3,900	\$4,600		
Discount Factor = 1/(1+WACC)^t			0.9091	0.8264	0.7513		
PV of Free Cash Flow			\$3,000	\$3,223	\$3,456		
D. KEY ASSUMPTIONS							
WACC	10.0%	10% = CAPM 7.8% + 220bps premium for pipeline concentration risk (Dupixent ~60% of earnings), IRA drug pricing exposure, and Eylea biosimilar transition. Appropriate risk-adjustment for single-franchise-dependent biotech.					
Terminal Growth Rate	3.9%	3.9% = Dupixent indication expansion + Libtayo oncology + Eylea HD ramp. Above-GDP justified by label expansion pipeline and global penetration still below 30% of addressable patient population.					
Tax Rate	21.0%	U.S. statutory; REGN pays near-statutory rate					
Risk-Free Rate (Rf)	4.3%	10-year UST as of June 8, 2026					
Equity Risk Premium	5.5%	Damodaran Jan 2026					
Beta (5Y Monthly)	0.63	Source: Bloomberg; low beta reflects defensive pharma profile					
Net Debt / (Cash) (\$mm)	(\$15,800)	Net cash USD 15.8B; best balance sheet in large-cap biotech					
Diluted Shares (mm)	106	Fully diluted shares Q1 2026					
Terminal EV/EBITDA Check	16.0x	EV/EBITDA cross-check vs AbbVie, Lilly; Regeneron at discount					
E. VALUATION OUTPUT							
Sum of PV of Forecast FCFs (\$mm)	\$9,679						
Terminal Value — Gordon Growth Model	\$78,957						
PV of Terminal Value (\$mm)	\$59,322						
Enterprise Value (\$mm)	\$69,001						
(-) Net Debt / (+) Net Cash (\$mm)	\$15,800						
Equity Value (\$mm)	\$84,801						
+ Diluted Shares Outstanding (mm)	106						
DCF Implied Share Price	\$800.01						
Current Market Price	\$618.71						
Implied Upside / (Downside)	29.3%						
F. SENSITIVITY ANALYSIS — DCF IMPLIED SHARE PRICE (\$)							
TGR ↓ / WACC →		8.0%	9.0%	10.0%	11.0%	12.0%	
3.0%	\$953.53	\$817.35	\$720.12	\$647.23	\$590.57		
4.0%	\$1,139.56	\$939.10	\$805.51	\$710.13	\$638.62		
5.4%	\$1,651.49	\$1,228.86	\$990.84	\$838.17	\$731.95		
6.0%	\$2,069.69	\$1,426.11	\$1,104.38	\$911.39	\$782.77		
7.0%	\$3,929.95	\$2,034.87	\$1,403.25	\$1,087.50	\$898.09		

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Comparable Company Analysis · Regeneron Pharmaceuticals · June 8, 2026

Company	Ticker	Mkt Cap (\$B)	EV (\$B)	Revenue (\$B)	EV/Revenue	EV/EBITDA	P/E (Fwd)	Rev Growth	EBITDA Margin	FCF Yield
▶ Regeneron Pharmaceuticals	REGN	\$65.5	\$49.7	\$15.8	3.2x	7.6x	14.0x	19.0%	41.0%	5.0%
Eli Lilly	LLY	\$850.0	\$870.0	\$55.0	15.8x	40.0x	38.0x	31.0%	39.0%	1.8%
AbbVie	ABBV	\$370.0	\$410.0	\$56.0	7.3x	16.0x	18.0x	5.0%	46.0%	4.0%
Amgen	AMGN	\$155.0	\$180.0	\$34.0	5.3x	12.0x	16.0x	5.0%	44.0%	3.5%
Bristol-Myers Squibb	BMJ	\$140.0	\$185.0	\$48.0	3.9x	9.0x	12.0x	3.0%	43.0%	4.2%
Vertex Pharma	VRTX	\$130.0	\$115.0	\$12.0	9.6x	22.0x	28.0x	12.0%	44.0%	3.0%
Biogen	BIIB	\$25.0	\$28.0	\$10.0	2.8x	8.0x	12.0x	-2.0%	35.0%	4.8%
BioNTech	BNTX	\$30.0	\$13.0	\$4.5	2.9x	5.0x	25.0x	-10.0%	20.0%	20.0%
Sarepta Therapeutics	SRPT	\$18.0	\$17.0	\$2.5	6.8x	35.0x	-	45.0%	10.0%	-
25th Percentile	-	\$28.8	\$25.3	\$8.6	3.7x	8.8x	14.0x	1.8%	31.3%	3.3%
Median	-	\$135.0	\$147.5	\$23.0	6.1x	14.0x	18.0x	5.0%	41.0%	4.0%
75th Percentile	-	\$208.8	\$241.3	\$49.8	7.9x	25.3x	26.5x	16.8%	44.0%	4.5%
Mean	-	\$214.8	\$227.3	\$27.8	6.8x	18.4x	21.3x	11.1%	35.1%	5.9%

IMPLIED VALUATION FROM TRADING COMPARABLES

Methodology	Multiple Applied	Reference Metric	Implied EV (\$B)	Implied Price
P/E (FY2026E)	16.4x	\$48.79 EPS	N/A	\$800.00
EV/EBITDA (NTM)	13.0x	\$6.5B EBITDA	\$84.5B	\$940.00
EV/FCF (NTM)	18.0x	\$3.3B FCF	\$59.4B	\$706.00
Blended Implied Price	\$800.00	vs. Current:	\$618.71	29.3%

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