



***REGENERON***  
*science to medicine*<sup>®</sup>

**Financial Guidance and  
Modeling Sanofi Antibody Collaboration  
Profits/Losses**

**Robert Landry  
SVP of Finance - CFO**

**1/14/15**

# Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures

This presentation includes forward-looking statements that involve risks and uncertainties relating to future events and the future performance of Regeneron Pharmaceuticals, Inc. (“Regeneron” or the “Company”), and actual events or results may differ materially from these forward-looking statements. These statements concern, and these risks and uncertainties include, among others, the ability of Regeneron to meet any of its financial projections or guidance and changes to the assumptions underlying those projections or guidance, including without limitation those relating to the Company’s expectations regarding non-GAAP unreimbursed R&D, non-GAAP SG&A, cash tax payments, non-GAAP pre-tax income, and capital expenditures. A more complete description of these and other material risks can be found in Regeneron’s filings with the U.S. Securities and Exchange Commission, including its Form 10-K for the fiscal year ended December 31, 2013 and its Form 10-Q for the quarterly period ended September 30, 2014, in each case including in the sections thereof captioned “Item 1A. Risk Factors.” Any forward-looking statements are made based on management’s current beliefs and judgment, and the reader is cautioned not to rely on any forward-looking statements made by Regeneron. Regeneron does not undertake any obligation to update publicly any forward-looking statement, including without limitation any financial projection or guidance, whether as a result of new information, future events, or otherwise.

This presentation uses non-GAAP unreimbursed R&D, non-GAAP SG&A, cash tax, and non-GAAP pre-tax income, which are financial measures that are not calculated in accordance with the U.S. Generally Accepted Accounting Principles (“GAAP”). Regeneron believes that the presentation of these non-GAAP measures is useful to investors because they exclude, as applicable, (i) non-cash share-based compensation expense which fluctuates from period to period based on factors that are not within the Company’s control, such as the Company’s stock price on the dates share-based grants are issued, (ii) non-cash interest expense related to the Company’s convertible senior notes since this is not deemed useful in evaluating the Company’s operating performance, (iii) estimate of income tax expense that is not payable in cash, as there is a significant difference between the Company’s effective tax rate and actual cash income taxes paid/payable due primarily to the utilization of net operating loss and tax credit carry-forwards, and (iv) a non-cash tax benefit as a result of releasing substantially all of the valuation allowance associated with the Company’s deferred tax assets. Non-GAAP unreimbursed R&D represents non-GAAP R&D expense reduced by R&D expense reimbursements from the Company’s collaboration partners. Non-GAAP pre-tax income represents GAAP pre-tax income less non-GAAP adjustments.

# Purpose

- **Review 2015 Financial Guidance**
- **Summary review of how Sanofi Collaboration Antibody Profits/Losses will be disclosed within REGN's financial statements**

# 2015 FINANCIAL GUIDANCE<sup>1</sup>

<b>Non-GAAP unreimbursed R&amp;D</b>	<b>\$525MM - \$575MM</b>	<b>A</b>
<b>Non-GAAP SG&amp;A</b> <i>This includes REGN incurred commercial-related expenses for Sanofi collaboration antibodies</i>	<b>\$650MM - \$725MM</b>	<b>B</b>
<b>Cash tax<sup>2</sup> as a % of Non-GAAP pre-tax income</b>	<b>10% - 20%</b>	<b>C</b>
<b>Capital expenditures</b>	<b>\$650MM - \$800MM</b>	

1. The 2015 guidance does not assume the completion of any significant business development transactions not completed as of December 31, 2014
2. Represents estimated income taxes that are payable in cash for the relevant period

# 2015 Non-GAAP Statement of Operations

	2015
Revenues:	
Net product sales	
Sanofi collaboration revenue	
Bayer HealthCare collaboration revenue	
Technology licensing and other revenue	
Non-GAAP Expenses:	
Research and development	A
Selling, general, and administrative	B
Cost of goods sold	
Cost of collaboration manufacturing	
Other non-GAAP income (expense)	
Non-GAAP Income tax expense	C
Non-GAAP Net Income	

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Selling, general, and administrative	
Cost of goods sold	
Cost of collaboration manufacturing	
Other non-GAAP income (expense)	
Non-GAAP Income tax expense	
Non-GAAP Net Income	

Non-GAAP R&D

*minus*

Reimbursement of R&D

*equal to*

“A”

**Non-GAAP unreimbursed  
R&D**

**\$525MM - \$575MM**

# Calculation of Total Reimbursement of R&D

<u>Sanofi Collaboration Revenue</u>
<b>ZALTRAP:</b>
Regeneron's share of losses in connection with commercialization of ZALTRAP
Reimbursement of Regeneron research and development expenses
Other
<b>Total ZALTRAP</b>
<b>Antibody:</b>
Reimbursement of Regeneron research and development expenses
Reimbursement of Regeneron commercialization-related expenses
Regeneron's share of profits/losses in connection with commercialization of antibodies
Other
<b>Total Sanofi collaboration revenue</b>

<u>Bayer HealthCare Collaboration Revenue</u>
<b>EYLEA:</b>
Regeneron's net profit in connection with commercialization of EYLEA outside the United States
Sales and substantive development milestones
Cost-sharing of Regeneron EYLEA development expenses
Other
<b>Total EYLEA</b>
<b>PDGFR-beta antibody:</b>
Cost-sharing of REGN2176-3 development expenses
Other
<b>Total PDGFR-beta antibody</b>
<b>Total Bayer HealthCare collaboration revenue</b>

**Non-GAAP R&D**

*minus*

**Reimbursement of R&D**

*equal to*

**"A"**

**Non-GAAP unreimbursed R&D**

**\$525MM - \$575MM**

# Calculation of Total Reimbursement of R&D

<u>Sanofi Collaboration Revenue</u>	<u>Bayer HealthCare Collaboration Revenue</u>
<b>ZALTRAP:</b>	<b>EYLEA:</b>
Regeneron's share of losses in connection with commercialization of ZALTRAP	Regeneron's net profit in connection with commercialization of EYLEA outside the United States
Reimbursement of Regeneron research and development expenses	Sales and substantive development milestones
Other	Cost-sharing of Regeneron EYLEA development expenses
<b>Total ZALTRAP</b>	Other
<b>Antibody:</b>	<b>Total EYLEA</b>
Reimbursement of Regeneron research and development expenses	PDGFR-beta antibody:
Reimbursement of Regeneron commercialization-related expenses	Cost-sharing of REGN2176-3 development expenses
Regeneron's share of profits/losses in connection with commercialization of antibodies	Other
Other	<b>Total PDGFR-beta antibody</b>
<b>Total Sanofi collaboration revenue</b>	<b>Total Bayer HealthCare collaboration revenue</b>

Non-GAAP R&D

*minus*

Reimbursement of R&D

*equal to*

“A”

Non-GAAP unreimbursed  
R&D

**\$525MM - \$575MM**

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Revenues:	
Net product sales	
Sanofi collaboration revenue	
Bayer HealthCare collaboration revenue	
Technology licensing and other revenue	
Non-GAAP Expenses:	
Research and development	
<b>Selling, general, and administrative</b>	<b>“B”</b>
Cost of goods sold	
Cost of collaboration manufacturing	
Other non-GAAP income (expense)	
Non-GAAP Income tax expense	
Non-GAAP Net Income	

## B: Non-GAAP SG&A

**\$650MM - \$725MM**

*This includes REGN incurred commercial-related expenses for Sanofi collaboration antibodies*

# Sanofi Antibody Collaboration P&L

Antibody P&L	Total
Net Sales	
COGS	
Regeneron Commercialization Expenses	
Sanofi Commercialization Expenses	
<b>Net Profit/Loss</b>	
<b>~ 50% REGN share of Profit/(Loss)</b>	
<b>Repayment of Development Balance if profitable</b>	
<b>REGN share of profits/losses in connection with commercialization of antibodies</b>	

**B: Non-GAAP SG&A**

***\$650MM - \$725MM***

***This includes REGN incurred commercial-related expenses for Sanofi collaboration antibodies***

# Sanofi Antibody Collaboration P&L

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# Sanofi Antibody Collaboration P&L

## B: Non-GAAP SG&A

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Net Sales	
COGS	
Regeneron Commercialization Expenses	
Sanofi Commercialization Expenses	
<b>Net Profit/Loss</b>	
~ 50% REGN share of Profit/(Loss)	
Repayment of Development Balance if profitable	
<b>REGN share of profits/losses in connection with commercialization of antibodies</b>	

# Sanofi Antibody Collaboration P&L

Antibody P&L	Total
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Regeneron Commercialization Expenses	
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## B: Non-GAAP SG&A

**\$650MM - \$725MM**

*This includes REGN incurred commercial-related expenses for Sanofi collaboration antibodies*

### Sanofi Collaboration Revenue

#### ZALTRAP:

#### Antibody:

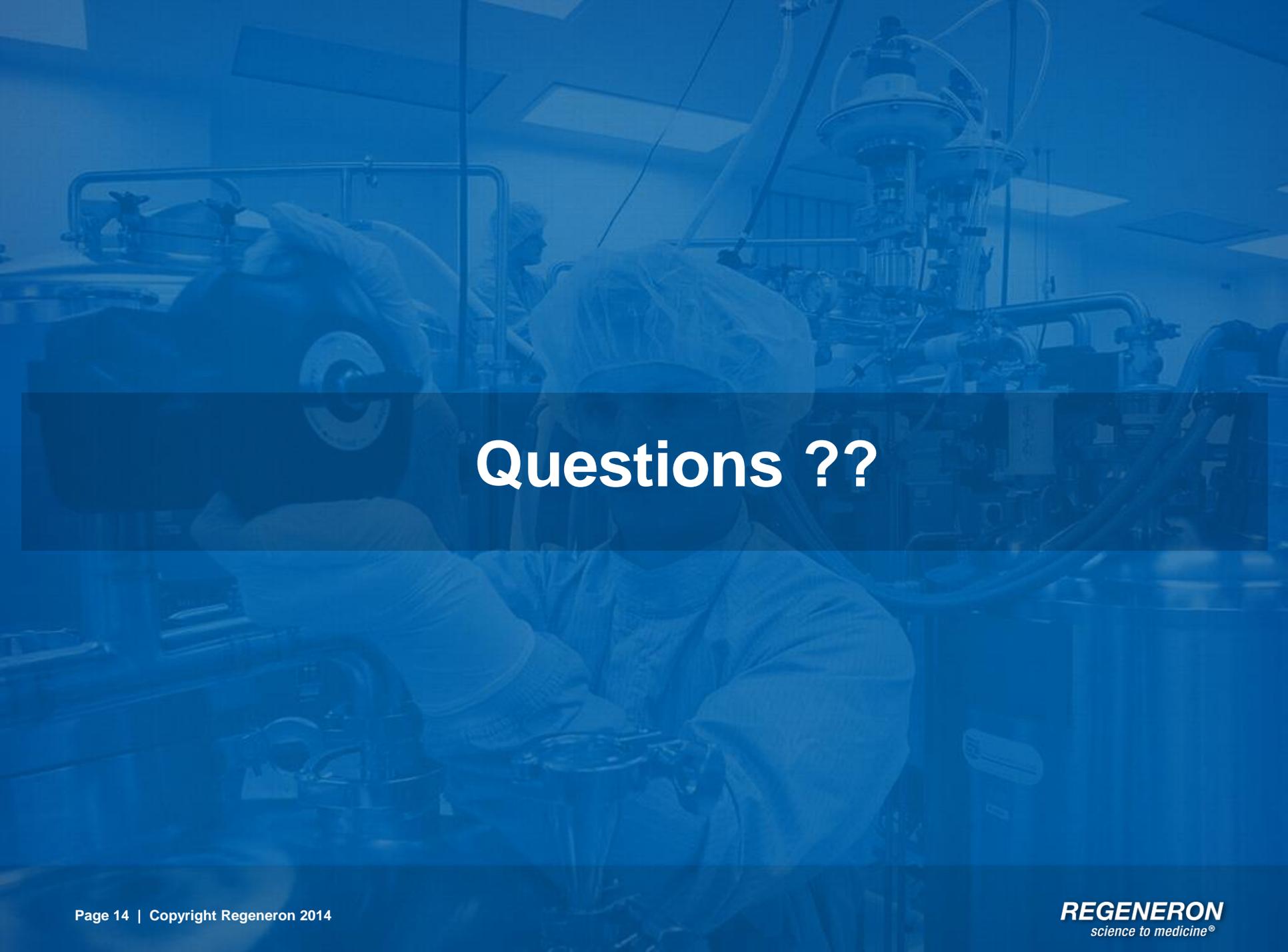
Reimbursement of Regeneron research and development expenses

Reimbursement of Regeneron commercialization-related expenses

Regeneron's share of profits/losses in connection with commercialization of antibodies

Other

**Total Sanofi collaboration revenue**



# Questions ??

# Sanofi Antibody Collaboration Revenue

Data based on Q3 2014

Excerpt from Current Disclosure:  
Form 10-Q for the third quarter, page #40

<u>Sanofi Collaboration Revenue</u>	
<i>(In millions)</i>	<u>Q3 2014</u>
Antibody:	
Reimbursement of Regeneron research and development expenses	140.5
Regeneron's share of commercialization expenses	(12.8)
Other	4.2
<b>Total Antibody</b>	<b>131.9</b>

Illustration of Future Disclosure:  
To include separate line for reimbursement of commercialization-related expenses

<u>Sanofi Collaboration Revenue</u>	
<i>(In millions)</i>	<u>Q3 2014</u>
Antibody:	
Reimbursement of Regeneron research and development expenses	140.5
Reimbursement of Regeneron commercialization-related expenses	1.6
Regeneron's share of commercialization expenses	(12.8)
Other	2.6
<b>Total Antibody</b>	<b>131.9</b>

# Sanofi Antibody Collaboration Revenue

Data based on Q3 2014

Excerpt from Current Disclosure:  
Form 10-Q for the third quarter, page #40

<u>Sanofi Collaboration Revenue</u>	
<i>(In millions)</i>	<u>Q3 2014</u>
Antibody:	
Reimbursement of Regeneron research and development expenses	140.5
Regeneron's share of commercialization expenses	(12.8)
Other	4.2
<b>Total Antibody</b>	<b>131.9</b>

Illustration of Future Disclosure:  
Share of commercialization expenses  
renamed to profits/losses in connection with  
commercialization of antibodies

<u>Sanofi Collaboration Revenue</u>	
<i>(In millions)</i>	<u>Q3 2014</u>
Antibody:	
Reimbursement of Regeneron research and development expenses	140.5
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<b>Total Antibody</b>	<b>131.9</b>