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OVERVIEW:

Company Summary

REFINITIV

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PRESENTATION

Operator

Welcome to the Regeneron Pharmaceuticals second quarter 2025 earnings conference call. My name is Shannon and I will be your operator for today's call. (Operator Instructions) Please note that this conference call is being recorded. I will now turn the call over to Ryan Crowe, Senior Vice President-Investor Relations. You may begin.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Thank you, Shannon. Good morning, good afternoon, and good evening to everyone listening around the world. Thank you for your interest in Regeneron and welcome to our second quarter of 2025 earnings conference call. An archive and transcript of this call will be available on the Regeneron investor relations website shortly after our call concludes.

Joining me on today's call are Dr. Leonard Schleifer, Board Co-Chair, Co-Founder, President, and Chief Executive Officer; Dr. George Yancopoulos, Board Co-Chair, Co-Founder, President, and Chief Scientific Officer; Marion McCourt, Executive Vice President of Commercial; and Chris Fenimore, Executive Vice President and Chief Financial Officer. After our prepared remarks, the remaining time will be available for Q&A.

I would like to remind you that remarks made on today's call may include forward-looking statements about Regeneron. Such statements may include, but are not limited to, those related to Regeneron and its products and business, financial forecasting guidance, development programs and related anticipated milestones, collaborations, finances, regulatory matters, payer coverage and reimbursement, intellectual property, pending litigation and other proceedings, and competition.

Each forward-looking statement is subject to risks and uncertainties that could cause actual results and events to differ materially from those projected in that statement. A more complete description of these and other material risks can be found on Regeneron's filings with the United States Securities and Exchange Commission, including its Form 10-Q for the quarter ended June 30, 2025, which was filed with the SEC this morning. Regeneron does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

In addition, please note that GAAP and non-GAAP financial measures will be discussed on today's call. Information regarding our use of non-GAAP financial measures and a reconciliation of those measures to GAAP is available in our quarterly results press release and our corporate presentation, both of which can be found on the Regeneron investor relations website. Once our call concludes, the IR team will be available to answer any further questions.

With that, let me turn the call over to our President and Chief Executive Officer, Dr. Leonard Schleifer. Len, please go ahead.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Thanks, Ryan. Thanks for you and everybody else who's joining today's call. For my remarks today, I will review some of our key performance drivers from the second quarter, then briefly discuss some pipeline advances we have made this year, and close with some comments on our capital allocation principles. I will then hand the call over to George, who will provide more details on our pipeline progress, while also highlighting some exciting emerging data from lead-in cohorts for our pivotal programs in myeloma and lymphoma. From there, Marion will review our commercial performance. And finally, Chris will detail our quarterly financial results and provide an update on our 2025 financial guidance.

We turned around and delivered a strong second quarter, driven by durable growth drivers across our commercial portfolio. Worldwide net product sales are Dupixent increased by 21% and Libtayo by 25% at constant exchange rates; while EYLEA HD in the US grew by 29%, compared to the second quarter of last year.

With respect to EYLEA, second quarter 2025 US net product sales were $754 million, down 39% compared to the second quarter of last year. Sequentially, compared to the first quarter of 2025, physician unit demand declined by 10%, but net product sales were favorably impacted by prior-period inventory dynamics.

We expect ongoing switches to EYLEA HD, competitive pressures, patient affordability issues, and pricing to continue to negatively impact EYLEA US net product sales going forward. EYLEA HD had a very encouraging performance in the second quarter with US net product sales reaching $393 million an all-time high, driven by a notable step-up in physician unit demand.

Future product enhancements, including pre-filled syringe administration, and every four-week dosing interval for approved indications and the addition of macular edema following retinal vein occlusion or RVO are expected to help further realize the EYLEA HD commercial opportunity.

These EYLEA HD enhancements are now likely to be delayed from the August 2025 PDUFA dates as a result of observations from an FDA general site inspection at the filler for these regulatory applications, Catalent Indiana LLC, which was recently acquired by Novo Nordisk A/S.

Prior to its acquisition, this site was owned and operated by Catalent Inc, a leading contract manufacturer that in their fiscal year 2024 produced nearly 70 billion unit doses and did business with the vast majority of the top biopharmaceutical companies in the world. This inspection was completed in mid-July and was not specific to EYLEA HD. Novo has been in communication with the FDA and expects to file its comprehensive and robust response next week.

Based on our review of the observation and Novo's proposed response, along with the progress we have made with alternate third-party fillers, we anticipate an expeditious resolution of our filling issues for EYLEA HD.

The BLA for odronextamab, a bispecific antibody targeting CD20 and CD3 for relapsed/refractory follicular lymphoma was also impacted by the Catalent Indiana LLC site inspection and resulted in the FDA issuing a CRL earlier this week.

Going to Dupixent. Second quarter 2025 global net product sales were $4.3 billion, up 21% on a constant currency basis versus the second quarter of 2024. Now annualizing at over $17 billion, Dupixent global growth continues across all approved indications in all approved age groups and across geographic regions.

In the US, Dupixent net product sales grew 23% to the second quarter of last year and continues its leadership position in both new-to-brand prescription share and total prescription share across all indications approved prior to this year.

Over the past 10 months, three new indications, chronic obstructive pulmonary disease or COPD, chronic spontaneous urticaria or CSU, and bullous pemphigoid or BP were approved by the FDA, enabling Dupixent to potentially treat more than 600,000 additional biologic eligible patients. These approvals bring the total addressable population for Dupixent in the US to over 4 million patients, of which, only a small fraction are being actively treated, positioning Dupixent to remain a strong growth driver over the near, medium, and long term.
Global Libtayo net product sales grew 25% on a constant currency basis compared to the second quarter of last year and are now annualizing at $1.5 billion. In the US, where net product sales grew [36%] – *[company edit]*, Libtayo continues to be the market-leading immunotherapy for advanced non-melanoma skin cancers while building share in the lung cancer market.

We are looking forward to the FDA decision and potential launch later this year of Libtayo in high-risk adjuvant cutaneous squamous cell carcinoma where Libtayo has the potential to become the standard of care. If approved, Libtayo will be the first and only PD-1 antibody for this setting and would represent a significant advance for the up to 10,000 addressable patients in the US who could benefit from this treatment.

Moving to our pipeline, which now includes approximately 45 product candidates in various stages of clinical development. We continue to make significant investments in R&D that have yielded notable progress across several key programs so far this year, which George will discuss in just a moment.

Over the next six months, we anticipate Phase 3 data for our C5 program in generalized myasthenia gravis, for fianlimab, our LAG-3 antibody, in combination with Libtayo in advanced melanoma. For garetosmab, our Activin A antibody in fibrodysplasia ossificans progressiva or FOP. And our programs for birch and cat allergies. We also expect to make a decision on next steps for itepekimab in COPD.

Several differentiated early clinical and preclinical programs spanning hematology, genetic medicines, ophthalmology, oncology, and immunology represent an exciting next wave of innovations at Regeneron.

Finally, I'd like to provide an update on how we're thinking about allocating shareholder capital. At our core, we firmly believe that internal investment offers the greatest potential return for shareholders. Therefore, we plan to continue investing heavily in our internal R&D programs, while also making significant capital investments in the United States to support anticipated future growth.

We're investing over $7 billion in the US over the coming years to expand our research and development capabilities and our manufacturing network, including a brand new state-of-the-art finished manufacturing facility in Rensselaer, New York. We also believe that these critical investments should be complemented by direct returns of capital to shareholders through share repurchases and dividends. And we remain committed to funding both for the foreseeable future.

Given the strength of a balance sheet, we also have the flexibility to engage in business development, and our focus remains on opportunities that can accelerate or strengthen our existing R&D capabilities. We have historically focused mainly on early-stage assets and innovative platform

technologies with significant synergies to our internal R&D efforts, while also considering differentiated later-stage opportunities in areas with high unmet medical need that complement our R&D focus.

In closing, Regeneron's business remains sound with impressive commercial execution, driving strong financial results in the second quarter. Our pipeline is poised to deliver scientific breakthroughs that can potentially help treat millions of patients and translate into meaningful commercial opportunities. The commercial team remains focused on maximizing growth drivers from our inline brands while successfully launching new products and indications. Finally, we continue to prudently deploy capital with the goal of delivering long-term value to shareholders.

With that, I'm now turning the call over to George.

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Thanks, Len. I'll start with Dupixent, which continues to set a high bar across multiple Type 2 allergic diseases. Dupixent achieved another recent milestone as the first and only FDA-approved targeted medicine for bullous pemphigoid, a chronic debilitating and relapsing rare skin disease. Dupixent is now approved in the United States to treat eight distinct diseases driven by Type 2 inflammation, including diseases affecting the skin, the gut, and respiratory system that can impact a broad range of patients from infants to elderly individuals. And as Len highlighted, Dupixent is the leading biologic treatment in its first six approved indications.

We also remain excited about the potential for Dupixent in the elimination and treatment of allergies, as well as a number of other approaches we are pursuing for allergies, such as our cat- and birch-specific allergy programs with updates on these programs expected later this year.

As previously reported, itepekimab, our interleukin-33 antibody, evaluated for COPD in former smokers regardless of eosinophil levels, met the primary endpoint in only one of two replicate studies. Together with Sanofi, we continue to evaluate the data to inform next steps for potential future COPD development. Itepekimab development continues in other respiratory diseases. Most notably, the ongoing Phase 3 studies in chronic rhinosinusitis with nasal polyps as well as Phase 2 proof-of-concept studies in less validated clinical settings.

Turning to our oncology efforts. In high-risk adjuvant CSCC where Libtayo became the first immunotherapy to demonstrate a benefit where others had failed, the FDA accepted our supplemental BLA with priority review and assigned a PDUFA date in October of this year. This dataset presented earlier this year at ASCO and published in the New England Journal of Medicine reinforces our belief that Libtayo provides a best-in-class foundation from combination therapies with our other oncology assets.

And in this context, Libtayo is being tested in combination with fianlimab, our LAG-3 antibody, in the pivotal trial in first-line advanced melanoma, a setting in which this combination has generated compelling preliminary efficacy data when compared cross-trial to PD-1 monotherapy.

The primary endpoint for this study is progression-free survival and KEYTRUDA monotherapy as a control. Enrollment for the PFS cohort was completed in January as expected, but results are now anticipated in late 2025 or early 2026, as the blinded PFS event rate accrual has slowed in recent months.

Turning to our CD3 bispecifics. Lynozyfic, our BCMA by CD3 bispecific has now been approved in the United States for relapsed/refractory multiple myeloma. Lynozyfic's label is differentiated compared to other FDA-approved BCMA bispecifics with nearly double the complete response rates. Lynozyfic's label also includes a more favorable profile for cytokine release syndrome, shorter required hospitalization period, and a more convenient dosing regimen with longer intervals between doses for those patients that achieved at least very good partial responses after 24 weeks on therapy.

More broadly, we believe Lynozyfic has the potential to become the backbone for therapeutic approaches across the myeloma treatment landscape. That is from premalignant settings through advanced disease, using both monotherapy and limited novel combination approaches. I've already summarized how Lynozyfic may have best-in-class activity in the most advanced myeloma patients where it was recently approved.

Moving to the premalignant settings, starting with high-risk smoldering myeloma. On the initial cohort of 19 evaluable patients with Lynozyfic monotherapy, we observed 100% overall response rate with a favorable safety profile.

Among the first six patients achieving one year of follow-up, five were in complete response and all six were MRD negative. In this regard and recognizing the limitations of cross-trial comparisons, DARZALEX was recently approved in the EU as a monotherapy with a complete response rate of only 8.8% in a similar setting. Based on this early data in high-risk smoldering myeloma patients, which suggests that Lynozyfic could prevent progression to malignant disease, we plan to initiate a Phase 3 head-to-head study against DARZALEX in the fourth quarter.

In another premalignant plasma cell disorder, light chain amyloidosis, exploratory data with Lynozyfic monotherapy showed that the average light chain levels were normalized by two weeks in the first 11 treated patients all of whom have failed prior therapies.

For context, while noting the limitations of cross-trial comparisons, patients taking a 4-drug combination standard containing Darzalex as one of the four components in previously untreated light chain amyloidosis, it took more than five months for patients to approach, without achieving normalization.

Now moving to the second line multiple myeloma setting for patients who have failed or progressed after the initial triplet or quadruple regimen, usually containing Darzalex and two to three other agents. We presented data at ASCO earlier this year showing that Lynozyfic combined with carfilzomib showed strong responses in relapsed or refractory myeloma patients, demonstrating a 90% response rate and 76% complete response rate. We think this novel doublet regimen could potentially offer an important new treatment option for second-line patients who have failed their CD38 containing frontline regimens and anticipate initiating a registrational randomized Phase 3 trial in the fourth quarter of this year to evaluate the Lynozyfic-carfilzomib doublet against standard of care in the second-line setting. Importantly, across all of these settings, no new or unexpected safety signals have emerged for Lynozyfic. Based on these collective data sets suggesting that Lynozyfic may have unprecedented ability to address myeloma and premalignant disease and become a new backbone for myeloma therapies, we anticipate conducting as many as 10 registrational trials for Lynozyfic including a broad registrational program in frontline myeloma for transplant eligible and ineligible patients.

On to odronextamab, our CD20xCD3 bispecific which, once again, as with Lynozyfic, we are looking to advance odronextamab into earlier lymphoma settings, and enrollment in these trials is proceeding expeditiously. In first-line follicular lymphoma the Phase 3 Olympia odronextamab monotherapy study has already completed enrollment. As previously reported, in an FDA-mandated lead-in cohort odronextamab monotherapy demonstrated an encouraging 100% complete response rate in the first 12 evaluable patients with a favorable safety profile. For reference, standard of care rituximab plus CHOP and rituximab plus lenalidomide are reported to demonstrate complete responses of approximately 65% on average in these populations.

In addition to the potential improved rate of complete responses, we believe a monotherapy chemo-free approach could also provide a favorable safety profile in comparison to these other chemo-based regimens. In first-line diffuse large B-cell lymphoma, the Phase 3 OLYMPIA III study comparing odronextamab plus CHOP or OCHOP to rituximab plus CHOP to the current standard of care has complete enrollment in the FDA mandated lead-in cohorts. In the first 13 patients treated at the intended odronextamab dose O CHOP demonstrated once again a 100% complete response rate with a favorable safety profile. For reference R-CHOP in first-line DLBCL has historically demonstrated a complete response rate of about 75% in the setting.

Both Lynozyfic and odronextamab represent potential significant treatment advances in their respective disease areas, and we look forward to rapidly advancing these programs. We plan to present or publish many of these early data sets over the coming months.

Turning now to thrombosis. Our Factor XI program continues to advance rapidly. The first pivotal study in postoperative venous thromboembolism following total knee replacement surgery, evaluating our Factor XI catalytic domain antibody versus apixaban and enoxaparin has begun enrollment. We anticipate data from the short duration study in 2027, which could support a fast-to-market regulatory pathway. Additional pivotal studies in thrombosis indications are set to launch by year-end with more pivotal study starts expected early next year.

Moving now to our obesity efforts. Our recently in-licensed GLP-1 GIP receptor agonist positions us well to expand into the growing obesity market. Regeneron has multiple opportunities in this large and growing therapeutic area including GLP-1 GIP receptor agonist monotherapy, a longer acting agent in preclinical development as well as approaches to enhance the quality of GLP-1-based weight loss through combination therapies with lean mass sparing agents. We also see an opportunity to address common obesity comorbidities with novel combinations. Results from our

ongoing Phase 2 COURAGE study which is a evaluating combination of trevogrumab, a myostatin antibody with and without garetosmab an activin A antibody and semaglutide confirmed the potential to enhance GLP-1 mediated weight loss while preserving lean mass.

At the interim analysis, our trial confirmed that approximately 35% of semaglutide induced weight loss was due to lean mass loss. An average loss of 7 to 8 pounds of lean mass per patient. Once again highlighting a well-documented concern associated with this therapeutic class. Combining semaglutide with our muscle preserving antibodies reduced lean mass loss by 50% to 80% and while also increasing fat mass loss at the 26-week time point. The combination of semaglutide with trevogrumab, was generally well tolerated.

The triplet combination of semaglutide with both antibodies had a higher rate of discontinuations due to tolerability issues and other adverse events, consistent with the safety profile previously observed with garetosmab monotherapy in other disease settings.

Emerging data from across this class further validate our approach in this area. Final 26-week efficacy and safety results were consistent with the interim data, and we'll be presenting the late-breaking session at the 61st Annual Meeting of the European Association for the Study of Diabetes in September 2025.

Concluding with our Regeneron Genetic Medicines pipeline. Our C5 siRNA and antibody combination has shown robust efficacy in patients with Paroxysmal Nocturnal Hemoglobinuria or PNH. These data in PNH support our confidence in this regimen's potential to improve outcomes and reduce treatment burden in generalized myasthenia gravis, where pivotal results for an ongoing Phase 3 study are expected in the third quarter. This study will provide insights into the activity of both the C5 siRNA monotherapy in C5 siRNA antibody combinations. Our ongoing Phase 3 studies in geographic atrophy and PNH as well as preclinical efforts in this space further underscore our commitment to advancing this program.

In addition, we also continue to advance our genetic medicines programs in MASH, neurodegenerative disorders and hearing loss and expect to provide updates over the next few months. In summary, Regeneron continues to lead in scientific innovation, delivering results that redefine possibilities in medicine. Our R&D expertise has enabled us to build one of the most dynamic and promising pipelines in the industry and we look forward to several important milestones in the coming months. With that, let me turn it over to Marion.

Marion McCourt - Regeneron Pharmaceuticals Inc - Executive Vice President-Commercial

Thank you, George. Our second quarter performance highlights the strength and resiliency of Regeneron's commercial portfolio, demonstrating our ability to deliver important medicines to patients. We are well positioned to drive growth, fully realizing the potential of our leading brands and capitalizing on emerging opportunities.

Recent launches include Lynozyfic, our first hematology product in the US as well as two Dupixent dermatology launches in chronic spontaneous urticaria and bullous pemphigoid further expanding its therapeutic reach. Our robust pipeline also provides substantial opportunities to bring transformative treatments to even more patients.

Starting with EYLEA HD and EYLEA. In the second quarter, total combined US net sales were $1.15 billion, maintaining our leading position in the anti-VEGF category. Notably, EYLEA HD US net sales grew to $393 million, driven by strong unit demand, which increased 16% sequentially, making EYLEA HD the fastest-growing innovative brand in the category.

EYLEA HD is a solid foundation for future growth and now contributes 1/3 of total combined US net sales of our retina products. Looking ahead, we expect stable demand and total potential inflection pending FDA approval of enhancement to EYLEA HD's profile.

EYLEA's second quarter US net sales were $754 million reflecting competitive dynamics from both branded and bio-similar competition as well as the ongoing conversion of patients to EYLEA HD. EYLEA unit demand declined 10% sequentially, and we anticipate comparable demand decline in the second half of the year. Retina practices continue to report a negative impact on the branded anti-VEGF category due to ongoing funding gaps at not-for-profit patient assistance foundations that provide copay support for eligible patients with retina diseases.

Next to Dupixent. In the second quarter, global net sales were $4.3 billion and grew 21% on a constant currency basis compared to the prior year. This growth was driven by broad demand across existing and recently launched indications, geographies and age groups. In the US, Dupixent net sales were $3.2 billion, representing 23% year-over-year growth and continuing Dupixent's strong performance and market-leading position. Dupixent is a leader in new-to-brand and total prescriptions for 7 of its 8 FDA-approved indications with our recently launched CSU indication being the only exception.

In Atopic Dermatitis, Dupixent continues to strengthen its position as a standard of care. Competitor promotional spend has further accelerated overall market growth. Dupixent remains the primary beneficiary of this expansion. Recent launches in chronic spontaneous urticaria and Bullous pemphigoid are off to a fast start, and CSU launch has gained significant traction with both dermatologists and allergists who are actively prescribing Dupixent and embracing it as a trusted and effective treatment option. The BP launch in late June has also provided another opportunity for Dupixent as the first and only FDA-approved treatment for this debilitating disease.

Early launch indicators have been positive with Dupixent as a critical therapeutic option for this previously underserved patient population. Dupixent's respiratory indications, including COPD, asthma and nasal polyps continue to drive growth. The COPD launch is progressing very well with rapid physician uptake.

Turning to oncology and hematology. In the second quarter, Libtayo delivered global net sales of $377 million growing 25% on a constant currency basis compared to the prior year. In the US, Libtayo net sales grew 36% and year-over-year to $248 million, driven by growth across the non-melanoma skin and lung cancer indications. The quarter was also favorably impacted by the timing of customer shipments by approximately $20 million, which we expect to adversely impact third quarter US net product sales.

We continue to see robust demand and market leadership Libtayo in non-melanoma skin cancer. We're encouraged by strong key opinion leader interest in the clinical results for our adjuvant CCC program. Regulatory applications were recently accepted in both the US and EU and preparations are underway for a potential launch in the US later this year and in Europe in 2026.

If approved, Libtayo has the potential to help more than 10,000 patients in the US and EU in this setting.

In lung cancer, Libtayo is steadily increasing new patient share in the US with more physicians prescribing Libtayo as a preferred treatment option for their patients and solidifying its position as the #2 most prescribed I/O treatment in newly diagnosed patients. Outside the US Libtayo net sales reached $129 million, growing 8% year-over-year on a constant currency basis, supported by ongoing launches and sustained demand in international markets.

Now to Lynozyfic, which was FDA approved in July in relapsed refractory multiple myeloma, marking a significant milestone for Regeneron. Since then, we've made early launch progress. Importantly Lynozyfic was already added to NCCN treatment guidelines as a preferred product on par with other bispecifics in this class. Key opinion leaders recognize Lynozyfic's potential to be best-in-class BCMA bispecific based on its impressive clinical efficacy, safety and convenient response adaptive dosing. At this stage, we expect modest revenue contributions in the second half of 2025 as physicians must satisfy REMS requirements before administering Lynozyfic and formulary and pathway decisions need to be made.

As George highlighted, Regeneron is advancing Lynozyfic into earlier lines of therapy through our differentiated development program, aiming to establish Lynozyfic as a leading agent in the rapidly growing $30 billion market for multiple myeloma and precursor conditions.

In summary, the quarter has been defined by growth across EYLEA HD, Dupixent and Libtayo, as well as important progress in several launches, including Lynozyfic. Our commercial portfolio is well positioned to capitalize on many near-term growth opportunities, enabling us to deliver treatments to more patients. And with that, I'll turn the call to Chris.

Christopher Fenimore - Regeneron Pharmaceuticals Inc - Chief Financial Officer, Executive Vice President-Finance

Thank you, Marion. My comments today on Regeneron's financial results and outlook will be on a non-GAAP basis unless otherwise noted. Regeneron's second quarter results demonstrate the strength of our commercial portfolio which enables us to continue investing in our robust pipeline and returning capital to shareholders.

Second quarter 2025 total revenues of $3.7 billion grew 4% compared to the prior year, reflecting higher Sanofi collaboration revenue, primarily driven by Dupixent, higher US net sales of EYLEA HD and growth in global net sales of Libtayo. Second quarter diluted net income per share grew 12% from the prior year to $12.89 on net income of $1.4 billion.

Beginning with the Sanofi collaboration, revenues were approximately $1.4 billion, of which $1.3 billion related to our share of collaboration profits. Regeneron's share of profits grew 30% versus the prior year driven by volume for Dupixent and improving collaboration margins. The Sanofi development balance was approximately $1.2 billion at the end of the second quarter, reflecting a reduction of approximately $430 million since the start of the year. We continue to expect the balance to be fully reimbursed by the end of [2026] – *[company edit]*.

Moving to Bayer. Second quarter net sales of EYLEA and EYLEA 8 mg outside the US were $978 million, up 4% versus the prior year on a constant currency basis, inclusive of $242 million EYLEA 8 mg sales. Total Bayer collaboration revenue grew 11% to $415 million, of which $383 million related to our share of net profits outside the US. Other revenue in the second quarter was $184 million.

This included $118 million of profit share and royalties associated with license agreements, which were up 70% from the prior year. This increase was driven by growth in our share of profits from Arcalyst and higher royalty income from Ilaris.

Now to our operating expenses. R&D expense was $1.3 billion in the second quarter reflecting continued investments to support Regeneron's innovative mid- to late-stage pipeline, including our obesity, hematology and thrombosis efforts. Second quarter SG&A was $542 million down 19% from the prior year. The decline was driven by lower general and administrative expenses. Second quarter 2025 gross margin on net product sales was 86%. The lower gross margin versus the prior year reflects ongoing investments to support our manufacturing operations and higher inventory write-offs in the second quarter of 2025.

Our effective tax rate in the second quarter was 8.3% inclusive of a favorable settlement of an IRS audit, which lowered our tax rate by approximately 4 percentage points.

Regeneron generated $1.7 billion in free cash flow through the first 6 months of 2025 and ended the quarter with cash and marketable securities of $17.5 billion and debt of approximately $2.7 billion. We repurchased approximately $1.1 billion worth of our shares in the second quarter and approximately $2.2 billion so far in 2025, resulting in a net reduction in our common shares outstanding of 3.2 million shares from the end of 2024. With approximately $2.8 billion still available for share repurchases as of June 30, we remain opportunistic buyers of our shares. We have made some updates to our 2025 financial guidance changes in guidance ranges for SG&A, R&D and COCM expenses result in a combined net decrease of $125 million at their respective midpoints partially offset by slightly lower gross margin guidance. Importantly, the change to our gross margin guidance is unrelated to the recent tariff announcements.

While many details from the US EU trade agreement have yet to emerge, including when a tariff may go into effect, we do not currently expect a 15% tariff on non-generic pharmaceutical products to have a material impact on our financial results in 2025. As we gain clarity on important details from the trade agreement and other potential tariffs, we will be in a better position to evaluate the financial impact of tariffs in 2026 and over the longer term.

Finally, while we are continuing to evaluate the impact of recently enacted tax legislation, we currently anticipate limited impact to our effective tax rate in the long term and continue to expect this rate to trend towards the mid-teens over time. A full summary of our latest guidance can be found in our press release issued earlier this morning. In conclusion, Regeneron's second quarter results demonstrate the strength of our business and enable us to continue to invest in our differentiated pipeline to deliver breakthroughs for patients and long-term value for shareholders. With that, I'll pass the call back to Ryan.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Before we move to Q&A, I just wanted to make one correction on our remark that Chris made. We anticipate fully reimbursing the Sanofi development balance by the end of 2026, not this year. End of 2026. With that, let's move to Q&A to ensure we are able to address as many questions as possible. We will answer one question from each call before moving to the next.

Shannon, can we go to the first question, please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Tim Anderson, Bank of America.

Timothy Anderson - BofA Global Research - Analyst

Good Q2 results, but I have a policy question that's on MFN and the 17 letters that were sent out. Three of those letters had the CEO names crossed out, replaced with first names that were kind of penciled over. That was Lilly, Pfizer and Regeneron, and it makes me wonder, is there a closer relationship between those CEOs and Trump? I know Lilly and Pfizer have been to Mar-a-Lago a lot to influence policy. So my question is, Len, have you been down there frequently as well?

I asked because of common assumption, is that MFN might play out through a CMMI demo product. EYLEA is a big Part B drug. Could that get wrapped into it or not because there's a biosimilar. So perhaps you have some visibility. Any perspective on any of this would be appreciated.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Yes. Thanks. I've not been down there frequently. I think President probably knows Regeneron and my first name, given that it was Regeneron's cocktail for COVID that may have saved his life. Beyond that, I don't have any great insights to the policies.

I have been and the company has been outspoken that we agree with the President that the Europeans are not paying their fair share of innovation and some way that needs to change. It's complicated and it does have to be done in a trade and policy level because it can't be done at an individual company level. It's very difficult, but we certainly agree that it's not right. The Americans, American consumers should not be paying for all of the innovation. The solution is simply not to lower cost -- prices in the US without some calibrating in Europe because then there'll be no innovation. But the answer to your question is I don't have any unique insight because my first name was used.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Let's move to the next question please, Shannon.

Operator

Tyler Van Buren, TD Cowen.

Tyler Van Buren - TD Cowen - Analyst

So there's a great quarter-over-quarter rebound in EYLEA HD. So curious to hear what you would attribute that to. And regarding the Catalent site inspection issue, can you provide additional color on the nature of the issue? And if there's precedent for how long it might take to resolve it or how long the potential HD approvals will be pushed back by?

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

I'll let Marion get into more details about the -- what was driving the quarter for HD. In terms of Catalent, really need to direct those calls to Novo. What we can say in a broad sense that these were not structural changes that are being requested by the FDA. It's not like they have to rebuild something or something of that. They're mainly process procedural, those sorts of things.

As we said in our remarks, we do think that they'll provide a robust response. Novo's CEO wrote directly to the FDA and said they're going to elevate all this to the standards of Novo. I believe that we may not be the only PDUFA that's ensnared because they do -- as I said, they do work for virtually all the bio-pharmaceutical companies. They filled, Catalent filled in its fiscal year '24, something like 70 million or 80 billion unit doses. So I think that this

But more specifically than that, it's a little early. When we know a little more, we'll get that information out to you. I'll turn it over to Marion to comment on driving of sales for HD.

Marion McCourt - Regeneron Pharmaceuticals Inc - Executive Vice President-Commercial

Thanks, Len. And Tyler, just going back to the numbers, and you were kind of sharing the demand growth in the quarter was impressive. It was a 16% increase, which resulted in our achieving the $393 million in net sales for EYLEA HD in the quarter. We would attribute it to, frankly, physicians appreciation for the product profile that EYLEA HD provides the clinical efficacy, the safety that we've talked about repeatedly and then also the durability that allows patients to have longer periods of time between dosing and the experience with the product has been very, very favorable.

As I summarize, when we do get the label enhancements, we'll be able to even have more of a trajectory of growth and demand, but certainly very solid performance, and I would attribute it to the product profile and our excellent commercial team.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Thank you, Len, Marion. Let's move to the next question, please, Shannon.

Operator

Chris Schott, J.P. Morgan.

Christopher Schott - JPMorgan - Analyst

Just a couple more EYLEA ones as well. Just on the PDUFA beyond the manufacturing dynamics, is there anything else pending with these three filings based on your discussion with FDA? Or are you otherwise confident that once the manufacturing is addressed, we'll be seeing approvals here?

And just the second one, two-part on EYLEA. Just can you talk a little bit about the branded share erosion you're seeing in the category to Avastin? Is that starting to stabilize at all? And how quickly do you expect to recapture some of that lost share once the affordability issues have been addressed. Thank you.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Yes. So I'll comment on the PDUFA and Marion to comment a little bit on the share issues. As far as the PDUFAs go, based on our discussions, we believe that there's nothing significant left to be done. Obviously, some details, but we are expecting once the resolution of the filling issues has occurred to receive favorable action, we hope from the FDA.

Marion McCourt - Regeneron Pharmaceuticals Inc - Executive Vice President-Commercial

And then on overall branded dynamic and overall performance, I'll share that -- if you look at total Regeneron EYLEA HD and EYLEA category share, branded share in the quarter was just over 60%. If you look then at growth and what happened in the overall category, anti-VEGF overall category volume did grow but the branded anti-VEGF category volume actually decreased by 1.2%, and that would be attributed primarily to the uptick in Avastin based on affordability issues. I don't have a lens into what potentially will happen in the future.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Right. Next question please, Shannon.

Operator

Geoff Meacham, Citi.

Geoffrey Meacham - Citi - Analyst

Morning, guys. Long-time listener, first-time caller. Thanks for the question. Len you mentioned upfront. Internal R&D is really the best use of capital. You got 45 assets already in development. So what's the ROI calculus on how you guys are prioritizing? I wasn't sure if out licensing non-core assets is reasonable, especially given the innovation as a premium now?

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Geoff, it is for first time caller, it's a good question. I think we certainly have a broad and big pipeline. We have discussed whether or not on occasion, it makes sense to turn over some of those assets. We've done that with our IL-1 blocker and seen pretty good results from our partner who has driven results in pericarditis, which is going very well. We do think there is a potential, but there are some areas where you don't want to do one-offs like oncology, I think what you heard from George, is that part of his original strategy was to have a menu of agents that might be useful to combine. So we probably wouldn't want to do something in that area. But it's a fair point, and we do spend a lot of money on internal R&D, and if it makes sense to partner or out-license, we're certainly not structurally adverse to that.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Okay. Let's move to the next question, please, Shannon.

Operator

Carter Gould, Cantor.

Carter Gould - Cantor Fitzgerald - Analyst

Good morning. Thanks for taking the question. I know it's only been a month since you formally launched the matching program with Good Days, but can you help us think about if there's been -- if you've delivered any matching fund yet and the extent to which you expect this to, I guess, return as a tailwind to your commercial performance in the back half of the year? Thank you.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

I think it's still early for the program since it's only been in place for about a month. And therefore, I don't think we have any useful information to share. We'll get to that later this quarter or at the end of the quarter. But we haven't heard through the grapevine of any major contributions yet. But we're watching this space very closely. We really do hope that our contribution in a matching form will stimulate others to contribute. But thus far, we don't have a lot to report.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Thanks, Len. Next question, please, Shannon.

Operator

Cory Kasimov, Evercore ISI.

Cory Kasimov - Evercore ISI - Analyst

Good morning, guys. Thanks for taking the question. Curious as to your thoughts on the competitive OX40-ligand data shared thus far and how you believe this potentially competes with Dupixent's overall profile? Thank you.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

George, do you want to cover that?

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Well, the data is interesting. Right now, I don't it think suggests that it's offering really any advantages and certainly it'll be a long time before it can approach the comfort of the safety profile. Let me just remind you that Dupixent is one of the only, if not, the only immunomodulator in the world that we've shown largely attacks a vestigial pathway, which is largely not necessary to people living in the developed world. Because it's part of the immune system that was designed to attack largely obsolete pathogens that we no longer have to fight in developed countries.

Most other approaches, including the OX40 approaches and so forth, are much more general approaches that attack fundamental parts of the immune system that are required very broadly. And so it's going to be a long time before you would feel comfortable that you have the safety profile that you have with Dupixent.

So one of the miracles of Dupixent is its incredible efficacy, which is so far relatively unmatched. But just as, if not more importantly, that it’s an immunomodulator that actually corrects the immune system and does not debilitate it by creating any profound immunosuppression.

So I think now when you look at other agents, whether you're talking about OX40, you're talking about the JAKs, or anything else, they are much broader at attacking the immune system. And so it's going to take a long time, I think, to develop the sort of comfort that one has with the incredible safety profile of Dupixent, let alone its efficacy.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

And the corollary, of course, to what George was saying about attacking broadly is that we will deal with patients who have comorbidities. And we can do that in a way that I don't think any other agent has suggested that we'll be able to do. There are so many people who have asthma with atopic dermatitis or asthma with nasal polyps or asthma with eosinophilic esophagitis and so on. And so that fundamental mechanism of attacking this Type 2 pathway that George is referring to, gives us this commercial advantage as well because it attacks so many common diseases that many people have. And Doctors also don't need to get familiar with many different drugs in this allergy spectrum when one like Dupixent can cut across so many. Next question?

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Next question. Shannon, let's go to the next caller, please.

Operator

Evan Seigerman, BMO Capital Markets.

Evan Seigerman - BMO Capital Markets - Analyst

Hi guys. Thank you so much for taking my question. I want to touch on some thoughts around MFN. So with some of your key products marketed outside of the United States by partners, specifically European partners, what mechanisms or abilities do you have to impact pricing OUS? Is there anything you can really do to force a higher price from a partner?

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Yeah. It's a great question. I think that one of the issues and that new contracts will -- since this is going to apply mainly to new drugs according to the letter -- the Dear Len Letter, as it's being known in the industry now. The Dear Len Letter suggested that you have to do this on new products, it's not an old products. And one of the reasons may be because of that complication.

I suspect a lot of new contracts will have to deal with the contingency of what happens when -- if you license something to Europe. But Evan, it's really a great question because, for example, we don't control the pricing of EYLEA outside the United States. That's controlled by Bayer. So these are some of the wrinkles that are going to have to be figured out. Thanks for pointing that out.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Let's go to the next question, please, Shannon.

Operator

Akash Tewari, Jefferies.

Akash Tewari - Jefferies - Analyst

Hey. Thanks so much. On Pavblu, we were internally expecting to see the ASP decline to kind of reflect Amgen's volume-based discounts and we felt like that would then, in turn, drop physician demand like we've seen with Cimerli. Interestingly, the ASP actually hasn't declined that much,

suggesting Amgen may be offering deferred discounts. So for the Regeneron team, how does the prolonged run rate for Pavblu impact your outlook for EYLEA? You mentioned continued decline. And number two, are there any options you're exploring here to combat this strategy? Thank you.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

I don't want to get into practices that some might deem inappropriate, in terms of deferring of rebates. But that's something we're sort of looking into as to whether that is driving some of their success. At the end of the day, you have a product that globally has probably had something like 100 million injections. It's not just the product, but it's also the purity of how you make it and how doctors trust it and so on and so forth. But Pavblu is a competitor, and we're out there. We think that HD is the real answer to that. And as many people have experienced with it, we think that's going to be a much preferred drug than EYLEA or Pavblu.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Let's move to the next question, please, Shannon.

Operator

Terence Flynn, Morgan Stanley.

Terence Flynn - Morgan Stanley - Analyst

Great. Thanks for taking the question. You mentioned in the fianlimab first line melanoma study that the event rate is slowing. So just wondering if you could speculate on reasons there and just speak to your confidence level in showing a positive readout here and remind us what the efficacy bar is that you're looking for and hoping to show. Thank you.

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Well, I think that you can make a lot of speculations on what it means when you have less events than you might have planned or powered for. That said, what we're powering for is having minimally the sort of effect that the competitors have shown. Of course, with room to show perhaps even a better effect. And as we said, because of the slowing of the event rates, it has now delayed when we're going to get these results.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

This is why you do a blinded study. We've looked at hundreds of studies over the years. We have engaged in speculations. George probably has the most insight of anybody. But the bottom line is we just have to wait until the unblinding.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Move to the next question, please, Shannon.

Operator

Dave Risinger, Leerink Partners.

David Risinger - Leerink Partners - Analyst

Thanks very much and thanks for all the updates. I guess my question is for Len and George. So there's a tremendous disconnect between Regeneron management's view of its pipeline and Wall Street's views. I think that the company is spending about $5 billion a year on R&D and 2032 consensus pipeline estimates are about $3.5 billion. So maybe you could share some light on the event path ahead for Regeneron to shine better light on the commercial value of its pipeline? Thank you.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Sure. David, thanks for your question. It's a fair question. I think I would say two things before turning it over to George. First, I would say that history frequently is a good indicator. Our research organization has produced two of the most important drugs in the history of the industry, including EYLEA and Dupixent. And I think that that's the first thing I would say.

The second thing I would say is that you should perhaps listen very carefully and maybe George can reiterate some of what he said on the call today about just as an example of one area of our pipeline, which was really new and exciting on these data in early-stage myeloma, smoldering myeloma and early-stage DLBCL lymphoma are really quite, quite encouraging for us and we are going full steam ahead into myeloma. We're going to probably have somewhere in the neighborhood of eight different Phase 3s going by next year. That's a $30 billion market. And it will grow substantially as it moves into the premalignant stage. Big opportunities. So George, you want to add anything there?

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Well, I think we all have to understand and acknowledge that probably the valuation or view of the pipeline is, in many ways, being capped by concerns about what's going on with our existing mega products. And whether they're going to show growth above and beyond what's going to be happening with those products.

I think if one was independently looking at any one of these various new opportunities, like Len said, we believe that our BCMA bispecific, which right now has the best data in one of the most exciting new classes in the entire industry, has a chance to become another one of the most important drugs in the industry. Based on certainly a lot of the data that I described today in terms of run-in portions of many of our Phase 3 programs with it. And we have several such programs.

But I think right now, the excitement and enthusiasm of those has always been limited by people who want to know, well, what's going to happen with EYLEA and so forth. So I think that our pipeline would be viewed very differently if it was viewed in isolation because of the incredible potential opportunities. And as Len said, one of the best predictors of whether people can really do something important is whether they've repeatedly done that in the past.

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

So one other thing I would just add, David, is that if you think about where the big opportunities are, lymphoma, myeloma, all the complement-mediated diseases, geographic atrophy, myasthenia gravis, PNH, where we think we have best-in-class. Throw on top of that, all of the thrombotic diseases with our two different offerings in that. We've got a lot to do, but we've got a lot of exciting things. We're going to have some updates, hopefully, in the near future for our allergy program for birch and for cat allergy and our broad general allergy program. This is, I would say, an investment that is really going to have strong returns.

And it is hard for any one analyst or any one analyst team to look at 45 programs or if you've got 10 different companies and the other nine have two programs each, you could consume all the time. And that's maybe why it doesn't get as much attention as we would like, but we're really excited about it. And I would encourage all of you to go back and listen very carefully to what George said today as a hint on what could happen in this mega, mega space of myeloma.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Let's move to the next question, please, Shannon.

Operator

Alexandria Hammond, Wolfe Research.

Alexandria Hammond - Wolfe Research LLC - Analyst

Thanks for taking the question. And I kind of want to focus on the pipeline, to Len's point. So one of the lesser talked about programs is Regeneron's poze-cemdi readout in gMG. So as that readout approaches, can you just remind us again of the bar for success? I guess, what do you think you need to be commercially successful there? Thank you.

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Well, I can speak to what we need to be clinically successful. And maybe I'll leave it for Marion for speculation about what we need to be commercially successful. We are setting the bar pretty much at the bar that has been achieved with all other agents that are now being utilized in this class. But what we think we may have to offer is one of the more convenient dosing regimens.

In myasthenia gravis, we don't necessarily think that the sort of extent of blockade and so forth is going to be as important as it is in other diseases in order to demonstrate better efficacy. So the play in myasthenia gravis is to show similar benefit, but with a much more convenient dosing regimen.

Let me just remind you, we have a monthly self-administered subcutaneous regimen which, compared to other dosing regimens which tend to be IV infusions, often administered much more frequently or even subcutaneous daily injections, we think that those could have a lot of advantages for patients if they demonstrate similar types of efficacy.

But the approach also can better control complement activity. And in several other diseases that we're exploring, we think that that can translate to actually an efficacy improvement as well.

Marion McCourt - Regeneron Pharmaceuticals Inc - Executive Vice President-Commercial

And I would add to George's comments that this is a large indication. There's a lot of unmet need. And then on top of that, if we're able to have a differentiated product that offers the conveniences that George has mentioned, that would be very, very important. Any additional efficacy benefit is always meaningful. And to this point, the safety profile looks very good. So we look forward to participating in this market.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

We have time for two more questions, please, Shannon.

Operator

Brian Abrahams, RBC Capital Markets.

Brian Abrahams - RBC Capital Markets - Analyst

Hey. Good morning. Thanks for taking my question and, congrats on the quarter. On itepekimab, just wondering if you had any new insights on why the AERIFY-2 study didn't hit its primary endpoint and the feasibility of mitigating that in future studies? And then maybe any potential adjustments you may consider to the ongoing studies in other indications? Thanks.

George Yancopoulos - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Scientific Officer

Yeah. That's a great question. I mean it's interesting that, of course, we just saw two studies from a competitor that, in general, on average, had lower efficacy than we saw. But the two studies were quite similar in what the two studies showed in contrast to what we saw.

Let me remind you. Our two studies looked quite similar at the six-month time point. And one of the studies just turned south at that point. We've been looking at it, trying to figure it out. We have some ideas. Of course, one of the major factors was the study was primarily carried out during a very unusual time in the world for clinical trials and the height of the pandemic and so forth.

And there was a lot of things happened at that time. The rates of exacerbations dropped precipitously because people avoided going outside and therefore, there were less exacerbations as noted worldwide, let alone in the study, and so forth. There were a lot of other associated events. And so we are trying to figure it out. And as I said, we're discussing how to go forward and the possibility of carrying out an additional Phase 3.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Thanks, George. Shannon, last question, please.

Operator

Salveen Richter, Goldman Sachs.

Salveen Richter - Goldman Sachs - Analyst

Good morning. Thanks for taking my question. With regard to business development, you spoke to the flexibility today and the fact that you're considering differentiated later-stage opportunities in areas with high unmet need. Can you just help us understand how you think about that in the context of your overall business?

Leonard Schleifer - Regeneron Pharmaceuticals Inc - Co-Chairman of the Board, President, Chief Executive Officer, Founder

Yeah. We spend a lot of time looking at a lot of things. And one of the metrics that we're developing, which we hope maybe some analysts will adopt and investors might adopt, is combining the money spent by a company in research and development and acquiring research and development through a variety of deals, transactions, acquisitions, licensing, milestones and so forth.

And I think you might find out and you might be surprised that we don't spend that much more, perhaps, on overall acquisition of products through research. We just spend more of it internally because our research efforts are so productive.

But once again, we want the best stuff for patients. And so we go outside and look and look and look. And occasionally, we do find stuff. And if we have to do it, we have a lot of flexibility to do it, Salveen. But we don't -- to us, it's not a lifeline like it is for so many companies. And even though people think it's their lifeline, I think more often, they're pulling on threads and it's not really pulling them up anywhere because it's very hard to be successful buying things from the outside where you really don't know all the nitty-gritty, warts, and so forth.

But having said all that, every day, we approach it with an open mind, and look at tons of stuff.

Ryan Crowe - Regeneron Pharmaceuticals Inc - Senior Vice President-Investor Relations

Okay. Thank you, Len. And thanks to everyone who joined today's call and for your interest in Regeneron. We apologize to those that are remaining in the Q&A queue. We simply ran out of time and not have a chance to hear from you today. But as always, the Investor Relations team is available to answer any remaining questions you may have. Thank you once again and have a great day and a great weekend.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.