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REGENERON PHARMACEUTICALS INC
Form 10-Q
August 04, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-19034

REGENERON PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

13-3444607
(I.R.S. Employer Identification No.)

777 Old Saw Mill River Road
Tarrytown, New York
(Address of principal executive offices)

10591-6707
(Zip Code)

(914) 347-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller

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reporting company ☐ in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ X

Accelerated filer ☐ __

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company ☐ __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ __ No ☒ X

Number of shares outstanding of each of the registrant's classes of common stock as of July 15, 2009:

<u>Class of Common Stock</u>	<u>Number of Shares</u>
Class A Stock, \$0.001 par value	2,246,698
Common Stock, \$0.001 par value	77,932,500

REGENERON PHARMACEUTICALS, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REGENERON PHARMACEUTICALS, INC.

CONDENSED BALANCE SHEETS AT JUNE 30, 2009 AND DECEMBER 31, 2008 (Unaudited)

(In thousands, except share data)

	June 30, 2009	December 31, 2008 (Revised - see Note 8)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 271,466	\$ 247,796
Marketable securities	120,452	226,954
Accounts receivable from the sanofi-aventis Group	54,240	33,302
Accounts receivable - other	5,806	1,910
Prepaid expenses and other current assets	13,068	11,480
Total current assets	465,032	521,442
Restricted cash	1,600	1,650
Marketable securities	72,845	51,061
Property, plant, and equipment, at cost, net of accumulated depreciation and amortization	195,408	142,035
Other assets	7,460	8,032
Total assets	\$ 742,345	\$ 724,220
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 51,881	\$ 36,168
Deferred revenue from sanofi-aventis, current portion	21,553	21,390
Deferred revenue - other, current portion	46,990	26,114
Total current liabilities	120,424	83,672
Deferred revenue from sanofi-aventis	95,362	105,586
Deferred revenue - other	51,893	56,835
Facility lease obligation	62,925	56,019
Other long term liabilities	1,235	594
Total liabilities	331,839	302,706
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$.01 par value; 30,000,000 shares authorized; issued and outstanding-none		
Class A Stock, convertible, \$.001 par value; 40,000,000 shares authorized; shares issued and outstanding - 2,246,698 in 2009 and 2,248,698 in 2008	2	2
Common Stock, \$.001 par value; 160,000,000 shares authorized; shares issued and outstanding - 77,921,038 in 2009 and 77,642,203 in 2008	78	78
Additional paid-in capital	1,313,003	1,294,813
Accumulated deficit	(903,591)	(873,265)
Accumulated other comprehensive income (loss)	1,014	(114)

Total stockholders' equity	410,506	421,514
Total liabilities and stockholders' equity	\$ 742,345	\$ 724,220

The accompanying notes are an integral part of the financial statements.

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REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 <i>(Revised - see Note 8)</i>	2009	2008 <i>(Revised - see Note 8)</i>
Revenues				
Contract research and development from sanofi-aventis	\$ 60,732	\$ 38,606	\$ 110,392	\$ 74,340
Other contract research and development	14,800	12,047	26,230	22,696
Technology licensing	10,000	10,000	20,000	20,000
Net product sales	4,500		8,391	
	90,032	60,653	165,013	117,036
Expenses				
Research and development	94,231	66,777	174,538	128,246
Selling, general, and administrative	11,632	13,495	23,052	24,549
Cost of goods sold	435		827	
	106,298	80,272	198,417	152,795
Loss from operations	(16,266)	(19,619)	(33,404)	(35,759)
Other income (expense)				
Investment income	1,328	4,535	3,078	11,839
Interest expense		(2,674)		(5,685)
Loss on early extinguishment of debt		(931)		(931)
	1,328	930	3,078	5,223
Net loss	\$ (14,938)	\$ (18,689)	\$ (30,326)	\$ (30,536)
Net loss per share, basic and diluted	\$ (0.19)	\$ (0.24)	\$ (0.38)	\$ (0.39)
Weighted average shares outstanding, basic and diluted	79,626	78,689	79,562	78,591

The accompanying notes are an integral part of the financial statements.

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REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
For the six months ended June 30, 2009
(In thousands)

	Class A Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2008 (Revised- see Note 8)	2,249	\$ 2	77,642	\$ 78	\$ 1,294,813	\$ (873,265)	\$ (114)	\$ 42
Issuance of Common Stock in connection with exercise of stock options, net of shares tendered			196		1,705			
Issuance of Common Stock in connection with Company 401(k) Savings Plan contribution			81		1,391			
Conversion of Class A Stock to Common Stock	(2)		2					
Stock-based compensation expense					15,094			1
Net loss						(30,326)		(3)
Change in net unrealized gain (loss) on marketable securities							1,128	
Balance, June 30, 2009	2,247	\$ 2	77,921	\$ 78	\$ 1,313,003	\$ (903,591)	\$ 1,014	\$ 41

The accompanying notes are an integral part of the financial statements.

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REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Six months ended June 30, 2009	Six months ended June 30, 2008 (Revised - see Note 8)
Cash flows from operating activities		
Net loss	\$ (30,326)	\$ (30,536)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	5,722	5,887
Non-cash compensation expense	15,094	16,500
Loss on early extinguishment of debt		931
Impairment charge on marketable securities		530
Changes in assets and liabilities		
Increase in accounts receivable	(24,834)	(14,518)
(Increase) decrease in prepaid expenses and other assets	(578)	3,866
Increase in deferred revenue	5,873	6,527
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	13,045	(887)
Total adjustments	14,322	18,836
Net cash used in operating activities	(16,004)	(11,700)
Cash flows from investing activities		
Purchases of marketable securities	(105,315)	(346,647)
Sales or maturities of marketable securities	190,723	239,853
Capital expenditures	(52,671)	(9,789)
Decrease (increase) in restricted cash	50	(50)
Net cash provided by (used in) investing activities	32,787	(116,633)
Cash flows from financing activities		
Extinguishment of long-term debt		(82,148)

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Proceeds in connection with facility lease obligation	5,182	
Net proceeds from the issuance of Common Stock	1,705	3,685
Net cash provided by (used in) financing activities		