

Names in the News: REGN & KR

Regeneron Pharmaceuticals, Inc. (REGN) & The Kroger Co. (KR)

This week, we cover **Regeneron Pharmaceuticals, Inc. (REGN)**, rated 'Buy' and **The Kroger Co. (KR)**, rated 'Overweight'. On Monday, **REGN's** stock closed 2.86% higher after the firm announced that its licensed Olatorepatide obesity treatment has demonstrated positive phase 3 results in Chinese patients. **KR's** share price surged by more than 5% last Thursday despite muted forecasts after the firm's new CEO, Greg Foran, announced plans to boost the retailer's market share.

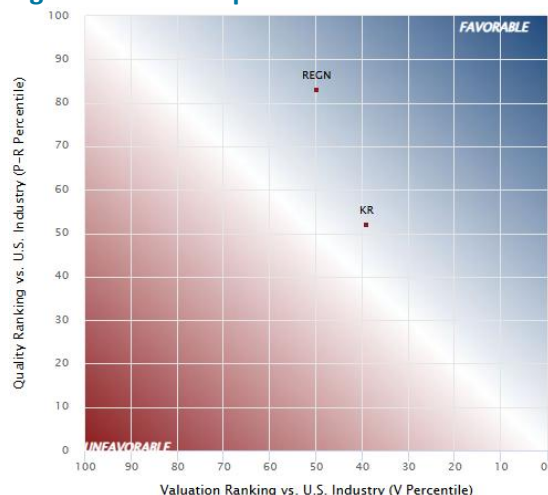
REGN's EVA Momentum (growth), which had been improving through the past three years, entered positive territory in Q4 2025, at 1.3%, driven by expanding EBITDAR Margin. Sales growth (TFQ) was positive but slowed down to 1% as of the latest reported quarter, while asset efficiency continued to deteriorate on account of increasing R&D investment, both on an absolute and a relative-to-sales basis. Future Growth Reliance (FGR), our P/E equivalent, was at 20% as of March 10, around the long-term midrange. We like **REGN**, given the firm's very strong Quality (P-R), supported by positive trends in EVA Momentum (growth). Valuations, at this stage, have also come off the very elevated levels seen in 2024, to relatively moderate levels.

KR's EVA Momentum (growth) bottomed out in Q1 FY2025, trending higher through the past three quarters, currently being just below zero percent, at -0.1%. The recovery in incremental EVA growth has been driven by all three EVA drivers moving favorably. Embedded expectations for growth (FVA) reached a record high in April 2025 before trending down over the past three quarters, at a time when Current Value Added (CVA) has shown signs of stabilizing near 5-year lows. **KR** has an attractive Quality-Value tradeoff at this stage, with economic profitability starting to show signs of improvement. We also take note of the market's positive outlook on the firm. FGR, which has historically moved negatively, has turned positive for the first time in eight years and is currently around 13%, still favorable on an industry-relative basis.

Figure 1: EVA Summary

Name	Ticker	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
REGENERON PHARMACEUTICALS	REGN	U.S.	84,308	21.4%	1.3%	82	83	50	0.1%	66.62
KROGER CO	KR	U.S.	45,990	0.9%	-0.1%	70	52	39	16.2%	44.42

Figure 2: HEAT Map



PRVit and Sub-Factors

PRVit compares a company's operational Quality, based on EVA metrics, to the company's market-based Valuation. When Quality exceeds Valuation, the overall PRVit ranking will be higher.

Scoring

All factors scored from 0 to 100.

PRVit: 100 is most favorable.

Quality (P-R): 100 is highest Quality.

Profitability (P): 100 is most Profitable.

Risk (R): 0 is lowest Risk.

Valuation: 0 is cheapest.

Heat Map: The Heat Map shows the visual trade-off between Quality and Valuation: Companies in the favorable (blue) area offer higher quality and/or cheaper valuation than those in the unfavorable (red) area.

ISS ESG Performance: Page 4 includes the ISS ESG Performance ratings of both firms, coupled with their industry-specific rankings.

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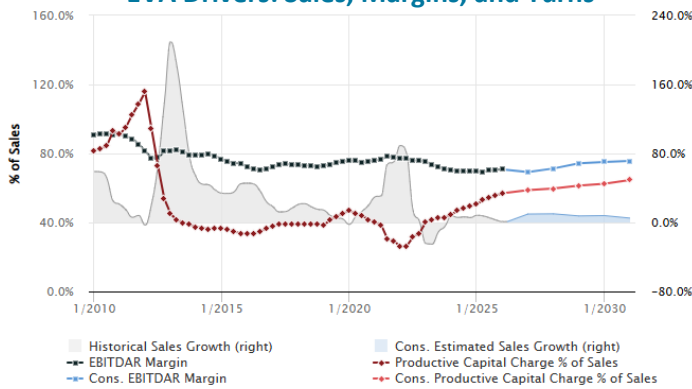
Visit our website www.EVAexpress.com

Regeneron Pharmaceuticals, Inc. (REGN)

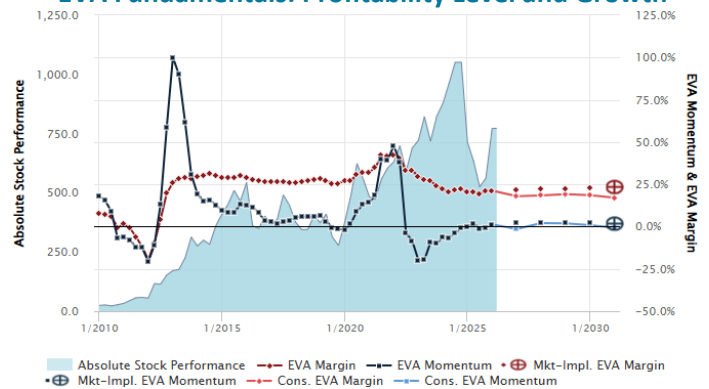
PRVit Recommendation: 'Buy' – EVA Momentum Turns Positive

- Sales growth (TFQ) slowed down to 1% as of the latest reported quarter. In the quarter ending December 2025, revenue growth was 2.5%, primarily driven by very strong growth in Dupixent sales.
- EBITDAR Margin bottomed out in Q1 2025 at record low levels, followed by a 140bps expansion to 70.8% over the remaining three quarters of FY2025. This recovery was driven by lower adjusted SG&A expenses as a % of sales.
- The Productive Capital Charge (higher is less favorable) has deteriorated to the highest level since 2012, primarily impacted by a sustained rise in PP&E and R&D charges (% of Sales) and offset slightly by a small improvement in the Working Capital charge.
- EVA Margin saw a 180bps recovery during H2 2025, trending at 21.4% as of Q4, after bottoming out in Q2 at the lowest level in 13 years.
- EVA Momentum (growth) entered positive territory as of Q4 2025, at 1.3%, primarily driven by expanding EBITDAR Margin. The metric first entered positive territory in Q1 but turned negative again during Q2 and recovered slightly in Q3.
- Embedded expectations for growth (FVA) bottomed out during Q2 and Q3 in negative territory. As of December 31, FVA has turned positive but remains at an historically moderate level, at a time when the level of economic profitability has started showing signs of improvement. Future Growth Reliance (FGR), our P/E ratio equivalent, is at 20% as of March 10, around the long-term midrange level.
- We like **REGN**, given the firm's very strong Quality (P-R) that is supported by positive trends in EVA Momentum (growth). Valuations, at this stage, have also come off the very elevated levels seen in 2024.

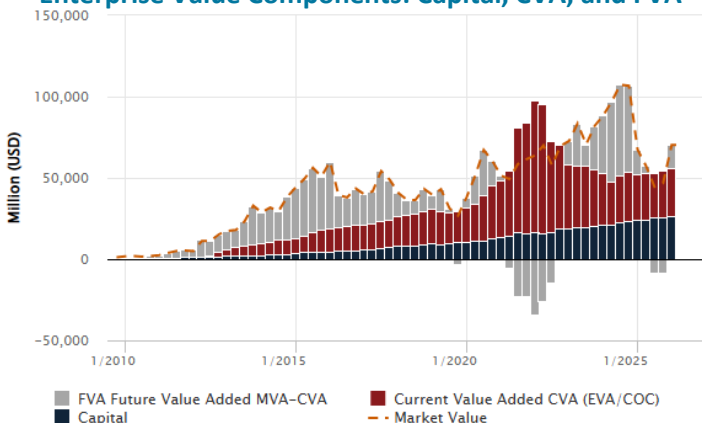
EVA Drivers: Sales, Margins, and Turns



EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA



Future Growth Reliance (FGR): Market Expectations

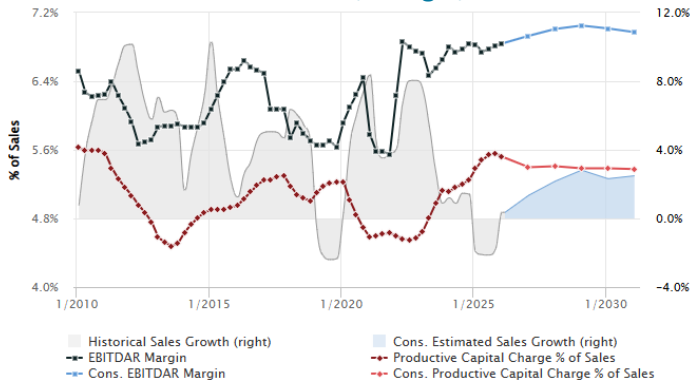


The Kroger Co. (KR)

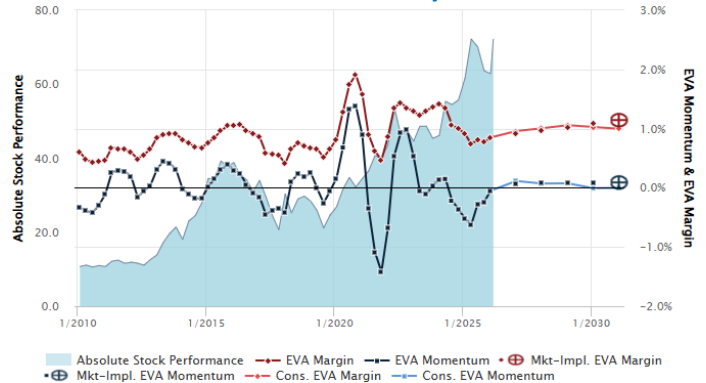
PRVit Recommendation: 'Overweight' – Economic Profitability Bottomed Out

- Sales growth (TFQ) recovered through 2025 and turned positive during Q4 FY2025, at 0.4%, supported by strong growth in eCommerce and Health & Wellness.
- EBITDAR Margin was flat in Q4 FY2025 compared to the same period in FY2024, at 6.8%, only 10bps below the record high levels seen in Q1 FY2022. The metric dipped slightly in Q1 last year before steadily expanding through the remaining three quarters, driven by improving adjusted COGS (% of Sales) that was slightly offset by increasing adjusted SG&A expenses.
- The Productive Capital Charge (lower is more favorable) peaked out during the last quarter of FY2025. While the PP&E charge has ticked lower, it is still near historically elevated levels, leading to pressured asset efficiency.
- EVA Margin contracted throughout FY2024 and Q1 of FY2025 before staging a 20bps recovery, to 0.9%, through the remaining three quarters of FY2025.
- EVA Momentum (growth) bottomed out at -0.6% in Q1 FY2025 and has trended higher through the past three quarters, currently being just below zero percent, at -0.1%. The recovery in incremental EVA growth was driven by all three EVA drivers moving favorably.
- Embedded expectations for growth (Future Value Added, FVA) touched a record high in April 2025 before trending downwards over the last three quarters, at a time when Current Value Added (CVA) has shown signs of stabilizing near 5-year lows. FGR, which has historically moved negatively, turned positive in January 2025 for the first time since 2018 and peaked out at a record high of 17% in April. It is trending at 13% as of March 10.
- **KR** has an attractive Quality-Value tradeoff at this stage, with economic profitability starting to show signs of improvement. We also take note of the market's bullish outlook on the firm, with FGR moving positively for the first time in eight years and near record high levels.

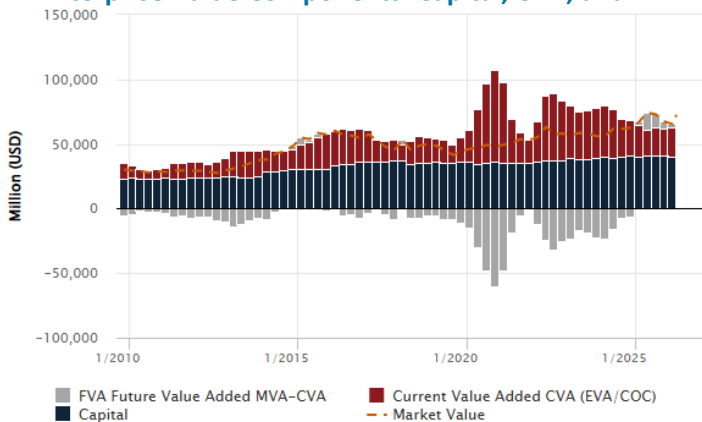
EVA Drivers: Sales, Margin, and Turns



EVA Fundamentals: Profitability Level and Growth



Enterprise Value Components: Capital, CVA, and FVA

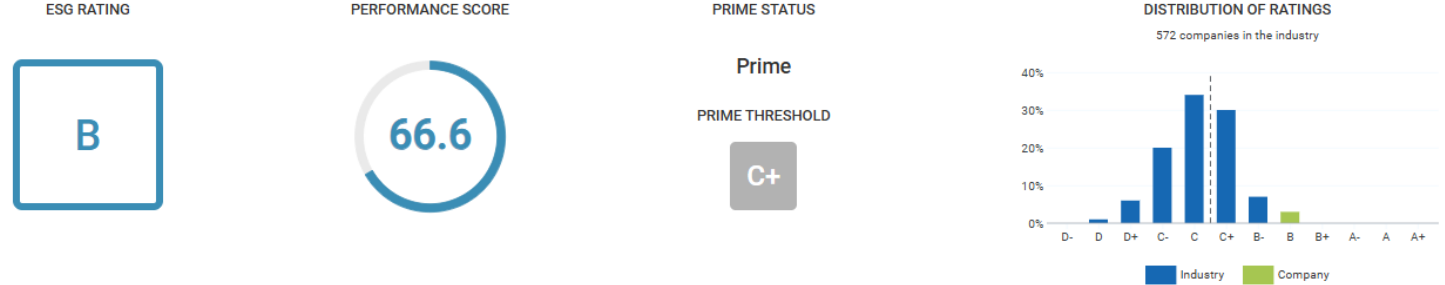


Future Growth Reliance (FGR): Market Expectations

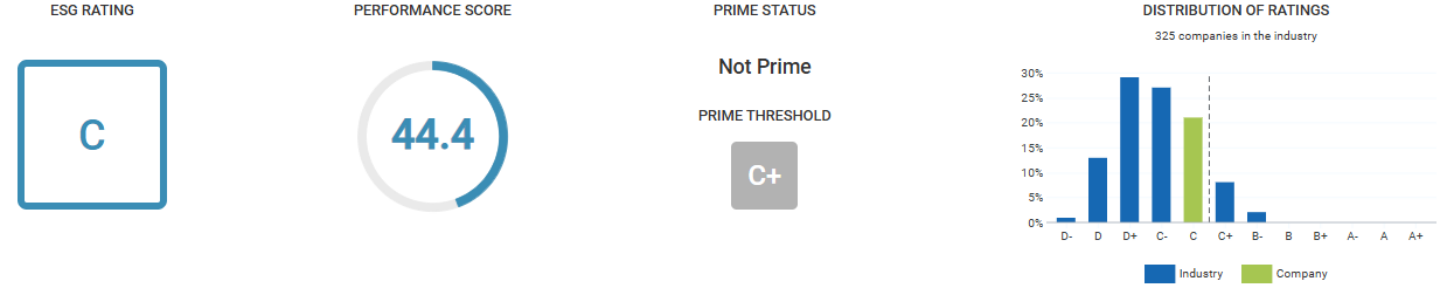


ISS ESG Performance analysis of both names can be found below.

ISS ESG Performance for Regeneron Pharmaceuticals, Inc. (REGN)



ISS ESG Performance for The Kroger Co. (KR)



ISS ESG Definitions

ESG Performance Score: This factor provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable over all rated entities. All rated entities with values greater than or equal to 50 are Prime, companies with values less than 50 are not Prime.

ESG Rating Decile Rank: This factor indicates decile rank relative to industry group (companies) and covered entities (countries) based on assessment of Environmental (E), Social (S), and Governance (G) performance. A decile rank of 1 indicates a high relative performance, while a 10 indicates a lower relative ESG performance.

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all TRVs, including the ROK of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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