

**ROYALTY PHARMA**

# **7<sup>th</sup> Annual Truist Securities 2021 Life Sciences Summit**

Terrance Coyne, EVP, Chief Financial Officer

Christopher Hite, EVP, Vice Chairman

Jim Reddoch, EVP, Co-Head Research & Investments and Chief Scientific Officer

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# Forward Looking Statements & Non-GAAP Financial Information

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Also, the discussions during this presentation will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information regarding non-GAAP financial measures can be found on slide 11 and in Royalty Pharma’s Form 10-K dated February 24, 2021, which are available on the Company’s website. Any non-U.S. GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies.

# Q1 2021 – Executing against our strategy



**Strong double-digit top- and bottom-line growth<sup>(1)</sup>**

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**Robust deal flow with YTD transactions announced of \$787m<sup>(2)</sup>, including \$582m upfront**

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**Exciting collaboration with MSCI on thematic indexes announced**

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**Raising full-year guidance for Adjusted Cash Receipts<sup>(3)</sup> (excluding new investments)**

# Royalty Pharma overview

## Key Metrics

### Portfolio Metrics

**45+**

Approved and development-stage products

**21**

Blockbuster \$1bn+ therapies in portfolio <sup>(1)</sup>

**~15 Years**

Portfolio weighted average royalty duration

### Financial Metrics

**\$1.8bn**

Adjusted Cash Receipts (2020A)

**\$1.5bn**

Adjusted Cash Flow (2020A)

**\$1.7bn**

Average annual capital deployment since 2012

## Approved Products

VERTEX CF Franchise



GILEAD HIV Franchise

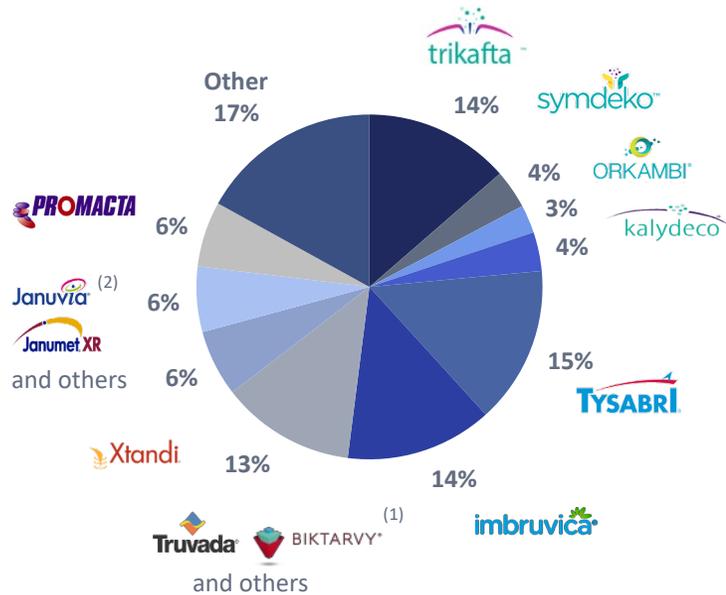


## Development-Stage Product Candidates

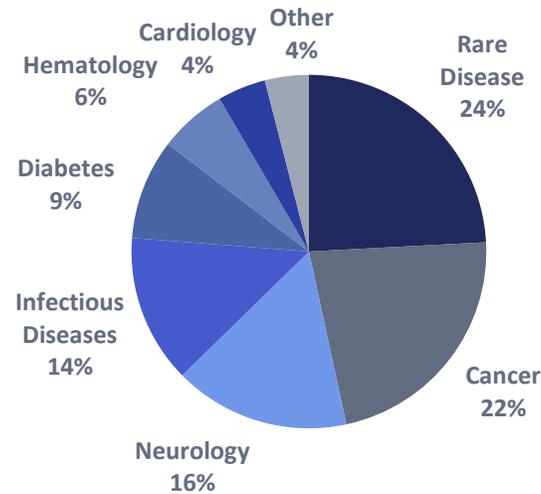


# Diversified across products, TAs and blue-chip marketers

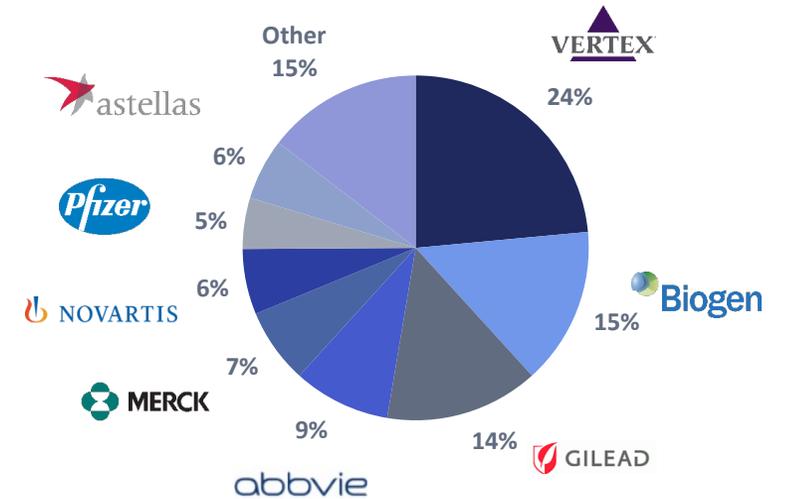
2020 Royalty Receipts By Product



2020 Royalty Receipts By Therapeutic Area



2020 Royalty Receipts By Marketer

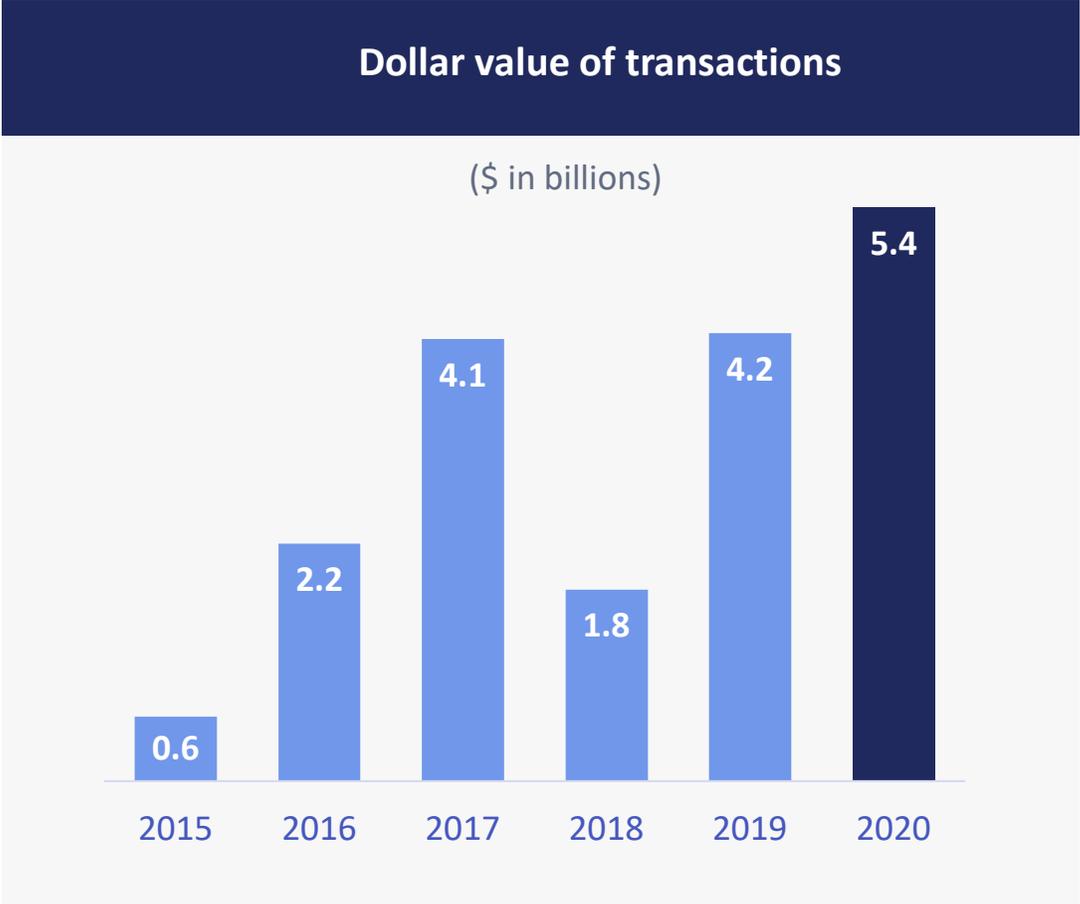
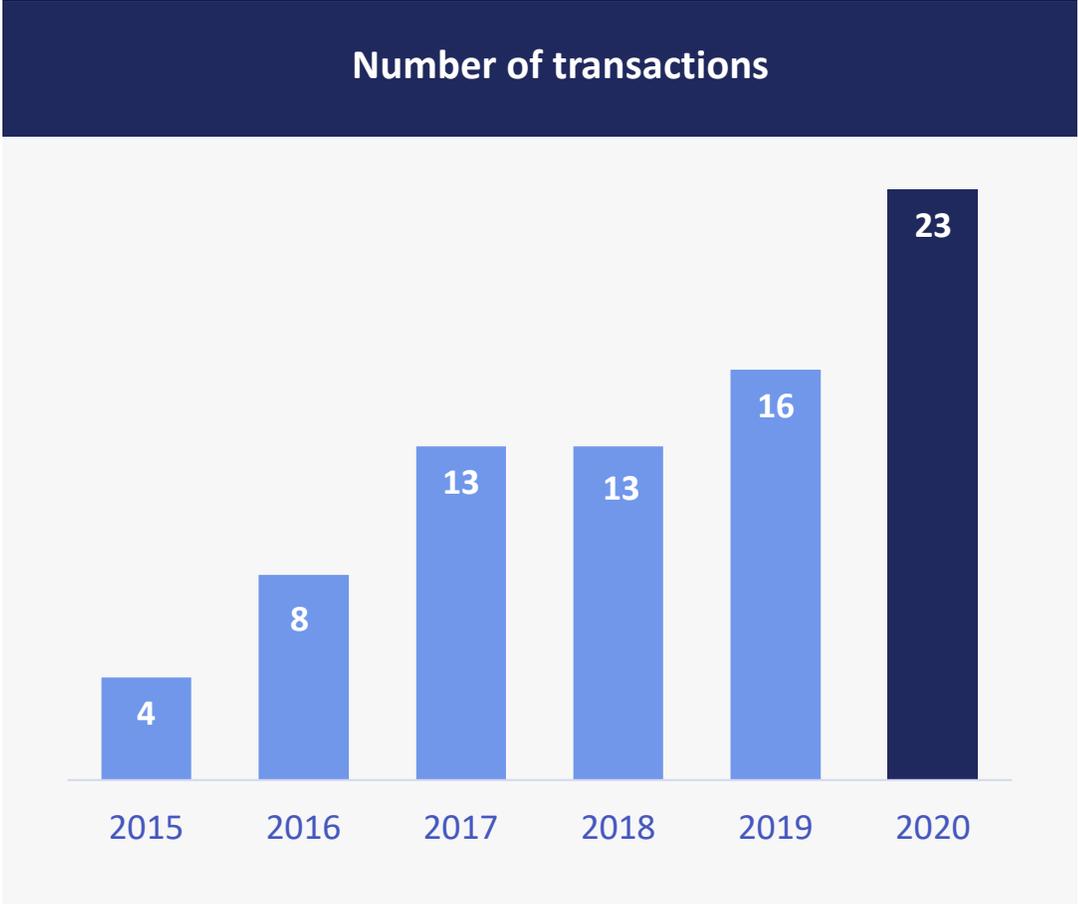


Diversified from both a top-line and bottom-line perspective

1. Comprised of royalty receipts from Truvada, Genvoya, Biktary and several other emtricitabine products.  
 2. Comprised of royalty receipts from Januvia, Janumet and several other DPP-IVs.

# 2020 was a record year for biopharma royalty funding

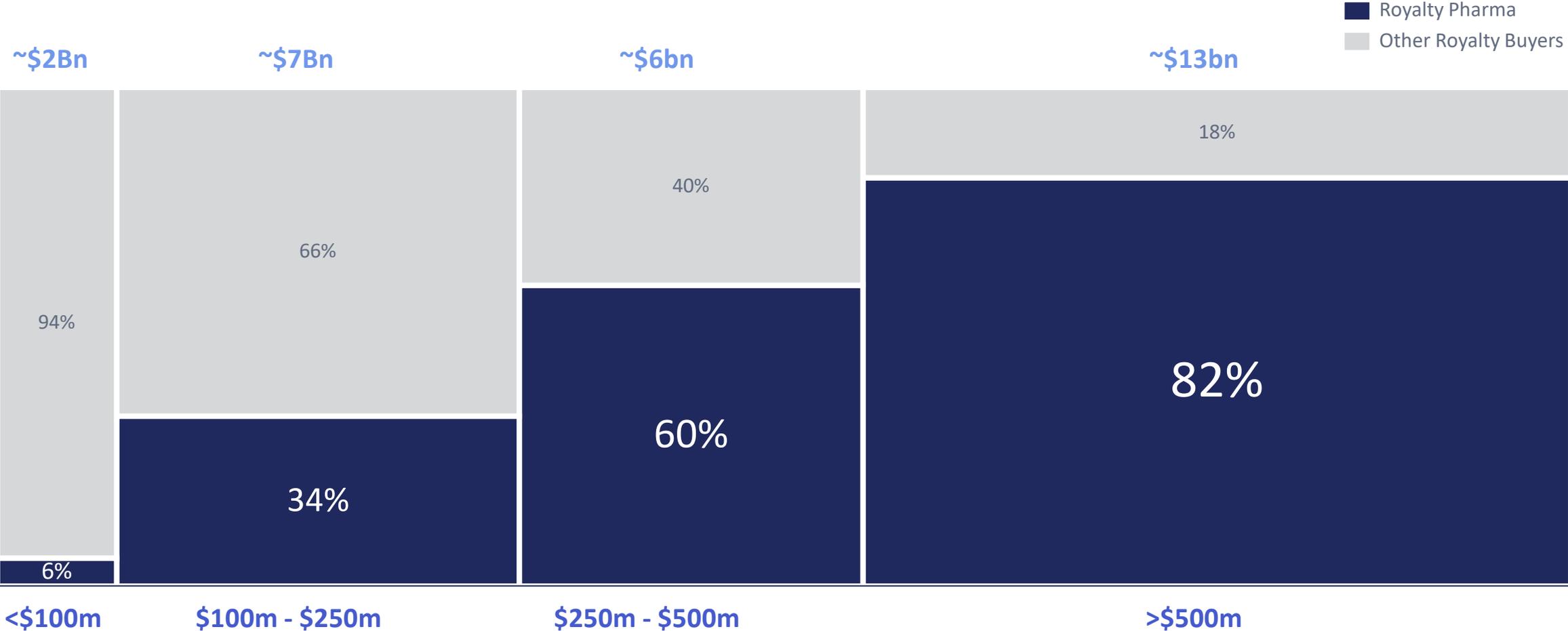
Biopharma royalty market growth<sup>(1)</sup>



1. Internal estimates of historical biopharma royalty market size based on announced transactions.

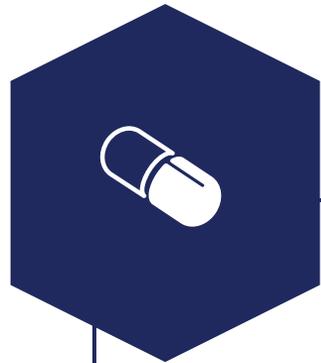
# Royalty Pharma has maintained ~60% overall share since 2012

Estimated Royalty Market Size and Share by Transaction Value, 2012-May 2021<sup>(1)</sup>



1. Internal estimates of historical biopharma royalty market size based on announced transactions; size of blocks are relative to total announced value in each bucket.

# Our clear strategic plan to continue growth



## Approved therapies

Select examples

 Xtandi

 PROMACTA®

 CABOMETYX®

 COMETRIQ

Acquire royalties on market-leading approved therapies



## Late-Stage Development

Select examples

 imbruvica®

 trikafta™

 TRODELVY™

Acquire royalties on late-stage therapies with strong PoC data



## M&A

Select examples

 **TYSABRI**

 Januvia®

 **HUMIRA**®

Acquire royalties through M&A transactions

# A unique business at the center of biopharma innovation

**ROYALTY  
PHARMA**



Well positioned to leverage fast pace of biopharma innovation



Agnostic to therapeutic categories and modalities



Direct exposure to growth of transformative blockbuster therapies



Long duration portfolio, highly diversified across products, therapeutic areas and marketers



Partner of choice through agile and flexible deal structuring



Efficient business model with low fixed costs and high cash conversion

Market leader in biopharma royalty funding with strong competitive advantages

# Footnotes

- 1) To aid in comparability, figures for each fiscal quarter in 2019 are presented on an unaudited pro forma basis, which adjusts certain cash flow line items as if Royalty Pharma's Reorganization Transactions (as described in the Company's final prospectus filed with the SEC on June 17, 2020 ("Prospectus")) and its initial public offering ("IPO") had taken place on January 1, 2019. The most significant difference between the pro forma and reported figures is the new non-controlling interest that resulted from the Reorganization Transactions. A new contractual non-controlling interest arose in the Reorganization Transactions that results in a higher distribution to non-controlling interests on a pro forma basis as compared to prior historical periods. Less material differences also arise in the Royalty Receipts line for other products as well as Payments for operating and professional costs, interest paid, net, and in the payments associated with our former interest rate swap contracts.
- 2) Adjusted Cash Receipts is a measure calculated with inputs directly from the Statement of Cash Flows and includes (1) royalty receipts: (i) cash collections from royalty assets (financial assets and intangible assets), (ii) other royalty cash collections, (iii) distributions from non-consolidated affiliates, plus (2) proceeds from available for sale debt securities (Tecfidera milestone payments), and less (3) distributions to non-controlling interest, which represents distributions to our historical non-controlling interest attributable to a de minimis interest in Royalty Pharma Collection Trust held by certain legacy investors and to a new non-controlling interest that was created as a result of the Exchange Offer Transactions in February 2020 related to the Legacy Investors Partnerships' ownership of approximately 18% in Old RPI. See the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2021 for additional discussion. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated May 11, 2021.
- 3) Adjusted Cash Flow is calculated as Adjusted Cash Receipts less (1) payments for operating and professional costs, (2) ongoing development-stage funding payments, (3) interest paid, net, (4) swap collateral (posted) or received, net, (5) swap termination payments, and (6) investment in non-consolidated affiliates, and plus (1) contributions from non-controlling interest- R&D, all directly reconcilable to the Statement of Cash Flows.

## **Financial Guidance footnote**

- 4) Royalty Pharma has not reconciled its non-GAAP 2021 guidance to the most directly comparable GAAP measure, cash flow from operations, at this time due to the inherent difficulty in accurately forecasting and quantifying certain amounts that are necessary for such reconciliation, including, primarily, payments for operating and professional costs, distributions from non-consolidated affiliates, and interest received. The Company is not able to forecast on a GAAP basis with reasonable certainty all adjustments needed in order to project cash flow from operations on a GAAP basis at this time.