

ROYALTY PHARMA

Royalty Pharma plc

Q4 2020 Financial Results

February 17, 2021

Forward Looking Statements & Non-GAAP Financial Information

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Also, the discussions during this conference call 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 21 and in Royalty Pharma’s earnings release furnished with its current report on Form 8-K dated February 17, 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.

Agenda

Key Highlights	Pablo Legorreta	Founder & Chief Executive Officer
Royalty Acquisitions	Jim Reddoch Marshall Urist	EVP, Co-Head of Research and Investments & Chief Scientific Officer EVP, Co-Head of Research and Investments
Financial Results	Terrance Coyne	EVP, Chief Financial Officer
Conclusion	Pablo Legorreta	Founder & Chief Executive Officer
Q&A	Pablo Legorreta Terrance Coyne Chris Hite Jim Reddoch Marshall Urist	Founder & Chief Executive Officer EVP, Chief Financial Officer EVP, Vice Chairman EVP, Co-Head of Research and Investments & Chief Scientific Officer EVP, Co-Head of Research and Investments

Key Highlights

Pablo Legorreta

Founder & Chief Executive Officer

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2020 - A landmark year for Royalty Pharma



Successful IPO raising \$1.9 billion in net primary proceeds



Inaugural bond offering locking in low cost of debt and ~12 year weighted-average maturity



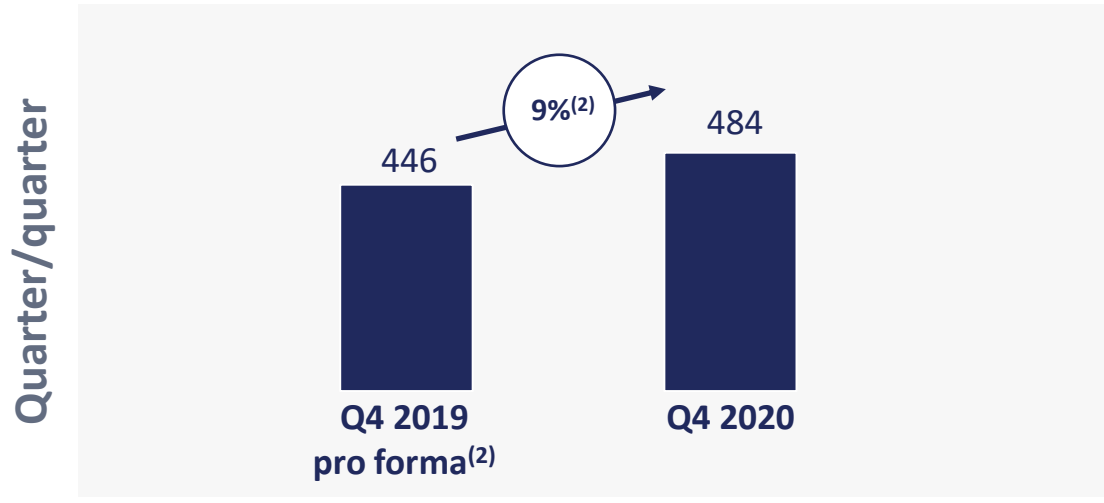
Further expanded portfolio with eight announced acquisitions totaling \$2.4 billion



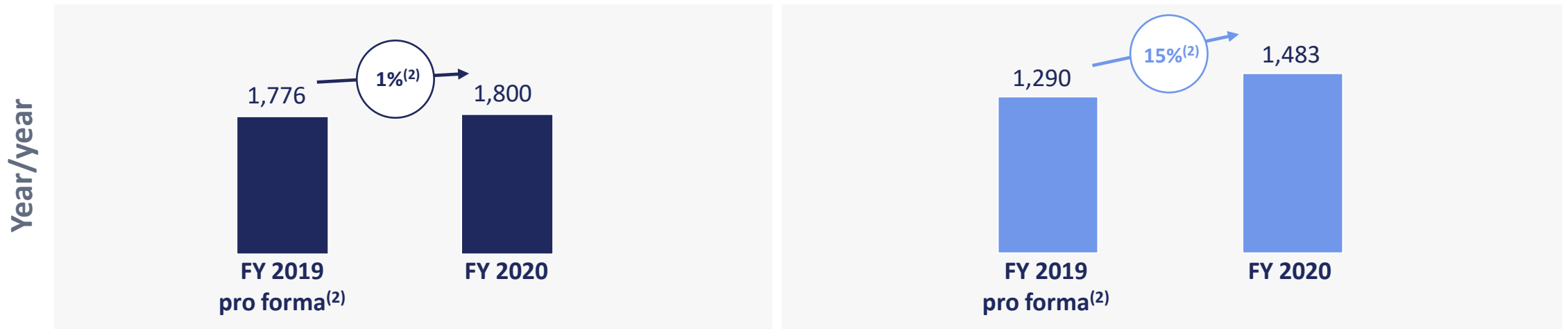
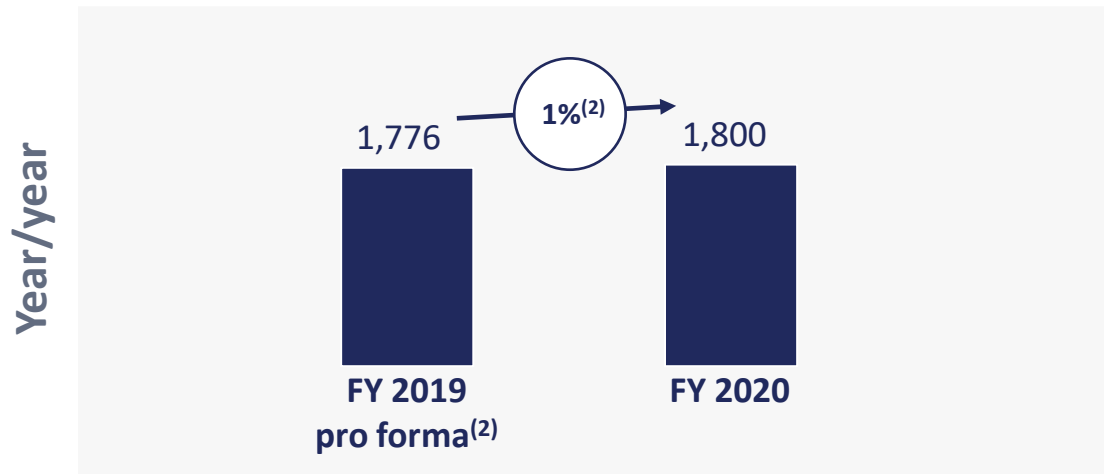
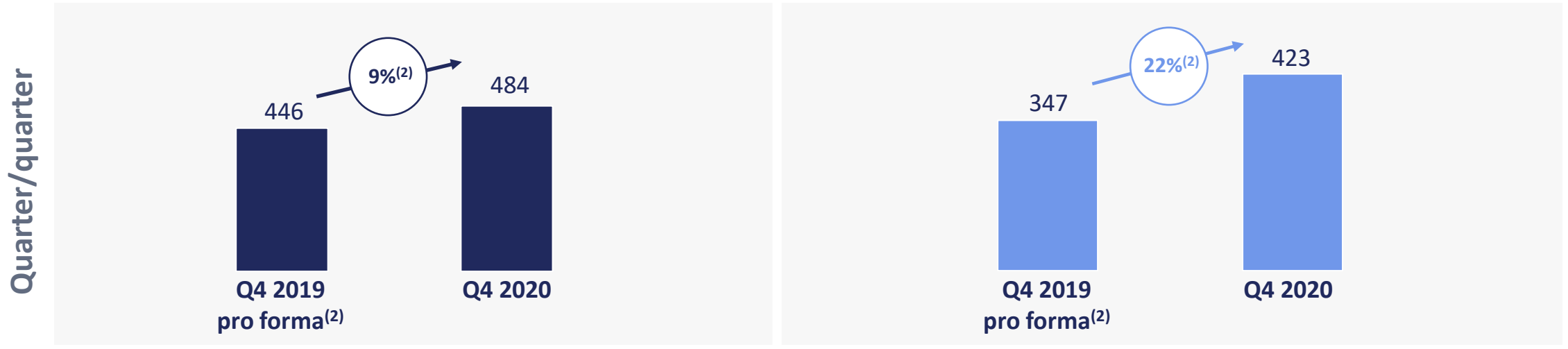
Strong full-year Adjusted Cash Flow growth of 15%⁽¹⁾

Delivering strong financial results in Q4 and FY 2020

Adjusted Cash Receipts⁽¹⁾
(\$ in millions)



Adjusted Cash Flow⁽¹⁾
(\$ in millions)



Royalty Acquisitions

Jim Reddoch, PhD

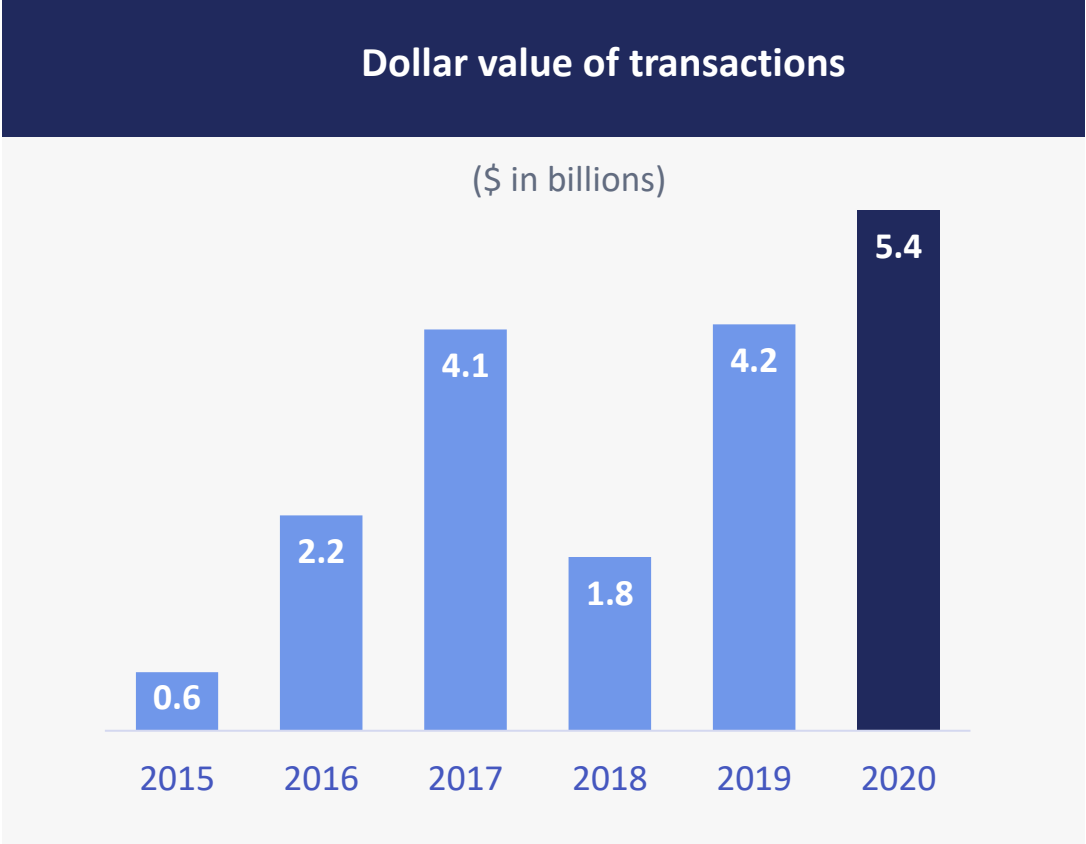
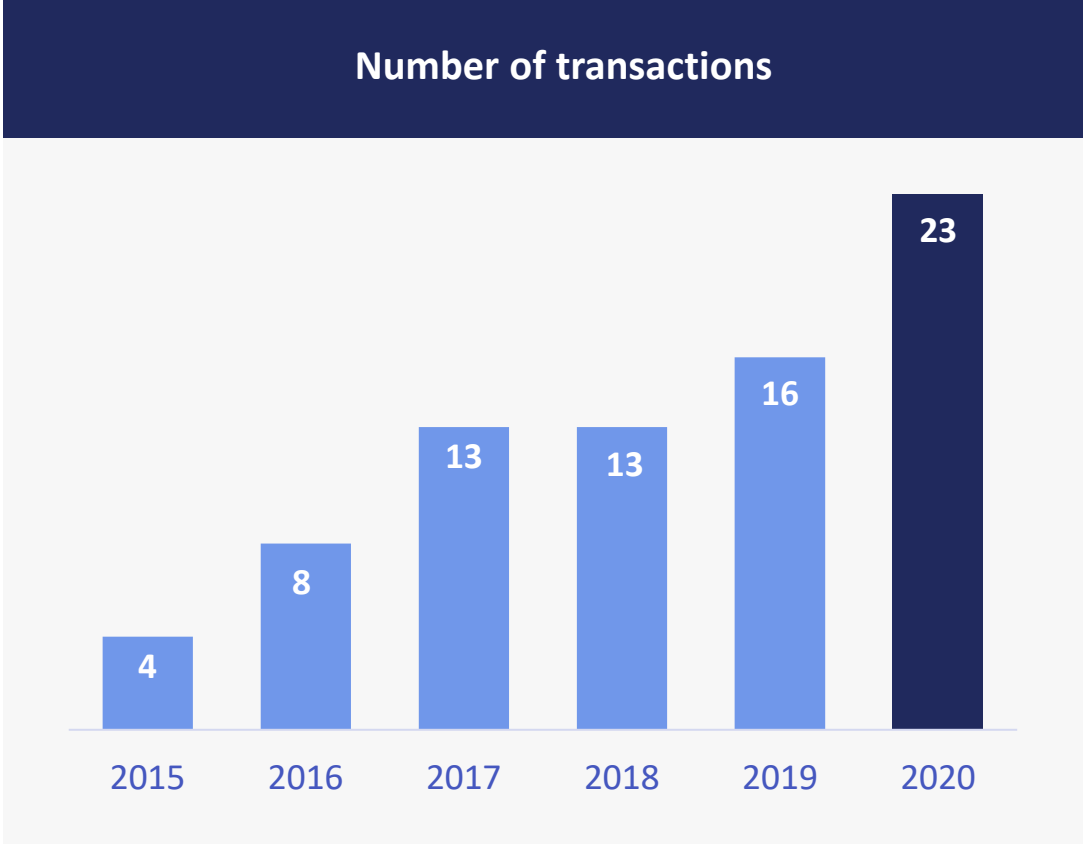
Executive Vice President
Co-Head of Research and Investments,
Chief Scientific Officer

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2020 was a record year for biopharma royalty funding

Biopharma royalty market growth⁽¹⁾

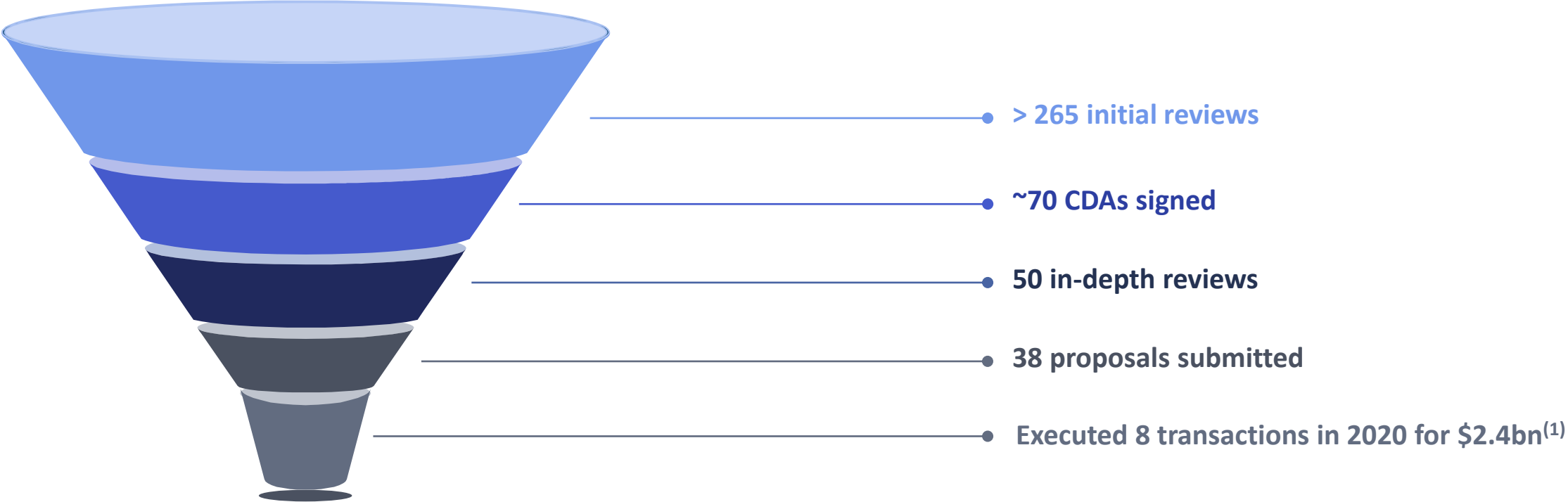


Royalty Pharma responsible for ~one-third of transaction volume and ~half of dollar value of transactions in 2020

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

Announced \$2.4 billion of royalty transactions in 2020

2020 Royalty Pharma investment activity



Maintained strong financial discipline: ~3% of initial reviews resulted in an executed transaction

2020 transactions – transformative therapies across diverse TAs

\$2.4bn Announced biopharma industry funding







12 Total therapies

3 Development-stage products at acquisition

5 Areas of therapeutic focus⁽²⁾

>\$400m Contribution to 2025e Adjusted Cash Receipts⁽³⁾



Therapy	Transaction Size	2025e Sales ⁽¹⁾
 Entyvio [®]	\$94m	\$5,358m
 PREVYMIS [™]	\$220m	\$798m
 IDHIFA [®]	\$255m	\$334m
 Evrysdi.	\$650m	CHF 2,260m
 Nurtec [®] ODT	\$200m	\$1,461m
zavegepant	Up to \$250m	\$208m
CF franchise	Up to \$650m	\$9,875m
 orladeyo [®] BCX9930	\$125m	\$500m ⁽⁴⁾

TA: Therapeutic area

(1) Consensus sales forecasts sourced from Visible Alpha for Evrysdi, Nurtec ODT, zavegepant, CF franchise, Orladeyo and BCX9930; Consensus sales forecasts for Entyvio, Prevymis and IDHIFA not available on Visible Alpha and sourced from Evaluate Pharma

(2) Neurology, infectious disease, cancer, gastrointestinal, and rare disease (cystic fibrosis, spinal muscular atrophy, hereditary angioedema and paroxysmal nocturnal hemoglobinuria)

(3) Based on consensus sales forecasts for underlying products, milestone receipts and preferred share redemptions

(4) Combined revenues for Orladeyo and BCX9930

Royalty Acquisitions

Marshall Urist, MD, PhD

Executive Vice President
Co-Head of Research and Investments

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Expanding portfolio with innovative, long duration therapies

Recently announced royalty acquisitions



Transaction size	\$125 million		Up to \$155 million ⁽¹⁾
Royalty holder	BioCryst		Minerva
Marketer	BioCryst		Johnson & Johnson
Therapy	Orladeyo (berotralstat)	BCX9930	seltorexant
Mechanism of action	Plasma kallikrein inhibitor	Factor D inhibitor	Orexin-2 receptor antagonist
Regulatory status	Approved in U.S.	Phase 1/2	Phase 3
Indication	Hereditary angioedema	PNH	Major depressive disorder with insomnia symptoms
Date announced	December 7, 2020		January 19, 2021

Two development stage therapies and one approved product added to portfolio

Financial Results

Terrance Coyne

Executive Vice President
Chief Financial Officer

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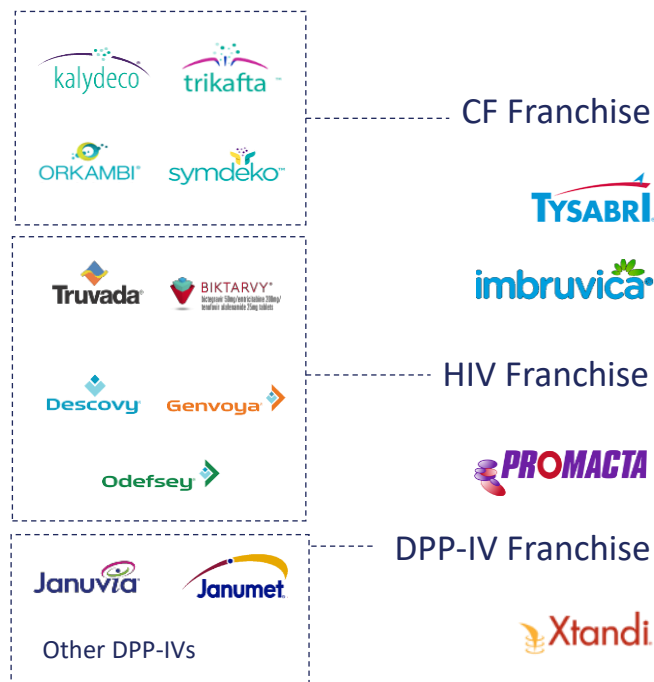


Total Royalty Receipts grew 9%⁽¹⁾ in Q4 and 2%⁽¹⁾ in FY 2020

Selected key products

Q4 2020

FY 2020

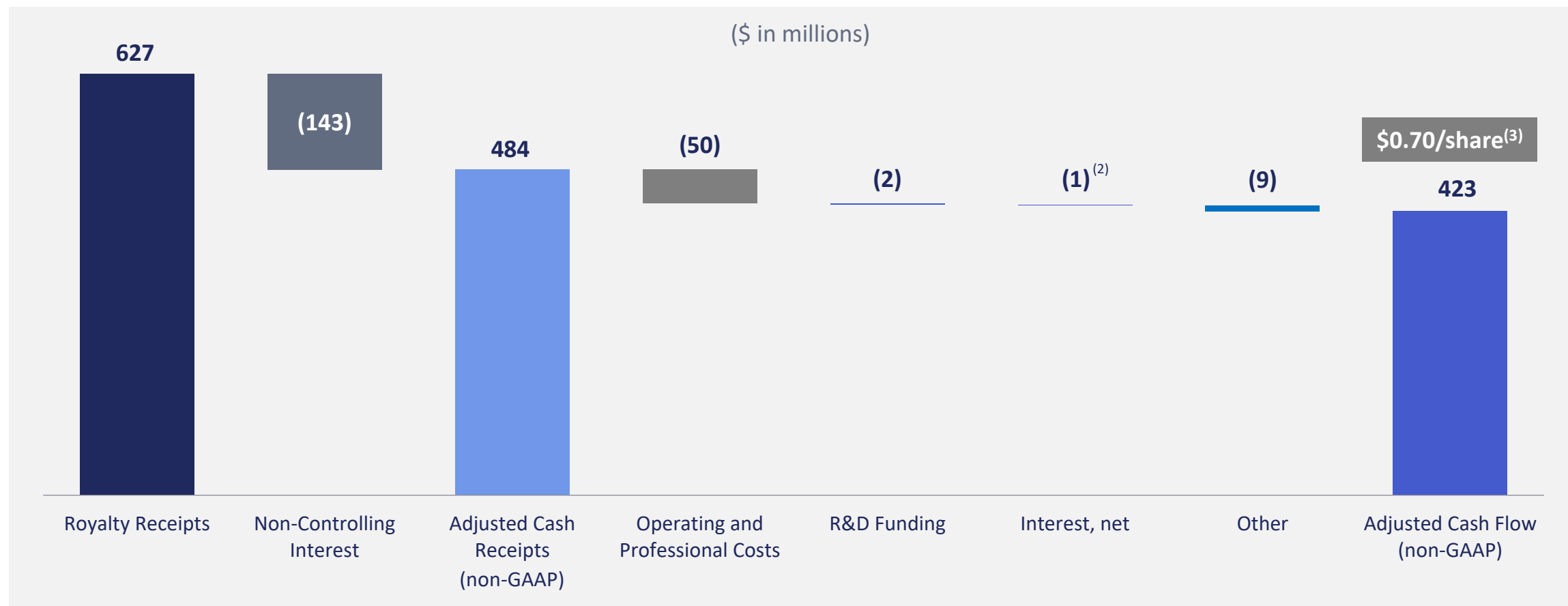


	Q4 2020		FY 2020	
	Royalty Receipts (\$ in millions)	Growth ⁽¹⁾ (% year/year)	Royalty Receipts (\$ in millions)	Growth ⁽¹⁾ (% year/year)
CF Franchise	159	37	551	30
TYSABRI	93	10	346	4
imbruvica	85	12	322	19
HIV Franchise	78	10	294	12
PROMACTA	42	16	144	67
DPP-IV Franchise	40	11	144	0
Xtandi	39	16	146	22
Other	92	-25	397	-40
Total	627	9	2,344	2

Strong Adjusted Cash Flow conversion in Q4 2020

Q4 2020 Adjusted Cash Flow (Non-GAAP)⁽¹⁾

(\$ in millions)



% Adjusted Cash Receipts

10.4%

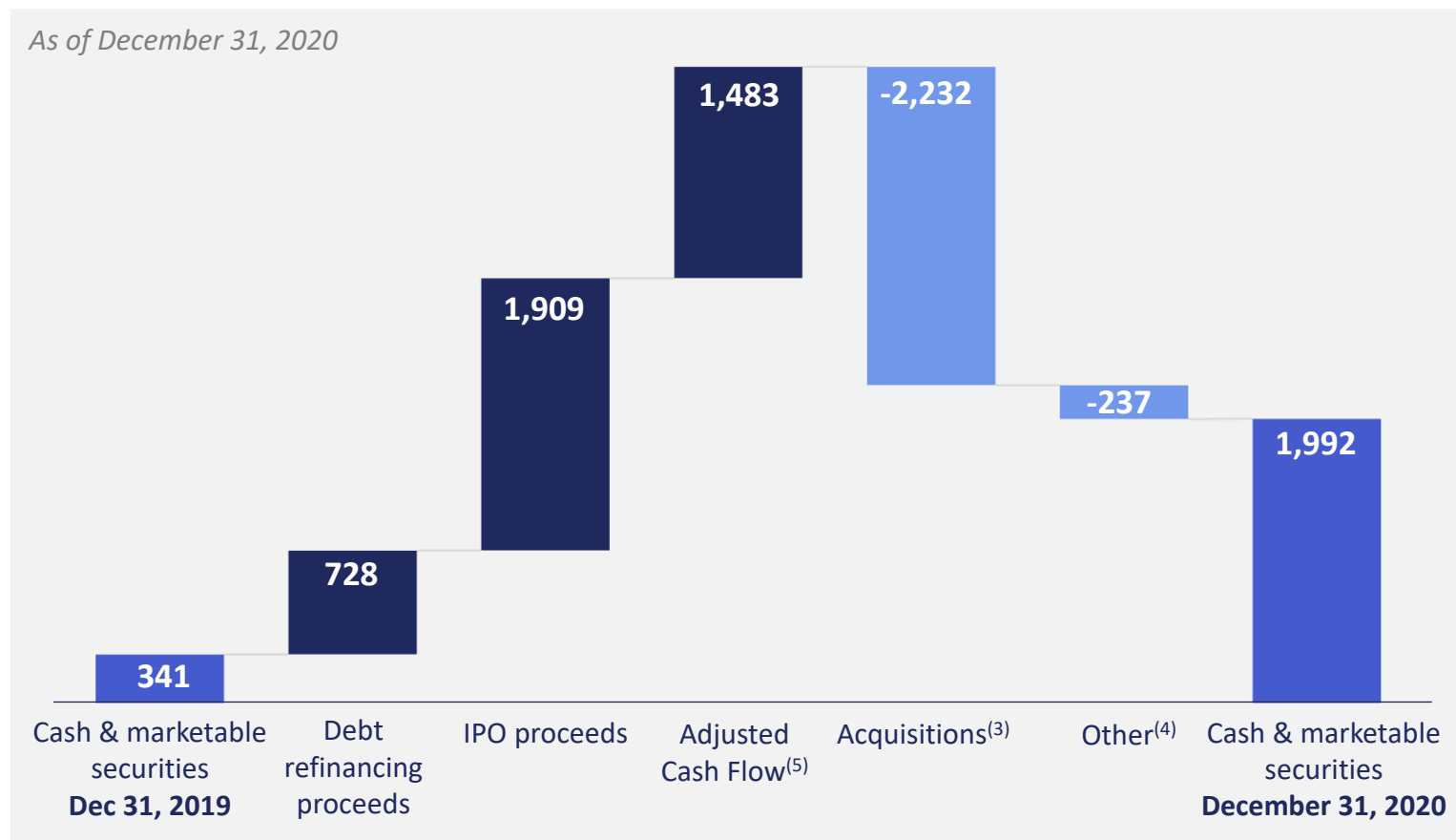
87.3%

Strong balance sheet liquidity and growing dividend

- \$2.0 billion of cash, cash equivalents and marketable securities as of December 31, 2020
- FY 2020 capital deployed of \$2.2 billion
- Quarterly dividend increased 13% to \$0.17 per Class A ordinary share (effective for the first quarter 2021 payment)
- \$6.0 billion of investment grade debt
 - Total leverage of 3.6x⁽¹⁾
 - Net leverage of 2.4x⁽²⁾

Cash, cash equivalents & marketable securities

(\$ in millions)



1. Total leverage is calculated as Total debt divided by EBITDA (as defined in credit agreement); Refer to Exhibit 10-2 of the RPRX IPO S-1 for compliance EBITDA calculation

2. Net leverage is calculated as Total debt less cash and marketable securities divided by EBITDA (as defined in credit agreement); Refer to Exhibit 10-2 of the RPRX S-1 for compliance EBITDA calculation

3. Acquisitions primarily relates to royalty acquisition of Entyvio and additional Epizyme equity in Q1 2020; Prevymis, IDHIFA royalty acquisitions in Q2 2020; Evrysdi and Biohaven transactions in Q3 2020; additional Tazverik tranche from Eisai, residual CF franchise interest and Orladeyo royalty acquisitions in Q4 2020

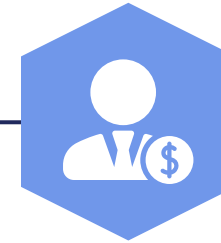
4. Other represents distributions to shareholders, debt amortization and other items

5. Refer to slide 21 for definitions; Refer to Royalty Pharma's Current Report on Form 8-K dated February 17, 2021 for a GAAP to non-GAAP reconciliation

Full-year 2021 guidance^(1,2)



**Adjusted Cash Receipts:
\$1,910 to \$1,960 million**
excluding new transactions^(1,2)



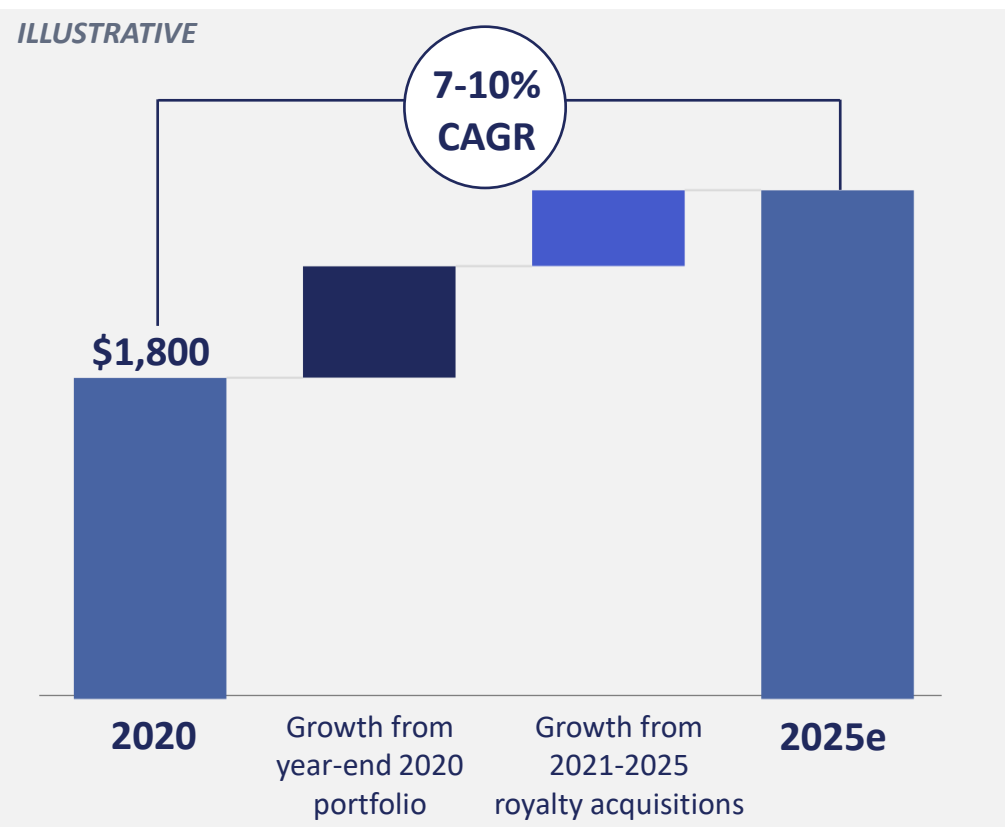
**Operating & professional costs:
approximately 9%-10%**
of Adjusted Cash Receipts⁽²⁾

1. See Slide 21 for definitions and for additional information regarding Royalty Pharma's 2021 full-year financial guidance

2. This guidance is as of February 17, 2021 and assumes no major unforeseen adverse events and excludes the contributions from transactions announced subsequent to that date. Furthermore, Royalty Pharma may amend its guidance in the event it engages in new royalty transactions which have a material near-term financial impact on the Company. See the information on page 3, "Forward Looking Statements & Non-GAAP Financial Information," for factors that may impact the achievement of this guidance

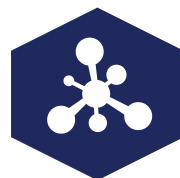
Increasing Adjusted Cash Receipts outlook for 2020-2025 CAGR^(1,2)

Adjusted Cash Receipts evolution, 2020-2025 (\$ in millions)



2021-2025 royalty acquisitions

- Targeting >\$7bn in capital deployment from 2020-2025
- Maintain IRR targets



Portfolio as of year-end 2020

- Diversified portfolio of royalties on >45 innovative therapies
- Weighted average duration of ~15 years

Projected Adjusted Cash Receipts CAGR from 2020-2025 increased to 7-10% from previous outlook of 6-9%

1. Previous guidance issued on August 12, 2020 projected an Adjusted Cash Receipts CAGR from 2020 to 2025 of 6% to 9%. Royalty Pharma's long-term outlook is based on its most up-to-date view on its prospects. This long-term outlook assumes no major unforeseen adverse events subsequent to February 17, 2021. Furthermore, Royalty Pharma may amend its long-term outlook in the event it engages in new royalty transactions. See the information on page 3 "Forward Looking Statements & Non-GAAP Financial Information", for factors that may impact the long-term outlook.
2. See Slide 21 for definitions

Conclusion

Pablo Legorreta

Founder & Chief Executive Officer

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Footnotes

- 1) To aid in comparability, % changes have been calculated based on the three and twelve months ended December 31, 2019 figures 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 Prospectus for additional discussion. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated February 17, 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

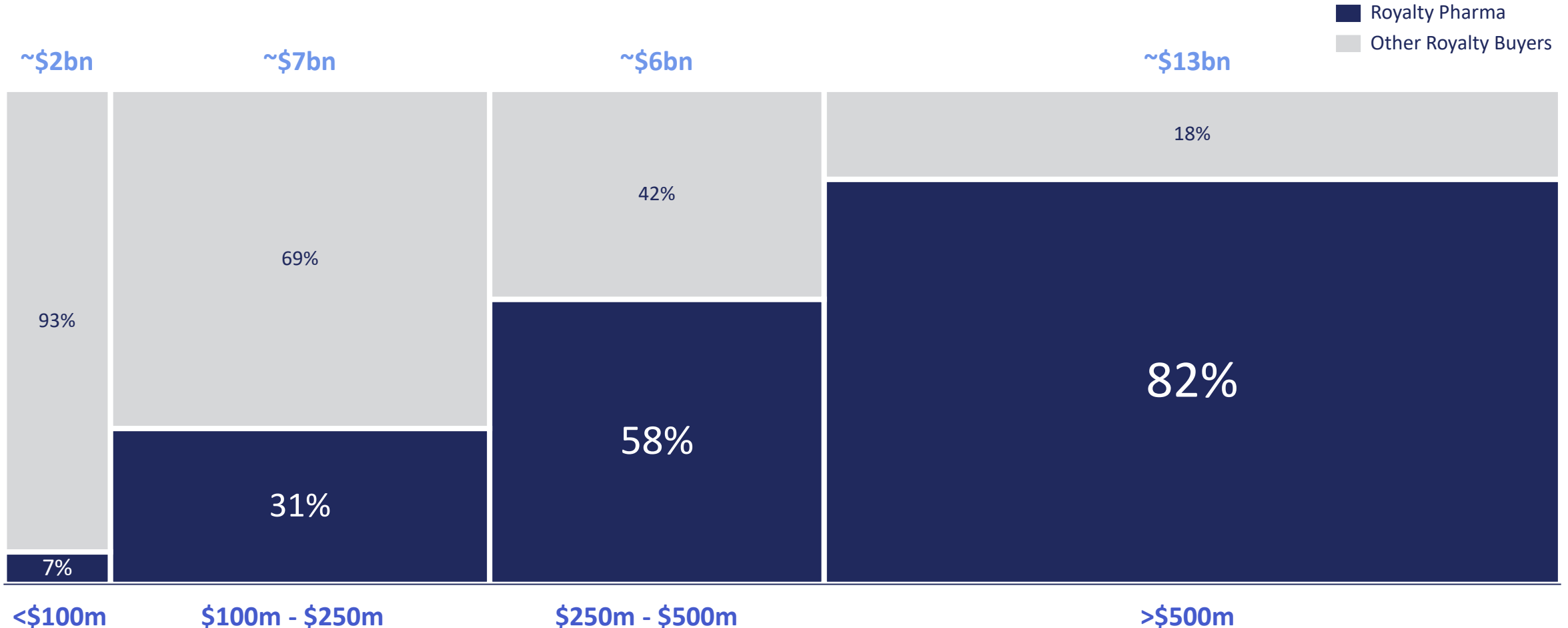
- 4) Royalty Pharma has not reconciled its non-GAAP 2021 guidance to the most directly comparable GAAP measure, cash flow from operations, at this time due to the inherent difficulty in accurately forecasting and quantifying certain amounts that are necessary for such reconciliation, including, primarily, 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.

Appendix

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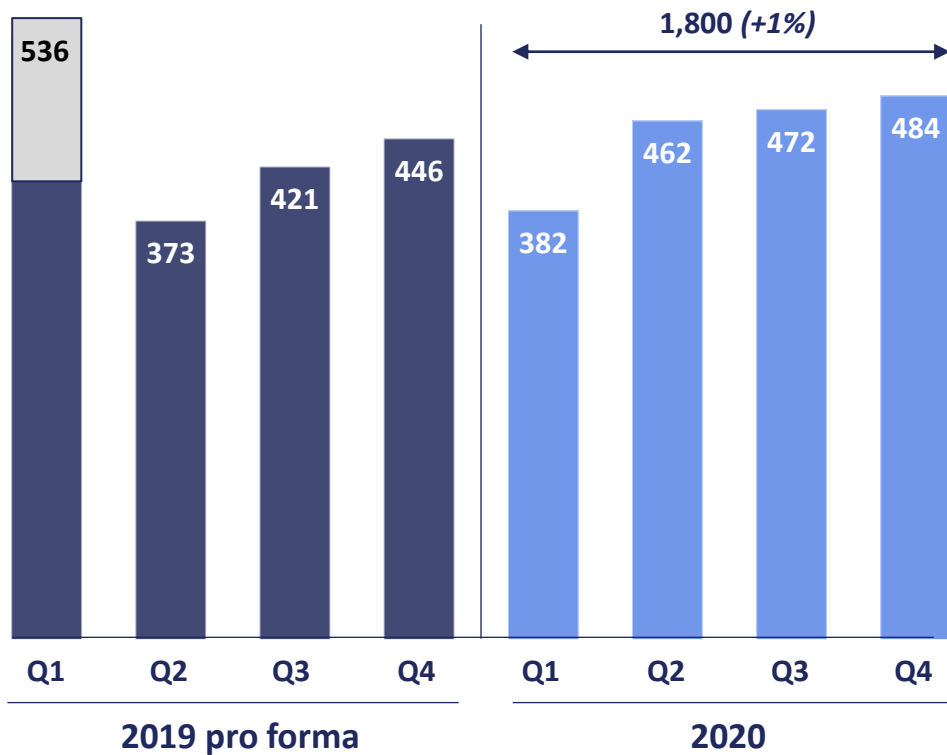
Royalty Pharma has maintained ~60% overall share since 2012

Estimated royalty market size and share by transaction value, 2012-2020⁽¹⁾



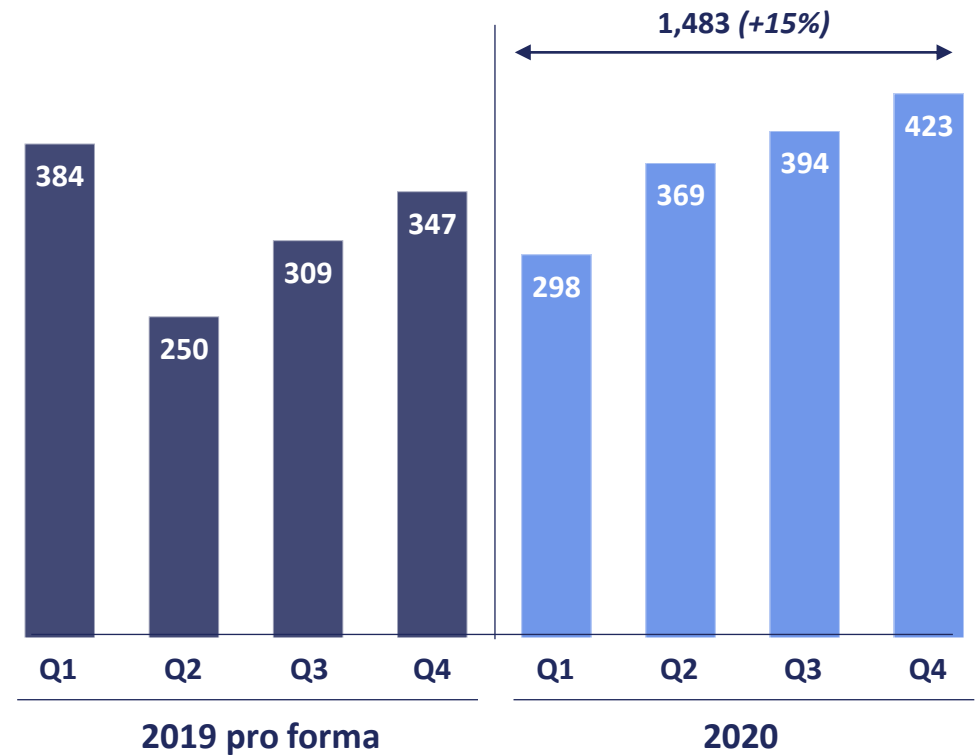
Delivering top and bottom-line growth

Adjusted Cash Receipts^(1,2)
 (\$ in millions, year/year growth)



 Tecfidera payment (\$150 million)

Adjusted Cash Flow^(1,2)
 (\$ in millions, year/year growth)



Distributions to non-controlling interest

- Royalty Pharma includes several non-controlling interests in our financial statements.
- The largest of these impacting the non-GAAP financial measures is an ~17.6% interest in substantially all of Royalty Pharma's pre-IPO investments held by some legacy investors. These legacy investors will not participate in acquisitions of royalties going forward.
- The interest of these legacy investors will exist through the life of the pre-IPO investments, but will decline over time as a percentage of assets as products expire and new royalties are acquired.

Products	Fourth quarter 2020 NCI as a % of Royalty Receipts
Cystic fibrosis franchise	17.6%
Tysabri	17.6%
Imbruvica	17.6%
HIV franchise	34.1%
Januvia, Janumet, Other DPP-IVs	34.1%
Xtandi	17.6%
Promacta	17.6%
Farxiga/Onglyza	17.6%
Prevymis	0.0%
Crysvita	17.6%
Erleada	17.6%
Emgality	17.6%
IDHIFA	0.0%
Tazverik	17.6%
Nurtec ODT ⁽¹⁾	14.8%
Trodelvy	17.6%
Evrysdi	0.0%
Lyrice & Letairis	34.1%
Other Products (Blended) ⁽²⁾	53.1%

1. Nurtec ODT NCI % represents a blend across two separate royalty interests

2. Represents a weighted blend of distributions to non controlling interest for royalties in Other Products. Excluding a one time delay in timing for payments related to Q3 2020, the weighted blend in Q4 2020 would have been 27.2%