REFINITIV STREETEVENTS

EDITED TRANSCRIPT

RPRX.OQ - Royalty Pharma Plc at Goldman Sachs Global Healthcare Conference (Virtual)

EVENT DATE/TIME: JUNE 09, 2021 / 7:50PM GMT

REFINITIV

CORPORATE PARTICIPANTS

Terrance Coyne *Royalty Pharma Plc - Executive VP & CFO*

Marshall Urist *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

CONFERENCE CALL PARTICIPANTS

Terence C. Flynn *Goldman Sachs Group, Inc., Research Division - MD*

PRESENTATION

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Great. Good afternoon, everybody. I'm Terence Flynn, the U.S. biopharma analyst at Goldman Sachs. And today, we're very pleased to be hosting Royalty Pharma at our virtual conference.

Joining us from the company today, we have Terry Coyne, the company's CFO; and Marshall Urist, who is Co-Head of Research and Investments. Thank you both so much for taking time out of your day to join us today.

I'm going to turn it over to Terry for some opening remarks, and then we'll launch into some Q&A.

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Great. Thanks, Terence, and thanks to Goldman Sachs for hosting us today.

Before I get started, I'd like to remind everyone that the information discussed today contains forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. I refer you to our 10-K on file with the SEC for a description of these risks.

So Royalty Pharma is the largest acquirer of pharmaceutical royalties and a leading funder of innovation in life sciences. We have a unique business that benefits from many of the tailwinds that we're seeing in life sciences today. This includes the remarkable innovation leading to more companies and larger capital requirements.

Much of this innovation is occurring at academia and at smaller biotechs, which increases the number of royalties. And then also, we're seeing, obviously, an aging population and a growing middle class. All of these things, we think, are important tailwinds for our business.

Over the years, we've assembled a portfolio of over 45 products, including 20 blockbuster products. Our royalty portfolio has a weighted-average life [of approximately] (corrected by company after the call) 15 years. We focus on long-duration assets with nice growth ahead of them.

From a financial perspective, 2020 -- in 2020, we had Adjusted Cash Receipts of $1.8 billion. That's our -- that's what we view as our top line. And we had Adjusted Cash Flow of $1.5 billion, which is what we view as our bottom line. Since 2012, on average, we've deployed approximately $1.7 billion per year on new royalties.

Our portfolio today includes many of the marquee products in our industry, including Vertex's cystic fibrosis franchise, AbbVie and J&J's Imbruvica; Biogen's Tysabri; and Pfizer and Astellas' Xtandi. Our portfolio also includes many exciting launching products, like Gilead's Trodelvy, Biohaven's Nurtec ODT and Roche's Evrysdi.

And finally, our portfolio includes a number of development-stage products. A couple that I would highlight are Biohaven's zavegepant for migraine and AstraZeneca's PT027 for asthma. Both of these programs will have pivotal data this year.

And then most recently, we added 4 additional development-stage products with the MorphoSys deal that we announced last week. The 2 that I would highlight here are Roche's gantenerumab for Alzheimer's disease and Glaxo's otilimab for RA. Both of these are going to have pivotal data next year.

Our portfolio is diverse across products, therapeutic areas and marketers. Taking a step back, royalties are a fundamental and a growing part of biopharma innovation. 2020 was a record year in terms of both the number of royalty transactions and the total dollar value of royalty transactions. And since 2012, Royalty Pharma has had a 60% overall share of the market.

We're particularly strong when it comes to bigger deals. So transactions over $500 million, we've had an 80% market share. A great example of this was the MorphoSys deal we just announced for up to $2.025 billion. This deal was anchored by J&J's Tremfya. It's a product that's approved for psoriasis and psoriatic arthritis and in development for UC and Crohn's. It sold $1.3 billion last year, and consensus has it getting to around $5.5 billion by 2030.

The deal also included 4 development-stage products. So I mentioned Roche's gantenerumab and Glaxo's otilimab. It also included Constellation's pelabresib and CPI-0209, which were the key assets in MorphoSys' acquisition of Constellation.

And finally, the deal included development-stage funding bonds, which rounded out the transaction, and we expect to provide an attractive return to Royalty Pharma. This deal really highlights our flexible and creative approach to helping our partners achieve their strategic goals. And for Royalty Pharma, we're adding some very nice products approved and development stage, and we expect it to enhance our long-term growth.

The deal hits all 3 pillars of our strategy. So we have an approved product in Tremfya. We brought in 4 late-stage development products. And it was also an M&A transaction which was enabled by Royalty Pharma's capital.

This is just one example of how we have been growing our business. And we're really excited about the opportunities ahead and the increasing role that we can play in funding innovation.

With that, why don't I turn it back to you, Terence, to take some questions?

QUESTIONS AND ANSWERS

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Great. Great. Congrats on all the progress. Maybe just starting on MorphoSys just given the recent deal here. You've highlighted how this illustrates your ability to facilitate smid-cap to smid-cap M&A. And that's been a segment of the market that maybe hasn't had an opportunity for that kind of a transaction.

So maybe talk a little bit more about the dynamics there, how you're well positioned to benefit here. And then how do you think about the cadence of these type of deals? Obviously, as you mentioned, MorphoSys had a number of things that check certain boxes that you were looking for. But how do you think about the forward opportunity set here?

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Why I don't I start, and then Marshall can chime in? Yes, I mean this was a unique transaction, but a lot of our transactions kind of have different flavors. This touched on a lot of different sort of sources of capital for us that we were able to provide.

But I think it really -- it's really for us just keeping a very open mind, trying to understand what our partners' goals are and trying to be creative and work with them to achieve their capital goals and their corporate goals. And I think that this is a great example of being able to do that. In terms of the cadence of future deals like this, these ones are tougher to predict because the stars really do need to align.

What we've been really encouraged by is sort of what feels to us like a growing and deeper market. And we've seen it the last couple of years, where we didn't have a transaction of this size. And this is not the biggest deal we've ever done, but it was certainly on the larger side of things.

But we've had a number of sort of deals that were in the mid-hundred-million-dollar range. We did 7 transactions in 2019, 8 transactions in 2020. And I think what we're feeling is that the market is really deep. And these included multiple different types of products, different partners, different sellers.

But I think it's -- we feel like there is a growing role of royalties in our industry. And then these bigger ones, they're going to come around every so often. Predicting when they're going to happen is a little bit more challenging.

I do think we all feel like mid-cap M&A is an area where we can really add value. And we haven't seen a lot of it, but we do feel like it could become a growing part of sort of the overall M&A environment.

Maybe I'll turn it to Marshall to add other comments first off.

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

No. I think that was good. I think the only thing I would add to that is when you take a step back, I think one of the -- we see a couple of things coming together, which is there's been an incredible amount of innovation, right, and new products being developed and an incredible amount of company formation, right, behind those products. And I think more and more companies are going to be reaching commercial stage and needing to gain scale and want to become -- have a diversified pipeline, diversified product portfolio. And that is another source of acquisitions in our world that hasn't gotten as much attention.

I think like Terry said, that's a place where the traditional ways to think about potentially funding M&A, which is usually all cash deals as we sort of think typically of it is harder, right? And so to Terry's point, a place where different types of financing can really facilitate that. So I think that was thematically the points we wanted to make.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Great. And I think one other thing, and I think Pablo had touched on this on the conference call, is just the long duration of these relationships. So you guys obviously have been building these relationships with a lot of these companies for a long time. And it's always a question of when a deal might happen. You never know if everything is going to line up, as you said, Terry.

So maybe just give us a little bit of background there. And do you see that as one of the potential hurdles for others coming in here? Again, I know that's one of the other questions we get is just as you think about your competition, like what are the barriers to others kind of coming in here to this space?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Maybe I can start on MorphoSys, and then Terry, you want to talk about competition more broadly. I think the long-term kind of tenure of, one, our team and I think Royalty Pharma's approach to things is important. And MorphoSys is a great example. I mean Pablo mentioned the anecdote of visiting there 10 years ago to talk about their platform and the royalties that we're creating, that would be creating and having an ongoing dialogue over that time.

And that's powerful, I think, for a couple of reasons. One is it's really important for relationship development. But then it also means that we've been following and thinking about these products over years at a time, right?

So -- and we've been sort of building our conviction and thinking about the -- our forecast and what we might think it might be worth. And then we -- that there's a give and take. But then when it's time, when everything comes together and it's time, we've really put a lot of time and thought in at that point and sort of gives us the conviction to move and to move quickly when we need to.

And so I think all that sort of long-term thinking is really important. And I don't know, Terry, you can talk about the competition piece.

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Yes. I mean, certainly, relationships are one aspect of the business and sort of our longevity. And we're talking to these companies for a very long time before transactions actually happen. Oftentimes, that enables us when they're ready to be able to move fast and have conviction, like Marshall said.

But I think that the other key aspects are just sort of our scale, our cost of capital. You can see that in the market share numbers that I described of over 80% in the bigger deals. We think that, that is a real competitive differentiator, our ability to access investment-grade debt.

And then finally, just the team and the expertise and the sort of knowledge that we've built up over the years and the process, I think all of that leads to a recipe that we think will really enable us to continue to maintain a dominant share well into the future.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Great. Maybe digging into a couple of the other product-specific aspects of the MorphoSys deal. So Tremfya, you guys have characterized this as the anchor of the deal. And Terry, you talked about consensus estimates here. But when you look at psoriasis, IBD, obviously, very, very competitive areas here. They have been growing over time.

But maybe, Marshall, you could kind of give us your thoughts here on the competitive landscape. Why do you -- why are you confident in those consensus numbers? Obviously, you guys have your own estimates. But again, as you think about the forward opportunity there, how do you think about the key drivers of growth on Tremfya?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Yes. Sure. No, it's a good question. And so just a couple of historical points. This has been an area where Royalty Pharma has been very active historically. At various times, we've owned royalties on Humira and Remicade and Cimzia. And so we've obviously spent a lot of time in this area.

And I think specifically on Tremfya, I think a couple of things. One is it's hard to underestimate, I think, the importance of marketer in a market like this, right? And J&J is one of the best out there around the world.

And so I think that's a really important thing. Certainly, something that we think about when we're looking at things is, who is the marketer? Can they really do this globally? And I think you can't sort of have anyone better than who we have.

I think on the fundamentals of the market, it's important to keep in mind that you talk about price, but you can't sort of divorce that from volume. And I think one of the things we've seen in this market is look at -- yes, net price has been under pressure, there's no question about that. But these products have still been growing incredibly well, right?

So what it tells you is, right, that's fine, right? Every market is going to find its place. And the overall growth dynamics, I think, in this market are really encouraging.

First of all, you have incremental product performance. And in some ways, the IL-23s are, I think, when you talk to physicians, viewed as the sort of best -- the best, most efficacious products out there. The sponsors have run head-to-head trials against the other products that are out there and shown their superiority.

So I think from that perspective, the data really supports it and -- just citing what AbbVie and others have talked about, that I think from a structural perspective, these products are still pretty under-penetrated, right? When you think about -- I think AbbVie has talked about sort of teens in psoriasis. And it's higher in IBD and even RA but still nowhere near what peak penetration could be.

So I think the volume story there remains pretty encouraging. There are going to be biosimilars and everything else in all those cross currents. You can assume we took all of that into consideration as we looked at this.

And IBD, I would just sort of -- is an important part of the thesis here. Still, I think, a lot of opportunity there for new products and another place where J&J has a lot of market power. So I think you put that all together, like Terry said, it's the anchor of the deal and one we're pretty excited about.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Great. Appreciate the context. The other, obviously, very interesting, timely asset now is the gantenerumab royalty given the FDA decision this week. I know you guys have gotten -- you got this question in the past during the IPO, et cetera, is are you looking for a royalty on an Abeta antibody. And so you have this opportunity here with gantenerumab post the FDA approval on Biogen's aducanumab.

So as you guys think about gantenerumab, maybe just what did you like about the opportunity here? What's similar, what's different versus aducanumab? Because I know a lot of people are comparing and contrasting all these different Abeta antibodies. And again, how should we think about the opportunity for this asset?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Sure. So I can touch on a couple of things there. I think a couple of important points to make. I think about Royalty Pharma generally as -- this sort of shows you, we've been kind of following and thinking about Alzheimer's for years and looked at many things and then didn't -- had the discipline that's important to our process. I think we've talked about that many times, to wait until something made sense. And this made a lot of sense for us. So I think it's sort of -- it's a good example of we will wait for the right time to get involved in these kind of markets.

Specifically on this one, it's important when we made the investment, we -- it was -- it just so happened that the timing was that it was days ahead of the aducanumab PDUFA, but we were happy to see that. I think overall, it's really, I think, a positive for our interest in gantenerumab in the sense that this market, as everyone now is sort of thinking through, is going to take some development, right? It's going to need to come together.

And so I think having someone out there making those investments, getting the market formed and everything else is -- will be a positive. I think the FDA's decision sort of shows this is an area where they're willing to have some flexibility, which is important.

But that being said, we felt like -- and I think we talked about this on the call last week, was that Biogen -- sorry, Roche has designed a great program, right? And so we think they have 2 very robust studies. And we're hopeful -- not that there's not still risk there, of course, it goes without saying. But we're hopeful that next year -- that we'll see some good data.

I think in terms of product profile, just to hit that, what you talked about there, I think we liked a few things about it. I think, number one, the fact that it's subcu. I think for this marketplace, as people are thinking about what it will take to have millions of people, even hundreds of thousands of people, going into infusion centers takes a lot of infrastructure. And so I think having a subcu product is a nice -- is a really nice part of the product profile.

And second, the other thing that maybe gets a little bit less attention, we'll see how it plays out, is Roche designed it with a very -- with a much longer dose titration, right? And so how that ultimately plays out in the label and what MRI monitoring is required, we'll have to see.

But I think that -- and then lastly, just together with the fact that Roche is a really powerful marketer in this area, especially on -- again, coming back to the global piece. For us, you put all those things together, we were -- this is one we're excited about and happy to have in the portfolio.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Great. Maybe one and, again, I know it's not directly related, but just were you guys surprised by the price point of aducanumab? I know you guys follow these things obviously closely, but were you surprised by that?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

I guess we're sort of used to being not something we ever control really in any of our investments where the price point is. So I think we took the approach we always do, which is take a scenario-based approach of, this is what it looks like if the price is high. And like everyone is doing, you have to think about high price has its own ramifications. Think about that and look at lower prices as well. And like we've talked about in the past, across all of those scenarios, we really felt like there was an attractive opportunity here.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Great. Maybe back to strategy. Just as we think about -- this was obviously, as you said, Terry, one of the more sizable transactions that you guys have done. It used a big chunk of your cash. And so obviously, you're generating more cash on the forward. But as you think about your kind of near-term ability to do deals, does this somewhat limit that?

And then would you ever consider using equity to do a deal? Like let's say another cystic fibrosis-type opportunity came around over the next month or so, how do you think about using equity to do those type of deals, larger deals?

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Yes. So we said that we're going to fund this with cash on our balance sheet. And the business is -- obviously generates a good amount of cash every quarter with sort of high margins. We have a high sort of conversion of royalties that come in, that cash is at the bottom that can be reinvested.

But we also have nice leverage capacity. So we're going to be around 3.3x total debt-to-EBITDA pro forma for this transaction at the end of the second quarter. And so that leaves sort of $1.5 billion-ish range of sort of dry powder on the debt side. And then a lot of times, like in this transaction, Tremfya has EBITDA. So you get sort of pro forma credit for that.

So I think we feel very comfortable with our ability to continue to do deals. We obviously are constantly looking at this and need to make sure we understand what -- the profile of the things we're looking at and the dry powder that we have.

In terms of equity, that is sort of the third bucket after we've used those first 2. It was a reason to go public because we see a lot of opportunities ahead. So I think it's something that, from time to time, could happen. But I think it's -- we're certainly going to be focused more on those other 2 buckets. Over the years, we've raised very little equity and really been able to be very sort of self-funding and then to use the debt when -- from time to time as well.

Just to sort of remind you, we said that we would take -- we're comfortable taking leverage up to 4x or a touch above 4 when we have a clear path to de-levering from there. And we are very committed to maintaining our investment-grade credit rating.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Great. And I guess as you think about the top of the funnel, obviously, this has been a pretty active year for the company here. Is that just, do you think, a function of you're seeing more opportunities come into that funnel now? And so there's been a step-up in activity as a result? Or do you think it's more just there's been higher quality stuff that's been coming out that -- your kind of analysis process. And so as a result, that's led to the high level of activity that we've seen thus far.

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

You want to take it, Marshall?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Sure. I can start on that. So I think probably there's multiple things going on. And to be honest, I think the biggest one is maybe one that you didn't mention, I think, which is that I think people are thinking of royalties as a funding source increasingly as an important part of the process.

We've talked about thematically how important that is, right? If you think about the sources of capital available to companies, it's pretty plain vanilla, right, in the past. It was equity or it was a convert, or some companies got to the point where they could access straight debt.

And if you wanted to do product-specific financing, right, what that really involved was a partnership with a big company, where you gave up a huge chunk of the economics forever. And I think what's been interesting is -- and one of the big drivers for us, I think, in terms of what we're seeing is that royalties and that sort of opportunity to surgically finance against one program is something where there's a lot of growth, right?

And so I think that's the other thing we're seeing is companies are just thinking about this now as an alternative, which is, I think, has really been impactful in terms of the top of the funnel, as you said, alongside the other things that you mentioned and just the fact that there's more activity. And this whole sort of rising tide kind of lifts all boats, too, as there's been more, I think, capital markets activity, more companies, I think that's also a driver for us, too.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Understood. Maybe just one on the recovery and guidance. Most companies in the industry, as you guys know, have anchored to a second half recovery. I think we're kind of seeing that play out now as we heard from a number of companies at the conference here over the last couple of days. It sounds like trends in the U.S. have been steadily improving here, fortunately. Across the world, it differs a little bit.

But as you guys think about that recovery, maybe just talk about how you see the second half of the year shaping up. Obviously, you raised guidance on your first quarter call, Terry. So maybe you could help us think through the drivers there, that guidance raise as well.

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Yes. Sure. So we did -- we raised guidance on our first quarter call for the year. We're pleased by some of the sort of strong performance we've seen across the portfolio, particularly with things like CF or Tysabri and also Xtandi. But that was also offset, we highlighted, by sort of declines as products sort of have been genericized within Gilead's HIV franchise. We sort of saw larger-than-expected declines there, but we were still sort of, net-net, able to increase our guidance for the year.

I think we feel good about how the business is performing, how things are shaping up. I don't think we're, at this point, going to say anything more about the guidance. We actually -- we don't get sort of real-time information like the other companies that you're talking to. We're sort of getting

it a lot of times on the quarter, just like you are. So we've obviously been paying attention to everything we're hearing from them, and it sounds like it's encouraging.

And then obviously, a factor will be when we close this transaction with MorphoSys and whether we're getting sort of third quarter and fourth quarter of Tremfya royalties or just fourth quarter of Tremfya royalties. So all those things will sort of weigh in. And we'll be -- we'll probably discuss it on our second quarter earnings call in August.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Great. And then Tremfya would be just dictated by deal closing time, right?

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Yes. I mean if the royalty -- if the deal closes after they've got the payment, then it would sort of be netted and most likely netted in the price that we pay, but we wouldn't actually record it as a royalty receipt. So it's just sort of a nuance, right -- it depends upon exactly when the deal closes and when the royalty comes in.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Understood. I guess one other, just on the strategic side before we go to a few other product questions, is the MSCI collaboration that you guys announced. This was prior to MorphoSys. But again, it seems kind of an offshoot of kind of your core business.

And so maybe what was the rationale there? And then how do you think about the revenue opportunity for this opportunity set?

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

So I think the way that we would describe it is it's complementary to a lot of the intellectual capital that we've built up over many years and just another way, we think a pretty creative way to monetize some of that intellectual capital. So obviously, we're always following -- just like you and I'm sure many of the investors on this call, following where the exciting innovation is occurring in the industry. And we have this data and analytics team that really can sort of methodically track that. And we're going to work with MSCI to create these indices on exciting therapeutic areas.

It's -- I think the way that we're thinking about it sort of from a financial perspective is it's something that's likely to start pretty small and hopefully build to something that's attractive over time. We haven't been any more specific than that.

But the nice thing is that it is an important trend that's happening as there are more sort of thematic indexes out there. I think our view and MSCI view is that life sciences is actually underserved from that perspective. There's a lot of stuff in other sectors but not so much in life sciences despite the incredible innovation. So there's real opportunity there.

And the nice thing for our shareholders is it's not really going to require much in terms of additional capital. And it's something that -- if it does become a nice contributor, it's something that we would expect to grow over time. And it's -- unlike royalties, it's -- many of them, of our royalties that have patent expirations and generics, this is something that could be a perpetuity. So that's another nice aspect of it.

We think it just sort of highlights -- we try to be creative. We try to be pretty open-minded about ways to sort of monetize what we do every day. And this is another example.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

And how long do you think it would take to kind of scale that or build that out?

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

I think we're thinking years. It's not something that's going to happen like in the fourth quarter. It's kind of -- it takes time. You have to create the indices. You have to -- MSCI has to market them. And so it's a process but it's -- yes. But over time, it could be something that's attractive to Royalty Pharma and with not a lot of additional costs.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Great. Maybe just moving on to some of the product side questions now. so migraine is a market that you guys have invested in here via Biohaven Emgality. And so as we think about the forward, I guess, I'd say on a near-term basis, CGRPs, the injectables have -- price has been a pressure point. We haven't seen a ton of growth. I think some of the companies have talked about expanding out to the PCP audience.

But as you think about kind of maybe where you guys are levered to this market, how confident are you that we will see a broadening of usage and really an acceleration to make this one of the potentially maybe a larger category like we're seeing in immunology, which we were talking about earlier, Marshall?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Yes. No, totally. It's a great question. And I think one of the important things I think are cool things about Royalty Pharma that CGRP kind of highlights is our unique ability in a lot of ways to have multiple opportunities within one class, right, within one class like CGRP.

And so we can, in some ways, have -- like you said, we have an injectable and Nurtec ODT and then also kind of expanded our investment behind zavegepant, which is going to be more of, I think, a pure prevention oral, at least initially. So I think it's cool that wherever the volume growth comes from ultimately in that market, I think it's kind of a cool thing about our business that we'll be able to benefit from that.

And I think on -- and then specifically to your question is, yes, I think we are -- on the injectable side, I don't think we're sort of shocked by what's happened there. When you have 3 major products in a market like that, I think we have lots of comps on kind of how that goes, right, from a pricing perspective, especially in a market with the volume potential like this one.

And so we still feel good about all the opportunities we have there. I think some of these things about pushing maybe a little bit more beyond specialists or the like -- or the rapid adopter kind of primary care or neurologist might be doing this, those things take time, right? And you have to get comfortable, they have to get comfortable, especially when their injectable product is probably a little bit -- it takes a little bit longer.

So I think just given the cumulative, I think, investment there that we're seeing from industry, from, I guess, like 5 big companies now trying to develop this market, I think we feel good about where this is headed.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Okay. Great. The other one I want to touch on here is Trodelvy. Again, you guys had a pretty unique deal structure here, too. So maybe you can tell us a little bit about that. And then how are you thinking about some of these other tumor types beyond TNBC and bladder?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Sure. So just a little bit of history. Trodelvy was one of the earlier synthetic royalty transactions that we did, where we partnered with them in January of 2018 for a $250 million deal that was actually $75 million of equity and then $175 million for a royalty. And they were kind of moving towards an FDA filing at that point.

So it was pretty early on but I think a great example of the power of a synthetic royalty in the sense that it was an equity-sparing financing for a relatively modest royalty that left the product totally unencumbered. And then they were able to get it approved and launched. And then we all know the sort of end of the story from an Immunomedics point of view, which was the Gilead acquisition last year. So I think a great story in terms of what that kind of part of our business can do and how it can help our partners get to where they need to go.

Specifically on Trodelvy, when we did the investment, obviously, the focus was really on the triple negative and bladder mostly. And then we looked at other things like HR positive or lung or some of the other ones as sort of upside scenarios or other scenarios that we're looking at.

I think we're still really excited. It seems like on the HR positive, which is part of your question, I think has been getting a lot of attention. We feel good about that. Gilead did upsize the trial. And I think they've maintained, I think, a pretty positive confident stance on that data. The trial seems pretty robustly powered at this point for a benefit for Trodelvy. So to us, I think we're still pretty excited about it.

And then beyond that, I don't think that's sort of the end of the road in our mind given that there's still a pretty significant opportunity in moving earlier in triple negative and then some of the other tumors that they're looking at. So I think we're excited, really excited to have a company as motivated and as big as Gilead to sort of maximize the opportunity there, which is what's oftentimes really required in oncology these days to maximize an opportunity.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Great. And maybe just the last one to touch on is Oxlumo in PH type 1. So this was, again, another recent deal here. Maybe just remind us kind of current diagnosis rate, what's the market opportunity? And then how you guys thought about the Dicerna drug as maybe a potential competitive threat?

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

Yes. Sure. So I think Oxlumo is a really exciting product for us. And we did spend -- like any orphan opportunity, we spent a lot of time thinking or trying to diligence as much as you can as a product like this, talking -- spent time talking to the people who run the registries around the world and everything else to get comfortable with the opportunity out there.

Alnylam, I think, publicly has talked about this as an over $500 million opportunity in the fullness of time. Alnylam is a great example, right, we're talking about J&J before, of strong marketers. I think for a product like this, I think we couldn't ask for a better marketer than Alnylam, right? They know these markets. They're doing a great job with the orphan portfolio. So we're excited about that.

On Dicerna, we actually -- it's sort of a unique situation, but obviously, we bought the royalty from Dicerna. They have a good product as well, no question about that, and does serve the PH2 and 3 populations as well.

And so like you've heard us say before, we thought about a lot of different scenarios. We obviously assume that product would be approved and it would have a place in the market, no question.

So we think the Dicerna's team is great. They've done a great job developing that product as well. But again, coming back to sort of this scenario-based approach, we looked at a wide range of scenarios and got comfortable with the Oxlumo opportunity.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. Well, I think we're up against time now, guys, but I really appreciate the time and insights today. Thanks so much, and best of luck for the remainder of the year and stay safe.

Terrance Coyne - *Royalty Pharma Plc - Executive VP & CFO*

Thanks, Terence.

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

You too, Terence. Thanks for having us.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Thanks so much, guys.

Marshall Urist - *Royalty Pharma Plc - Executive VP and Co-Head of Research & Investments*

All right. Bye-bye.

Terence C. Flynn - *Goldman Sachs Group, Inc., Research Division - MD*

Bye.
