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RPRX.OQ - Royalty Pharma PLC at Citi Global Healthcare Conference

EVENT DATE/TIME: DECEMBER 04, 2024 / 6:45PM GMT

OVERVIEW:

Company Summary

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CONFERENCE CALL PARTICIPANTS

Geoff Meacham *Citi - Analyst*

PRESENTATION

Geoff Meacham - *Citi - Analyst*

Welcome to the afternoon session. This is the second day of the First Annual Citi Global Healthcare Conference. I'm Geoff Meacham. I'm the senior biopharma analyst, and we're thrilled today to have Royalty Pharma on stage and Terry Coyne, CFO, right next to me; and Marshall Urist, Head of Research and Investments. So guys, welcome.

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

Thanks, Geoff, for having us.

Marshall Urist - *Royalty Pharma PLC - EVP, Head of Research & Investments*

Thanks for having us.

QUESTIONS AND ANSWERS

Geoff Meacham - *Citi - Analyst*

So maybe just kicking off, guys, with kind of what the business momentum looks like for the underlying royalties going into 2025. I know you guys have -- you turn the card over on a lot of new drugs and new launches, and I just wanted to kind of think about that as being maybe an accelerant for top line?

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

Yeah. So it's a great question. I think we're really excited about the products that we've added to the portfolio. Certainly, we've had a good year of adding exciting, launching growth assets this year.

But really since our IPO in 2020, we've expanded the portfolio dramatically, added over 30 different products, varying stages of maturity, but most of them still with a lot of growth ahead of them. So when we sort of think about the portfolio overall heading into next year, we're looking at strong growth drivers like Tremfya and Trelegy and Evrysdi to continue to be major contributors for us.

And then just recently, we've added a number of products that are launching or expecting to launch in the near term. So just to sort of name a few, Voranigo, which is a product for low-grade glioma. It's marketed by a private French company. So maybe there's not as much excitement on that product in the investment community, but we think that it's going to be a really important product. We're excited to watch that launch next year. It actually launched, I guess, in the third quarter, but we expect that to be a nice contributor. And then a product like Yorvipath and Niktimvo and Rytelo, we've kind of been prolific over the last couple of months and added some really interesting products. And I think that all that, we think,

will be important drivers next year. And we also have a base of products in the portfolio that we still are going to continue to be important contributors for us like cystic fibrosis, and Xtandi, and Erleada, just to name a few.

So we think --

Geoff Meacham - *Citi - Analyst*

So Cobenfy, looks like --

Marshall Urist - *Royalty Pharma PLC - EVP, Head of Research & Investments*

That's another one, Cobenfy. So yeah, lots going on next year.

Geoff Meacham - *Citi - Analyst*

Well, let's talk bigger picture. I know you probably guys have gotten a lot of questions on potential policy changes. We just had a chat with Scott Gottlieb on talking about IRA changes. I mean, maybe just help us kind of book end what you would think would be the pressing policy issues most directly affecting Royalty Pharma? I think most people expect rates to go down, inflation to go down, and maybe greater investments, but I wanted to get kind of you guys' perspective?

Marshall Urist - *Royalty Pharma PLC - EVP, Head of Research & Investments*

Yeah. I think for us, like a lot of people in biopharma, I think we're a little bit in wait-and-see mode, right, to see what happens in terms of how the administration comes together.

Overall, on IRA, I think whichever way things go, we're fortunate that the portfolio just doesn't have a ton of IRA exposure. We do, one of the products Terry mentioned, Trelegy. I think assuming no other changes to the nine versus 13 is one that will be negotiated. But I think overall, the portfolio is positioned so that the IRA changes are not going to have a massive impact on our portfolio.

Geoff Meacham - *Citi - Analyst*

Right. And given some of the disruption on bigger policy issues like tax reform and the like, I mean, I think unlikely. But what's the -- is that something that could be thrown into the mix next year?

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

Yeah, we're -- I think we wouldn't expect anything from a tax position change there.

Geoff Meacham - *Citi - Analyst*

Okay. Terry, you mentioned all the deals that you guys have done. And I think when you IPO-ed, it was about, what, \$5 billion over three years or something like that, and you've done two a year, right? And is there an opportunity as your top line grows and your EBITDA grows to further expand that above kind of a \$2 billion threshold on an annual basis?

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

It's a good question. So just when we went public, we guided to \$7 billion over five years, it's like \$1.5 or so. And then two years into that, we increased that number to \$2 to \$2.5, around \$10 billion to \$12 billion over the next five years.

And we've been kind of at the upper end of that range. I think for us, there's certainly opportunity -- there could be opportunity for that number to grow. I think it's going to happen sort of naturally over time, because the capital needs are so significant, the role of royalties is increasing. And I think that we're continuing to make sure that we take a measured approach and invest in the best assets across the industry that we can. And at the same time, as the business continues to scale, there's also an opportunity to look at how we're going to return capital to shareholders as well, which we think is a really important tool. So we have a dividend in place, and we're committed to growing that by mid-single digits, but also we have a share buyback. And we certainly recognize the value in our equity, certainly at these levels, which we think it trades at a pretty significant discount to the intrinsic value.

Geoff Meacham - *Citi - Analyst*

It does. Yeah. I mean, let me ask you just on that. I mean, the -- but priority number one by a wide margin is still to redeploy and reinvest in new royalties, right?

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

We see a really big opportunity there. And we have been really excited by what we've added. And we don't see any signs of that slowing down. And the pretty amazing thing is our position in the industry has grown and the role of royalties has grown, we've been able to sort of see sort of an upward trend in the sort of returns that we are able to generate, which is unusual for a company that's been at it for 25 years to feel like we're a little bit of an upswing there, which is great, because that's kind of the opposite of what you typically see.

Geoff Meacham - *Citi - Analyst*

I know, Marshall, everyone always asks you guys like how the process has evolved, like from 10 years ago, it's sort of right now. I mean, you have a lot more assets, I would say, I mean, drugs can launch a lot quicker now and you have some really unusual situations like with GLP-1s or the COVID vaccines, right? So is there substantial changes to the process? Or has it evolved really much at all in the past like five years?

Marshall Urist - *Royalty Pharma PLC - EVP, Head of Research & Investments*

Yeah. No, that's a great question. It's evolved a lot in the sense that I think the -- but the core principle that Terry mentioned of what we're looking for is really, really high quality being associated and investing in really high-quality products with structures that are win-win for us and our partners. And I'll talk to process in a second. But as Terry was talking about, we talked about \$2 to \$2.5 a year on average, right? But it's not as though we get to work every day if the first half of the year is slow and say, oh, we got to turn on. We got to find some stuff, because that's what we've said. The truth is we're out there, just, we have a bar and we've seen a lot of -- I think what you've seen in terms of capital deployment is just having a ton of great opportunities that met that threshold, right? Rather than us trying to hit a number every year.

On the process side, we've made investments in both expanding the team, right? As the size of the opportunities. So we've grown the team very substantially over the last few years to be able to meet that and process everything that we're seeing. We've invested pretty aggressively in data and resources. So to your point about as the commercial markets have become sort of more complex in understanding them, we've tried to bring every kind of resource to bear to keep us ahead of the curve.

So yes, I mean, I think the number, when I think back 10 years ago, the number of kind of data inputs per investment, the number of different ways that we have to analyze something has expanded dramatically over the last few years.

Geoff Meacham - Citi - Analyst

Has it increased your probability though of success or to early to tell at this point, like using more analytics, using more -- I'm assuming, more scientists, more sort of basic research type of analysis, looking at some of the opportunities?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yeah. I mean the -- that's part of it. The biggest place we've invested has actually been on the commercial analytics side, right? Understanding patient journey, being able to build our own sort of epi assumptions and not just relying on them from like a pharma company's investor deck or like an academic paper is really investing there aggressively.

And yeah, I mean, I think it definitely has expanded our opportunities because we can look at something and drive kind of our own differentiated view. And sometimes it's just not available anywhere else, right? And if you don't have the data, if you can't drive the insight, most of the time we're going to walk away, right? Because we don't have sort of the requisite conviction. But in terms of informing our ability to be high conviction on any number of markets, I think those investments have been a big part of that.

Geoff Meacham - Citi - Analyst

Yes. And I know from a category perspective, I mean, orphan historically has been a big category and it is for CF, but I guess increasingly, as the size of your top line increases, you need kind of bigger type -- more impactful assets to move the needle? Is there a shift away from more niche kind of opportunities? Or do you not look at it on a category basis?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

No. I mean, we don't look at the world on a category basis. I mean if you look at even this year, what we've done, we did a Phase 3 -- a product that's in Phase 3 at Sanofi for MS, that's a CD40 drug called Frexalimab, that's a sizable royalty and that can be, we know MS drugs can be big drugs. Terry mentioned a little over \$900 million deal we did for this product for low-grade glioma. So we're kind of -- we range pretty widely, right, even within finding bigger things that can move the needle.

Geoff Meacham - Citi - Analyst

Yeah. And when you look at next year, I mean, I suspect the capital markets are likely to improve after a couple of years of pretty bad conditions and coming off like a high of '21?

Does that give you guys any unique opportunities to inject capital into maybe more, I wouldn't call it early stage, like, say, like more mid-stage companies that you otherwise wouldn't have moved the needle on?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

I mean, I don't know that it changes anything or motivates us to sort of be focused a little bit earlier. I think what we've seen actually, we get the question a lot, is how does our business kind of fluctuate in relationship with the general sort of biopharma capital markets. And the truth is, I think it doesn't really have much of a relationship. We think a lot of people find surprising, right? If you look at our business even since we've been public, right, we've been through some incredibly robust markets. We've been through some things which have been kind of painful for everyone. But through that period, we've consistently done really high-quality investments. So I just don't think it's necessarily related that way. I think it's more the aggregate amount of innovation that's out there, like Terry said, the aggregate capital need is so great that it's kind of driving a diversification of the types of capital like ours that fit at different stages in development.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

I think we do believe, though, that a healthy and functioning capital markets environment is going to be important, obviously, long term for the industry. And it's going to help move companies along in the development sort of cycle. And it's going to lead to more royalty opportunities in the end, because more companies will have access to capital. And we'll advance to a stage where we are an important potential partnering source for them. And so that is how we kind of position it, is that every company should be thinking about royalties. And we want to be having those conversations.

Geoff Meacham - Citi - Analyst

Right. Well, just along those lines, Terry, when you talk about synthetic royalties, I think historically, that has been for bigger companies, right? That may or may not need the royalty infusion. Talk about that trend. Over the past couple of years, I know it's a dedicated like effort from you guys, and we've seen an uptick in synthetics?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yeah. I can start. I'm sure Terry has thoughts, too. But synthetics, maybe for people who aren't aware, is when we partner with a company and create a royalty on a product, right? Where one didn't exist before and it's just a contractual arrangement. And so that's been used, I think, in becoming a more important source of capital to fund late-stage development. And really, I think one place you've seen us do a lot of it is also to fund commercial launches.

So you just in the past few months, we've done three of them for three commercial launches that Terry mentioned. And I think it is becoming just on the list as companies think about building a capital structure around their company, how to drive your product is a royalty -- is a core part of that discussion. And I think that's out there. It's been interesting. We've seen institutionalization of that market, right? So bankers calling on companies talking about royalties as part of the capital formation plan between equity and debt or partnership. And so that's driven a lot of interest.

And so we've built -- part of our team has been built to try and drive that on the relationship side. And so we're excited about that as an important part of our business. I think the bar, again, to stay on the theme, the bar will remain high, as we do it, right? If you think about the products that we've done are all differentiated first-in-class in some way there. And so we're certainly excited about that as a significant part of our business.

Geoff Meacham - Citi - Analyst

Yes. And just on the competition for those types of deals. I mean we're - it used to be, we were just worried about Blackstone and other bigger players, but now there are a lot more private capital, a lot more creative like financial -- are you still seeing -- do you see that competition for bigger deals recede a little bit just given maybe better opportunities in let's say, private credit? Or do -- has there been a change at all?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Certainly, on the bigger deals, we feel like we haven't -- we have a scale advantage that's tough to compete with and a cost of capital advantage and a diversity of portfolio advantage where we can make \$1 billion investment and it doesn't concentrate us, it actually diversifies us, which is unique, and we think is an asset for us.

Depending on the type of deal and what the company or the counterparty's goals are, the competition can be more or less. But we feel like with our brand, our reputation, our ability to be partners along a company's journey has really been important for us in winning these deals.

So if you look at a company like Ascendis, last year, we did a deal - small, \$150 million on Skytrofa, and we kind of just copied that template for Yorviphath and did another deal with them this year on a new product. And the list of companies where we've kind of been a serial partner over

time is pretty big and is growing, and actually, I don't think that any of our competitors have done that at all. And so that is differentiating. And it speaks to the relationship and how we operate in the industry. I think if you -- I'm sure some of our partners are in these halls today, and if you were to ask them, what it's like to work with Royalty Pharma, I suspect the feedback would be really positive. And to the extent that, I don't know if they've worked with the competition or whatever, but I think that the feedback on us has been really, really good.

Geoff Meacham - Citi - Analyst

Have you guys hired anyone from those shops ever?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Not really. I mean we -- the vast majority of our team, we've kind of developed in-house. We kind of have our own way of doing things. I think we like people to sort of learn at the RP way, rather than hiring from the outside.

The other thing I think is important, one of the things Terry said was, these are not like just a simple financial transaction in the sense that when you have a product that has an IP duration of 10, 12, 15 years, this is a long-term partnership. Like you're going to be on the phone with the people who you partner with consistently over many years.

So I think we've really worked on brand being a kind of transparent organization, like the people who you do the deal with are going to be the people who the post-transaction relationship is with. And then I think also being 100% focused, like this is all that we do. We're not doing real estate or industrials or whatever else it might be, right? I think there's real value to that, right? They were kind of an institution, and this is all we do.

Geoff Meacham - Citi - Analyst

Well, let me ask you on that, Marshall, just to follow up. If you look at -- you guys have had a front row seat to some of the biggest innovations in the biopharma space. And admittedly, like you're looking at lower risk deals, right, which by default means maybe more mid-stage, not super early. But what have you guys done, or have you considered like -- how do you monetize that? If you look at -- like I'll give you the proxy like with Merck and Keytruda, I mean, they've been front row seat on everything, the latest and greatest in I/O for going on like eight years now, right? And some novel mechanisms have come out of it, but nothing too transformational. But I would think you guys and your market intelligence would give you some keys to, I don't know, figure out a way to also leverage that as a value creation?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yeah, that comes in a couple of different ways. I think Terry mentioned one, which is doing serial deals with quality partners and being able to -- as they innovate at that company over time like Biohaven and Cytokinetics are great examples, right, where you develop a relationship or Ascendis was the same thing. Once someone trusts you, right, the momentum that you bring to the next transaction is incredibly high.

The other thing is, I think -- the other thing you've seen us do kind of related to your question is invest in multiple products in the same class. And a lot of the reason we do that is when we do really deep work on one thing, right? Like we're hearing physicians or people in the industry are excited about this product or that product, and how do we go out and add that to our portfolio as well. So I think it's not always like totally, I think, clear externally how we monetize it. But I think we are pretty good at trying to get as much leverage as we possibly can out of the deals that we do, the work that we do, the relationships that we have.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

We've talked about in the past -- a theme of ours is to sort of pick up on these waves of innovation. We don't get everyone, right? And there's some that, for whatever reason, we have not made investments not for lack of trying.

But I think that when you look at historically like we -- starting with the anti-TNFs as a prime example, the HIV drugs, that came out of Gilead back in the mid-2000s, we were on that wave. And then you move to the sort of major changes that happened in multiple sclerosis in the last decade with Tecfidera, we were right in the middle of that. And then CF, obviously, was another important wave of innovation. And then moving now to the current portfolio, we've made a number of investments in the schizophrenia space where we think there's a lot of room for innovation there. And then also the Lp(a) space is something we're really excited about. We have investments in the two lead assets there. We'll see data in 2025. That's going to be a really exciting, important event for the industry, for us. And I think that continuing to find where there is that innovation and to have the conviction to make one or multiple bets there has been a core element of our business model. And we think will continue to be in our DNA.

Geoff Meacham - Citi - Analyst

Plus you guys also make equity investments in addition to the royalty investments, has the pace of that or the percentage of that changed over the past couple of years? Pure royalty deals versus royalty plus equity? Or is it just like sort of on a --?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

It's still a minority of the deals that we do, although we've had some success with it. We've had some big wins on the equity side, but that's not really the core of our business. I think the way that we look at it typically is, if we are -- when we invest in equity, either situations where we're excited about the lead product at that company, we probably have a royalty in that product, and the equity is probably going to move in the same way as the -- go the same way as the product is. So if the product is successful and our royalty is successful, the equity is going to be successful. And so it's all linked. Those are the situations that we typically look at.

Geoff Meacham - Citi - Analyst

It does give a lot more optionality to the stock, though, right? If you had a greater percentage I guess. I mean hard to know what's kind of baked in at this point.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Yeah, yeah.

Geoff Meacham - Citi - Analyst

Let's talk about CF. So I think probably not a lot you can say on the royalty, not only with the formal league dispute, I guess, with Vertex. But I look at it another way and to say, okay, well, if Vertex is correct that Vanza -- there are 5,000 people or more not on Trikafta, like that's zero royalty bearing patients. And whatever Vanza can get even if it is a lower rate, it's still a net positive --

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Yes, yes, yes. It's a 4% royalty on -- I think Vertex has said 6,000 patients. And to the extent that they continue to expand the market, I think that that's a net positive. We'll see what ultimately happens in terms of conversion. I think consensus right now has almost two-thirds of patients converting to the new triple.

Geoff Meacham - Citi - Analyst

In a year or?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

No, no, no. By 2030, sorry. Yes. I think it's fairly gradual. But I think we've laid out a scenario where we did this almost a year and a half ago where we said that if -- between 50% and 75% of patients switch and we are wrong on the royalty rate, we continue to maintain and feel really strongly that we should be owed an 8% royalty on the Vanza triple. But if we're wrong and it's only a 4% royalty rate, and 50% to 75% of patients switch, it's a couple of hundred million dollars of impact to us. So relatively small on the grand scheme of things, especially when you put it in the context of the deals that we've been doing. Any one of these products, Voranigo, we think that's going to be a blockbuster product. We have a 15% royalty on sales up to \$1 billion and 12% royalty on sales above that. So like one deal, you kind of make up for any potential gap there. And we feel good about our legal position. But I think, certainly, it does not seem like -- when we look at our equity, it seems like the assumption is worst-case scenario and then some --

Geoff Meacham - Citi - Analyst

What's the timeline for approximate like visibility on that? I mean is it calendar '25, you may have resolution? Is there willingness to settle, meet halfway, I don't know, the range of potential outcomes?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Yeah, it's really tough for us to be specific on that. We've disclosed that the -- the dispute resolution mechanism in the contract is arbitration. That is not a long, drawn-out process, like if you went to district court, you had multiple appeals and things like that. So it's not something that's -- but we haven't been specific. I understand people want specific. It's hard to really be totally specific.

Geoff Meacham - Citi - Analyst

When you look at the percentage of CF patients that are that are ex mutation or nonsense mutation. Is that completely different under your agreement? Because you're not developing small molecules for that, right? So using a different technology for that patient, would that be completely outside of the scope?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Yes. It would be -- if it's not one of the molecules that was discovered through the collaboration with the CF Foundation, then it wouldn't be in the scope of the agreement. It depends on the specifics of that.

Geoff Meacham - Citi - Analyst

Well, from a tech perspective, I guess, you could express the gene mechanistically and then activate it through one of the molecules, and that would probably be covered then, right?

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

It would depend on when the molecule was discovered. So I think it's all kind of fact specific.

Geoff Meacham - Citi - Analyst

Yeah, I got you. Well, I think when you look at the CF business, I mean, it is very unusual to have an orphan disease, which is this big, right, number of patients. I think, 75 or 80 is their number. But in reality, there probably is over 100 when you account for markets outside of US and Europe and Australia. And I think the only other market that could be that size of an orphan is like DMD or things like that. Do you guys filter opportunities kind of that way, like top down, like what's the TAM? Or is it more focused on the risk of success and --

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

We come at it different ways. I think certainly that kind of -- I don't know if you call that top-down or bottom-up, but whatever you call that sort of thing looking for opportunities that are kind of underexploited from that perspective. I mean, certainly, as part of what we do in terms of looking for those kind of opportunities, we do think like, hey, that's a big market that could support major drugs, and there's a lot of unmet need so we should look around there. And I think we certainly do those exercises. And then, yes, but still the underlying program or product that we're investing in has to be right, right? We got to be comfortable with the risk or the structure that we do.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

I mean the history with CF, but when we first made that investment, it was 2,000 patients that Kalydeco treated. And then obviously, there's been a tremendous amount of innovation from there. And I think that one of our strengths is to sort of maybe recognize those opportunities that are not appreciated and where we can also invest and scale. And I think that's what we did with CF. And I think that we're always looking for those types of things.

Geoff Meacham - Citi - Analyst

I know you guys did the Pfizer investment with Ibrance on development -- well, I know, but that provides a lot of optionality. Like are you -- are bigger companies -- bigger biopharmas, more receptive to sort of co-investing in perhaps a high-risk indication? Or what's been the reception of that of late?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yes. We're always very active in conversations there, not to sound like a broken record, but we are very choosy when we do those, right? Because the obvious risk in those kind of relationships is you get negative selection for, we didn't want to fund this, would you like to right? And usually, the answer to that is no.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

Have I got a deal for you. (laughter)

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Right, exactly. So we did a nice deal with Teva for their olanzapine LAI in that kind of a setting. And we're pretty active with those kind of discussions. I think when they come together, it has to be right. We have to be convinced that this is a priority and it's going to be a priority for the duration, so.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

It has not been a core driver for us, is those large pharma partnerships of late -- certainly over the last couple of years, the bigger driver has been in the small and mid-cap space where there's just so much more opportunity, there's more need for capital. And so I don't think our expectation is that's going to change a lot going forward.

Geoff Meacham - Citi - Analyst

Got you. And from a technology perspective, I know there are some gene and cell therapies available today that are multibillion, but that's not even a percentage of your portfolio, right? It's pretty --

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yes. It's very small. That's a space we followed really closely. We have looked at a lot of things. And same thing on the I&I sort of cell therapy, bispecific side, data is obviously extremely compelling. I think again, our issue or our approach there will be, it's got to be in the right hands, it has to have the right sort of competitive landscape behind it to be right. And so I think our sort of slowness to invest there has, I think, mostly it's been the right call so far. You think about the -- but we'll continue to do things kind of as they come.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

I remember being on the panel like 2018 or '19, you may have been at this event. And somebody asked, like what's the holdup? Why are you guys not investing in gene therapy? And my response is we're kind of taking a wait-and-see approach here. We're going to try to invest in the right asset. And I think it's five years later, we finally made our first gene therapy investment last year, right? And we're excited about that. Adstiladrin is the product marketed by Ferring, which is a private company, but we're excited about that one. And I think that, that sort of deliberate approach has paid off. But then if something came along that we were really excited about, we'd go all in.

Geoff Meacham - Citi - Analyst

I think if we go back and look at you guys, investment, I guess indirectly, but in gantenerumab, right, which that was -- that trial didn't hit. But I think the potential for Alzheimer's opportunity gave a lot of investors a lot of excitement. Do you look at categories like that, that are massive unmet needs? And are you willing to take more risk? And that versus, say, a next gen, like I&I or IO kind of approach?

Marshall Urist - Royalty Pharma PLC - EVP, Head of Research & Investments

Yeah. I mean I think we certainly look at like Lp(a) came out of that kind of an analysis, right, so to say, like there's been basically no innovation beyond managing LDL in that space. And I don't know how many decades -- massive opportunity, what's next. And I think all the kind of data behind Lp(a) as a risk factor and a modifiable risk factor was very compelling to us. And so we did that.

So certainly, we look for those. Again, we have to be compelled by the story and the data around it, purely as a kind of as a risk reward. This is extremely high risk, but could be extremely big. It's not typically our style of investing, right? Low probability of success, huge payoff is not typically our approach.

Terrance Coyne - Royalty Pharma PLC - EVP, CFO

We do have a royalty on the brain shuttle version of gantenerumab, trotinumab, which is still in development. We'll see what happens there, but I think we're hopeful that there's still a big opportunity there.

Geoff Meacham - *Citi - Analyst*

Yes, for sure. I mean last question. I guess, Terry, you mentioned this. I know for the stock, it's been -- operationally, you guys have delivered on upside, raised guidance, you name it. I think optically, there are some concerns on CF, but I think they're a little bit over baked.

But what's been your feedback with investors over the past year or so? I mean, there's frustration with the stock doesn't necessarily reflect the success and the fundamentals. But what do you think could be a tipping point with investors? Is it the investor base? Are you looking for somebody outside of health care that could be more interested?

Terrance Coyne - *Royalty Pharma PLC - EVP, CFO*

So I would say a couple of things. The engagement from investors has been extremely high recently. And it's maybe not the traditional healthcare investor, specialist investor, but more the generalist investor who recognizes the innovation in this industry, doesn't want to have to try to pick the next top thing, but it sees that we have a great track record of doing that and this big diversified growing portfolio of cash flowing assets.

And so I think that, that is resonating, and it's tough to say what - to try and sort of change. We've been a little bit surprised that the stock performance is not matched what we view as been really strong execution. But I think from our perspective, we know what we can control is the execution side of it.

We think if we keep doing that, keep generating really nice returns on investments, driving sort of intrinsic value, which we did it for 20 years as a private company. We've continued to do that as a public company. And I think that over time, our hope is that investors will start to really appreciate it and appreciate the amazing unique aspects of this business.

We're going to be out there continuing to talk to people and trying to explain that to them. It's always tough when you're an N of one, and there aren't clear comps. It would probably be a lot easier for us if there were 10 royalty companies out there because then everyone could recognize that we're doing a great job. But that's not the case. And I think -- but we remain really excited about the opportunity. And I think that the great thing about the business is that we generate so much consistent cash flow, that's going to create increasing opportunities over time to create value for shareholders. We have the buyback in place. And there's ways with the buyback and the return of capital to shareholders are going to be really important tools that we'll continue to use as well.

Geoff Meacham - *Citi - Analyst*

Awesome. Terry, Marshall, thanks a lot.

Marshall Urist - *Royalty Pharma PLC - EVP, Head of Research & Investments*

Thanks, Geoff.

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