

LSEG STREETEVENTS

EDITED TRANSCRIPT

RPRX.OQ - Royalty Pharma PLC at Evercore ISI Healthcare Conference

EVENT DATE/TIME: DECEMBER 03, 2025 / 8:50PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Terrance Coyne *Royalty Pharma PLC - Chief Financial Officer*

Marshall Urist *Royalty Pharma PLC - Executive Vice President - Research & Investments*

CONFERENCE CALL PARTICIPANTS

Michael DiFiore *Evercore Inc - Analyst*

Umer Raffat *Evercore Inc - Equity Analyst*

Umar Raffat

PRESENTATION

Michael DiFiore - *Evercore Inc - Analyst*

(technical difficulty) Conference hosting Royalty Pharma plc; Terrance Coyne, CFO; Marshall Urist, EVP of Research and Investments. Gentlemen, welcome. Thank you so much for making time to be with us at this conference. Before we get into Q&A, we'd just love to hear your kind of state of the union of the business and what we could look forward to in the next 12 months.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

Yeah. So Thanks, Mike and Umer and Evercore for having us. I think 2025 has been a pretty amazing year for Royalty Pharma, a transformational year. We started the year off with a bang when we announced the major strategic transaction where we internalized our external manager, and kind of put the company together as one consolidated business, which was really important from a strategic and from a financial perspective.

And then we've had a lot of great deals throughout the year, returned a record amount of capital to shareholders and have performed really well financially. So overall, I feel like there's a ton of really positive momentum. Pipeline is really strong, and we're super excited to wrap this year up and get into 2026.

QUESTIONS AND ANSWERS

Umer Raffat - *Evercore Inc - Equity Analyst*

Fantastic. Terry, there's a lot of fundamental questions to go through, but maybe just at a very high level, macro question for folks because this comes up in some conversations. Could you remind us, I think you've been on certain high-profile indices like Russell 1000 growth, et cetera, in the past. And I think the stock was in there, it's not in there, but now the cap is back, like, is there any conversations you've had on anything along -- any meaningful index-like changes coming?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

That's a good question. I'll be honest (multiple speakers) --

Umer Raffat - *Evercore Inc - Equity Analyst*

Do you get notified ahead of time or they just do it?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

I think we find out at the same time that everyone else does (laughter) yeah. But yeah, I mean (multiple speakers) --

Umer Raffat - Evercore Inc - Equity Analyst

This stuff correlates with cap, right, for their --

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

I think that's right. Yeah, definitely not an expert on that. But I think, yes, I mean, we're really happy with how the stock has performed this year.

Umer Raffat - Evercore Inc - Equity Analyst

Right. And just to level set also for everyone, can you remind us the leverage where it's at right now?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

So it's -- yes, it's around three times total debt to EBITDA. And so fairly low, fairly conservative. It's super important for us to maintain our investment grade credit rating, it's sort of critical to our cost of capital. We're -- but we have a lot of financial flexibility. So if we need -- if a lot of deals come along, we can easily take leverage up to four times. We have cash on the balance sheet, access to a revolver. So for us, having access and dry powder is critical because you never know when that big royalty is going to come along and we need to always make sure that we're in a position to jump on it if it does.

Umer Raffat - Evercore Inc - Equity Analyst

And one more higher-level question also. I recall one of the themes that was starting to occur a couple of years ago was across a range of deals you guys were signing up, there was like this 1.6x to 2x cap on when those returns happen, the royalties stop, which was starting to happen more frequently. But I noticed in the last 12 months or so, almost last two years of deals was like hand compiling, I noticed it stopped happening now maybe that correlates with how the market environment was as well. But is that something that was very intentional and deliberate on your end?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

I wouldn't say it's necessarily been a priority, right? We've talked about it before. We use caps when we need them, right, or think they're appropriate for the deal. I think you're right, though, this year, that has not been a characteristic of the deals we've done, which is, I think, exciting. Will we certainly see them in the future on some deals as it makes sense? Absolutely. So it's probably a more reflection of deal mix and type of seller, et cetera, more than anything else.

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

We try to approach every deal with being pretty open-minded (multiple speakers)

Umer Raffat - Evercore Inc - Equity Analyst

So the right product over the right (multiple speakers)--

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

Yeah, and it's a discussion. They have different goals. And so partners have different goals. We obviously are trying to generate attractive returns. And so it's trying to find the right balance.

Michael DiFiore - Evercore Inc - Analyst

Makes sense. Got it. As we think about just portfolio receipt growth during the next five years at your Investor Day, you guided to \$4.7 billion plus in 2030, which reflects roughly a 9% annual CAGR from now until then and also assume steady annual capital deployment of around \$2 billion, \$2.5 billion. So what are the macro pushes and pulls that are baked into that guidance? Can you just give us an idea of that?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

Yeah. So -- what we said at the time and the portfolio has evolved a little bit since then, but we said that around half of that growth would come from things that we already owned, that are already in the portfolio. And then the other half of that growth would come from new investments, that \$2 billion to \$2.5 billion per year. I think we would characterize that \$2 billion to \$2.5 billion as kind of a conservative modeling assumption. I think there's a lot of reasons to believe that we could do better than that.

But I think we want to be -- we also want to make sure that we're comfortable that we can at least do that. And so -- and then within the existing portfolio, we look at a lot of different scenarios. We have a lot of products that are growing with a lot of great growth ahead. A few over that time period, a few potential LOEs, but pretty small in the grand scheme of things. And we look at different scenarios for commercial outcomes for the different products as well.

So we feel really good about that number. At the time of our Investor Day, we pointed out that consensus was only at around \$4.1 billion, I believe, was what we said. And we believe we're very comfortable that, that \$4.7 billion-plus is very doable. I think consensus has moved up a little bit, but it still hasn't gotten all the way there.

Michael DiFiore - Evercore Inc - Analyst

Got it. Okay. Considering that 50% of growth of Portfolio Receipts will come from the existing portfolio, that implies around \$800 million, give or take. What products do you expect to mostly drive this?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

So it's going to be a mix. We have 45 products. And so the approved products that are -- have a lot of growth ahead are products like Voranigo, Tremfya, Trelegy, Cobenfy, Trodelvy and then Imdelltra was one that we recently added a couple of months ago.

So, and then within the pipeline, we think we could get some contributions, although some of that could be more -- we have a lot of things that are going to read out in the next couple of years and some approvals that could happen in the next couple of years. And could play into those numbers. But a lot of the pipeline will probably be more things that will drive beyond 2030. Yeah. Okay.

Umer Raffat - Evercore Inc - Equity Analyst

On the pipeline, is it -- I mean, I was just trying to map out like where the largest revenue streams might come from. And it felt like Rev Med, perhaps is one of them.

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Definitely.

Umer Raffat - Evercore Inc - Equity Analyst

Lp(a) is perhaps one of them. What else, Marshall?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Absolutely. I'd put on that list -- we did a deal last year for a Sanofi product for MS called frexalimab, right?

Umer Raffat - Evercore Inc - Equity Analyst

They were talking about.

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Yeah, which is -- it's a nice sized royalty, double-digit royalty as well. So that -- and a drug that Sanofi has talked about having \$5 billion-plus of peak sales potential. That's one.

And then I guess the other one on the list is trontinemab, depending on how that market develops, we have a mid-single-digit royalty on Roche's brain shuttle that could be a big product as well.

Umer Raffat - Evercore Inc - Equity Analyst

Fascinating. So maybe just touching up on -- I want to go through a little bit on each of those because they all have very interesting risk profiles and interesting data sets. So I'll do it a little quickly. Perhaps starting with frexalimab. We had Sanofi here yesterday, and we were going through this in detail with them. So Paul Hudson brought up what you just pointed out in frexalimab. I remember he, I -- the way I asked them was that like Ocrevus has pretty meaningful relapse reduction. What does frexalimab add on top? And his point was twofold. One was on the total commercial infrastructure they have, which obviously supports a certain launch profile. But also he said outside of relapse, you got to think about disability. And I wasn't necessarily aware that frexalimab has data both on disability and on relapse reduction side. Is that right?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

They do. And I think commercially, our thesis too is the CD20s have been and are an incredible class, right? But there are there are a significant population of patients who have been through those drugs and maybe they're off because of infection side effects or other things. And so there's a big population of patients out there that need something else.

Umer Raffat - Evercore Inc - Equity Analyst

But isn't it the same thing mechanistically?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

So it is a different mechanism broader than just the B cells for CD20. So CD40 is a broader mechanism at a different point in the immune system. So definitely has the potential to offer differentiated efficacy.

Umer Raffat - Evercore Inc - Equity Analyst

I see. Okay. Got it. When is the Phase 3 readout for this -- it's ongoing. Is my understanding.

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

It's ongoing. And I think it's a 2027 event.

Umer Raffat - Evercore Inc - Equity Analyst

Okay. Got it. So that was the first one. The second one was on Lp(a) there's -- and you guys have economics on two of them?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

We do.

Umer Raffat - Evercore Inc - Equity Analyst

Which one is it -- where is the economics more indexed to?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Yeah, we definitely have. So we have two royalties as you mentioned, the pelacarsen is Novartis' that will read out next year. That's a smaller royalty that's mid-single-digit royalty. We have a larger royalty, kind of high single, low double on Amgen's opasiran, which is sounds like that will be a 2027-plus event based on Amgen latest.

Umer Raffat - Evercore Inc - Equity Analyst

Marshall, I got to believe you and your team have been doing work on trying to understand why the event rate has been slow to accrue, but also why the endpoints didn't deliver. And the understanding is the event rate is low, but also in the low cutoff, it's even slower. Any feedback you can share that?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

I mean, we don't know much more than we don't know much more than the world does. Are we -- I think the observation that event rates have been lower in cardiovascular outcomes trials, it's a pretty general observation, not just across Lp(a), but other but other areas as well.

And then we're not surprised that this trial is going to the full -- to the final analysis. It was always our base assumption that given one, given that it's a new class and you want as much safety information as possible; two, we've seen the time is your friend in terms of effect size in these studies that there was a pretty strong bias to see this through the end.

Umer Raffat - Evercore Inc - Equity Analyst

Okay. Got it. And then as it relates to Lp(a) and the effect size, I guess one thing that is unique about GLPs has been the CRP lowering outside of weight loss, et cetera, which drove some of the outcomes benefit. But that logic over to Lp(a)s and lack of CRP benefit. Do you think that biases the maximum possible outcomes benefit towards closer to 0.8 or so or --

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

That's a super hard question to answer, Umer. I think we are going to learn, right, what is the benefit in patients who have -- in the population of patients whose cardiovascular disease is presumably really driven by their high Lp(a). So what that means in that population of patients, particularly the patients who have the highest levels of Lp(a) we're going to see. So I don't know that I'd conclude that because you don't have that acute inflammatory effect like we see with GLP-1, you're somehow fundamentally limited. I think we're going to learn why Lp(a) disease really means.

Umer Raffat - Evercore Inc - Equity Analyst

Got it. Rev Med, I think you guys did the deal right around ASCO this year, if I remember correctly?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Yes, it was the middle of summer.

Umer Raffat - Evercore Inc - Equity Analyst

So I'm assuming you saw some of the data -- because Rev Med has data in lung and pancreatic but the data focus has been on pancreatic -- within pancreatic, they have data both with folfirinox combo and gemcitabine combo. And they've only focused on sort of the gemcitabine nab-paclitaxel combos and not so much on folfirinox and external disclosures. For your diligence, did you see all of that? And were you comfortable that with the profile they're showing and the type of mutations the responses are coming from that it's very competitive versus what's out there?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

So one of the things that differentiates us when we do deals with companies like Rev Med is that we are able to see all of the available data at that time. So we got to do very, very -- as we normally do very fulsome diligence. And yes, we're kind of -- we're confident in the profile and its competitiveness. We probably shouldn't get into details, that's Rev Meds to talk about. We had a lot of resolution and insight into what the data were.

Umer Raffat - Evercore Inc - Equity Analyst

Sorry, I was just going to follow up with a question I've had some confusion around I don't really know the answer, but because it's so relevant commercially. So when we think about the type of construct Rev Med is and if you could apply to G12D, it could apply to G12B, it could apply to a range of mutations. One thing we don't see in their disclosures is the responses they do have, are they driven by G12D

patients or G12B patients, et cetera. Because if they're primarily driven by G12D, then I got to start comping versus G12B data sets as well. So I guess -- should we be worried about the G12D emerging drugs as we think about the commercial opportunity and the implied royalties? Or it's not a big concern?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

The way we thought about it was there were multiple ways to win, right? We were very convinced about the lead program daraxonrasib, the pan RAS inhibitor's activity in pancreatic cancer. I think the fact that Rev Med has a portfolio and can do combinations as well is another interesting angle for them in what is a competitive market. But yes, that was something we thought a lot about was the competitive landscape and really like being partnered with Rev Med.

Umer Raffat - Evercore Inc - Equity Analyst

Got it. And sorry, just one or two more on this just because it's relevant. Terry, I remember there was this table you put out a fair amount of detail on this Rev Med transaction. I was just curious how do we figure out and get comfortable on how many of those tranches they'll draw on? Or some of those are set in stone on how many they can -- they have to draw on as long as the data keeps developing a certain way?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

So they have to draw on the second tranche.

Umer Raffat - Evercore Inc - Equity Analyst

Okay. That's the positive Phase 3 data?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

Correct. The third through fifth tranches, are at their options.

Umer Raffat - Evercore Inc - Equity Analyst

Approvals and sales driven?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Approval, sales and then the first line expansion the first line.

Umer Raffat - Evercore Inc - Equity Analyst

So those are up to them.

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

That's up to them.

Umer Raffat - *Evercore Inc - Equity Analyst*

If they don't draw -- is it possible, they don't draw beyond?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

It's certainly possible. It's tough to say. I think that -- it shows -- this deal shows the creativity of how we can help these -- help our partners, and it's there for them if they want it, if they need it, and if they decide that they don't need it, then they don't have to draw on it.

Umer Raffat - *Evercore Inc - Equity Analyst*

So the first and second tranche being triggered is sub-5% royalty, correct?

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research & Investments*

Yeah, the first tier, I think, together, it's like just over 4.5%, maybe, yes.

Umer Raffat - *Evercore Inc - Equity Analyst*

So it's still a real royalty.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

Yeah. Still a real royalty for what we think could be a very large drug for sure, yeah.

Michael DiFiore - *Evercore Inc - Analyst*

Just while on the subject of Revolution Medicines, it's such a creative and unique structure. I mean, could this have established a new precedent for future deals? I remember, I think it was on your 3Q call, you said that after this deal, you kind of received inbound from potential partners asking if they can get the same thing. You said it's not for everybody. Maybe could you please elaborate on that?

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research & Investments*

Yeah. We definitely think there's lots of elements of this that, as we mentioned, got people's attention about a new way to fund at scale in a way that's flexible. So we're going to -- I think you'll definitely see us partner with companies using elements of what we did with Rev Med, and we'll also continue to innovate and think of new ways. But definitely, I think it caught a lot of people's attention about what was the art of the possible with synthetic royalty funding.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

I mean, before there wasn't a true alternative to a pharma partnership, right? You could do equity, but to do \$2 billion, would be really hard. And so for the first time, we think that we've shown that this is a viable alternative to that pharma partnership. It allows companies to develop, to turn those cards over, to realize more value and to still retain all the optionality that they otherwise would have.

Umer Raffat - Evercore Inc - Equity Analyst

Just one more thing, Marshall, I was surprised because normally when you structure this, you put in all the obvious clinical unlocking events, you always somehow reflect that in the way the structure is made. But you didn't put lung in any of this. Why was that? Or is that not in your model?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Yeah. No, no, no. We think the drug has a real potential in lung at the end of the day, like Terry mentioned, when we start talking to companies, right, it's a real conversation about how much capital is ideally available to the company at what stages by what dates. And it just so happened that in this transaction, it lined up really nicely on the pancreatic side for when the cadence of the draws would come for them, and that's where we ended up. So I wouldn't read anything negatively about our view on lung.

Michael DiFiore - Evercore Inc - Analyst

Okay. Maybe just a quick one on China. Again, at your Investor Day, you said that you've been cultivating relationships in China for the past 10 years. And I think on your 3Q call, you said you made multiple trips to China alone just this year.

Umar Raffat

That was for shopping.

Michael DiFiore - Evercore Inc - Analyst

Given the fact that capital raising is much more challenging over there, like how might future deal structures differ than what you've historically done in the past? Like will synthetics play a bigger or less roll perhaps in China?

Marshall Urist - Royalty Pharma PLC - Executive Vice President - Research & Investments

Yeah, I can start. What we see that's exciting is everyone has been talking a lot about the volume of licensing transactions that have left a lot of royalties in the hands of Chinese biopharma companies. And so the royalty monetization market there doesn't exist. I think we're certainly focused on being part of developing that as the stage one of this and the timing of when that's going to happen, who knows, but we want to be there and be a part of developing that market. And could it evolve to be synthetic royalties and other opportunities beyond that, absolutely.

Michael DiFiore - Evercore Inc - Analyst

Got it. Would Royalty Pharma need to establish operations locally in China in order to do the business there?

Terrance Coyne - Royalty Pharma PLC - Chief Financial Officer

It's something that we're very -- we're exploring seriously and trying to get our arms around what approach makes the most sense. But we recognize that it's a huge market, and we absolutely need to be there and be very focused on it.

Umer Raffat - *Evercore Inc - Equity Analyst*

Last question, Terry, just to level set everyone. Can you just remind us just the timelines on Vertex resolution, Rev Med Phase 3 data, Lp(a) next year. But just remind us like some of the key events just so that we could like --

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

Yeah. So Vertex, we've said that we expect that to be resolved by around the end of 2026.

Umer Raffat - *Evercore Inc - Equity Analyst*

End of '26? I don't know why I thought end of '25.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

That would be very soon. Yeah. And then Rev Med --

Marshall Urist - *Royalty Pharma PLC - Executive Vice President - Research & Investments*

Data is next year. Sometime, I don't think Rev Med refined the timing. And then Lp(a), same thing is next year, tracking for next year as well. So it should be exciting year.

Umer Raffat - *Evercore Inc - Equity Analyst*

And then the other Lp(a) and frexalimab is the following year.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

Yeah.

Umer Raffat - *Evercore Inc - Equity Analyst*

Okay. Fantastic. Thank you so much.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer*

Great. Thank you guys. Thank you.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, LSEG. All Rights Reserved.