March 5, 2019

Ligand Sells Promacta Assets and Royalty for $827 Million

Updates 2019 full-year financial guidance

Conference call with slides to be held today at 5:00 p.m. Eastern time

SAN DIEGO & NEW YORK--(BUSINESS WIRE)-- **Ligand Pharmaceuticals Incorporated (NASDAQ: LGND) and Royalty Pharma** announce the sale of Ligand's Promacta®-related intellectual property rights licensed to Novartis, including the royalty stream on worldwide net sales of Promacta to Royalty Pharma for $827 million in cash. Promacta (eltrombopag) is known as Revolade® outside the U.S. and is marketed worldwide by Novartis. This transaction is expected to close on Wednesday, March 6, 2019.

"After extensive consideration, we determined it is in the best interest of Ligand stockholders to monetize our Promacta assets. We are very proud of our discovery contribution to this billion-dollar molecule and best-in-class medicine for a vital medical market. The product has been a big part of our success, driving the company to profitability and generating significant cash flows through the years," said John Higgins, Chief Executive Officer of Ligand. "We are pleased to work with Royalty Pharma on this deal. They are the world's largest royalty investor and have extensive experience investing in royalty-bearing assets. We share a common view with Royalty Pharma that owning royalties is a highly efficient and effective way to participate in the potential of the pharmaceutical industry."

"In addition to receiving an attractive and substantial valuation for the future royalties, this transaction allows Ligand to focus investment of the cash proceeds into assets and companies that will drive financial growth five, 10 years and beyond. This transaction doubles our investable cash to over $1.4 billion while preserving what we view as our most valuable assets: our portfolio of partnered programs and our OmniAb technology platform. We have a promising horizon of business-development opportunities, and remain committed to obtaining potential royalties through internal development, acquisition and technology out-license to drive revenue growth. We also remain committed to implementing our investment strategy with relatively low and tightly managed operating expenses in order to maximize cash-flow and profits per share for all stockholders," Higgins added.

"We are pleased to partner with Ligand in this important transaction, in which Ligand has transformed an intangible asset into capital it can use to drive future growth in its core business" said Pablo Legorreta, Founder & CEO of Royalty Pharma. "Ligand's contribution to the discovery of Promacta is a testament to the ability of Ligand's technology platforms

to produce innovative therapies with blockbuster potential. At the same time, Royalty Pharma is pleased to expand its portfolio of royalties on innovative blockbuster drugs by acquiring certain rights, title and interest in the leading therapy for immune thrombocytopenia and other serious bleeding disorders. This is truly a win-win transaction for both Ligand and Royalty Pharma."

Highlights of the transaction to monetize the Promacta royalty include:

- Provides substantial cash payment for Ligand's leading royalty asset.
- Ligand's 2019 revenues are now expected to be approximately $118 million and 2019 adjusted diluted EPS to be approximately $32.25, compared to the previous guidance of $6.05.
- Proceeds to be reinvested by Ligand primarily to 1) acquire assets that can generate long-term revenue streams, fully-funded Shots on Goal and technology platforms to drive future deal making and 2) share repurchases to increase the per share profits and cash-flow for the existing business.
- Ligand will enter the second quarter of 2019 with highly-diversified and high-growth revenue streams, more than 200 Shots on Goal fully funded by partners, three major technology platforms to drive new licensing and over $3.5 billion of potential contract payments with existing partners.
- At the close of the transaction, Ligand estimates it will have over $1.4 billion of cash.

In addition, the long-term growth potential for the OmniAb platform is accelerating, given R&D progress by partners and new licensing transactions. As discussed during Ligand's fourth quarter 2018 earnings call, OmniAb holds potential to generate $500 million to $1 billion in future annual royalty revenue.

Ligand has a substantial upcoming calendar of clinical, regulatory and commercial events for leading partnered assets including VK-2809, Sparsentan, ZULRESSO™, RVT-1502 and expanded clinical data for Kyprolis, as well as Ligand's internal pipeline including Captisol-enabled iohexol and internal antibody-based programs.

Promacta Highlights

- Launched in 2008, generated $291 million of royalties for Ligand over the past 11 years.
- Annual sales have increased at a 32% compound annual growth rate over the past five years.
- Worldwide patents expected to expire between 2021 and 2028.
- Achieved and maintained a leadership position in a category that has had multiple new products enter the market over past 12 months.

The sale of Ligand's Promacta assets will be made pursuant to an asset purchase agreement between the parties in which Royalty Pharma will acquire the research, development and license agreement between Novartis Pharma AG (as successor in

interest to SmithKline Beecham Corporation) and related assets from Ligand, and assume certain related liabilities.

2019 Financial Guidance

Ligand is providing updated guidance for 2019 with total revenues now expected to be approximately $118 million, which includes royalties of approximately $48 million, material sales of approximately $27 million and license fees and milestones of approximately $43 million.

Ligand notes that with total revenues of $118 million, adjusted diluted EPS would be approximately $32.25. This EPS estimate assumes a diluted share count for the year of approximately 21.5 million.

This compares with previous guidance for 2019 total revenues to be approximately $224 million, including royalties of approximately $154 million, material sales of approximately $27 million and license fees and milestones of approximately $43 million. Previous guidance for adjusted diluted EPS was approximately $6.05.

Ligand is also providing guidance for the first quarter of 2019 for total revenues of at least $38 million, and adjusted diluted EPS of approximately $30.00. First quarter revenue breakdown is projected to be approximately $19 million in royalties, including $15 million of Promacta royalties estimated for the first two months of 2019, $12 million in license fees and milestones and $7 million of material sales. There is potential for approximately $5 million in additional royalties and contract payments during the first quarter based on the timing of milestones and sales levels for royalty-bearing assets.

Conference Call

A conference call and webcast with slides will be held today at 5:00 p.m. Eastern time (2:00 p.m. Pacific time), which will be hosted by Ligand's CEO John Higgins, President and COO Matt Foehr and CFO Matt Korenberg. To participate please dial (833) 591-4752 from within the U.S., or (720) 405-1612 from outside the U.S., using Conference ID 9786043. The slides as well as the webcast and an archive of the webcast will be accessible through www.ligand.com.

Analyst Day Reminder

Ligand reminds investors of its upcoming Analyst Day on Tuesday, March 12, 2019 from 10:00 a.m. to 12:00 p.m. Eastern time (7:00 a.m. to 9:00 a.m. Pacific time) in New York City. For more information or to reserve a seat, please contact Kasha Chen at kchen@lhai.com.

About Promacta

Eltrombopag, marketed as Promacta® in the U.S. and Revolade® in countries outside the U.S., is approved in more than 90 countries worldwide for the treatment of thrombocytopenia in adult patients with chronic immune thrombocytopenic purpura (ITP) who have had an inadequate response or are intolerant to other treatments. It is also

approved for the treatment of patients with severe aplastic anemia (SAA) as first-line therapy in the U.S. (patients 2 years and older) and Japan, and in many other countries for patients who are refractory to other treatments. In more than 40 countries, Promacta/Revolade is indicate for the treatment of thrombocytopenia in patients with chronic hepatitis C to allow them to initiate and maintain interferon-based therapy. Promacta/Revolade is approved in the U.S. and in the European Union for the treatment of thrombocytopenia in pediatric patients 1 year and older with chronic ITP who have had an insufficient response to corticosteroids, immunoglobulins, or splenectomy. Promacta should only be used in patients with ITP whose degree of thrombocytopenia and clinical condition increase the risk for bleeding.

About Royalty Pharma

Founded in 1996, Royalty Pharma is the industry leader in acquiring pharmaceutical royalties, with over $16 billion in royalty assets. Royalty Pharma funds innovation in life sciences both directly and indirectly: directly when it partners with life sciences companies to co-develop and co-fund products in late-stage clinical trials, and indirectly when it acquires existing royalty interests from the original innovators (academic institutions, research hospitals, foundations and inventors). The company's portfolio includes royalty interests in over 40 approved products including AbbVie and J&J's Imbruvica, Astellas and Pfizer's Xtandi, Biogen's Tysabri, Gilead's HIV franchise, Merck's Januvia, and Vertex's cystic fibrosis franchise. Royalty Pharma is also a leading investor in pre-approval royalties, having since 2011 invested over $4 billion in royalties on pre-approval products and committed over $900 million to direct R&D funding in exchange for royalties. More information on Royalty Pharma is available at www.royaltypharma.com.

About Ligand Pharmaceuticals

Ligand is a biopharmaceutical company focused on developing or acquiring technologies that help pharmaceutical companies discover and develop medicines. Our business model creates value for stockholders by providing a diversified portfolio of biotech and pharmaceutical product revenue streams that are supported by an efficient and low corporate cost structure. Our goal is to offer investors an opportunity to participate in the promise of the biotech industry in a profitable, diversified and lower-risk business than a typical biotech company. Our business model is based on doing what we do best: drug discovery, early-stage drug development, product reformulation and partnering. We partner with other pharmaceutical companies to leverage what they do best (late-stage development, regulatory management and commercialization) to ultimately generate our revenue. Ligand's Captisol® platform technology is a patent-protected, chemically modified cyclodextrin with a structure designed to optimize the solubility and stability of drugs. OmniAb® is a patent-protected transgenic animal platform used in the discovery of fully human mono-and bispecific therapeutic antibodies. Ligand has established multiple alliances, licenses and other business relationships with the world's leading pharmaceutical companies including Novartis, Amgen, Merck, Pfizer, Celgene, Gilead, Janssen, Baxter International and Eli Lilly.

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Adjusted Financial Measures

The Company reports adjusted net income per diluted share in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company's financial measures under GAAP include share-based compensation expense, amortization of debt-related costs, amortization related to acquisitions and intangible assets, changes in contingent liabilities, mark-to-market adjustments for amounts relating to our equity investments in Viking Therapeutics and Retrophin, acquisition and integration costs, unissued shares relating to the Senior Convertible Notes and others that are listed in the itemized reconciliations between GAAP and adjusted financial measures included in our earnings release for the 2018 fiscal year. However, other than with respect to total revenues, the Company only provides guidance on an adjusted basis and does not provide reconciliations of such forward-looking adjusted measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including adjustments that could be made for changes in contingent liabilities, changes in the market value of our investments in Viking Therapeutics and Retrophin, share-based compensation expense and effects of any discrete income tax items. Management has excluded the effects of these items in its adjusted measures to assist investors in analyzing and assessing the Company's past and future core operating performance. Additionally, adjusted earnings per diluted share is a key component of the financial metrics utilized by the Company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

Forward-Looking Statements

This news release contains forward-looking statements by Ligand that involve risks and uncertainties and reflect Ligand's judgment as of the date of this release. Words such as "plans," "believes," "expects," "anticipates," and "will," and similar expressions, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements regarding: the expected closing of the Promacta transaction and the timing thereof, Ligand's expected use of proceeds therefrom, including potential acquisitions, investments and share repurchases, Ligand's belief that Promacta is or will remain a market leading medicine, the length of patent protection for Promacta, Ligand's belief regarding the diversified nature of its business, Ligand's future revenue, the growth of future royalty streams, future P&L growth rates, and guidance regarding the full-year 2019 financial results. Actual events or results may differ from Ligand's expectations due to risks and uncertainties inherent in Ligand's business, including, without limitation: Ligand's and Royalty Pharma's ability to satisfy the conditions to closing for the proposed transaction on the anticipated timeline or at all; Ligand may not realize the full economic benefit from the transaction, including as a result of indemnification claims and the retention by Ligand of certain liabilities; market conditions, including the volume and price of Ligand's common stock; Ligand may not receive expected revenue from royalties, Captisol material sales and license fees and milestone revenue; Ligand and its partners may not be able to timely or successfully advance any product(s) in its internal or partnered pipeline; Ligand may not achieve its guidance for 2019; Ligand may not be able to create future revenues and cash flows by developing innovative therapeutics; results of any clinical study may not be timely, favorable or confirmed by later studies; products

under development by Ligand or its partners may not receive regulatory approval; there may not be a market for the product(s) even if successfully developed and approved; Novartis, Amgen or Spectrum, or other Ligand partners, may not execute on their sales and marketing plans for marketed products for which Ligand has an economic interest; Ligand or its partners may not be able to protect their intellectual property and patents covering certain products and technologies may be challenged or invalidated; Ligand's partners may terminate any of its agreements or development or commercialization of any of its products; Ligand may not generate expected revenues under its existing license agreements and may experience significant costs as the result of potential delays under its supply agreements; Ligand and its partners may experience delays in the commencement, enrollment, completion or analysis of clinical testing for its product candidates, or significant issues regarding the adequacy of its clinical trial designs or the execution of its clinical trials, which could result in increased costs and delays, or limit Ligand's ability to obtain regulatory approval; unexpected adverse side effects or inadequate therapeutic efficacy of Ligand's product(s) could delay or prevent regulatory approval or commercialization; Ligand may not be able to successfully implement its strategic growth plan and continue the development of its proprietary programs; and ongoing or future litigation could expose Ligand to significant liabilities and have a material adverse effect on the company. The failure to meet expectations with respect to any of the foregoing matters may reduce Ligand's stock price. Additional information concerning these and other risk factors affecting Ligand can be found in prior press releases available at www.ligand.com as well as in Ligand's public periodic filings with the Securities and Exchange Commission available at www.sec.gov. Ligand disclaims any intent or obligation to update these forward-looking statements beyond the date of this release, including the possibility of additional license fees and milestone revenues we may receive. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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