



# Q4 and Full Year 2019 Results and 2020 Outlook

Ligand<sup>®</sup>

February 6, 2020

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Information regarding partnered products and programs comes from information publicly released by our partners. This presentation describes the typical roles and responsibilities of Ligand and our partners and is not intended to be a complete description in all cases. Our trademarks, trade names and service marks referenced herein include Ligand, Captisol, OmniAb and OmniChicken. Each other trademark, trade name or service mark appearing in this presentation belongs to its owner. The process for reconciliation between adjusted financial numbers presented on slides 10 and 13 and the corresponding GAAP figures is shown in the Q419 press release available at <https://investor.ligand.com/press-releases>.

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# Business Highlights

John Higgins  
*Chief Executive Officer*

# Ligand: Operational Excellence; Superior Growth Potential

We are a biotech company focused on

**financial growth** driven by licensing

drug-enabling **technologies** and investing

to support our **partnered portfolio**

*Employees*

**115 including 49 PhDs**

*Facilities*

**4 U.S.**

**1 England**

*2019 Revenues*

**\$120 million**

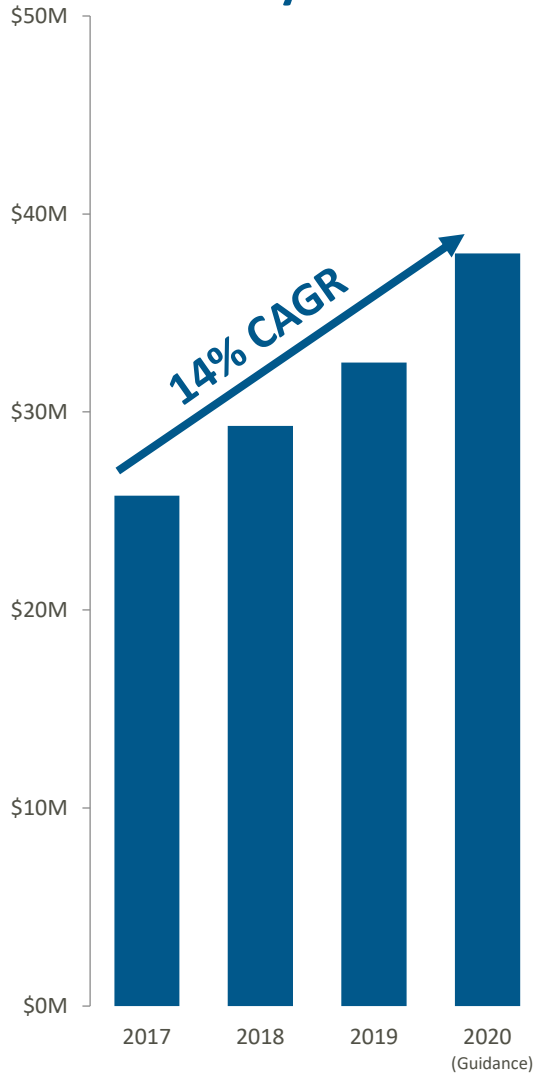
*Market cap today*

**\$1.6 billion**

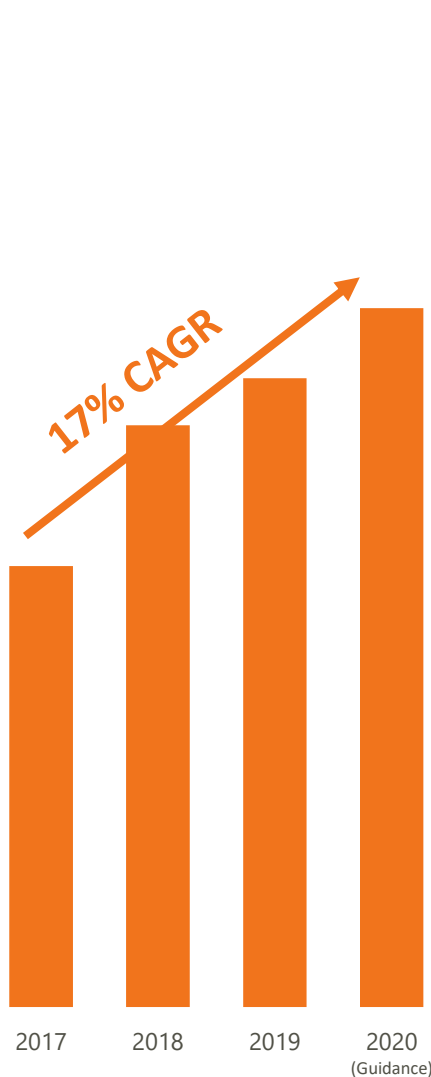
# Strong Growth In All Revenue Segments

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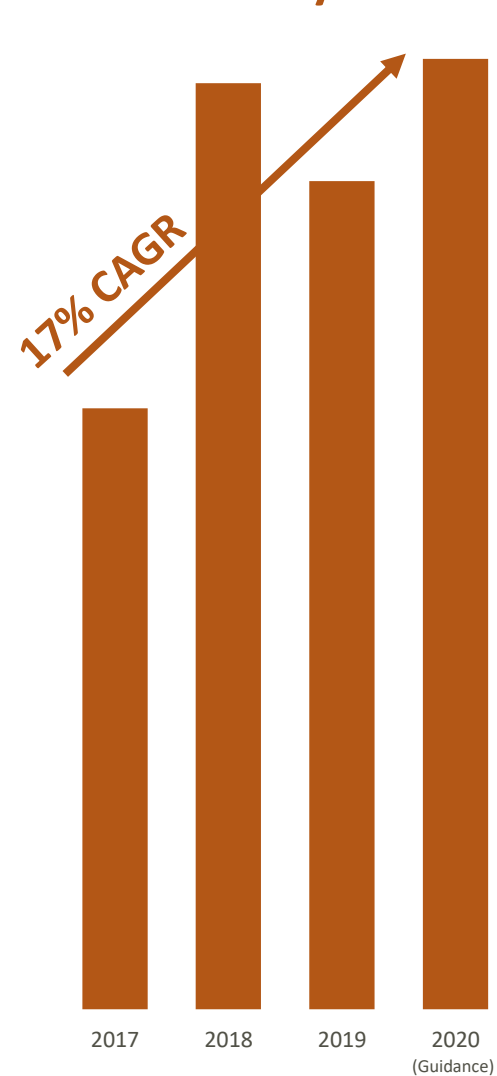
## Royalties



## Material Sales



## Contract Payments



Note: Numbers exclude historical Promacta royalties. Contract payments in 2018 excludes one-time payment of \$47M from Wuxi

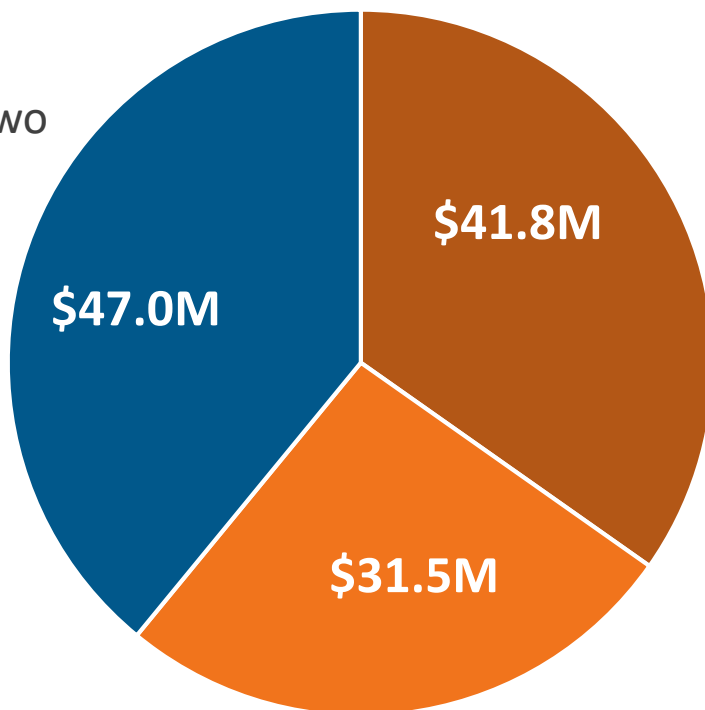
# 2019 Revenue: \$120.3 million

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## Outstanding Performance, Highly Diversified

### Royalties

- Significant royalties currently driven by top two products
- 11 other products contributing



### Contract Payments

- 70 distinct payments
- More than 6 times the revenue of 2015

### Material Sales

- Over 100 distinct customer orders
- 11% growth projected in 2020

# Two Major, Best-in-Class Technologies Driving Value For Shareholders

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- Partners are continuing to invest heavily in programs and make clinical progress
- Ligand has received \$114 million in revenue payments related to OmniAb
- Royalties projected to come online for Ligand sooner than projected three years ago, due to quality of data and aggressive investment by our partners
- New deal flow remains strong, fueling expanded R&D investment and potential royalties on major new antibodies



- Enabling important medicines for cancer, CNS and infection; recently highlighted by Gilead for potential treatment for coronavirus
- Since acquisition in 2011 for \$35 million, Ligand has booked over \$350 million in revenue related to Captisol
- 2019 was highest year of Captisol revenue to date, projected to increase in 2020

# Ligand's Current Partnered Portfolio

## Diverse and High Quality

- Over **200** fully-funded partnered programs targeting diverse medical needs
- Over **120 different partners** representing all segments of the pharma industry
- **OmniAb** and **Captisol** technologies back two-thirds of the portfolio
- More than **40 clinical** and **regulatory** events this year
- Potential for more than **8 product approvals** over next 3 years





# Financial Highlights

Matt Korenberg  
*Chief Financial Officer*

# Strong 2019 Financial Performance

## Strong Core Growth and Significant Asset Sale

**Seventh  
Consecutive  
Year of Strong  
Earnings and  
Positive Cash  
Generation**

**\$120 million in  
revenue**

20% YoY Q4 royalty growth

**\$3.09 Adjusted EPS\***

**\$827 million**

Proceeds from sale of  
Promacta®

**\$70 million\***

Cash from other operations

**~\$450 million**

Cash returned to  
shareholders

**16.5 million**

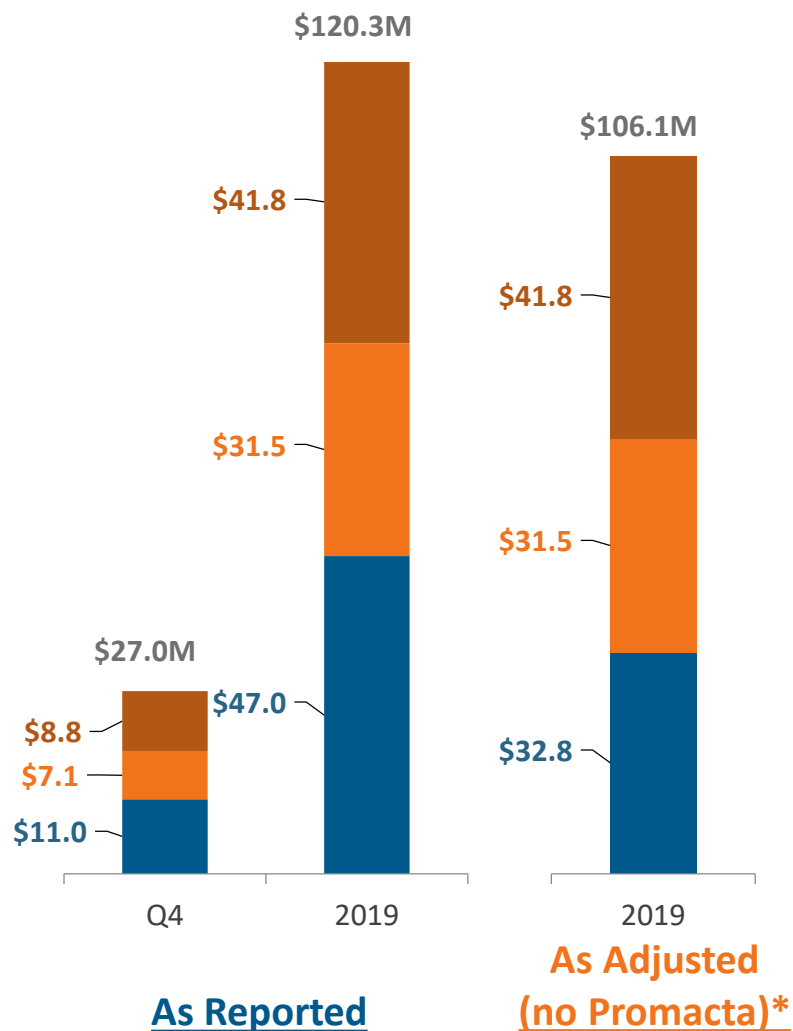
Basic shares outstanding

**\$1 billion of cash**

Enabling investment in  
platform acquisitions, portfolio  
acquisitions, product financings  
and pipeline & technology  
investment while returning  
value to shareholders

\*Note: Please see reconciliation of Adjusted EPS to GAAP EPS in Q419 press release available at <https://investor.ligand.com/press-releases>.  
Cash from other operations excludes the Promacta sale, net of cash taxes paid.

# Q4 and 2019 Performance Provide Platform for the Future



## Contract payments

- Wide diversity of 2019 payments across approximately 70 events
- \$20+ million contribution from recurring service payments and annual license fees

## Material sales

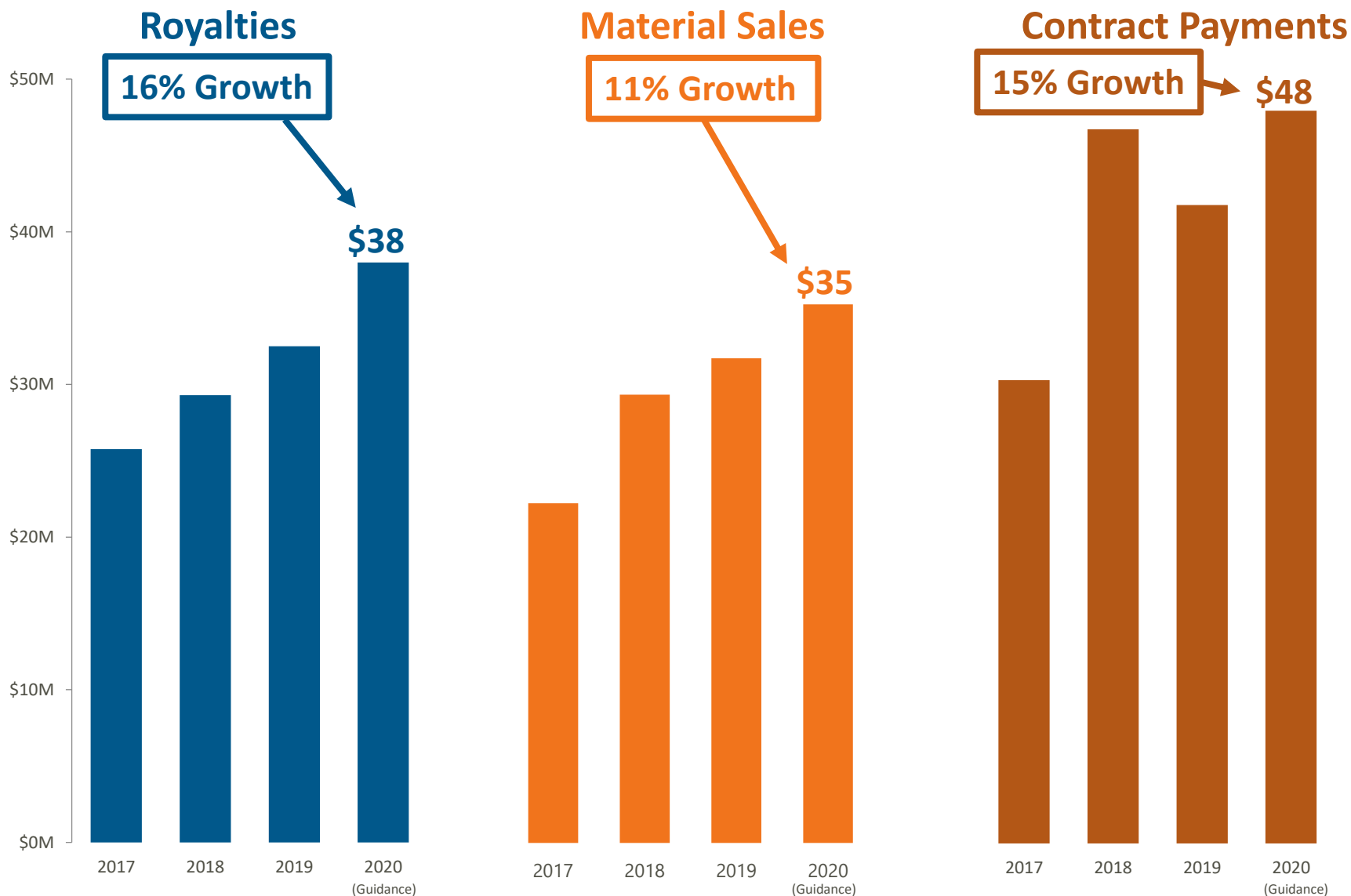
- Record year at \$31.5 million
- Mix of commercial and clinical users

## Royalties

- Diverse list of commercial products generating royalties
- Q1'19 included Promacta royalties of \$14.2 million

# 2020 Revenue Guidance

All three revenue segments expected to generate double-digit growth in 2020



Note: Numbers exclude historical Promacta royalties. Contract payments in 2018 excludes one-time payment of \$47M from Wuxi.

# 2020 Financial Guidance

## Strong Margins and Earnings Growth

### Total Revenue

\$121  
million

14% organic growth

### Gross Margin

90%

EBITDA margin 50%

### Cash Expenses

\$49 to \$51  
million

Flat compared to 2019

### Adjusted EPS\*

\$3.40

35% organic growth

## Core Business Strength Augmented by \$1 Billion of Cash for M&A, Share Repurchase and Capital Return

Note: EBITDA excludes non-cash stock-based comp. Organic growth percentage calculated excluding Promacta contribution in Q1 2019.

\*Please see reconciliation to GAAP in Q419 press release available at <https://investor.ligand.com/press-releases>.

# Substantial M&A Opportunities and Clear Strategic Focus

- \$350 million deployed over past 9 years; over that period, market cap has increased from \$200 million to \$1.6 billion
- \$1 billion in cash available today for M&A investments

## Focused on Four Primary Investment Strategies

### Technologies

Buying the tools the industry needs, investing in them to generate new deals; a Ligand strength

### Shots on Goal

Acquiring partnered programs to drive growth; acquiring unpartnered assets to be outlicensed

### Revenue / Earnings

Cash flow positive companies with Ligand-like business models; commercial stage royalty buys

### Product Financings

Funding product development in exchange for royalties and milestones

CyDex

Selexis 1

Selexis 2

OMT

CorMatrix

Crystal

Vernalis

Palvella

Novan

Ab Initio

More M&A  
Anticipated in 2020

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020



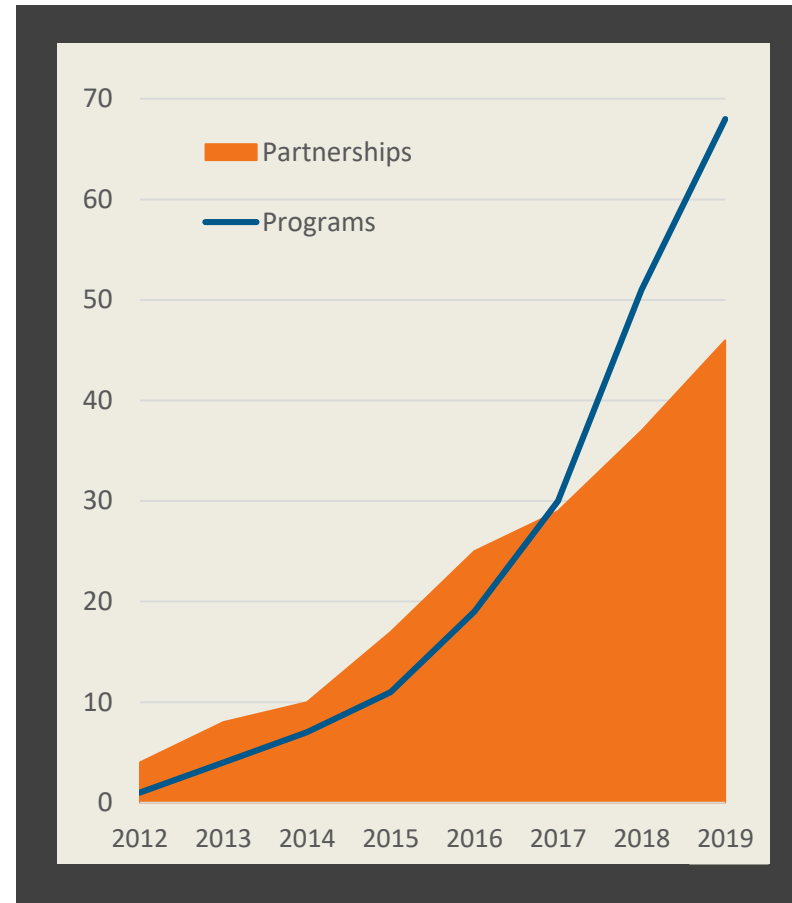
# Pipeline and Operating Highlights

**Matt Foehr**

*President & Chief Operating Officer*

# OmniAb Technology

- 2019 was the most productive year for new licenses in OmniAb's history, adding 9 new partners including large multinational players
- Viewed as a **best-in-class** technology for antibody discovery
- Continued innovation and investment, with launch of new animals and acquisition of Ab Initio antigen technology

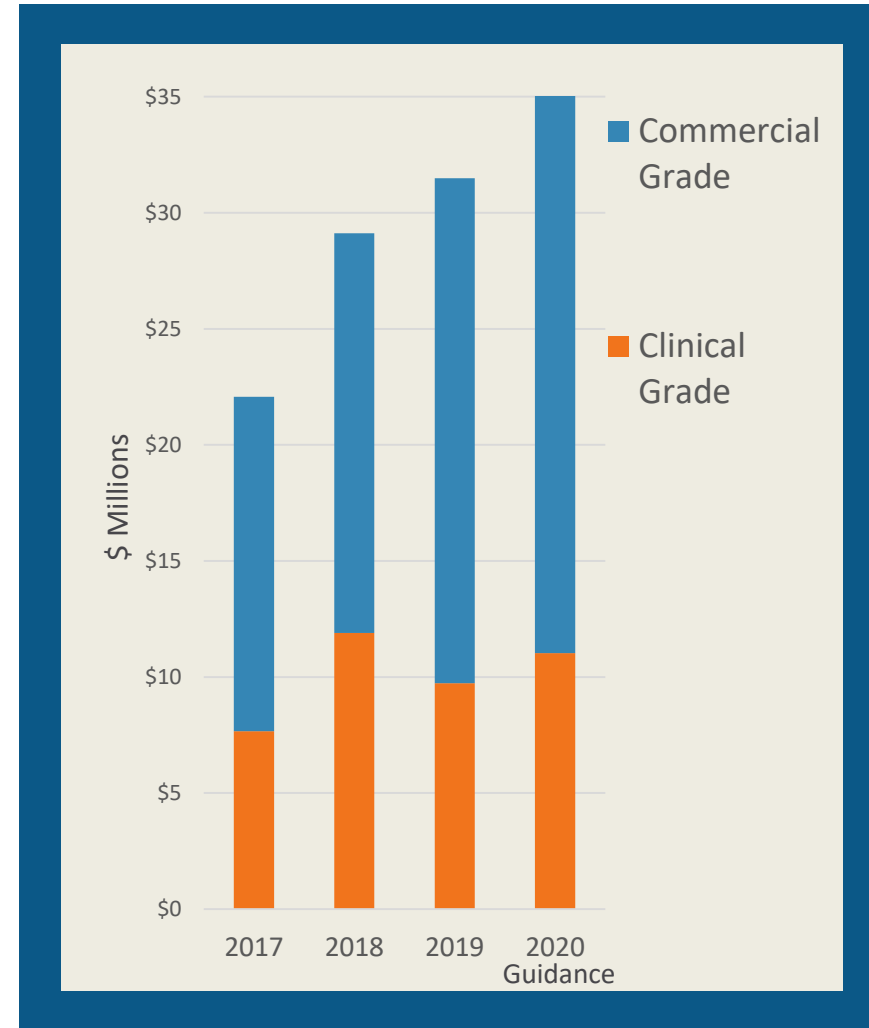


**Since acquisition, Ligand has nearly tripled the number of partners leveraging OmniAb, and the number of programs in development is accelerating**



# Captisol Technology




















- 2019 was the strongest year ever for Captisol
  - Highest level of materials sales
  - Added 9 new clinical and commercial stage partnerships
  - New drug and market approvals
- Ligand continues to invest in expansion of Drug Master Files in U.S., Canada, Japan and China and into manufacturing and distribution efficiencies



**Captisol projected to grow 5-10% for the next several years**

# Partnered Pipeline Snapshot (January 2020)

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Partner	Program	Therapy Area	Technology	Preclinical	Phase 1	Phase 2	Phase 3	Marketed
	Kyprolis®	Oncology	Captisol					
	EVOMELA®	Oncology	Captisol					
Multiple	Multiple	Multiple	Multiple	Includes: ZULRESSO (Sage), MINNEBRO (Daiichi-Sankyo), NEXTERONE (Baxter), DUAVEE (Pfizer), Others				
	CS1001	Oncology	OmniAb					
	PTX-022	Dermatology	Proj. Finance					
	Sparsentan	Kidney Disease	NCE					
	Pevonedistat	Oncology	Captisol					
Multiple	Multiple	Multiple	Multiple	Pipeline includes >10 additional Phase 3 or Pivotal assets				
	Ensifentrine	Respiratory	VDP					
	Ganaxolone	CNS	Captisol					
	Pradefovir	Infection	HepDirect					
Multiple	Multiple	Multiple	Multiple	Pipeline includes >15 additional Phase 2 assets				
	VK2809	NASH	HepDirect					
	BMS986231	Cardiovascular	Captisol					
	Lasofoxifene	Oncology	NCE					
	Parempanel	CNS	Captisol					
	IMVT-1401	Autoimmune	OmniAb					
	CPI-444	Oncology	VDP					
	AB122	Oncology	OmniAb					
	JNJ-64007957	Oncology	OmniAb					
	APVO436	Oncology	OmniAb					
	AMG-330	Oncology	Captisol					
Multiple	Multiple	Multiple	Multiple	>30 additional Phase 1 assets				

Partnered pipeline also includes &gt;100 preclinical programs

Information regarding partnered programs comes from information released by our partners and from clinicaltrials.gov

# Major Potential Pipeline Events

Program	Partner	2020	2021
BMS986231	BMS	Phase 2b data	
Pevonedistat	Takeda	U.S. filing, Phase 3 data	
PVT-022	Palvella	Pivotal data	
IMVT-1401	Immunovant	Phase 2 data	
CS1001	C-Stone	China filing, Phase 2/3 data	
Sutimlimab	Sanofi	Phase 3 data	
Lasofoxifene	Sermonix	Phase 2 data	
Ensifentrine	Verona	Phase 3 start	
Kyprolis	Amgen	sNDA approval, Geographic expansion	
Sparsentan	Retrophin		Phase 3 data
VK-2809	Viking		Phase 2b data

**Most substantial calendar of events  
for a 12-month outlook in Ligand's history**

# Follow Ligand on Twitter



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- Find us at @Ligand\_LGND
- Over 70 pipeline and corporate events tweeted in 2019



**A great source for latest events and partnered program updates**



# 2020 and Beyond

John Higgins  
*Chief Executive Officer*

# Ligand: Creating Shareholder Value

## Our Business

**Financial Growth**

**Technologies**

**Portfolio**

## Our Focus

**Deploying Capital**

**Customer Service**

**Operational Excellence**

## Our Team

**Strong Company  
Culture**

**Diverse and  
Experienced Board of  
Directors**

**Focused on ESG/  
Corporate Governance**



**Q&A**



**LIGAND: Driving innovation to  
address major medical needs**

Ligand<sup>®</sup>