Q4 and Full Year 2019 Results and 2020 Outlook

February 6, 2020
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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

Royalties

- 2017: $20M
- 2018: $25M
- 2019: $30M
- 2020 (Guidance): $35M

Material Sales

- 2017: $10M
- 2018: $15M
- 2019: $20M
- 2020 (Guidance): $25M

Contract Payments

- 2017: $5M
- 2018: $10M
- 2019: $15M
- 2020 (Guidance): $20M

Note: Numbers exclude historical Promacta royalties. Contract payments in 2018 excludes one-time payment of $47M from Wuxi
2019 Revenue: $120.3 million
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

• 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
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

$1 billion of cash Enabling investment in platform acquisitions, portfolio acquisitions, product financings and pipeline & technology investment while returning value to shareholders

16.5 million Basic shares outstanding

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

Royalties
- 16% Growth
- $38M (2020 Guidance)

Material Sales
- 11% Growth
- $35M (2020 Guidance)

Contract Payments
- 15% Growth
- $48M (2020 Guidance)

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

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

<table>
<thead>
<tr>
<th>Technologies</th>
<th>Shots on Goal</th>
<th>Revenue / Earnings</th>
<th>Product Financings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying the tools the industry needs, investing in them to generate new deals; a Ligand strength</td>
<td>Acquiring partnered programs to drive growth; acquiring unpartnered assets to be outlicensed</td>
<td>Cash flow positive companies with Ligand-like business models; commercial stage royalty buys</td>
<td>Funding product development in exchange for royalties and milestones</td>
</tr>
</tbody>
</table>

Note: Capital deployment number excludes CVRs
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)

<table>
<thead>
<tr>
<th>Partner</th>
<th>Program</th>
<th>Therapy Area</th>
<th>Technology</th>
<th>Preclinical</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Marketed</th>
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<tr>
<td><strong>AMGEN</strong></td>
<td>Kyprolis®</td>
<td>Oncology</td>
<td>Captisol</td>
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<td>Include: ZULRESSO (Sage), MINNEBRO (Daiichi-Sankyo), NEXTERONE (Baxter), DUAVEE (Pfizer), Others</td>
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<td><strong>Retrophin</strong></td>
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<td>Kidney Disease</td>
<td>NCE</td>
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<td>Pipeline includes &gt;10 additional Phase 3 or Pivotal assets</td>
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<td>VDP</td>
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<td>&gt;30 additional Phase 1 assets</td>
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</table>

Partnered pipeline also includes >100 preclinical programs

Information regarding partnered programs comes from information released by our partners and from clinicaltrials.gov
## Major Potential Pipeline Events

<table>
<thead>
<tr>
<th>Program</th>
<th>Partner</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>BMS986231</td>
<td>BMS</td>
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<tr>
<td>Pevonedistat</td>
<td>Takeda</td>
<td>U.S. filing, Phase 3 data</td>
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<td>PVT-022</td>
<td>Palvella</td>
<td>Pivotal data</td>
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<td>IMVT-1401</td>
<td>Immunovant</td>
<td>Phase 2 data</td>
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<td>C-Stone</td>
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<td>Verona</td>
<td>Phase 3 start</td>
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<td>Kyprolis</td>
<td>Amgen</td>
<td>sNDA approval, Geographic expansion</td>
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<td>Sparsentan</td>
<td>Retrophin</td>
<td>Phase 3 data</td>
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<tr>
<td>VK-2809</td>
<td>Viking</td>
<td>Phase 2b data</td>
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</tbody>
</table>

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

Based on clinicaltrials.gov or partner disclosures
Follow Ligand on Twitter

- 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