



Horizon Pharma Bullish Call Buys as Standout Bio

Ticker/Price: HZNP (\$44.35)

Analysis:

Horizon (HZNP) into day lows with 1450 December \$50 calls bought \$5.30 to open, a name with 1000 December \$45 short puts in open interest and 1000 long December \$35 calls. HZNP shares are pulling back off record highs today with market weakness, a name that saw a strong earnings reaction and then continuation the last few days. The \$8.8B bio-pharmaceutical is currently trading 17.9X Earnings and 6.4X Sales. HZNP has been a standout among peers and is focused on rare and unmet treatments for rheumatic diseases. HZNP has a strong diversified portfolio in the rare disease space that I expect to see further M&A and HZNP a potential target. HZNP also has been actively reducing its leverage. HZNP is a great combination of a Biopharma with multiple revenue generating drugs and a solid pipeline to contribute to future growth while trading at a very reasonable valuation. In March it received early approval of Teprotumumab for the treatment of Thyroid Eye Disease. HZNP expects more than \$750M in sales for the treatment. HZNP reported on 5-6 beating estimates by a wide margin with 27% Y/Y revenue growth. Three factors drove TEPEZZA outperformance. First, the severity of Thyroid Eye Disease or TED, and the debilitating, painful and vision-threatening symptoms is a highly motivating factor for patients to seek out therapy; second, prelaunch efforts were incredibly successful; and third, the TEPEZZA launch execution has been stellar. HZNP remains confident in more than \$1B peak sales for KRYSTEXXA. Analysts have an average target of \$50 with short interest at 4.6% of the float. MSCO raised its target to \$50 after the strong results and sees HZNP's orphan drug strategy a winning approach. Hedge Fund ownership fell 4.5% in Q4 filings, Paulson Co. and Deerfield notable top holders.

Hawk Vision:



Hawk's Perspective: HZNP was a top pick into 2020 and remains a favored name to be accumulating on dips/basing patterns.

Confidence Ranking: \$\$