



FEATURED OPTIONS RADAR REPORT



Horizon Bulls Position Ahead of Earnings, New Highs

Ticker/Price: HZNP \$74.66

Analysis:

Horizon Pharma (HZNP) with 950 May \$85 calls bought \$9.60 to \$10.40 today, follows the Nov. \$85/\$95 call spread bought 5,000X earlier this week. HZNP has over 3,500 February \$80 calls in OI from buyers as well back in August, spread with a sale of the Dec. \$60 puts. HZNP has earnings on Monday morning and strong history closing higher in 10 of the last 12. Shares are trading in a narrow range since August with gap support down around \$65 with the current bear flag setting up. Longer-term, HZNP has been a strong trending name and has room to \$100 on a breakout. The \$16.14B company trades 17.4X earnings, 10.5X sales, and 22.5X cash with some sky-high growth estimates driven by their pair of high-growth assets Tepezza and Krystexxa. The company has seen encouraging adoption numbers for both and sees potential for more than \$4B in combined peak sales in the US. HZNP could also further strengthen their moat in the TED space with Immunovant (IMVT) data expected soon for their Phase 2 treatment, one of the highest profile competitors in development. Beyond 2020, the company has a data-rich year upcoming as they look to build out both franchises with data expected in Diffuse Cutaneous Systemic Scleritis and Uncontrolled Gout. Analysts have an average target for shares of \$77 with a Street High \$112 from Citi, they like how HZNP's strong balance sheet gives them optionality for bolt-on deals. Stifel was out positive on 10/14 previewing earnings given recent checks while recent Tepezza data provides even greater support to Tepezza's broad usage in the active TED population and lends greater justification to attempt usage across chronic patients, given the great risk-reward benefit. JPM starting coverage at Overweight on 9/9 noting that Tepezza's launch has meaningfully exceeded expectations and should see "significant" growth over the next several years. Piper with positive survey work in late August supporting continued patient growth for Krystexxa. Short interest is 1.9% and far below its highest levels back in 2017. Hedge fund ownership fell 6% in Q2, Polar Capital, Samlyn Capital, and Viking Global all top holders.

Hawk Vision:



Hawk's Perspective: HZNP has been a super star all year and more than doubled since our last write up on the name in early May. It's got a very bright long-term future and strong earnings history, one to potentially take a flier on for Monday or eye that \$65/\$66 area on a dip for a longer-term position

Confidence Ranking: \$\$