



## Horizon Therapeutics Bulls Targeting Long-Term Upside as TEPEZZA Launch Accelerates

**Ticker/Price:** HZNP (\$91)

### Analysis:

**Horizon Therapeutics (HZNP)** with 400 January \$75 ITM calls bought this afternoon from \$20.50 to \$21.10 and follows recent buyers of 2,500 August \$100 calls and the January \$90 and \$100 calls. HZNP has seen put sales in the November \$75 strike as well since mid-May. Shares are trading in a narrow range since January and a move above \$96 has room up to \$120. On the daily, shares have pulled into a big volume node and forming a series of higher lows since March. The \$20.6B company trades 17.7X earnings, 9.4X sales, and 37.5X FCF. HZNP is working through supply issues around TEPEZZA and not back on track with 75% of disrupted patients having started the therapy again, up from 50% in May. They continue to see long-term opportunity for the treatment and expect to see their run rate accelerate in 2022 as they move towards \$3.5B in peak sales opportunity. The company announced a deal for Viela Bio in February for \$3B and closed in March with the focus now on integrating their assets and moving forward pipeline programs. HZNP was at the Jefferies conference in June noting that they see strong long-term prospects for UPLIZNA, an asset they believe was underappreciated as Viela didn't have the capabilities to commercialize the rare disease asset. Analysts have an average target for shares of \$111 and a Street High \$125. Cowen positive in May noting that guidance has been conservative this year as management is dealing with an unprecedented situation regarding Tepezza's launch, but all Tepezza demand metrics continue to look very favorable. MSCO starting coverage earlier this year with an Overweight rating after the completion of the company's transformational acquisition of Viela Bio and the analyst sees strong growth potential for Viela's Uplizna and believes Viela's pipeline could offer even greater value-creation potential. Short interest is 2.5% and near two-year lows. Hedge fund ownership fell 15% in Q1, Avoro a top holder with 9M shares.

### Hawk Vision:



**Hawk's Perspective:** HZNP is a best-in-class name that is working well through some supply issues earlier in the year and plenty of upside into 2H and 2022, alert set for above \$94.50

**Confidence Ranking:** \$\$