Thank you, Katherine. Good morning, everyone, and thank you for joining us.

On the call with me today are:

- **Tim Walbert**, Chairman, President and Chief Executive Officer;
- **Shao-Lee Lin, M.D., Ph.D.**, Executive Vice President, Head of Research and Development and Chief Scientific Officer;
- **Paul Hoelscher**, Executive Vice President, Chief Financial Officer;
- **Vikram Karnani**, Executive Vice President, Chief Commercial Officer; and
- **Andy Pasternak**, Executive Vice President, Chief Business Officer

Tim will provide a high-level review of the third quarter and an update on our business. He will also discuss in greater detail our pre-launch preparations for teprotumumab, our first-in-class biologic under FDA review for thyroid eye disease, or TED. Shao-Lee will provide a review of our R&D programs and Paul will discuss our financial performance and guidance, followed by closing remarks from Tim. We will then take your questions.

As a reminder, during today’s call we will be making certain forward-looking statements, including statements about financial projections, our business strategy and the expected timing and impact of future events. These statements are subject to various risks that are described in our filings made with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended Dec. 31, 2018, subsequent quarterly reports on Form 10-Q and our earnings press release, which we issued this morning.

You are cautioned not to place undue reliance on these forward-looking statements and Horizon disclaims any obligation to update such statements.

In addition, on today’s conference call, non-GAAP financial measures will be used. These non-GAAP financial measures are reconciled with the comparable GAAP financial measures in our earnings press release and other filings from today that are available on our investor website at **www.horizontherapeutics.com**.

I will now turn the call over to Tim.
Tim Walbert
Chairman, President and Chief Executive Officer

Thank you, Tina, and good morning, everyone.

We generated another strong quarter, with our orphan and rheumatology segment up 14 percent, driven by KRYSTEXXA® growth of 42 percent. We increased the midpoint of our full-year adjusted EBITDA guidance range as well. Excluding our significant teprotumumab launch investment, year-over-year adjusted EBITDA growth would be double digits at the midpoint. This underscores the significant margin expansion we are driving from our underlying business.

We reached several key milestones during the third quarter:
- We submitted our BLA for teprotumumab and received Priority Review designation with a March 8, 2020 PDUFA date. We also presented additional Phase 3 trial data at several medical meetings while making significant progress in our pre-launch activities.
- With KRYSTEXXA, in addition to the quarter’s strong commercial performance, we continued enrolling our MIRROR placebo-controlled registrational trial and launched the PROTECT trial to evaluate the use of KRYSTEXXA in kidney transplant patients with uncontrolled gout. We also expect to have data from our MIRROR open-label pilot trial in early 2020.
- We reduced our gross debt and brought our capital structure in line with our profitable biopharma peers. With net leverage of 1.1 times and a cash position of $884 million, our balance sheet has never been stronger and provides us with the flexibility to continue to invest in the growth of the Company.
- Also, we welcomed Sue Mahony as a new director on our Board, as well as having Andy Pasternak join us as Chief Business Officer.
- I am also pleased to report the findings of a recent Aon analysis conducted on our behalf, which showed that Horizon demonstrates gender and ethnic pay equity throughout the organization, which is critical in today’s marketplace where we are competing for the best talent. In fact, we rank in the top five of all the companies Aon has studied in this regard. This aligns with the value we place on diversity and equality at Horizon. We were also selected for the fourth consecutive year by FORTUNE as one of the 2019 “Best Medium Workplaces.” We ranked eighth out of 100 other medium-sized companies – which underscores our commitment to our employees and further helps us recruit top talent.

I will now recap our third-quarter financial results as well as discuss our teprotumumab pre-launch activities.

We generated third-quarter net sales of $335 million and adjusted EBITDA of $130 million. Orphan and rheumatology quarterly net sales of $250 million represent approximately 75 percent of our total net sales.

Demand for our orphan medicines remains strong, driven by both improved compliance and patient growth. Average shipping patients increased mid-single digits across ACTIMMUNE®, RAVICTI® and PROCYSBI® combined for the quarter. With the expanded indications for PROCYSBI and RAVICTI, many new patients are younger, starting treatment on lower doses, which will increase as they grow older. Our orphan growth strategy is driven by patient identification, diagnosis and ongoing support of patients throughout their treatment journey.
As I said earlier, KRYSTEXXA was again the major driver of our performance with net sales increasing 42 percent, driven primarily by vial growth of more than 30 percent. Based on strong performance through the third quarter, we now expect KRYSTEXXA full-year net sales growth of more than 25 percent.

We have opened a significant number of new accounts over the last 12 months, but we’re particularly excited to see a great deal of growth coming from existing accounts, where vial growth is up 30 percent in the first nine months of 2019 compared to last year, and with significant opportunity remaining. Today, the majority of existing physician practices use KRYSTEXXA with one or two patients. Our goal is to help many more patients with uncontrolled gout benefit from KRYSTEXXA and transform these one- or two-patient practices into what we term “centers of excellence,” where they are regularly treating their chronic gout patients with KRYSTEXXA. We’re doing this through continued education and the positive clinical experience KRYSTEXXA provides to patients.

I’ll share an example of a multi-physician practice in Ohio, where last year this practice had one patient on KRYSTEXXA. We helped physicians at this practice better understand the systemic impact of urate burden, therefore enabling them to more effectively identify patients in need and elevate the urgency to treat – as well as educated them on the importance of monitoring uric acid levels to help predict response. These efforts have turned out to be very successful, and so far this year 10 patients in this practice have begun treatment with KRYSTEXXA.

One interesting note about this example is that the first of those 10 new patients was referred by a nephrologist. Sixty years old, the patient had disease so severe that his hands were deformed from the tophi associated with his chronic uncontrolled gout. He was a complete responder to KRYSTEXXA, and his success helped lead to the identification of more patients within the practice. We continue to see accelerating uptake from nephrologists and expect the start of our PROTECT trial to demonstrate our commitment to further understanding KRYSTEXXA in the nephrology space.

With a nearly $100 million KRYSTEXXA net sales quarter driven by continued strong volume growth and business fundamentals, we are well on track towards our peak U.S. annual KRYSTEXXA net sales target of more than $750 million.

Our ability to change KRYSTEXXA’s growth trajectory underscores the success of our commercial strategy, which is driven by three factors:

- deeply understanding the medicine, the disease and market dynamics;
- building both the right team to educate physicians and the required infrastructure and spend to support our patients; and
- investing in clinical studies and clinical data analyses that improve the understanding of the disease and its treatment.

We are applying the same principles to teprotumumab in thyroid eye disease, or TED, which is a serious, progressive and vision-threatening autoimmune disease. Today, there is no approved medicine for TED and therefore no defined treatment path. So we have been learning a great deal from the many communities involved with TED patients, including advocacy groups, patient groups and healthcare providers. We have a much deeper understanding of how we can serve their needs, which includes support for patients over their entire journey – from diagnosis to treatment and beyond. We are hopeful that a highly efficacious, first-in-class biologic prescribed for a relatively short, six-month course of therapy may represent a dramatic advance in the care of TED. We are making significant investments to advance the standard of care and support the community, as well as prepare and educate the market.
And critical to our success with teprotumumab is ensuring that patients who need treatment will be able to access this medicine. I’ll now walk you through some of our progress.

Our 100-person teprotumumab team is now in place. It includes sales representatives, patient educators, reimbursement specialists, site-of-care specialists and medical liaisons.

Our sales representatives have been meeting with our physician targets. These are mainly ophthalmologists and their subspecialties, such as oculoplastic surgeons and neuro-ophthalmologists, as well as endocrinologists. To date as part of our pre-launch efforts, our sales force has called on the majority of our 5,000 physician targets, including the vast majority of our top-tier targets, which are about 1,700 in total. During our outreach, we are gathering information on the number of TED patients that they see. As we have previously discussed, we estimate 15,000 to 20,000 active TED patients are eligible for teprotumumab each year, and the initial feedback from physicians has confirmed these numbers. In addition, given that teprotumumab is an infused therapy, we have learned a significant amount about their infusion capabilities or infusion referral network. While many physicians know where they would refer their TED patients for infusion, many others need to be educated on how this process works. This is important because ophthalmologists and endocrinologists have minimal experience with infusions.

This is why outreach to infusion centers is a critical part of our strategy. Our goal is to ensure that there is a comprehensive infusion network so that treating physicians will have viable options to successfully refer patients to an appropriate site of care for their treatment. Over the last few months, our site-of-care specialists have met with nearly 200 of the major infusion service providers to understand their capabilities and standard operating procedures, as well as educate the infusion center staff about TED. We have received very positive feedback: many have told us how impressed they are with the groundwork we are doing, something they rarely see before a launch.

An effective reimbursement strategy will also support access for TED patients. Our managed care team has been in dialogue with payers to educate them on TED – and the feedback from these initial interactions has also been positive. When reviewing the data, what is particularly compelling is not only teprotumumab’s short course of therapy, but that the majority of patients in our Phase 3 clinical trial responded to therapy, with 82.9 percent meeting the primary endpoint. In addition, like all newly approved infused therapies, at approval teprotumumab will receive temporary reimbursement coding, or miscellaneous codes which are needed to bill for drug usage. The reimbursement process under a temporary code is manual, requiring a case-by-case review that can take between 60 and 90 days. If teprotumumab is approved by the end of March 2020, we will be eligible for a permanent J-code in January of 2021, and that is when the reimbursement process will become more efficient for providers of care.

We are making great progress in developing a treatment path, building the infrastructure and establishing referral networks to ensure patient access and success with treatment.

Equally important is our interaction with ophthalmologists and endocrinologists – to build a greater understanding of TED and the urgency to identify and treat the disease. We have invested significantly in these efforts – presenting teprotumumab clinical data and having a significant presence at seven medical meetings so far this year. The response has been tremendous. Our October presentation at the American Society of Ophthalmic Plastic and Reconstructive Surgery, or ASOPRS, was standing-room only with about 1,000 people attending. We are seeing very strong interest at the conferences we are attending, with more than 1,200 physicians visiting our booths at ASOPRS, the American Academy of
Ophthalmology meeting and the American Thyroid Association meeting, and 350-plus attending our TED symposia.

Furthermore, our data was selected for an oral presentation at the American College of Rheumatology meeting next week. Given rheumatologists’ significant experience and comfort with infusing biologic medicines, they may be a key referral option for TED treating physicians. All of this points to the tremendous excitement teprotumumab is generating – and is a major reason we are driving significant pre-launch work now to be prepared for a successful launch.

We are excited for the possibility of truly changing the lives of many people living with TED.

I will now turn it over to Shao-Lee to provide an update on our development activities. Shao-Lee?
Thank you, Tim, and good morning, everyone.

**Teprotumumab**

I’ll begin with teprotumumab, our fully human monoclonal antibody insulin-like growth factor-1 receptor, or IGF-1R, inhibitor. As Tim discussed, teprotumumab is under Priority Review with a March 8, 2020 PDUFA date. In line with the agency’s guidelines for new molecular entities, the FDA will convene an Advisory Committee for this submission. Our leadership team has extensive Advisory Committee experience, and we are in the process of preparing for that meeting.

The results from both the Phase 2 trial and OPTIC, the confirmatory Phase 3 trial, were impressive—demonstrating statistically and clinically meaningful improvements across multiple facets of this debilitating, vision-threatening and disfiguring disease. Furthermore, teprotumumab was generally well-tolerated, with few treatment discontinuations and a consistent safety profile across both trials.

The primary endpoint of OPTIC was a clinically meaningful reduction in proptosis of 2 millimeters or more. Proptosis, which is bulging of the eye, is the primary driver of TED morbidity. It is painful and can be vision-threatening. Teprotumumab patients in OPTIC demonstrated after 24 weeks of treatment an 82.9 percent response rate versus 9.5 percent in placebo, with a p-value of less than 0.001. This corresponded to a mean reduction in proptosis of 3.32 millimeters in the teprotumumab-treated group as compared to 0.53 millimeters for placebo.

Diplopia, or double vision, can occur with TED. It can seriously impact patients’ lives, making it difficult for them to perform everyday tasks—and it can prevent them from working. In addition, due to the changes TED makes to their appearance, many patients feel socially isolated.

We were therefore pleased to present important Phase 3 secondary endpoint data at ASOPRS last month that showed that 68 percent of teprotumumab patients had an improvement of at least one grade in double vision versus the placebo group at 29 percent. One grade of double vision can be the difference between experiencing double vision constantly versus intermittently. The teprotumumab group also saw a significant improvement to quality of life, which was measured with the Graves' Ophthalmopathy Quality of Life scale, for which a change of 6 points is considered clinically significant. Teprotumumab patients had a mean change of 13.79 points compared with 4.43 points for placebo patients, a clinically and statistically significant result—particularly impressive given how difficult it is typically to achieve statistical significance with a quality of life endpoint. The clinical activity score, or CAS, also showed significant improvement for the teprotumumab patients. The CAS is a measure of pain, redness and swelling as is characteristic for active TED, and 59 percent of teprotumumab patients achieved a CAS value of 0 or 1 versus 21 percent for placebo patients—with a score of zero representing no disease activity. The totality of the primary and secondary endpoint data supports our conviction that teprotumumab offers considerable potential benefit to patients with active TED.

While we move toward approval, we were also pleased to be able to initiate our expanded access program for eligible active TED patients during the third quarter. This program, developed in partnership with the FDA, is designed to provide patients access to teprotumumab while the BLA is under review.
KRUSTEXXA
It was also a quarter of progress for KRUSTEXXA. We continue to advance our efforts to maximize the benefit that KRUSTEXXA offers patients with uncontrolled gout through the work we’re doing with our two MIRROR trials. Both are designed to determine if methotrexate, an immunomodulator used commonly by rheumatologists, can help dampen the immune response to KRUSTEXXA and thereby increase the response rate to KRUSTEXXA. The first trial is an open-label pilot study that began in the third quarter of last year in which 14 patients were treated with KRUSTEXXA and methotrexate. We expect to release data from our open-label study early next year. The second is our double-blind, placebo-controlled, registrational MIRROR trial that began in June and is also evaluating the co-administration of KRUSTEXXA with methotrexate. Positive results could mean multiple benefits to patients. First, it will further increase the confidence that rheumatologists have in KRUSTEXXA, thereby enabling them to prescribe KRUSTEXXA to more patients in their care. Additionally, it will allow patients to stay on therapy longer, thus deriving the full benefit from the medicine.

We have been encouraged by the consistency of positive data we’ve seen from investigator-initiated trials administering KRUSTEXXA with methotrexate. First is the positive data from a case series conducted by two external investigators, which resulted in all ten sequential uncontrolled gout patients completing the course of therapy and achieving a positive response, which was defined as more than 80 percent of serum uric acid levels being maintained at less than 6 mg/dl during the observation period.

Results of a new clinical case series conducted by another independent rheumatologist will be presented next week at the ACR meeting. This clinical case series also evaluated the co-administration of KRUSTEXXA with methotrexate in 10 uncontrolled gout patients. While three patients were still actively on KRUSTEXXA – and responding – at the time of the abstract submission, five of the seven remaining patients had completed the course of therapy and were complete responders. We look forward to seeing these full results next week.

We will present our own data at ACR describing the inflammatory impact of uric acid on other organs, including the liver and kidney, in line with our efforts to reinforce that gout is a systemic disease in which uric acid crystals can deposit throughout the entire body, not just in the joints. We are also stressing the urgency of appropriate evaluation and treatment to effectively control all implications of the disease.

Another KRUSTEXXA milestone in the quarter was the initiation last month of the PROTECT trial, our 20-patient open-label study evaluating KRUSTEXXA in kidney transplant patients with uncontrolled gout. Kidney transplant patients have more than a tenfold increase in the prevalence of gout when compared to the general population, and chronically elevated levels of serum uric acid are associated with transplant organ rejection. This study – as well as our participation this week at the American Society of Nephrology meeting – supports our strategy to expand the use of KRUSTEXXA among nephrologists by providing additional data about the effectiveness of KRUSTEXXA in treating uncontrolled gout through its kidney-friendly mechanism.

New South San Francisco Facility
Finally, in the coming weeks, we will be opening a new facility in South San Francisco, primarily for our R&D and manufacturing organizations. This state-of-the-art facility will have lab space that will enable formulation and process development for manufacturing, as well as bioanalytical method development and other R&D functions. Given that South San Francisco is an R&D talent hub, our presence there will further enhance our ability to attract talent to support our expanding capability and pipeline.
In conclusion, we continue to make significant progress on teprotumumab, KRYSTEXXA and our other development programs. We are closer than ever to making teprotumumab available to patients living with the debilitating effects of TED, and we continue to work to help more patients living with uncontrolled gout benefit from KRYSTEXXA. We are rapidly advancing toward our goal of being a leading R&D organization addressing patient needs through the development of innovative therapies. I look forward to updating you on our continued progress next quarter.

With that, I’ll now turn the call over to Paul.
Paul Hoelscher  
Executive Vice President, Chief Financial Officer

Thanks, Shao-Lee.

My comments this morning will primarily focus on our non-GAAP results, unless otherwise noted.

**Third-Quarter 2019 Financial Results**

Third-quarter net sales of $335.5 million were driven by 14 percent growth of our orphan and rheumatology segment.

Operating income for orphan and rheumatology was $89.8 million, representing an operating margin of 36 percent, in line with our expectations, primarily reflecting our significant investment in both R&D and SG&A for teprotumumab, as well as our uncontrolled gout R&D programs.

Net sales for the inflammation segment were $85.1 million, with segment operating income of $39.6 million. We continue to reinvest the cash flow generated from this segment into the orphan and rheumatology business.

Our non-GAAP third-quarter gross profit ratio was 90.7 percent of net sales.

Non-GAAP operating expenses were $174.7 million. This included non-GAAP R&D expense of $19.6 million and non-GAAP SG&A expense of $155.1 million.

Third-quarter adjusted EBITDA was $130.4 million.

The non-GAAP income tax rate for the third quarter was negative 7.5 percent, resulting in a tax benefit of $8.7 million.

Non-GAAP net income and non-GAAP diluted earnings per share were $124.1 million and $0.64, respectively.

The weighted average shares outstanding used to calculate third-quarter 2019 non-GAAP diluted EPS were 194.2 million shares.

**Cash Flow and Balance Sheet**

Non-GAAP operating cash flow was $96.5 million in the third quarter.

Our cash balance at September 30 was $884 million, which includes the net cash outflow of $66 million in July as part of our refinancing. At that time, we issued $600 million of 5.5 percent senior notes due 2027 and used the proceeds, along with cash on hand, to repay $625 million of our outstanding debt.

As a result, as of September 30, our net debt was $534 million with a net leverage ratio of 1.1 times, down from 2.9 times a year ago. Our refinancing and debt-reduction initiatives have resulted in:

- a capital structure more in line with our profitable biopharma peers;
- a year-over-year decrease of our annualized cash interest expense of more than 40 percent; and
- an extended maturity of our term loans and senior notes by two to four years.

S&P recently recognized our efforts, upgrading our senior unsecured notes from single B plus to double B minus.
Full-Year 2019 Guidance
Moving to our outlook for 2019, we continue to expect full-year 2019 net sales to range between $1.28 billion and $1.3 billion, and we expect full-year net sales growth for KRYSTEXXA to be more than 25 percent. We continue to expect the full-year net sales for the inflammation operating segment to be roughly similar to 2018.

Full-year adjusted EBITDA is now expected to be in the range of $465 million to $475 million versus the previous range of $460 to $475 million.

We continue to project our non-GAAP gross profit ratio to be approximately 90 percent.

For operating expenses, we continue to expect non-GAAP R&D expense as a percentage of net sales to be in the mid- to high-single digits for the full year and expect both R&D and SG&A expense to step up in the fourth quarter compared to the third quarter, primarily as a result of our investment in teprotumumab launch preparations. As we look to next year and our expected first-quarter teprotumumab launch, we anticipate 2020 operating expenses to be somewhat higher than annualized fourth-quarter 2019 operating expenses.

We continue to expect a full-year non-GAAP tax rate in the low-to-mid teens with a higher non-GAAP tax rate in the fourth quarter to bring the full-year rate in line with our expectation. As we have said, and consistent with prior years, we anticipate quarterly variability in our non-GAAP tax rate, and as always, this projection could change significantly as a result of any acquisitions or divestitures, or any changes in tax laws.

We expect full-year non-GAAP net interest expense to be approximately $65 million – considerably lower than our initial guidance of $90 million to $95 million, as a result of our capital structure improvements.

We continue to expect our full-year 2019 weighted average diluted share count to be approximately 190 million shares.

With that, I will turn it over to Tim for his concluding remarks.
Thank you, Paul. We delivered strong third-quarter performance and achieved important milestones. We have transformed Horizon into a fast-growing, profitable biopharma company.

- We’re advancing teprotumumab, our first-in-class biologic candidate for the treatment of thyroid eye disease – with a March 8, 2020, PDUFA date. We are aggressively preparing for the potential U.S. launch, with our teprotumumab commercial and medical teams fully in place, and we continue to estimate teprotumumab peak annual U.S. net sales of more than $750 million.
- We continue to deliver on the promise of KRYSTEXXA, and we are now working to maximize its potential through our MIRROR immunomodulation trials as well as with PROTECT, our recently initiated trial for kidney transplant patients with uncontrolled gout.
- We’ve substantially improved our capital structure to align with our profitable biopharma peers. Our balance sheet has never been stronger, giving us the flexibility to invest in our growing pipeline.
- And we continue to expand our leadership, welcoming Dr. Sue Mahony to the board and bringing Andy Pasternak on as our Chief Business Officer.
- Finally, we have demonstrated that we are a company that drives strong ongoing performance while being recognized as a great place to work, and one that values diversity with gender and ethnic pay equity.

With strong business fundamentals and financial position, we believe we are well positioned for continued future growth, and that we represent one of the best long-term growth opportunities in our space. We continue to execute our strategy, which we believe will not only provide significant value to the many patients who benefit from our medicines, but also to you, our shareholders.

With that, we’ll now be happy to take your questions.

Thank you, Katherine. That concludes our call this morning. A replay of this call and webcast will be available in approximately two hours. Thank you for joining us.