

HORIZON PHARMA, INC.
Form DEFA14A
June 23, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-12

Horizon Pharma, Inc.

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

(4) Date Filed:

Filed under Rule 14a-12

of the Securities Exchange Act of 1934

Filing by: Horizon Pharma, Inc.

Subject Company: Horizon Pharma, Inc.

SEC File No. of Horizon Pharma, Inc.: 001-35238

This Schedule 14A filing consists of a presentation that will be used by Horizon Pharma, Inc. (Horizon) in investor meetings and conferences beginning on June 23, 2014. Certain information contained in the presentation relating to Vidara Therapeutics International Ltd. (Vidara) and ACTIMMUNE[®] has been provided by Vidara.

Forward Looking Statements

The presentation contains forward-looking statements, including, but not limited to, statements related to the anticipated consummation of a business combination transaction between Horizon and Vidara and the timing and benefits thereof, Horizon's and the combined company's strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, anticipated product portfolio, development programs and management structure, and other statements that are not historical facts. These forward-looking statements are based on Horizon's current expectations and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to Horizon's ability to complete the transaction with Vidara on the proposed terms and schedule; risks associated with business combination transactions, such as the risk that the businesses will not be integrated successfully, that such integration may be more difficult, time-consuming or costly than expected or that the expected benefits of the transaction will not occur; risks related to future opportunities and plans for Horizon, as well as the combined company, including uncertainty of the expected financial performance and results; disruption from the proposed transaction, making it more difficult to conduct business as usual or maintain relationships with customers, employees or suppliers; the calculations of, and factors that may impact the calculations of, the acquisition price in connection with the proposed merger and the allocation of such acquisition price to the net assets acquired in accordance with applicable accounting rules and methodologies; and the possibility that if the combined company does not achieve the perceived benefits of the proposed transaction as rapidly or to the extent anticipated by financial analysts or investors, the market price of the combined company's shares could decline, as well as other risks related to Horizon's business, including Horizon's dependence on sales of DUEXIS and VIMOVO and its ability to increase sales of its DUEXIS, VIMOVO and RAYOS/LODOTRA products; competition, including potential generic competition; the ability of Horizon to protect its intellectual property and defend its patents; regulatory obligations and oversight; and those risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in Horizon's SEC filings and reports, including in its Annual Report on Form 10-K for the year ended December 31, 2013. Horizon undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or changes in its expectations.

Additional Information and Where to Find It

In connection with the proposed transaction with Vidara, Horizon and Vidara will be filing documents with the SEC, including the filing by Horizon of a preliminary and definitive proxy statement/prospectus relating to the proposed transaction and the filing by Vidara of a registration statement on Form S-4 that will include the proxy statement/prospectus relating to the proposed transaction. After the registration statement has been declared effective by the SEC, a definitive proxy statement/prospectus will be mailed to Horizon stockholders in connection with the

proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT ON FORM S-4 AND THE RELATED PRELIMINARY AND DEFINITIVE PROXY/PROSPECTUS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT HORIZON, VIDARA AND THE PROPOSED TRANSACTION. Investors and security holders may obtain free copies of these documents (when they are available) and other related documents filed with the SEC at the SEC's web site at www.sec.gov, by directing a request to Horizon's Investor Relations department at Horizon Pharma, Inc., Attention: Investor Relations, 520 Lake Cook Road, Suite 520, Deerfield, IL 60015 or to Horizon's Investor Relations department at 224-383-3000 or by email to investor-relations@horizonpharma.com. Investors and security holders may obtain free copies of the documents filed with the SEC on Horizon's website at www.horizonpharma.com under the heading "Investors" and then under the heading "SEC Filings".

Horizon and its directors and executive officers and Vidara and its directors and executive officers may be deemed participants in the solicitation of proxies from the stockholders of Horizon in connection with the proposed transaction. Information regarding the special interests of these directors and executive officers in the proposed transaction will be included in the proxy statement/prospectus described above. Additional information regarding the directors and executive officers of Horizon is also included in Horizon's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on March 13, 2014. These documents are available free of charge at the SEC's web site at www.sec.gov and from Investor Relations at Horizon as described above.

This communication does not constitute an offer to sell, or the solicitation of an offer to sell, or the solicitation of an offer to subscribe for or buy, any securities nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NASDAQ: HZNP

June 2014

Filed under Rule 14a-12 of the Securities Exchange Act of 1934

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The following is a slide presentation relating to the proposed transactions

described therein that was made available beginning on June 23, 2014.
Horizon Pharma, Inc.

Forward-Looking Statements

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and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward looking a result of these risks and uncertainties, which include, without limitation, risks related to Horizon Pharma's ability to complete with Vidara on the proposed terms and schedule; risks associated with business combination transactions, such as the risk that will not be integrated successfully, that such integration may be more difficult, time-consuming or costly than expected or that benefits of the transaction will not occur; risks related to future opportunities and plans for Horizon Pharma, as well as the combined company, including uncertainty of the expected financial performance and results; disruption from the proposed transaction, making it difficult to conduct business as usual or maintain relationships with customers, employees or suppliers; the calculations of and may impact the calculations of, the acquisition price in connection with the proposed merger and the allocation of such acquisition to the net assets acquired in accordance with applicable accounting rules and methodologies; and the possibility that if the combination does not achieve the perceived benefits of the proposed transaction as rapidly or to the extent anticipated by financial analysts, the market price of the combined company's shares could decline, as well as other risks related to Horizon Pharma's business operations, including Horizon Pharma's dependence on sales of DUEXIS and VIMOVO and its ability to increase sales of its DUEXIS, VIMOVO and other products; competition, including potential generic competition; the ability of Horizon Pharma to protect its intellectual property, including patents; regulatory obligations and oversight; and those risks detailed from time-to-time under the caption "Risk Factors" and in Horizon Pharma's SEC filings and reports, including in its Annual Report on Form 10-K for the year ended December 31, 2013. Horizon Pharma undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information or future events or changes in its expectations.

Additional Information

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This communication does not constitute an offer to sell, or the solicitation of an offer to sell, or the solicitation of an offer to subscribe for or buy, any securities nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

For full prescribing information refer to product websites.

Note Regarding Use of Non-GAAP Financial Measures

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Horizon Pharma provides non-GAAP net income (loss) and net income (loss) per share financial measures that include adjustments to GAAP figures. These adjustments to GAAP exclude non-cash items such as stock compensation and depreciation and amortization, cash interest expense, and other non-cash charges. Certain one-time or substantive events may also be included in the non-GAAP adjustments periodically when their magnitude is significant within the periods incurred. EBITDA, or earnings before interest, depreciation and amortization, is also used and provided by Horizon Pharma as a non-GAAP financial measure. Horizon Pharma

that these non-GAAP financial measures, when considered together with the GAAP figures, can enhance an overall understanding of Horizon Pharma's financial performance. The non-GAAP financial measures are included with the intent of providing investors with a more complete understanding of operational results and trends. In addition, these non-GAAP financial measures are among the key performance indicators Horizon Pharma's management uses for planning and forecasting purposes and measuring Horizon Pharma's performance. These non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The non-GAAP financial measures used by Horizon Pharma may be calculated differently and therefore may not be comparable to, non-GAAP financial measures used by other companies.

- (1)
On a non-GAAP basis
- (2)
Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer
- (3)
RAYOS is known as LODOTRA outside the United States
Profitable

(1)
, specialty pharma company with accelerating growth
Integrated commercial model with analytics as its foundation

Four
products
targeting
unmet
therapeutic
needs
in
primary
care,
orphan
diseases

(2)
and specialty segments

VIMOVO

®
(naproxen/esomeprazole)

DUEXIS

®
(ibuprofen/famotidine)

ACTIMMUNE

®
(interferon gamma 1b)
(2)

RAYOS

®
(prednisone) delayed-release tablets
(3)

Tax efficient corporate platform facilitating an aggressive business
development strategy via product/company acquisitions

(2)
Proven leadership team

5
Horizon Pharma Overview

Accelerating Growth in Revenues and EBITDA

6

~497% Year-over-Year

Net Sales Growth

2011

2012

2013

2014E

(1)

1Q 2013

1Q 2014

\$6.9

\$18.8

\$74.0

\$275.0

\$8.7

\$51.9

\$(46.8)

\$(73.3)

\$(33.5)

\$(16.6)

\$11.0

\$(150.0)

\$(100.0)

\$(50.0)

\$-

\$50.0

\$100.0

\$150.0

\$200.0

\$250.0

\$300.0

Net Sales

Adjusted EBITDA

(1)

Midpoint of 2014 guidance provided on May 9, 2014 for net sales of \$270 - \$280 million and adjusted EBITDA of \$80 - \$90 million, based on an assumed period of August through December 2014 and excluded transaction related expenses. By this presentation, Horizon is providing updated 2014 guidance.

\$85.0

7
Integrated Commercial Model
Leading-Edge, Value-Based Analytics
Differentiated
Sales Approach
Do What is Right
for the Patient

Optimize
Value
Prescriptions
Made Easy

Rep profile
B2B

Funnel
management

Optimized targeting

Total office and
pharmacy call

Uncapped incentives

\$0 co-pay program

Ensure ubiquity

Align WAC and
co-pay

Maximize net
revenues

Understand the
interplay of
pricing, managed
care control and
script volume

Eliminate script
fulfillment friction

Specialty pharmacy
channel

HZNP guarantees
reimbursement

Integrated Commercial Model (*continued*)

DUEXIS Unique Prescribers and Adopters Continue to Grow

8

Added 200+ new writers every week for last 20 months

(1)

Source: IMS Xponent data

Number of Unique Writers

(1)
13% increase over last 3 months
Number of Unique Adopters (5+ TRx)

(1)
19% increase over last 3 months
Unique Prescribers

+13%
Unique Adopters (5+ Rx/week)

+19%

~35% of DUEXIS Prescriptions Through PME (May 2014)

Rx Filled
Refill Rate
(May
2014)
(2)
Fill Rate

(1)

9

Prescriptions-Made-Easy

(PME) Specialty

Pharmacy Program Driving Prescriptions

2013

2014

(1)

National Average fill rate calculated by subtracting IMS Monthly Claims national average rejections and reversals from total patients with insurance information and fill their prescription (total patients that fill Rx / total patients that are contacted and have insurance information and fill their prescription)

(2)

National Average refill rate based on IMS NPA Monthly

Primary Care

Orphan Diseases

10

Four US Products in Three Market Segments

(1)

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

(2)

RAYOS is known as LODOTRA outside of the United States

(1)

Specialty

250 sales reps

PCPs

Ortho surgeons

Podiatrists

Six sales reps

40 sales reps

Rheumatologists

(2)

Academic medical
centers

Family Practice ID and
Immunology

11

(1)

Singh and Rosen Ramey. *J Rheumatol.* 1998;51(suppl):8-16.

(2)

Geis et al. *J Rheumatol.* 1996;18:11-14

(3)

M. Wolfe, et.al.; Gastrointestinal Toxicity of Nonsteroidal Anti-inflammatory Drugs; *NEJM*; vol. 340; no. 24; June 1999.

(4)
BMC Musculoskeletal Disorders 2006, 7:79

(5)
Sturkenboom, et.al.; Aliment Pharmacol Ther 2003; 18:1137-1147

GI intolerance incidence: up to 50%
(1)

Endoscopic ulcers incidence: 15-46%
(2)

Leads to 107k hospitalizations and 16.5k deaths
per year
(3)

76% of MDs do not prescribe concomitant GI
therapy
(4)

37% of patients non-compliant; increased to
61% by the 3rd prescription
(5)

Novel, proprietary formulations of two of the most prescribed
NSAIDs combined with a GI protectant in a single pill

NSAID-INDUCED

GI TOXICITY

POOR PHYSICIAN AND
PATIENT COMPLIANCE

VIMOVO

VIMOVO

DUEXIS

DUEXIS

Naproxen

NSAID

Ibuprofen

Esomeprazole

magnesium (PPI)

GI

Protectant

Famotidine

(H₂

antagonist)

BID

Dosing

TID

VIMOVO & DUEXIS

Addressing an Unmet Medical Need

VIMOVO as the *Smarter Naproxen*
There is only ~30% TRx overlap of
VIMOVO
and
DUEXIS
prescribers
(1)

VIMOVO

Prescribers

DUEXIS

DUEXIS

Prescribers

Prescribers

Weekly New Rx (k)

Product Positioning

Minimal Overlap with

Existing Targets

Underlying Market Potential

leading to limited overlap in existing
writers of VIMOVO and DUEXIS

The market potential for ibuprofen and
naproxen underlying NSAID is large,
segmented, and largely untapped

VIMOVO and DUEXIS are
highly synergistic and meet different
patient needs

12

Significant Market Opportunity for both
VIMOVO and DUEXIS with Minimal Overlap

Focus on HCPs that need an NSAID,
but are also *concerned with*
protection
(gold-standard protection,
etc.)

Focus on underlying Naproxen
prescribers

Focus on HCPs that need *best-in-*
class pain relief and protection
(rapid onset, gold standard
efficacy, etc.)

Focus on underlying Ibuprofen
prescribers
DUEXIS as the *Smarter Ibuprofen*
(1)

Source: Healthcare Analytics (SHA) Prescriber Level Data from June 2013 August 2013

(naproxen/esomeprazole magnesium)

Delayed-Release Tablets

375/20 and 500/20 mg

Indicated for the relief of signs and symptoms of osteoarthritis, rheumatoid arthritis and ankylosing spondylitis and to decrease the risk of developing gastric ulcers in patients at risk of developing NSAID-associated gastric ulcers

See

full
prescribing
information
at
www.vimovo.com

Highly Synergistic VIMOVO Acquisition

(1)

AstraZeneca Annual Reports

Product Highlights

Product Highlights

Acquired Nov. 18, 2013 from

AstraZeneca

\$35 million one time payment

Leverages existing commercial
infrastructure

Focus on commercial payors

Maximizing value through price and
lower patient co-pay

Rapid growth in VIMOVO revenues

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Net Sales

Net Sales

(1)

(1)

Perfect example of value arbitrage we are trying to capture in our BD strategy

VIMOVO Off to Strong Start in 2014
LARGE MARKET
OPPORTUNITY
COMMERCIAL
DYNAMICS
EXECUTION

Large NSAID market
(>100M TRx/year)

Naproxen NSAID in
U.S. with over 16M
TRx/year

Peak annual
VIMOVO demand of
~600k scripts and
run rate of ~300k
scripts at YE13

Branded NSAIDs in Tier
3 position

VIMOVO priced at
monthly WAC of \$799,
WAC/TRx of ~\$820

84% of claims
approved

\$0 target co-pay

May 2014 NRx +2% vs.
April 2014

May 2014 TRx +4% vs.
April 2014

May 2014 TRx dollars
of ~\$21.6M

April 2014 TRx dollars
of ~\$20.8M

15
250 Primary Care Reps + 40 Specialty Reps Selling VIMOVO
HZNP

Full Launch of VIMOVO on February 3, 2014

Source: IMS NPA Monthly data; IMS Claims data Commercial Only

For the relief of signs and symptoms of
rheumatoid arthritis and osteoarthritis and to
decrease the risk of developing upper
gastrointestinal ulcers in patients who are taking
ibuprofen for those indications

See
full

prescribing
information
at
www.DUEXIS.com

DUEXIS Scripts Continue to Grow
250 Sales Reps Promoting to Primary Care and ORS
17
LARGE MARKET
OPPORTUNITY
MANAGED
CARE

EXECUTION

Large NSAID market
(100M+ TRx/year)

Ibuprofen is leading
NSAID in U.S. with
over 33M TRx/year

Branded NSAIDs in Tier
3 position

Monthly WAC of \$799,
average WAC/Rx of
~\$720

82% of claims
approved

\$0 target co-pay

NRx/TRx continue to
grow

May 2014 TRx +8% vs.
April 2014

May 2014 NRx +6% vs.
April 2014

May TRx dollars of
~\$16.8M

April TRx dollars of
~\$15.7M

Source: IMS Xponent data; IMS Claims data - Commercial Only

DUEXIS Quarterly
Net Sales Growth (\$M)
Sales Force
Expansion
TRx
NRx
Price Increase

from \$198 WAC

to \$502 WAC

Price Increase

from \$502 WAC

to \$677 WAC

Price Increase

from \$677 WAC

to \$799 WAC

18

DUEXIS Monthly

TRx and NRx

(2)

(1)

DUEXIS Scripts Continue to Grow (*continued*)

DUEXIS Scripts Continue to Grow (*continued*)

Source: IMS Xponent Data

(1)

Includes one-time amount of \$1.4M due to change in timing of revenue recognition.

(2)

Includes one time reversal of managed care rebate in the amount of \$2.4M

For reduction of the frequency and severity of serious infections associated with Chronic Granulomatous Disease and for delaying time to disease progression in patients with severe, malignant osteopetrosis (Interferon gamma-1b)

Injection

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

See

full
prescribing
information
at
www.actimmune.com

On March 19, 2014, announced the acquisition of Vidara Therapeutics International Ltd. for 31.35 million shares of Horizon stock, \$200 million in cash and plan to become *Horizon Pharma plc*

Closing is currently projected to be this summer

ACTIMMUNE

Recombinant biologic approved in two ultra orphan indications, CGD and SMO

Realized **\$58.9 million** in net revenues in 2013

Commercial rights in U.S., Canada, Japan and certain LA, Asian and other ROW territories

Two U.S. patents extending to 2022; perpetual Genentech know-how license

Potential for label expansion, including Friedreich's ataxia and eczema herpeticum

Total headcount of 24, including 6 sales reps with biologic and orphan experience

Horizon Pharma plc
corporate structure

Corporate headquarters: Dublin, Ireland

Bermuda headquarters: Hamilton (IP & BLA)

U.S. headquarters: Deerfield, IL

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Vidara Therapeutics Acquisition Overview

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

Pricing

Currently priced at \$308K per patient per year

Pricing analyses in process to determine optimal pricing strategy

Penetration

CGD and SMO penetration is <25%

Opportunity to increase penetration rates with increased commitment to selling and marketing

New Presentations/Formulations

~25% of scripts are for Medicaid covered patients

\$0.01 sales price per vial

New presentation/formulation

reestablish value-based pricing with Medicaid

New Indications

12 patient trial in Friedreich's Ataxia reading out in 2H:14

Eczema herpeticum

21

Growth Potential for ACTIMMUNE

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

Delayed-Release Low-Dose Prednisone approved in the U.S. for treatment of Rheumatoid Arthritis, Polymyalgia Rheumatica, Psoriatic Arthritis, Ankylosing Spondylitis, Asthma and Chronic Obstructive Pulmonary Disease* (prednisone)

Delayed-Release Tablets

Note: RAYOS is known as LODOTRA outside the United States

*For full

list
of
indications,
see
full
prescribing
information
at:
www.RAYOSrx.com

RAYOS Commercial Overview
HIGH UNMET NEED IN
RA & PMR
COMMERCIAL
DYNAMICS
EXECUTION

1.8M RA Patients,
majority suffer from
morning symptoms

1.1M PMR Patients,
majority suffer from
morning symptoms

~10M annual TRx

~3M annual
prednisone Rx s

40 Rheum Specialists
calling on 3,000+
rheumatologists

May 2014 TRx +4% vs.
April 2014

May 2014 NRx -1% vs.
April 2014

May TRx dollars of
~\$1.72M

April TRx dollars of
~\$1.67M

May 2014 TRx +4% vs. April 2014

Note: RAYOS is known as LODOTRA outside the United States

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Source: IMS NPA Monthly data; IMS Claims data - Commercial Only

Majority Tier 3
position

RAYOS priced at \$933
WAC per 30-count
bottle, WAC per Rx of
\$1,600

88% of claims
approved

\$0 target co-pay

24

DUEXIS

6 issued U.S. patents

Settled Par Pharmaceutical PIV litigation by granting a non-exclusive right to market a generic

product beginning January 1, 2023, or earlier under certain circumstances

VIMOVO

8 issued U.S. patents with protection to at least 2022

Five generic companies have filed ANDA PIV against VIMOVO

o

Dr. Reddy's non-infringement challenge in court system (Pisano, NJ)

o

Court ordered mediation is in process (no trial date set)

RAYOS

5 issued U.S. patents with protection to at least 2024

Horizon responded to a PIV Patent Certification received from Watson on July 15, 2013 by filing

a patent

infringement

lawsuit

against

Watson

on

Aug.

27,

2013

in

New

Jersey

no

trial

date

set

ACTIMMUNE

(1)

Two U.S. patents extending to 2022; perpetual Genentech know-how license

Long Life Proprietary Products

(1)

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

President & CEO,
IDM Pharma
(Orphan/Osteosarcoma;
sold to Takeda)
Todd Smith
EVP, Chief Commercial
Officer

Agouron, Achillion, Abbott,
Bayer, Fenwal
VP/GM, Abbott Immunology
Led global
development
&
launch
of
HUMIRA
(\$11+B
in
sales)
Wyeth, Searle, Merck and
Abbott
Marketed 12 NSAIDs, including
Celebrex, VIOXX, Arthrotec,
Mobic, Daypro, Brufen
Jeff Sherman, M.D.
EVP, Chief Medical Officer
BMS, Searle, Takeda, IDM Pharma
25
Proven Leadership Team
Extensive Commercial, Development and M&A Experience
Bob Carey
EVP, Chief Business Officer
JMP Securities, Dresdner Kleinwort
Wasserstein,
Vector Securities
Board
Member
Raptor
(orphan);
XOMA
(orphan)
Egalet
(opioid);
BIO
Bob De Vaere
(1)
EVP, Chief Financial Officer
IDM Pharma, Nexa Therapeutics,
Epimmune, Vista Medical
Paul Hoelscher
(1)
EVP, Finance
Chief
Financial
Officer
-
Elect

OfficeMax, Alberto Culver/Unilever,
KPMG LLC

Ben Bove

SVP,

Marketing

&

Analytics

Galt & Company, Abbott, Fenwal

Jeff Kent, M.D.

SVP, Medical Affairs

Searle (Celebrex/Bextra), Abbott

(HUMIRA)

Tim Walbert

Chairman, President & CEO

(1)

Bob De Vaere will retire , effective September 30, 2014 and enter into a one-year consulting agreement with the Company; Pa

President, Finance, effective June 23, 2014 and Chief Financial Officer, effective October 1, 2014

Leverage Core
Commercial Strengths
Adjacencies to Current
Capabilities
Important Unmet Need

Pursue products with differentiated clinical benefits

U.S. products/companies with on-market assets

Leverage 250 person primary care sales force

Leverage 40 person specialty sales force

Build upon orphan presence with ACTIMMUNE

Differentiated and/or underappreciated assets with targeted approach regardless of therapeutic area

Opportunistic targets which provide geographic expansion

Immediate accretion

Attractive financial returns

Long life assets

Maximize Shareholder

Value Creation

Business Development Strategy

26

(\$ in millions)

Period

1Q 2014 % Change from

1Q 2013

2Q 2013

3Q 2013

4Q 2013

FY 2013

1Q 2014

1Q 2013

4Q 2013

Net Sales by Product

VIMOVO

-

\$

-

\$

-

\$

1.0

\$

1.0

\$

34.0

\$

NM

NM

DUEXIS

4.8

9.5

21.6

23.1

59.0

13.9

190%

-40%

RAYOS

(1)

0.4

0.4

1.8

3.2

5.8

3.3

727%

3%
LODOTRA

(1)
3.5

1.2

0.7

2.8

8.2

0.7

-80%
-75%

Total Net Sales

8.7

\$

11.1

\$

24.1

\$

30.1

\$

74.0

\$

51.9

\$

497%

73%

Adjusted EBITDA

(3)

(16.6)

\$

(13.9)

\$

(0.8)

\$

(1.0)

\$

(32.3)

\$

11.0

\$

NM

NM

1Q 2014 and Full Year 2013 Results

Adjusted 1Q 2014 non-GAAP net income was \$11.0 million, or \$0.16 non-GAAP basic earnings per share and \$0.13 non-GAAP diluted earnings per share

(1)

RAYOS is known as LODOTRA outside the United States

(2)

Not meaningful

(3)

Adjusted EBITDA reflects adjustments for Vidara acquisition costs

27

(2)

Adjusted Financials Reconciliation

28

(\$ in thousands)

Fiscal Year Ended December 31,

Three Months Ended March 31,

2011

2012

2013

2013

2014

GAAP Net Loss

(113,265)

\$

(87,794)

\$

(149,005)

\$

(22,171)

\$

(206,250)

\$

Loss on derivative revaluation

-

-

69,300

-

204,030

Intangible impairment charge

69,621

-

-

-

-

Depreciation and intangible amortization expense

4,199

5,538

9,310

1,922

5,403

Interest expense, net

6,284

14,525

39,178

3,603

4,207

Other expense, net

-

56

-

-

667

Foreign exchange loss (gain)

1,023

(489)

(1,206)

905

38

Benefit for income taxes

(14,683)

(5,171)

(1,121)

(881)

(1,105)

Non-GAAP Adjustments

66,444

\$

14,459

\$

115,461

\$

5,549

\$

213,240

\$

EBITDA

(46,821)

\$

(73,335)

\$

(33,544)

\$

(16,622)

\$

6,990

\$

Adjustments for Vidara acquisition costs

-

-

1,252

-

4,049

Total Non-GAAP Adjustments

66,444

14,459

116,713

5,549

217,289

Adjusted EBITDA

(46,821)

\$

(73,335)

\$

(32,292)

\$

(16,622)

\$

11,039

\$

Adjusted Financials Reconciliation (*continued*)

29

Three Months Ended

(\$ in thousands)

March 31,

2014

GAAP Net Loss

(206,250)

\$

Loss on derivative revaluation

204,030

Intangible amortization expense (net of tax effect)

4,680

Stock based compensation

1,927

Amortization of debt discount and deferred financing costs
2,333

Depreciation expense
376

Amortization of deferred revenue
(161)

Non-GAAP Adjustments
213,185

Non-GAAP Net Income (Loss)
6,935

\$
Adjustments for Vidara acquisition costs
4,049

Total Non-GAAP Adjustments
217,234

Adjusted Non-GAAP Net Income (Loss)
10,984

\$
GAAP Net Loss per common share - basic
(3.07)

\$
Non-GAAP Adjustments
3.23

Adjusted Non-GAAP Basic Earnings (Loss) per Share
0.16

\$
Dilutive earnings per share effect of common stock equivalents
(0.03)

Adjusted Non-GAAP Net Income (Loss) per Common Share - Diluted
0.13

\$

(in millions)
As of 3/31/14
Pro Forma for
Vidara Acquisition
Balance Sheet
Balance Sheet
Cash

\$103.4

n/a

Debt

\$150.0

(1)

\$450.0

(2)

Capitalization

Capitalization

(3)

(3)

Basic Shares Outstanding

71.4

102.8

Fully Diluted Shares Outstanding

(4)

90.4

121.8

Financial Highlights

30

(1)

Gross amount of 5% convertible notes outstanding, excluding debt discount

(2)

Includes \$300 million senior secured credit agreement; see following slide for further details.

(3)

Includes all issued and outstanding securities, vested and unissued RSUs and contingent stock options. Pro Forma column includes shares issued to Vidara shareholders upon closing and assumes no existing warrants, options or RSUs are exercised between 3/1/2018 and 3/31/2018.

(4)

Excludes shares issuable upon conversion of \$150 million convertible note.

On June 19, 2014, we announced an agreement with a group of lenders to provide Horizon with \$300 million in financing that will replace the \$250 million bridge loan commitment received from Deerfield Management Company, L.P., announced on March 19, 2014

31

Senior Secured Credit Agreement

Loan Commitment

Senior secured term loans

Size

\$300 million

Term

5 years

Interest Rate

L + 8.0% (LIBOR Floor: 1.0%) or
the prime lending rate + 7.0% (at each borrower's option)

Make-whole

T+50 bps for two years and callable thereafter at a premium:

Year 3: 104, year 4: 102, year 5: 100

Amortization

None

Accordion

(1)

Unlimited subject to (i) minimum EBITDA of \$70 million, (ii) maximum senior secured net leverage ratio < 3.5x (cash netting cap of \$50 million) and (iii) maximum total net leverage ratio < 5.5x (cash netting cap of \$50 million)

Timing

Coincident with the closing of the proposed acquisition of Vidara

Use of proceeds

To effect the proposed acquisition of Vidara, pay related transaction fees and expenses
and for general corporate purposes

(1)

EBITDA to reflect certain adjustments and be calculated on a Last Quarter Annualized basis for any test period ending on or prior to the calculation date, after which EBITDA shall be calculated on a Last Twelve Months Basis after giving pro forma effect to any acquisitions and dispositions that occurred during the test period and on or before the calculation date.

Appendix
Appendix

Horizon Pharma History

33
2005
2008
2010
2011
2012

2013

Founded in Palo

Alto, CA

Relocates

to IL

DUEXIS

U.S. Approval

4-2011

\$50M IPO

(NASDAQ: HZNP)

DUEXIS

U.S. Launch

\$111M Raised:

\$60M in Debt and

\$51M in Equity

\$86M Equity

Raise

RAYOS

U.S.

Approval

7-2012

RAYOS

U.S. Launch

T. Walbert

joins as CEO

Acquisition of

VIMOVO

\$150M Convert

VIMOVO

HZNP

U.S. Launch

2014

Vidara

Acquisition

(1)

&

\$300M Loan

(1)

Pending the closing of the acquisition of Vidara Therapeutics International Ltd. which is expected this summer

Acquisition of private,

Switzerland-based Nitec

Pharma (RAYOS)

VIMOVO: Significant Reduction in Gastric Ulcers
Cumulative observed incidence of Gastric Ulcers
*P<0.001 Ec Naproxen vs. VIMOVO
Source: VIMOVO Approved Package Insert, October 2012

*

*

34

4.1
23.1
7.1
24.3
0
5
10
15
20
25
30
VIMOVO
EC
Naproxen
VIMOVO
EC
Naproxen
Study 301
Study 302

VIMOVO: Gastric Protection with or without
Low Dose Aspirin (LDA)
Pooled Cumulative incidence of Gastric Ulcer with or without LDA
35
Aliment
Pharmacol
Ther

2010;
32:
401-413
LDA Users
LDA Non-Users

36

Source: DUEXIS Approved Package Insert, April 2011

20.0%

DUEXIS

TID

Ibuprofen

800 mg TID

10.5%

N=190

N=380

p-value = 0.002

8.7%

N=216

N=447

17.6%

DUEXIS

TID

Ibuprofen

800 mg TID

p-value = 0.0004

Statistically significant less dyspepsia vs. ibuprofen

5% vs. 8%

(p-value = 0.009)

All other treatment-emergent GI adverse events were similar

~50 % Reduction **in Gastric or Upper GI Ulcers**

REDUCE-1, Patients with

Endoscopic *Gastric* Ulcer (%)

REDUCE-2, Patients with

Endoscopic *Upper GI* Ulcer (%)

DUEXIS Met Primary Endpoints in Phase 3 Trials

RELEASE
10pm
2am
6am
10am
Pain &
Stiffness

High
Cytokine
release

RELEASE

High

10pm

2am

6am

10am

RAYOS Synchronizes Pharmaceutical Delivery with
Therapeutic Need

37

Notes: Illustrative only

STANDARD PREDNISONONE

-

Current regimen too late

-

Morning administration does not mediate
nocturnal cytokine peak

LODOTRA

-

Optimal nocturnal release regimen

-

Convenient bedtime dosing

-

Reduces morning stiffness and pain

Pain &

Stiffness

Cytokine

release

DOSING

RAYOS is known as LODOTRA outside the United States

Note:
RAYOS is known as LODOTRA outside the United States
Diff.
(1.7X)
Diff.
(2.5X)
Diff.

(2.8X)

CAPRA-2 -

Pivotal U.S. Phase 3 Study

38

LODOTRA

Placebo

p-value = 0.0002

p-value = 0.0027

p-value = 0.0955

% of Patients with Improvement

Source: Arthritis Rheum 2010 (62 suppl 10:392)

48.5%

22.7%

7.0%

28.6%

9.2%

2.5%

ACR 20

ACR 50

ACR 70

Strong, Significant

Improvement in

ACR 20 and ACR 50

350 Patients

Randomized 2:1

DMARD Use (MTX)

Included in Trial

Safety Comparable

to Placebo

RAYOS -

Significantly Improved ACR 20/50 Response

RAYOS Delivers Superior to Immediate-Release

Prednisone in Reducing Morning Stiffness

39

CAPRA-1 (Pivotal EU Phase 3 Study)

23% mean relative reduction in morning stiffness after 3 months

Sustained reduction of morning stiffness (~50% reduction)

Reduction in IL-6 levels (~30% after 3 months, ~40% after 12 months)

Relative change from baseline in duration of morning stiffness for the safety set of the open phase
IR PREDNISONE GROUP

SWITCHED TO

LODOTRA

DOUBLE BLIND

PHASE

p-value = 0.045

Mean Immediate Release Prednisone Group

Mean LODOTRA Group

Note:

RAYOS is known as LODOTRA outside the United States

-80

-70

-60

-50

-40

-30

-20

-10

0

10

20

0

1

2

3

4

5

6

7

8

9

10

11

12

13

Study Month

OPEN LABEL PHASE

Source:

The Lancet, 2008 (371:205-14)

NASDAQ: HZNP
June 2014
Horizon Pharma, Inc.
Filed under Rule 14a-12 of the Securities Exchange Act of 1934
Filing by: Horizon Pharma, Inc.
Subject Company: Horizon Pharma, Inc.
SEC File No. of Horizon Pharma, Inc.: 001-35238

described therein that was made available beginning on June 23, 2014.

The following is a slide presentation relating to the proposed transactions