

# Horizon Pharma plc

Bank of America Merrill Lynch 2015 Leveraged Finance Conference

*December 3, 2015*



*Non-Confidential Information – Horizon Pharma plc*

# Forward-Looking Statements

This presentation contains forward-looking statements, including, but not limited to, statements related to Horizon Pharma's strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, expected impact and potential benefits from recent and future transactions, development programs and clinical plans, and other statements that are not historical facts. These forward-looking statements are based on Horizon Pharma'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 Pharma's ability to complete any future acquisitions on anticipated terms; 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 any acquisition will not be realized; risks related to future opportunities and plans for Horizon Pharma and/or the combined company, including, without limitation, uncertainty of the expected financial performance and results of Horizon Pharma and/or the combined company following completion of any acquisition; disruption from any future acquisition, making it more difficult to conduct business as usual or maintain relationships with customers, employees or suppliers; and the possibility that if the combined company does not achieve the perceived benefits of any future acquisition as rapidly or to the extent anticipated by financial analysts or investors, the market price of Horizon Pharma's shares could decline, as well as other risks related to the Horizon Pharma's business, including the ability to grow sales and revenues from existing medicines and its ability to increase sales of its existing medicines; Horizon Pharma's ability to successfully execute its commercial strategy and achieve projected financial results for 2015, 2016 and other long-term financial metrics; the fact that past financial or operating results are not a guarantee of future results; competition, including potential generic competition; the ability to protect intellectual property and defend patents; regulatory obligations and oversight, including potential changes in healthcare laws and regulations; the availability of coverage and adequate reimbursement and pricing from government and third-party payers and risks relating to the success of Horizon's patient support program; risks associated with clinical development and regulatory approvals, including the anticipated timing of initiating and completing studies and filing for and obtaining regulatory approvals, whether data from clinical studies will support regulatory approval, and whether clinical results will be consistent with data from animal models; and those risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in Horizon Pharma's filings and reports with the SEC, including in the Annual Report on Form 10-K for the year ended December 31, 2014, and subsequent quarterly reports on Form 10-Q. Horizon Pharma undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, except as required by applicable law or regulation.

# Note Regarding Use of Non-GAAP Financial Measures

Horizon Pharma provides certain financial measures such as adjusted non-GAAP net income (loss), adjusted non-GAAP net income (loss) per share, non-GAAP gross profit margins and non-GAAP cash from operations that include adjustments to GAAP figures. These adjustments to GAAP exclude the bargain purchase gain related to the acquisition of Vidara, acquisition transaction related expenses, loss on induced debt conversion, loss on debt extinguishment, secondary offering expenses, as well as non-cash items such as stock compensation, depreciation and amortization, accretion, non-cash interest expense and other non-cash adjustments such as the increase or decrease in the fair value of the embedded derivative associated with the Company's prior convertible senior notes. Certain other special items 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, taxes, depreciation and amortization, and adjusted EBITDA are also used and provided by Horizon as non-GAAP financial measures.

Horizon believes that these non-GAAP financial measures, when considered together with the GAAP figures, can enhance an overall understanding of Horizon's financial performance. The non-GAAP financial measures are included with the intent of providing investors with a more complete understanding of the Company's operational results, trends and expectations. In addition, these non-GAAP financial measures are among the indicators Horizon's management uses for planning and forecasting purposes and measuring the Company'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 the Company may be calculated differently from, and therefore may not be comparable to, non-GAAP financial measures used by other companies. The Company has not provided a reconciliation of full year 2015, 2016 or 2020 adjusted EBITDA outlook to a net income (loss) outlook because certain items that are a component of net income (loss) but not part of adjusted EBITDA, such as the gain (loss) on derivative revaluation associated with the convertible senior notes, stock compensation, acquisition related expenses and certain purchase accounting items such as intangibles and step-up inventory, cannot be reasonably projected, either due to the significant impact of changes in Horizon's stock price on derivative revaluation and stock compensation, or the variability associated with acquisition related expenses and purchase accounting items due to timing and other factors.

# Horizon Pharma Investment Identity

Fast-growing, profitable biopharmaceutical company driven by a highly successful commercial model that focuses on patient access and is diversified across three business units: orphan, primary care and specialty.

Horizon's strong cash flows and adjusted EBITDA drive a disciplined and proven business development strategy that results in significant value for shareholders.

# Horizon Pharma Investment Highlights

- Profitable biopharmaceutical company with strong growth
- Highly successful commercial model
- Seven medicines targeting unmet therapeutic needs in orphan, primary care and specialty business units
- Diversified growth strategy with expected 20%+ annual organic growth complemented with disciplined incremental business development
- Tax efficient corporate platform facilitating an aggressive business development strategy via product / company acquisitions
- Strong balance sheet and cash flows enable significant incremental financing capacity

## Orphan

**ACTiMUNE**<sup>®</sup>  
(Interferon gamma-1b)

**RAVICTI**<sup>®</sup>  
(glycerol phenylbutyrate) Oral Liquid

**BUPHENYL**<sup>®</sup>  
(sodium phenylbutyrate)

## Primary Care

**VIMOVO**<sup>®</sup>  
(naproxen/esomeprazole magnesium)  
375/20-500/20 mg delayed-release tablets

**DUEXIS**<sup>®</sup>  
(ibuprofen and famotidine) Tablets  
800 mg/26.6 mg

**PENNSAID**<sup>®</sup>  
(diclofenac sodium topical solution) 2% w/w

## Specialty

 **RAYOS**<sup>®(1)</sup>  
(Prednisone) Delayed-release Tablets

(1) RAYOS is known as LODOTRA outside the United States

# Third Quarter 2015 Overview

- *Net sales up 202% compared to Q3 2014 and 31% sequential vs Q2 2015*
- *Strong sales growth across all three business units*
- *Adjusted EBITDA was \$131M for Q3 2015; LTM adjusted EBITDA was at \$274M*
- *Non-GAAP diluted EPS was 70 cents up 268% compared to Q3 2014*
- *Non-GAAP operating cash flow of \$101M up 183% compared to Q3 2014*

(\$ in millions except share and per share amounts)	Q3 2015			Q3 2014		
	U.S. GAAP	Adjustments	Non-GAAP	U.S. GAAP	Adjustments	Non-GAAP
Net sales	\$226.5	-	\$226.5	\$75.1	-	\$75.1
Adjusted EBITDA <sup>(1)</sup>	99.0	32.1	131.1	15.1	7.0	22.1
Net income	3.3	113.7	117.0	2.1	17.3	19.4
Basic EPS	\$0.23	\$0.72	\$0.74	\$0.03	\$0.22	\$0.25
Diluted EPS	\$0.23	\$0.68	\$0.70	\$0.02	\$0.17	\$0.19
Operating Cash Flow	\$88.4	\$12.4	\$100.8	\$1.5	\$34.1	\$35.6

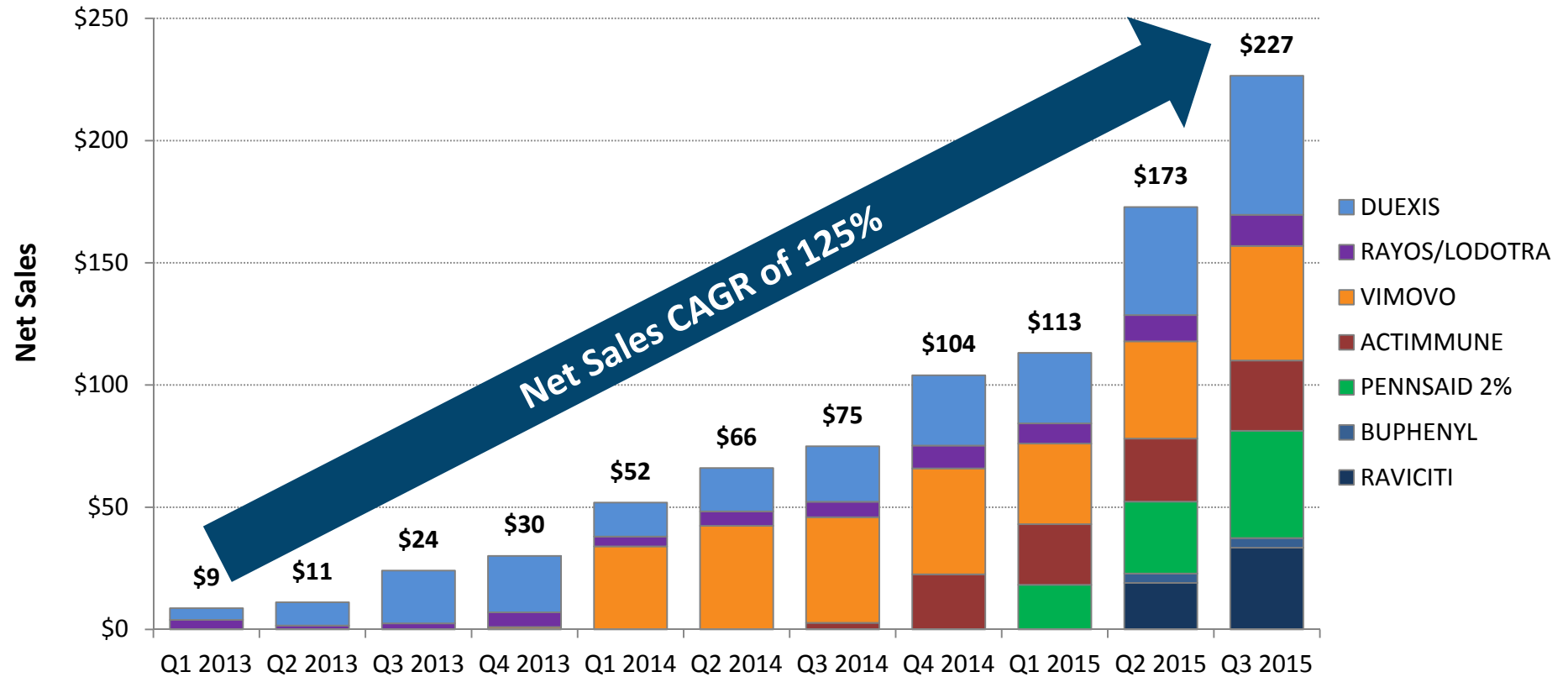
(1) EBITDA is a non-GAAP measure

See Non-GAAP reconciliations in the appendix.

# Exceptional Net Sales Growth

## Net Sales CAGR of 125%

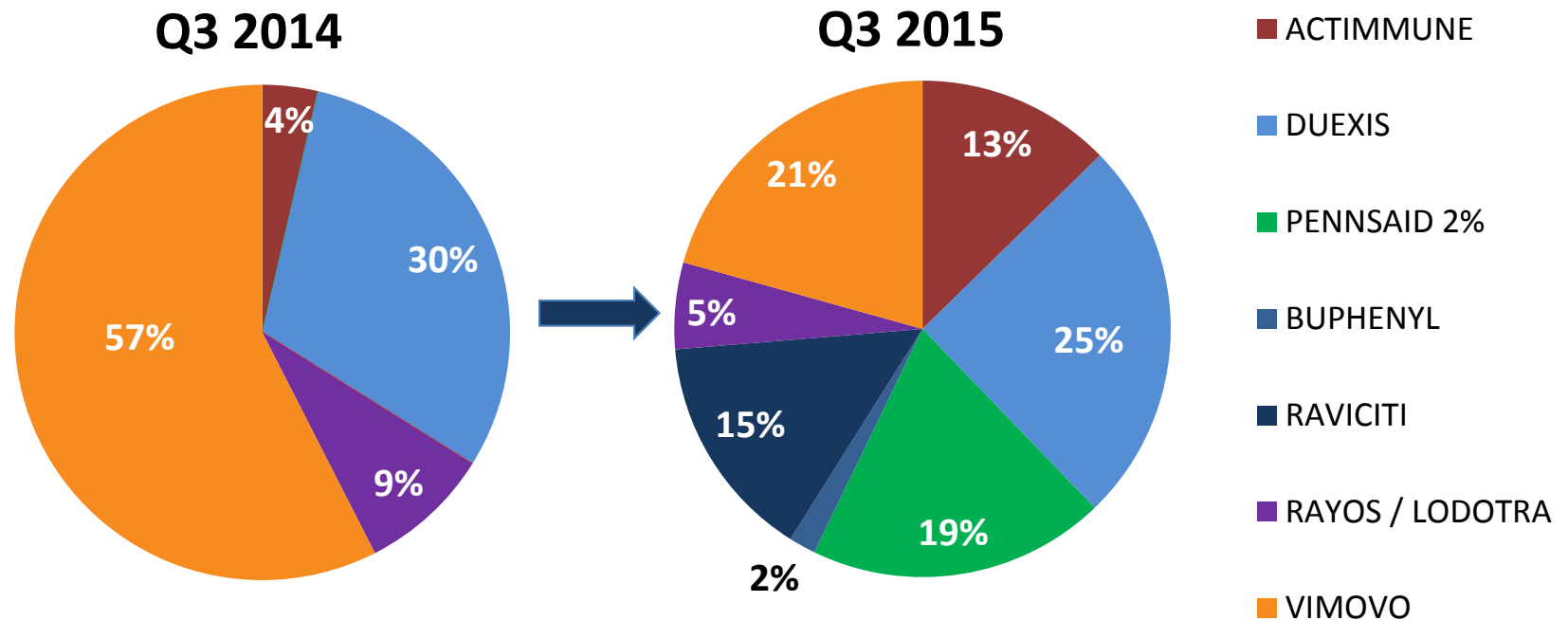
(\$ in millions)



*Strong quarterly net sales growth and diversification over the last 11 quarters*

# Increasing Diversification of Net Sales

Q3 2015 Net Sales of \$226.5 million



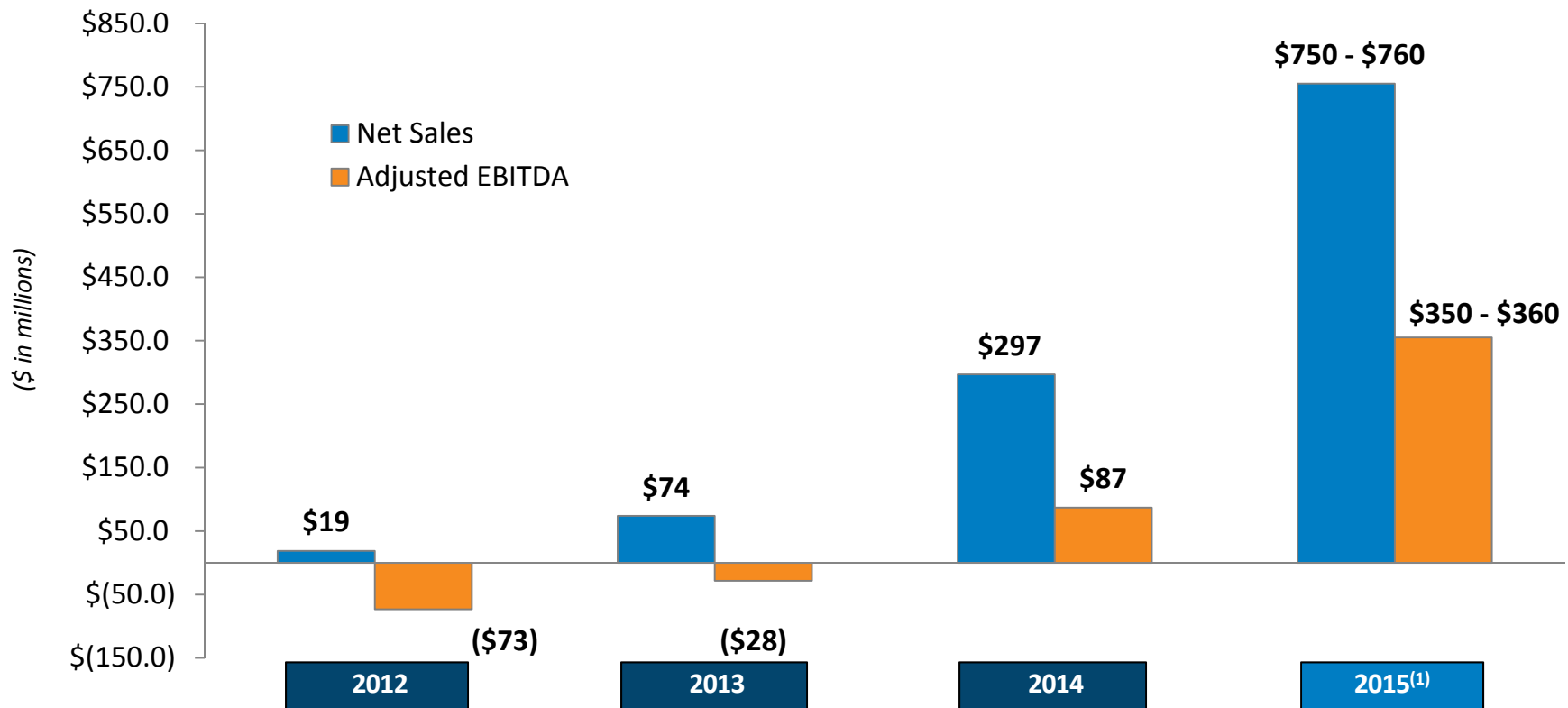
*Significant diversification of net sales over past year with no single medicine greater than 25% in Q3 2015*



# Transformational Growth in Net Sales and EBITDA in 2015

*Increased full-year 2015 guidance on November 6, 2015*

- *Increased sales guidance to \$750 - \$760M from \$660 - \$680M*
- *Increased adjusted EBITDA guidance to \$350 - \$360M (47% margin) from \$265 - \$280M (41% margin)*



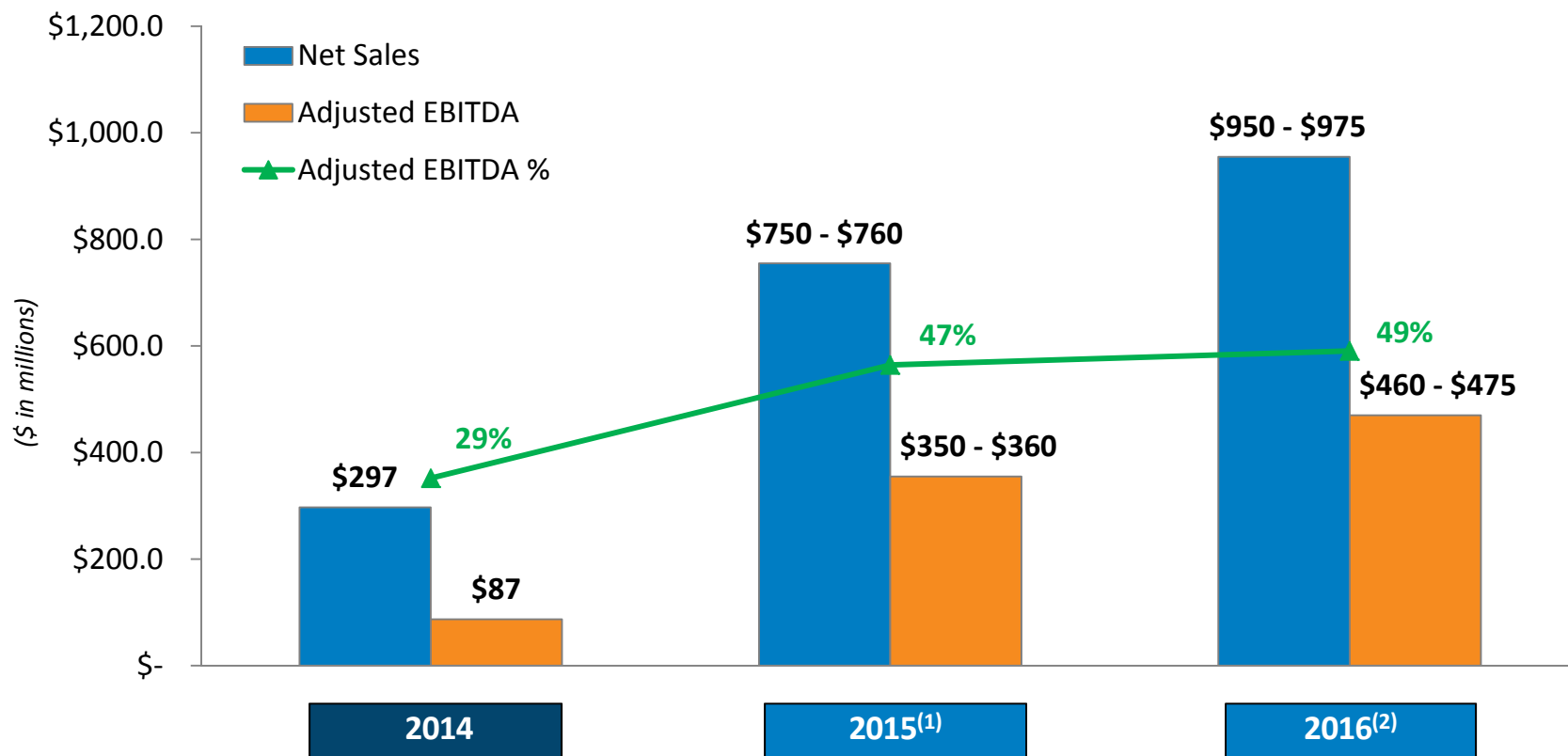
Note: Excludes any future business development activities

(1) Estimate based on financial guidance issued November 6, 2015

# Fiscal Year 2016 Guidance

*Significant Growth with Additional Margin Expansion Expected in 2016*

- Sales guidance of \$950 - \$975M (increase of 28% at midpoint)
- Adjusted EBITDA guidance of \$460 - \$475M (margin of 49% at midpoint)



Note: Excludes any future business development activities

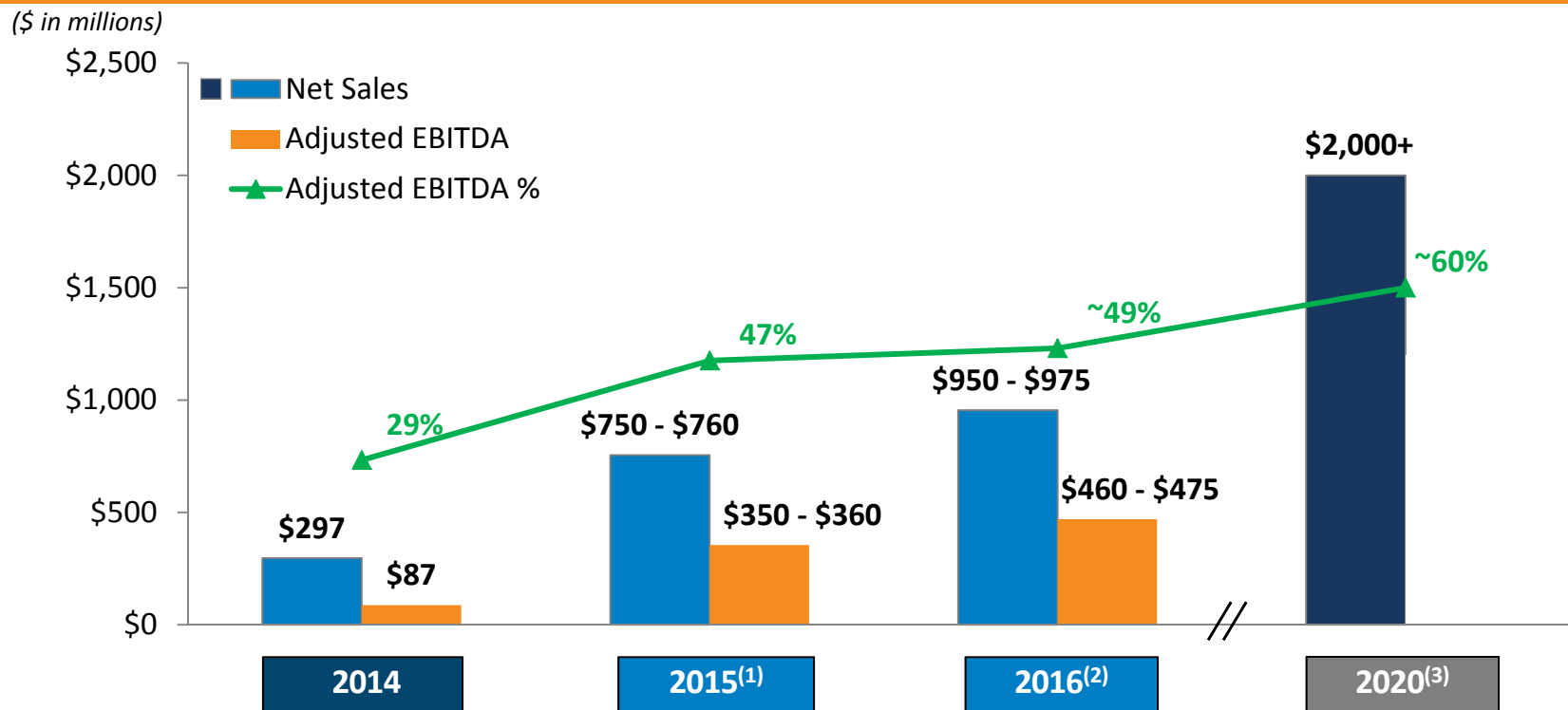
(1) Estimate based on financial guidance issued November 6, 2015

(2) Estimate based on financial guidance issued November 9, 2015

# 2020 Long-Range Plan

*Business Doubles Over Next Five Years with Orphan Becoming Majority*

- Sales potential could exceed \$2.0 billion<sup>(1)</sup>
- Adjusted EBITDA margin expected to reach ~60% by 2020<sup>(1)</sup>



Note: Excludes any future business development activities

(1) Estimate based on financial guidance issued November 6, 2015

(2) Estimate based on financial guidance issued November 9, 2015

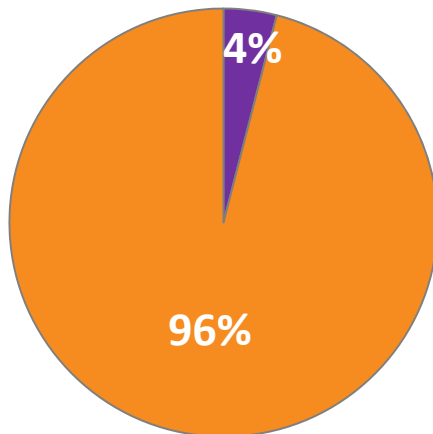
(3) Horizon internal goals based on long-range plan presented November 9, 2015, does not include ACTIMMUNE in certain cancers

# Diversify Mix of Orphan and Primary Care/Specialty

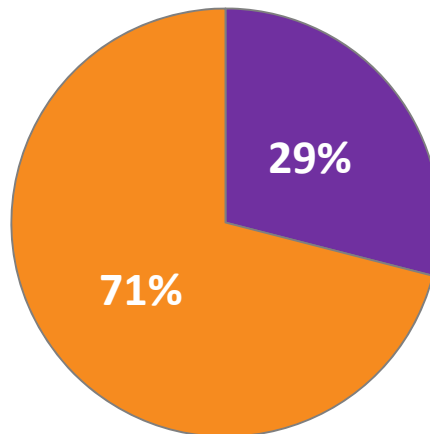
- *Continue transformation to a predominantly orphan business by 2020*
- *Complement orphan business with strong primary care / specialty business units providing significant cash flows to invest*

## Net Sales Mix

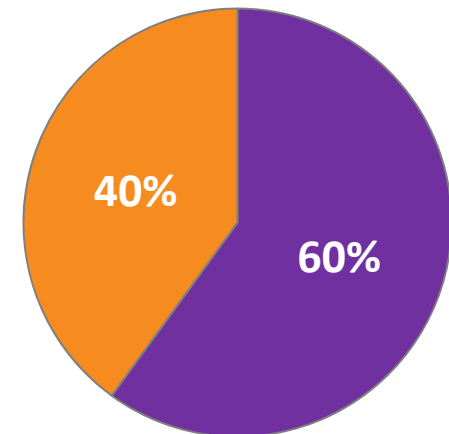
**1 Year Ago  
(Q3 2014)**



**Today  
(Q3 2015)**



**Future  
(2020 LRP)**



■ Orphan    ■ Primary Care / Specialty

# Evolve into a Leading Orphan Business

- **RAVICTI and ACTIMMUNE address significant unmet needs**
- **Valuable, growing orphan business in current indications**
  - \$265M annual net sales run rate
  - Long-life assets
  - Expansion opportunities Ex-U.S.
  - Annual U.S. net sales opportunity of ~\$500M<sup>(1)</sup> in 2020
  - Attractive contribution margins
- **Significant potential upside with additional indications**
  - Friedreich's ataxia Phase 3 trial underway<sup>(2)</sup>
  - Combination therapy with PD-1/PD-L1s in cancer<sup>(3)</sup>
  - Annual U.S. net sales opportunity of ~\$800M - \$1.5B<sup>(1)</sup> in 2020

(1) Horizon estimate

(2) Use of ACTIMMUNE in Friedreich's ataxia (FA) is investigational only, and safety and efficacy has not been established for use in Friedreich's ataxia (FA). For further information see [www.ACTIMMUNE.com](http://www.ACTIMMUNE.com).

(3) Use of ACTIMMUNE with PD-1 and PD-L1 inhibitors is investigational only, and safety and efficacy has not been established for use with any PD-1 and PD-L1 inhibitor. For further information see [www.ACTIMMUNE.com](http://www.ACTIMMUNE.com).

# Global Orphan Disease Focus



<b>Current Indications</b>	Urea cycle disorders (UCDs)	Chronic granulomatous disease (CGD), Severe, malignant osteopetrosis (SMO)	
<b>Marketing Status</b>	<ul style="list-style-type: none"> <li>U.S.: Approved (&gt;2 yrs)</li> <li>EU: Approved (&gt;2 months)</li> </ul>	U.S., Canada, Japan, Sweden, other ex-U.S.: Approved (all ages)	U.S.: Approved
<b>Dev. Programs</b>	FDA PMR Studies <ul style="list-style-type: none"> <li>Label expansion:               <ul style="list-style-type: none"> <li>Birth – 2 months</li> <li>2 months – 2 years</li> </ul> </li> </ul>	n/a	<ul style="list-style-type: none"> <li>Friedreich's ataxia: Phase 3</li> <li>ADO: Phase 2</li> <li>PD-1 combination: Phase 1<sup>(2)</sup></li> <li>Formulation enhancement</li> </ul>
<b>IP Position</b>	4 allowed and 3 OB listed patents with protection to 2032	n/a	<ul style="list-style-type: none"> <li>2 U.S. patents to 2022; perpetual Genentech know-how license</li> <li>Orphan Drug Designation for FA</li> </ul>
<b>Rights Owned</b>	Global	U.S.; Ex-U.S. partnered	U.S., Canada, Japan

(1) BUPHENYL is known as AMMONAPS outside the United States

(2) Anticipated to begin before year-end 2015

# Superior Profile of RAVICTI Drives Improved Adherence



Form	Oral liquid	Tablets or powder
Max Daily Dose	3 teaspoons	40 tablets
Taste and Smell	Virtually none	Repellant
Sodium Content	None	High levels

Note: RAVICTI is based upon a non-inferiority study and conclusions between RAVICTI and BUPHENYL may not be made. The information provided are fixed properties in the respective labels and not meant as a comparator or statement of efficacy between the two medicines.

(1) BUPHENYL is known as AMMONAPS outside the United States

Non-Confidential Information – Horizon Pharma plc

# ACTIMMUNE in CGD



## Indications

- Reducing the frequency and severity of serious infections associated with Chronic Granulomatous Disease (CGD)

## Dosing/Route of Administration

- Subcutaneous injection three times weekly

## CGD Treatment Protocols

ADVANCES IN ANTIINFECTIOUS PROPHYLACTIC THERAPY			POTENTIAL CURE
Single	Dual	Triple	
Antibiotic OR antifungal	Antibiotic AND antifungal	Antibiotic, antifungal, AND ACTIMMUNE	Bone Marrow Transplant



# Robust Development Pipeline

**ACTiMUNE®**  
(Interferon gamma-1b)

- Friedreich's ataxia
- Autosomal Dominant Osteopetrosis
- Combo cancer therapy w/ PD-1/PD-L1
- Next-generation formulation

**RAVICTI®**  
(glycerol phenylbutyrate) Oral Liquid

- Urea Cycle Disorders
  - 2 months to 2 years of age
  - Birth to 2 months of age

**RAYOS®**  
(Prednisone) Delayed-release Tablets

- PMR (Dose-sparing)
- Lupus (Address fatigue)

Collaborator	Pre-clinical	Phase 1	Phase 2	Phase 3	Post-Market
FARA	→				
UCLA/Indiana U	→				
Fox Chase	→				
	→				
UCDC	→				
UCDC	→				
OMERACT	→				
ALR	→				

# Friedreich's Ataxia (FA)

*~\$500M - \$1B<sup>(1)</sup> U.S. Annual Net Sales Opportunity*

- **Debilitating and progressive genetic, neurological disease**
  - 85% of diagnosed patients exhibit symptoms before the age of 25
- **Life shortening**
  - Life span is 30 to 40 years of age
- **No FDA approved treatment**
  - Monitor symptoms
  - Most patients take vitamins and antioxidants
- **Neurological examinations and genetic testing in specialized care centers**
- **Prevalence: ~15,000 worldwide, ~3,700 U.S.**
- **Patients in FARA registry: 2,400 worldwide, 1,400 U.S.**

Note: Use of ACTIMMUNE in Friedreich's ataxia (FA) is investigational only, and safety and efficacy has not been established for use in Friedreich's ataxia (FA). For further information see [www.ACTIMMUNE.com](http://www.ACTIMMUNE.com).

(1) Horizon estimate

# ACTIMMUNE Phase 3 Trial in FA

## *Progress Update & Milestones*

- **Patient enrollment**
  - More than one-third enrolled to-date
    - **In-line with our expectations**
  - Target date for full enrollment of 90 patients: mid-year 2016
  - FARA collaboration to enroll through its patient registry
- **Potential clinical and regulatory milestones**
  - Data available: Late 2016
  - sBLA submission: Q1 2017
  - FDA approval: Q3 2017 (Fast Track designation)

Note: Use of ACTIMMUNE in Friedreich's ataxia (FA) is investigational only, and safety and efficacy has not been established for use in Friedreich's ataxia (FA). For further information see [www.ACTIMMUNE.com](http://www.ACTIMMUNE.com).

# ACTIMMUNE with PD-1/PD-L1 Inhibitors

*~\$300M - \$500M<sup>(1)</sup> U.S. Annual Net Sales Opportunity*

- **Analysts project PD-1/PD-L1 checkpoint inhibitors market >\$30B**
- **Significant investments by pharma in PD-1/PD-L1 checkpoint inhibitors**
- **Two currently approved medicines**
  - **KEYTRUDA<sup>®</sup> (pembrolizumab) – Merck<sup>(2)</sup>**
  - **OPDIVO<sup>®</sup> (nivolumab) – BMS<sup>(3)</sup>**
- **Initial focus: combination therapy in selected bladder and renal cancers**

*Possible combination therapy with PD-1/PD-L1, which are considered among the most promising breakthroughs in cancer therapy*

Note: Use of ACTIMMUNE with PD-1 and PD-L1 inhibitors is investigational only, and safety and efficacy has not been established for use with any PD-1 and PD-L1 inhibitor. For further information see [www.ACTIMMUNE.com](http://www.ACTIMMUNE.com).

(1) Horizon estimate in renal and bladder cancers

(2) Registered trademark of Merck

(3) Registered trademark of Bristol-Myers Squibb

# RAVICTI Label Expansion

## Birth – 2 years of age

- **Design:** Open label design to assess the safety, efficacy and PK of RAVICTI in pediatric patients under 2 years of age
- **Subjects:** UCD patients up to 2 years
- **Sites:** U.S. sites
- **Target dates:**
  - 2 months – 2 years
    - **sNDA submission: Q2 2016**
  - Birth – 2 months
    - **sNDA submission: Q1 2018**

# Primary Care/Specialty Commercial Business Model

*Patient Focused, Best-in-Class Execution*



## Primary Care Brands

## Specialty Brand

**DUEXIS<sup>®</sup>**  
(ibuprofen and famotidine) Tablets  
800 mg/26.6 mg

**VIMOVO<sup>®</sup>**  
(naproxen/esomeprazole magnesium)  
375/20-500/20 mg delayed-release tablets

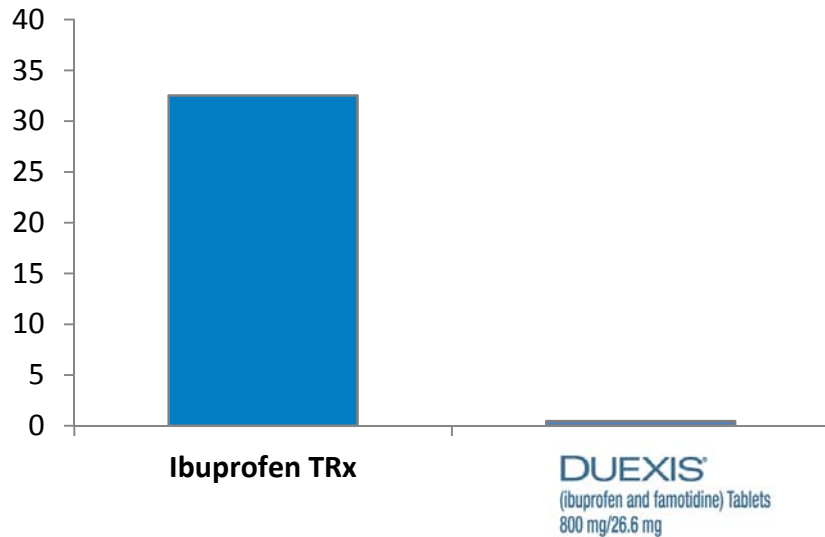
 **RAYOS<sup>®</sup>**  
(Prednisone) Delayed-release Tablets

**PENNSAID<sup>®</sup>**  
(diclofenac sodium topical solution) **2%** w/w

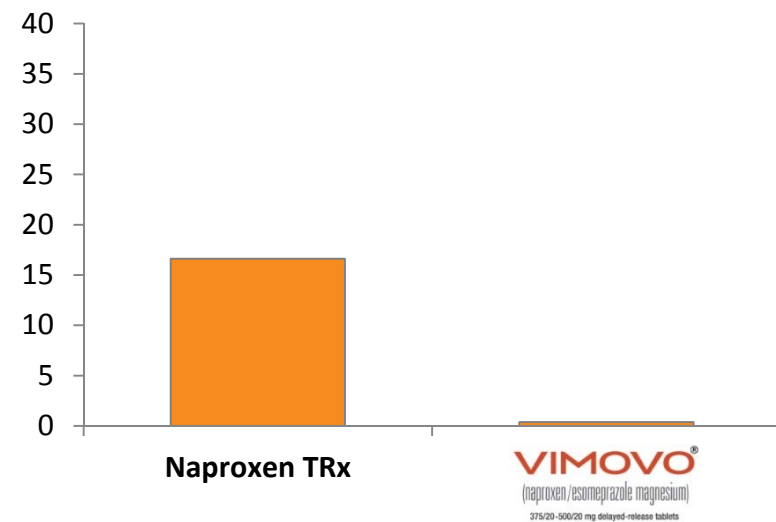
# Large and Growing NSAID Market

117M TRx/Year, Growing ~3%/year, Topical Market +15% Growth

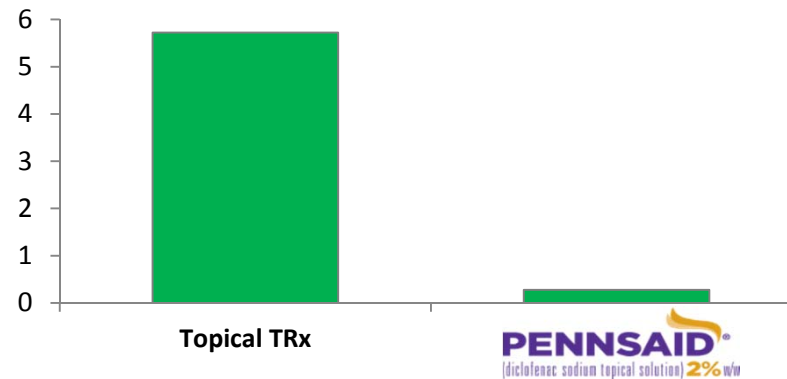
Ibuprofen = 36M TRx/Year



Naproxen = 17M TRx/Year

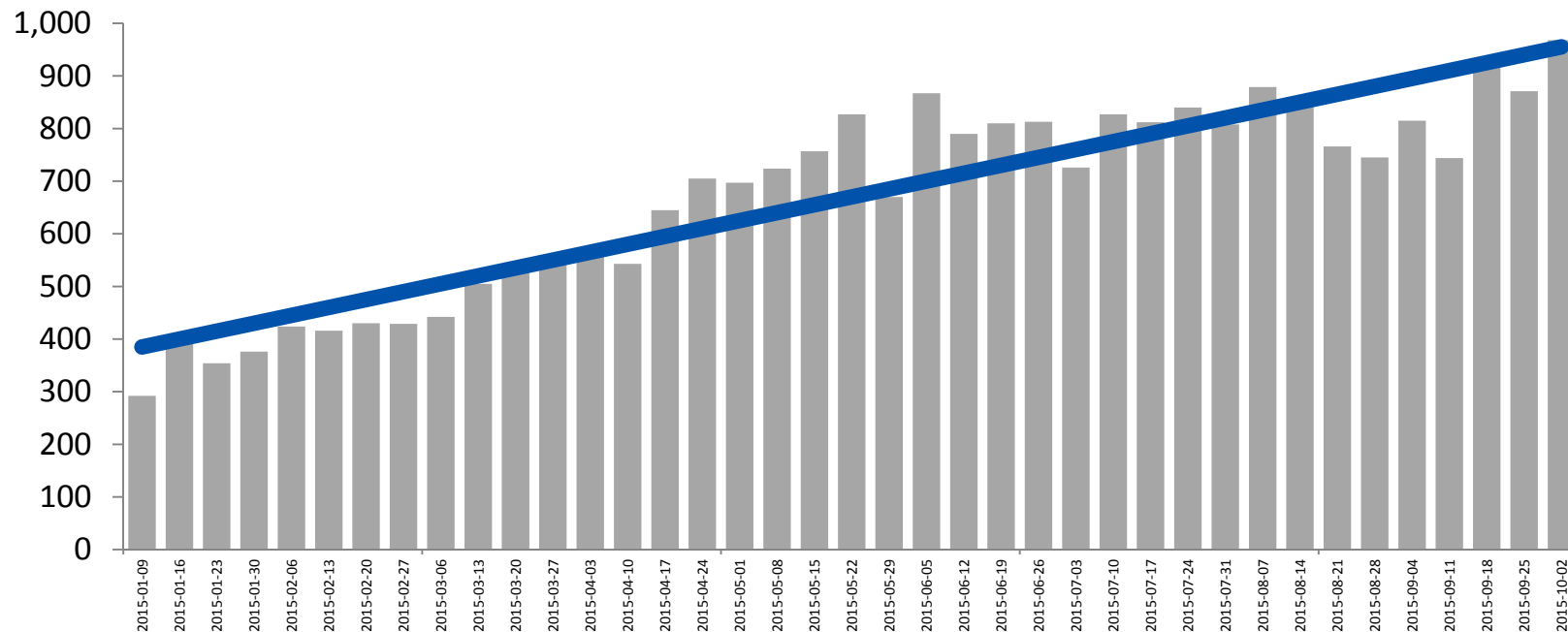


Topical NSAIDs = 6M TRx/year



# Effective Promotion + Differentiated Clinical Benefits Drive Rapid Acceleration of Adopters<sup>(1)</sup>

**# Doctor Adopters**



**The number of adopters (>5 TRx/week) has TRIPLED in 2015**

Source: IMS Xponent

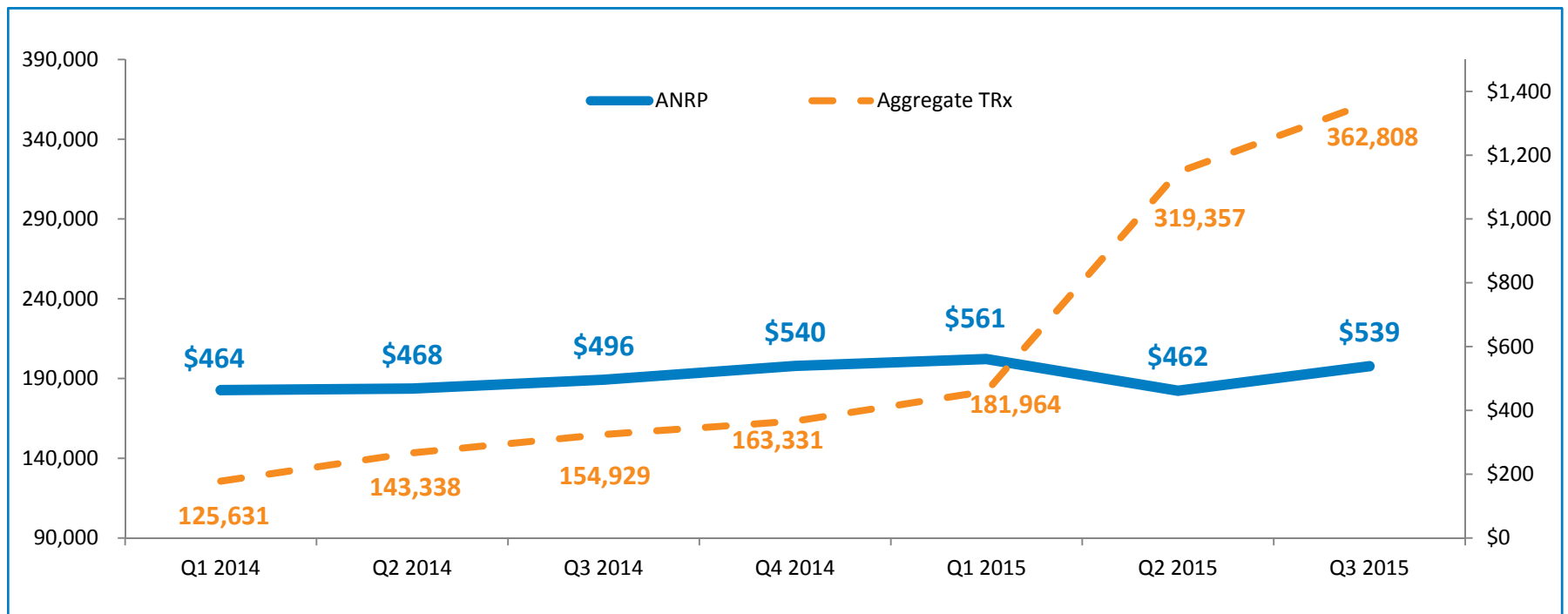
(1) For Horizon's four Primary Care and Specialty medicines



# Primary Care/Specialty<sup>(1)</sup> Volume +189% vs. Price +16% Last 7 Quarter Net Sales Growth Driven by Volume Growth

- **Average net realized price (ANRP) has increased 9% annualized, 16% cumulatively since Q1 2014**
  - Prescription growth of 189% since Q1 2014

## Quarterly ANRP and Prescription Volumes 1/1/14 to 9/30/15



(1) For Horizon's four Primary Care and Specialty medicines

# Patients Receive Horizon's Clinically Differentiated Medicines with Minimal Out-of-Pocket Costs

## HORIZON CARES

IMPROVING ACCESS. SUPPORTING CARE.™

**Primary Care & Specialty<sup>(1)</sup>**

**Copay Assistance**

**Minimal Patient Copays for Rejected Rx's**

**Orphan**

**Reimbursement Support**

**Clinical Nurse Program**





**Patient Assistance**

**Copay Assistance**

(1) Available to commercial patients only



# Longer Life Products

*Horizon Aggressively Augments Acquired IP with Additional Filings...*

	Initial IP Position	IP Today
	<ul style="list-style-type: none"><li>• No Orange Book (OB) listed patents at approval</li></ul>	<ul style="list-style-type: none"><li>• 6 OB listed patents</li><li>• Settled Par litigation by granting a right to market beginning Jan. 1, 2023</li></ul>
 <small>(diclofenac sodium topical solution) 2% w/w</small>	<ul style="list-style-type: none"><li>• 1 allowed and 6 OB listed patents at acquisition in 4Q 2014</li></ul>	<ul style="list-style-type: none"><li>• 1 allowed + 12 OB listed patents with protection to 2030</li><li>• Settled Paddock (Perrigo) &amp; Taro litigations by granting a right to market no sooner than Jan. 10, 2029</li></ul>
	<ul style="list-style-type: none"><li>• 2 OB listable patents at acquisition in 2Q 2010</li></ul>	<ul style="list-style-type: none"><li>• 1 allowed + 6 OB listed patents with protection to at least 2024</li><li>• Settled Actavis litigation by granting a right to market no earlier than Dec. 23, 2022</li></ul>
 <small>(naproxen/esomeprazole magnesium) 375/20-500/20 mg delayed-release tablets</small>	<ul style="list-style-type: none"><li>• 2 OB listed patents (excluding esomeprazole patents)</li></ul>	<ul style="list-style-type: none"><li>• 2 allowed + 6 listed OB patents (excluding esomeprazole patents), and 1 process patent with protection to at least 2031. 12 U.S. issued patents including esomeprazole patents</li></ul>

# Longer Life Products

*...while Maintaining Strong IP for Orphan Medicines*

	Initial IP Position	IP Today
	<ul style="list-style-type: none"><li>• 2 U.S. patents extending to 2022; perpetual Genentech know-how license</li></ul>	<ul style="list-style-type: none"><li>• 2 U.S. patents extending to 2022; perpetual Genentech know-how license</li><li>• Orphan Drug Designation in Oct. 2014 for FA</li></ul>
	<ul style="list-style-type: none"><li>• 3 OB listed patents with protection to 2032</li></ul>	<ul style="list-style-type: none"><li>• 4 OB listed patents with protection to 2032</li></ul>

# Successful Acquisition Track Record

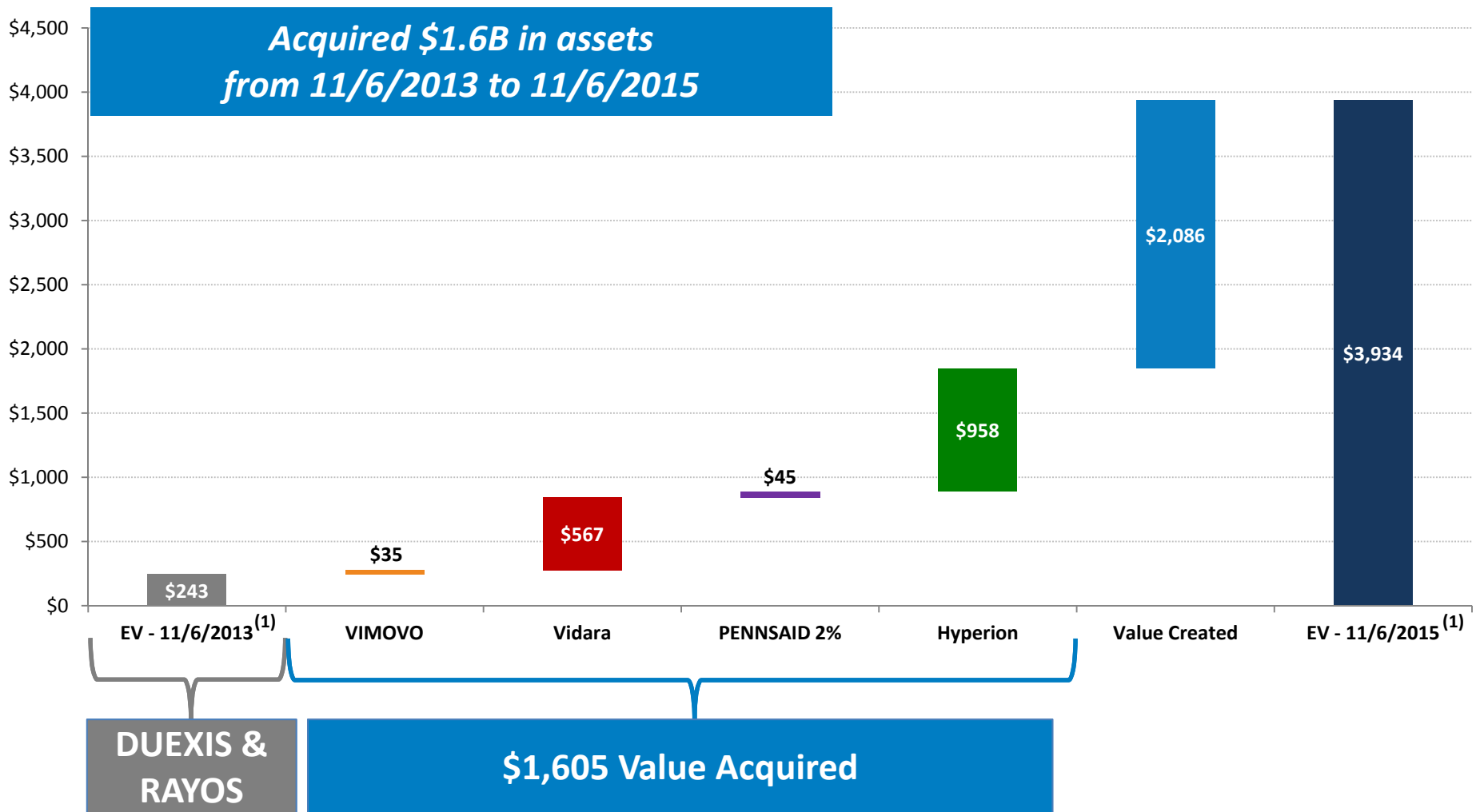
<p><b>RAYOS</b><sup>(1)</sup> (Prednisone) Delayed-release Tablets</p> <p><b>April 2010</b> Nitec Pharma acquisition</p> <p><b>\$111M</b></p>	<p><b>VIMOVO</b><sup>®</sup> (naproxen/esomeprazole magnesium) 375/20-500/20 mg delayed-release tablets</p> <p><b>November 2013</b> Acquired from AstraZeneca</p> <p><b>\$35M</b></p>	<p><b>ACTiMUNE</b><sup>®</sup> (Interferon gamma-1b)</p> <p><b>September 2014</b> Vidara Therapeutics acquisition</p> <p><b>\$567M</b></p>	<p><b>PENNSAID</b><sup>®</sup> (diclofenac sodium topical solution) <b>2%</b> w/w</p> <p><b>October 2014</b><sup>(2)</sup> Acquired from Nuvo Research</p> <p><b>\$45M</b></p>	<p><b>RAVICTI</b><sup>®</sup> (glycerol phenylbutyrate) Oral Liquid</p> <p><b>BUPHENYL</b><sup>(3)</sup> (sodium phenylbutyrate)</p> <p><b>May 2015</b> Hyperion Therapeutics acquisition</p> <p><b>\$958M</b><sup>(4)</sup></p>
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Note: Dollar figures represent enterprise or asset values and do not include fees and other expenses associated with the respective acquisition

- (1) RAYOS is known as LODOTRA outside the United States.
- (2) Medicine was re-launched by Horizon sales force in January 2015
- (3) BUPHENYL is known as AMMONAPS outside the United States.
- (4) Fair value of consideration paid, less cash and cash equivalents, short-term investments, and long-term investments

# ~\$2.1B in Value Created Through Organic Growth and Acquisitions

(\$ in millions)



(1) Approximate implied enterprise value based on November 6<sup>th</sup> closing share price and September 30<sup>th</sup> basic shares outstanding for respective years

# Business Development Focus

	BD Criteria	Prior Focus		Today's Focus
Maintain	Minimum Net Sales	\$20M	→	\$20M
	Product Profile	Clinically differentiated	→	Clinically differentiated
	Other Financial Metrics	Immediate accretion, positive NPV	→	Immediate accretion, positive NPV <sup>(1)</sup>
Evolution	IP Life	Long-life focus	→	Increased focus on extending avg. LOE
	Business Unit Priority	Agnostic	→	1. Orphan, 2. Specialty, 3. PC
	Geography	U.S. only	→	WW for Orphan
	Stage of Development	Marketed only	→	Late-stage dev. + marketed

*Business model execution enables an expansion and evolution in BD focus and priorities*

# Strong Financial Position

*September 30, 2015*

<i>(\$ in millions)</i>	September 30, 2015
<b>Cash and cash equivalents</b>	<b>\$684</b>
Senior secured term loans - Due 2021	399
2.5% exchangeable senior notes - Due 2022	400
Senior notes - Due 2023	475
<b>Total Debt (Face Amount)</b>	<b>\$1,274</b>
Less debt discount	(133)
<b>Total Debt (Book Value)</b>	<b>\$1,141</b>
<b>Shares outstanding</b>	<b>159,267,370</b>

*Strong capital structure with net debt of \$590M at September 30, 2015*



# Summary of Terms

## *Senior Secured 1st Lien Credit Facility*

<b>Issuer:</b>	<b>Horizon Pharma, Inc. (U.S.)</b>
<b>Facility:</b>	\$399 million Senior Secured Term Loan B
<b>Guarantors:</b>	Horizon Pharma plc (“Irish HoldCo”), and each direct and indirect existing and subsequently acquired or organized wholly-owned subsidiary of Irish HoldCo, subject to certain exceptions
<b>Security:</b>	A first priority lien on substantially all tangible and intangible assets of the U.S. Borrower and Guarantors (limited to 65% of the capital stock of first tier foreign subsidiaries of the U.S. Borrower) and subject to other customary and appropriate exceptions
<b>Tenor:</b>	6 years (due in 2021)
<b>Pricing:</b>	LIBOR plus 3.50% (1% LIBOR Floor)
<b>Amortization:</b>	1% per annum (payable quarterly)
<b>Call Protection:</b>	101 Soft-call for 6 months
<b>Mandatory Payments:</b>	Usual and customary for transactions of this type, including not limited to: (i) 50% of excess cash flow (subject to leverage-based stepdowns); (ii) 100% of asset sale proceeds (subject to reinvestment rights); (iii) 100% of debt issuance proceeds (subject to baskets)
<b>Negative Covenants:</b>	Usual and customary for transactions of this type, including, but not limited to, limitations on debt incurrence; liens; restrictions on subsidiary distributions; asset sales; and restricted payments
<b>Financial Covenant:</b>	None
<b>Admin. Agent:</b>	Citibank, NA

# Summary of Terms

## *Senior Unsecured Exchangeable Notes*

<b>Issuer:</b>	<b>Horizon Pharma Investment Ltd. (Bermuda)</b>
<b>Facility:</b>	\$400 million Exchangeable Senior Notes
<b>Guarantors:</b>	The notes and the guarantee will be our and the Parent's senior unsecured obligations
<b>Security:</b>	The notes will be fully and unconditionally guaranteed, on a senior unsecured basis, by the Parent. The senior unsecured obligations will rank junior in right of payment to any of our Parent's secured indebtedness and structurally junior in right of payment to all existing and future indebtedness and other liabilities of our or the Parent's subsidiaries
<b>Tenor:</b>	7 years (due in 2022)
<b>Pricing:</b>	The exchange rate will initially be 34.8979 ordinary shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$28.66 per ordinary share)
<b>Negative Covenants:</b>	Standard
<b>Admin. Agent:</b>	US Bank National Association

# Summary of Terms

## *Senior Unsecured Notes*

<b>Issuer:</b>	<b>Horizon Pharma, Inc. (U.S.)</b>
<b>Securities Offered:</b>	\$475 million Senior Unsecured Notes
<b>Guarantors:</b>	Same as the Senior Secured Credit Facility
<b>Security:</b>	None
<b>Tenor:</b>	8 years (due in 2023)
<b>Call protection:</b>	Non-callable for 3 years
<b>Coupon:</b>	6.625%
<b>Negative Covenants:</b>	Standard high-yield incurrence based covenants
<b>Offering Format:</b>	144A (for life) / Reg S

# Horizon Pharma Debt Rating – B2/B

	Moody's	Standard & Poor's
Corporate Family Rating	B2	B
Senior Secured Term Loan B	Ba2 (LGD 2)	BB- (Recovery Rtg.: 1)
Senior Unsecured Notes	B2 (LGD 4)	B- Recovery Rtg.: 5)
Exchangeable Notes	Not Rated	CCC+

# Strong Cash Flows Improving Leverage Position

*Significant Acquisition Funding from Existing Cash and Borrowing Capacity<sup>(1)</sup>*

(\$ in millions)	LTM	2015	2016
	9/30/2015	Guidance	Guidance
<b>Leverage Position:</b>			
Adjusted EBITDA	\$274	\$350 - \$360	\$460 - \$475
Leverage ratio based on 9/30/15 debt and cash balances:			
<b>TOTAL DEBT</b>	<b>4.6x</b>	<b>3.6x</b>	<b>2.7x</b>
<b>NET DEBT</b>	<b>2.1x</b>	<b>1.7x</b>	<b>1.3x</b>
<b>Acquisition Funding Available<sup>(2)</sup>:</b>			
Senior secured debt maximum at 3.5x EBITDA <sup>(3)</sup>	\$959	\$1,242	\$1,636
Current senior secured debt	(399)	(399)	(399)
<b>Incremental senior secured debt available</b>	<b>\$560</b>	<b>\$843</b>	<b>\$1,237</b>
Total debt at 5.75x EBITDA <sup>(3)</sup>	\$1,576	\$2,041	\$2,688
Current total debt	(1,274)	(1,274)	(1,274)
<b>Incremental total debt available</b>	<b>\$302</b>	<b>\$767</b>	<b>\$1,414</b>
Current cash and cash equivalents	684	684	684
<b>Total potential stand-alone acquisition funding available</b>	<b>\$986</b>	<b>\$1,451</b>	<b>\$2,098</b>

(1) Subject to Horizon's ability to meet various covenants, as well as market conditions

(2) Does not include any post Q3 2015 cash flow generation or the EBITDA from any acquired medicines or businesses

(3) 3.5x senior secured and 5.75x total are covenants in our current debt agreement

Non-Confidential Information – Horizon Pharma plc

# Horizon Pharma Investment Highlights

- Profitable biopharmaceutical company with strong growth
- Highly successful commercial model
- Seven medicines targeting unmet therapeutic needs in orphan, primary care and specialty business units
- Diversified growth strategy with expected 20%+ annual organic growth complemented with disciplined incremental business development
- Tax efficient corporate platform facilitating an aggressive business development strategy via product / company acquisitions
- Strong balance sheet and cash flows enable significant incremental financing capacity

## Orphan

**ACTIMUNE**<sup>®</sup>  
(Interferon gamma-1b)

**RAVICTI**<sup>®</sup>  
(glycerol phenylbutyrate) Oral Liquid

**BUPHENYL**<sup>®</sup>  
(sodium phenylbutyrate)

## Primary Care

**VIMOVO**<sup>®</sup>  
(naproxen/esomeprazole magnesium)  
375/20-500/20 mg delayed-release tablets

**DUEXIS**<sup>®</sup>  
(ibuprofen and famotidine) Tablets  
800 mg/26.6 mg

**PENNSAID**<sup>®</sup>  
(diclofenac sodium topical solution) 2% w/w

## Specialty

 **RAYOS**<sup>®(1)</sup>  
(Prednisone) Delayed-release Tablets

(1) RAYOS is known as LODOTRA outside the United States

# Horizon Pharma plc

Bank of America Merrill Lynch 2015 Leveraged Finance Conference

*December 3, 2015*



*Non-Confidential Information – Horizon Pharma plc*

# GAAP to Non-GAAP Reconciliation

## Net Income

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
<b>Adjusted Non-GAAP Net Income:</b>				
<b>GAAP Net Income (Loss)</b>	\$ 3,277	\$ 2,063	\$ 15,538	\$ (231,956)
Non-GAAP Adjustments:				
Remeasurement of royalties for products acquired through business combinations	-	-	14,277	13,033
Acquisition related costs	14,498	31,477	64,841	45,651
Loss on derivative revaluation	-	-	-	214,995
Loss on induced conversion of debt and debt extinguishment	-	-	77,624	-
Bargain purchase gain	-	(22,171)	-	(22,171)
Amortization and accretion:				
Intangible amortization expense	41,707	6,413	91,217	16,469
Amortization of debt discount and deferred financing costs	5,480	2,421	13,328	7,087
Accretion of royalty liabilities	6,551	2,664	13,571	5,617
Amortization of inventory step-up adjustment	4,140	1,540	10,635	1,540
Share-based compensation	26,457	4,024	57,796	10,111
Depreciation expense	1,578	413	2,808	1,193
Royalties for products acquired through business combinations (1)	(8,854)	(6,366)	(20,890)	(12,062)
Total of pre-tax non-GAAP adjustments	91,557	20,415	325,207	281,463
Income tax adjustments (2)	22,178	(3,042)	(137,328)	(3,267)
Total of non-GAAP adjustments	113,735	17,373	187,879	278,196
<b>Adjusted Non-GAAP Net Income</b>	<b>\$ 117,012</b>	<b>\$ 19,436</b>	<b>\$ 203,417</b>	<b>\$ 46,240</b>
<b>Adjusted Non-GAAP Earnings Per Share:</b>				
<b>Weighted average shares - Basic</b>	<b>159,035,580</b>	<b>78,392,971</b>	<b>145,208,252</b>	<b>73,109,603</b>
<b>Adjusted Non-GAAP Earnings Per Share - Basic:</b>				
GAAP earnings (loss) per share - Basic	\$ 0.02	\$ 0.03	\$ 0.11	\$ (3.17)
Non-GAAP adjustments	0.72	0.22	1.29	3.80
<b>Adjusted Non-GAAP earnings per share - Basic</b>	<b>\$ 0.74</b>	<b>\$ 0.25</b>	<b>\$ 1.40</b>	<b>\$ 0.63</b>
<b>Weighted average shares - Diluted</b>				
Weighted average shares - Basic	159,035,580	78,392,971	145,208,252	73,109,603
Ordinary share equivalents	7,795,220	35,258,496	8,797,419	35,577,854
<b>Weighted average shares - Diluted</b>	<b>166,830,800</b>	<b>113,651,467</b>	<b>154,005,671</b>	<b>108,687,457</b>
<b>Adjusted Non-GAAP Net Income - Diluted</b>				
Adjusted Non-GAAP Net Income	\$ 117,012	\$ 19,436	\$ 203,417	\$ 46,240
Add: Convertible debt interest expense, net of taxes	-	1,875	-	5,625
<b>Adjusted Non-GAAP Net Income - Diluted</b>	<b>\$ 117,012</b>	<b>\$ 21,311</b>	<b>\$ 203,417</b>	<b>\$ 51,865</b>
<b>GAAP earnings (loss) per share - Diluted</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>	<b>\$ 0.10</b>	<b>\$ (3.17)</b>
Non-GAAP adjustments	0.68	0.20	1.22	3.81
Diluted earnings per share effect of ordinary share equivalents	-	(0.03)	-	(0.16)
<b>Adjusted Non-GAAP earnings per share - Diluted</b>	<b>\$ 0.70</b>	<b>\$ 0.19</b>	<b>\$ 1.32</b>	<b>\$ 0.48</b>

(1) Royalties for products acquired through business combinations relate to VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL.

(2) Adjustments to convert the income tax benefit/expense to the estimated amount of taxes that are payable in cash.



# GAAP to Non-GAAP Reconciliation

## EBITDA

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
<b>EBITDA and Adjusted EBITDA:</b>				
<b>GAAP Net Income (Loss)</b>	\$ 3,277	\$ 2,063	\$ 15,538	\$ (231,956)
Depreciation	1,578	413	2,808	1,193
Amortization and accretion:				
Intangible amortization expense	41,707	6,413	91,217	16,469
Accretion of royalty liabilities	6,551	2,664	13,571	5,617
Amortization of deferred revenue	(490)	(156)	(753)	(478)
Amortization of inventory step-up adjustment	4,140	1,540	10,635	1,540
Interest expense, net (including amortization of debt discount and deferred financing costs)	20,300	5,194	49,780	13,608
Expense (benefit) for income taxes	21,979	(3,042)	(136,788)	(3,267)
<b>EBITDA</b>	<b>\$ 99,042</b>	<b>\$ 15,089</b>	<b>\$ 46,008</b>	<b>\$ (197,274)</b>
Non-GAAP adjustments:				
Remeasurement of royalties for products acquired through business combinations	-	-	14,277	13,033
Acquisition related costs	14,498	31,477	64,841	45,651
Loss on derivative revaluation	-	-	-	214,995
Loss on induced conversion and debt extinguishment	-	-	77,624	-
Bargain purchase gain	-	(22,171)	-	(22,171)
Share-based compensation	26,457	4,024	57,796	10,111
Royalties for products acquired through business combinations (1)	(8,854)	(6,366)	(20,890)	(12,062)
Total of Non-GAAP adjustments	\$ 32,101	\$ 6,964	\$ 193,648	\$ 249,557
<b>Adjusted EBITDA</b>	<b>\$ 131,143</b>	<b>\$ 22,053</b>	<b>\$ 239,656</b>	<b>\$ 52,283</b>
<b>Non-GAAP Gross Profit:</b>				
GAAP net sales	\$ 226,544	\$ 75,126	\$ 512,506	\$ 193,114
GAAP cost of goods sold	61,250	13,644	151,929	46,073
GAAP gross profit	\$ 165,294	\$ 61,482	\$ 360,577	\$ 147,041
GAAP gross profit %	73.0%	81.8%	70.4%	76.1%
Non-GAAP Gross Profit:				
<b>GAAP gross profit</b>	<b>\$ 165,294</b>	<b>\$ 61,482</b>	<b>\$ 360,577</b>	<b>\$ 147,041</b>
Non-GAAP gross profit adjustments:				
Remeasurement of royalties for products acquired through business combinations	-	-	14,277	13,033
Intangible amortization expense (COGS only)	41,506	6,386	90,610	16,442
Accretion of royalty liabilities	6,551	2,664	13,571	5,617
Amortization of inventory step-up adjustment	4,140	1,540	10,635	1,540
Depreciation (COGS only)	65	90	268	264
Royalties for products acquired through business combinations (1)	(8,854)	(6,366)	(20,890)	(12,062)
Total of Non-GAAP adjustments	\$ 43,408	\$ 4,314	\$ 108,471	\$ 24,834
<b>Non-GAAP gross profit</b>	<b>\$ 208,702</b>	<b>\$ 65,796</b>	<b>\$ 469,047</b>	<b>\$ 171,875</b>
<b>Non-GAAP gross profit %</b>	<b>92.1%</b>	<b>87.6%</b>	<b>91.5%</b>	<b>89.0%</b>
<b>Non-GAAP Cash Provided By Operating Activities:</b>				
<b>GAAP cash (used in) provided by operating activities</b>	<b>\$ 88,383</b>	<b>\$ 1,466</b>	<b>\$ 59,228</b>	<b>\$ 17,470</b>
Cash payments of acquisition related costs	12,464	34,142	49,152	43,150
Cash payments for induced debt conversion	-	-	10,472	-
Cash payment for debt extinguishment	-	-	45,367	-
Payment of original issue discount on debt extinguishment	-	-	3,000	-
<b>Non-GAAP cash provided by operating activities</b>	<b>\$ 100,847</b>	<b>\$ 35,608</b>	<b>\$ 167,219</b>	<b>\$ 60,620</b>

(1) Royalties for products acquired through business combinations relate to VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL.

# GAAP to Non-GAAP Reconciliation

## EBITDA (Continued)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
<b>EBITDA and Adjusted EBITDA:</b>				
GAAP Net Loss	\$ (31,647)	\$ (102,901)	\$ (263,603)	\$ (149,005)
Depreciation	509	313	1,702	1,174
Amortization and accretion:				
Intangible amortization expense	15,836	3,158	32,306	8,136
Accretion of royalty liabilities	3,403	-	9,020	-
Amortization of deferred revenue	(166)	(160)	(644)	(930)
Amortization of inventory step-up adjustment	9,525	-	11,065	-
Interest expense, net (including amortization of debt discount and deferred financing costs)	10,218	2,128	23,826	12,774
Benefit for income taxes	(2,817)	(154)	(6,084)	(1,121)
<b>EBITDA</b>	<b>\$ 4,861</b>	<b>\$ (97,616)</b>	<b>\$ (192,412)</b>	<b>\$ (128,972)</b>
Non-GAAP adjustments:				
Remeasurement of VIMOVO and ACCTIMMUNE royalty liabilities	(2,373)	-	10,660	-
Bargain purchase gain	-	-	(22,171)	-
Loss on derivative revaluation	-	69,300	214,995	69,300
Vidara acquisition costs	2,776	-	48,427	-
PENNSAID acquisition costs	408	-	408	-
Loss on induced debt conversion / debt extinguishment	29,390	26,404	29,390	26,404
Secondary offering costs	2,857	-	2,857	-
Share-based compensation	3,087	1,808	13,198	5,014
Total of Non-GAAP adjustments	\$ 36,145	\$ 97,512	\$ 297,764	\$ 100,718
<b>Adjusted EBITDA</b>	<b>\$ 41,006</b>	<b>\$ (104)</b>	<b>\$ 105,352</b>	<b>\$ (28,254)</b>
VIMOVO and ACTIMMUNE royalties for period	\$ (6,202)	\$ -	\$ (18,264)	\$ -
<b>Adjusted EBITDA (Net of Royalties)</b>	<b>\$ 34,804</b>	<b>\$ (104)</b>	<b>\$ 87,088</b>	<b>\$ (28,254)</b>
Non-GAAP Gross Profit:				
GAAP net sales	\$ 103,841	\$ 30,080	\$ 296,955	\$ 74,016
GAAP cost of goods sold	32,680	5,255	78,753	14,625
<b>GAAP gross profit</b>	<b>\$ 71,161</b>	<b>\$ 24,825</b>	<b>\$ 218,202</b>	<b>\$ 59,391</b>
GAAP gross profit %	69%	83%	73%	80%
Non-GAAP Gross Profit:				
GAAP gross profit	\$ 71,161	\$ 24,825	\$ 218,202	\$ 59,391
Non-GAAP gross profit adjustments:				
Remeasurement of VIMOVO and ACCTIMMUNE royalty liabilities	(2,373)	-	10,660	-
Intangible amortization expense	15,836	3,158	32,306	8,136
Accretion of royalty liabilities	3,403	-	9,020	-
Amortization of inventory step-up adjustment	9,525	-	11,065	-
Depreciation	109	91	369	350
Total of Non-GAAP adjustments	\$ 26,500	\$ 3,249	\$ 63,420	\$ 8,486
<b>Non-GAAP gross profit</b>	<b>\$ 97,661</b>	<b>\$ 28,074</b>	<b>\$ 281,622</b>	<b>\$ 67,877</b>
Non-GAAP gross profit %	94%	93%	95%	92%
<b>Non-GAAP Cash Provided By (Used) in Operating Activities:</b>				
GAAP cash provided by (used in) operating activities	\$ 10,079	\$ (11,178)	\$ 27,549	\$ (54,287)
Cash payments related to Vidara acquisition costs	5,796	-	34,830	-
Cash payments post closing of certain transaction costs of Vidara	-	-	14,116	-
Cash payments associated with induced debt conversion	16,690	-	16,690	-
<b>Non-GAAP cash provided by (used in) operating activities</b>	<b>\$ 32,565</b>	<b>\$ (11,178)</b>	<b>\$ 93,185</b>	<b>\$ (54,287)</b>

# Horizon Pharma plc

Bank of America Merrill Lynch 2015 Leveraged Finance Conference

*December 3, 2015*



*Non-Confidential Information – Horizon Pharma plc*