

UNITED THER. NDQ-UTHR

RECENT PRICE **126.54** P/E RATIO **11.5** (Trailing: 12.2; Median: 28.0) RELATIVE P/E RATIO **0.66** DIV'D YLD Nil **VALUE LINE**

TIMELINESS **2** Raised 3/4/16
 SAFETY **3** New 12/23/05
 TECHNICAL **3** Lowered 2/26/16
 BETA 1.00 (1.00 = Market)

High: 39.4 35.7 55.3 58.9 53.6 64.7 70.7 59.0 116.6 137.8 190.3 160.0
 Low: 20.4 23.5 23.8 23.8 27.3 46.1 36.6 40.3 51.4 84.6 117.9 113.2

LEGENDS
 ——— 18.0 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 9/09
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	350	(+175%)	29%
Low	235	(+85%)	17%

Insider Decisions

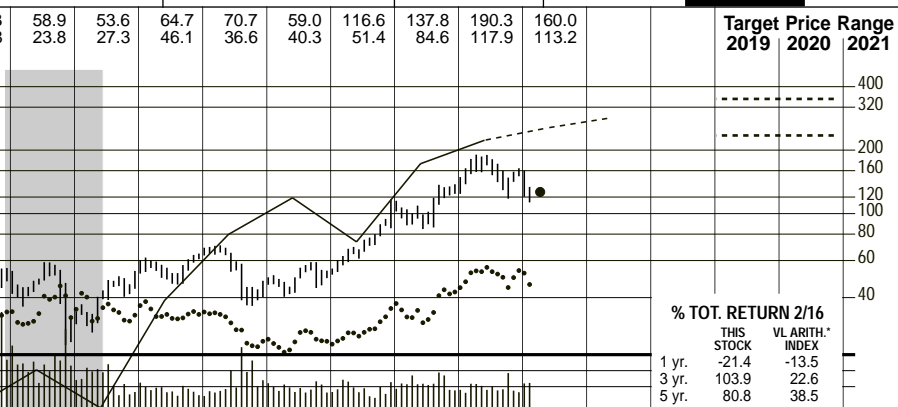
	A	M	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0
Options to Buy	6	9	7	5	6	7	6	8
to Sell	6	4	4	3	2	3	3	2

Institutional Decisions

	2Q2015	3Q2015	4Q2015
to Buy	202	169	218
to Sell	187	192	173
Hlds(000)	51196	50987	50656

Percent shares traded

	75
	50
	25



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
d.05	.14	.72	1.25	1.64	2.49	3.72	4.74	5.33	7.15	10.49	13.86	18.26	22.17	27.35	32.03	39.20	44.05	
d1.30	d.85	d.27	d.18	.40	1.03	.72	.52	1.01	.60	2.15	4.44	6.61	4.08	9.57	12.36	14.20	15.85	
d1.40	d.92	d.33	d.24	.33	.90	.59	.44	1.00	.35	1.78	3.67	5.71	3.28	7.73	10.40	11.70	13.00	

CAPITAL STRUCTURE as of 12/31/15
 Total Debt \$5.3 mill.
 LT Debt None

Leases, Uncapitalized: Annual rentals \$3.8 mill.
 No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 45,352,746 shs. as of 2/12/16

MARKET CAP: \$5.7 billion (Large Cap)

159.6	210.9	281.5	369.8	603.8	743.2	916.1	1117.0	1288.5	1465.8	1685	1850	Sales (\$mill)	2300
19.9%	4.6%	25.7%	10.1%	30.1%	45.5%	49.0%	29.0%	50.4%	52.0%	53.0%	53.5%	Operating Margin	55.0%
2.7	3.4	4.5	11.4	17.9	20.5	27.1	31.3	32.2	32.9	35.0	40.0	Depreciation (\$mill)	55.0
28.3	19.9	48.9	19.5	105.9	217.2	304.4	174.6	418.6	532.8	575	625	Net Profit (\$mill)	585

CURRENT POSITION 2013 2014 12/31/15 (\$MILL.)

Cash Assets	688.5	695.5	953.7
Receivables	126.3	162.3	192.8
Inventory (FIFO)	47.8	66.9	81.3
Other	46.4	49.5	47.5
Current Assets	909.0	974.2	1275.3
Accts Payable	6.7	7.0	7.5
Debt Due	215.8	126.4	5.3
Other	465.1	370.9	428.0
Current Liab.	687.6	504.3	448.0

29.2%	37.0%	28.4%	27.4%	30.9%	37.4%	35.0%	35.0%
17.7%	9.4%	17.4%	5.3%	17.5%	29.2%	33.2%	15.6%
258.1	79.7	239.7	65.7	335.8	349.9	491.7	221.3
250.0	250.0	30.3	--	194.2	204.7	--	--
204.6	295.8	507.7	653.0	883.9	948.5	1084.0	1259.3

UNITED THERAPEUTICS reported solid 2015 fourth-quarter results. During the December period, sales increased 17% year over year, and earnings advanced 36%. The company's stronghold in the pulmonary arterial hypertension (PAH) market is evident as product sales accounted for 99% of total revenues in 2015.

The company's prospects over the next two years appear bright. We anticipate sales increases of around 15% and 10% in 2016 and 2017, respectively. Our optimism stems from the likelihood that patient adoption for United Therapeutics' PAH drugs will continue to rise. It has done a good job of broadening the customer base with different dosing options. *Remodulin*, the legacy drug, alongside *Tyvaso* and *Adcirca*, contributed the lion's share to the top line. That said, its latest commercial triumphs, *Orenitram* (an oral version of the drug) and *Unituxin*, a medicine used to treat neuroblastoma in children, are doing well, too.

Healthy revenue growth should facilitate strong bottom-line results in 2016 and 2017. Our share-net forecasts of \$11.70 and \$13.00 suggest double-digit ex-

analogs, antibody-based therapeutics, and glycolysis antiviral agents. '15 R&D expenses: 17.0% of sales. Has 750 employees. Shareowners: BlackRock, Inc., 14.5%; The Vanguard Group, 6.5%; FMR LLC, 8.6%; Off. & dir., 8.5% (4/15 Proxy). Chrmn & CEO: M.A. Rothblatt, Inc.: DE. Add.: 1040 Spring St., Silver Spring, MD 20910. Tel.: 301-608-9292. Internet: www.unither.com

ANNUAL RATES of change (per sh) Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 to '19-'21

Sales	34.0%	31.5%	16.0%
"Cash Flow"	--	57.0%	13.5%
Earnings	--	56.5%	12.5%
Dividends	--	--	--
Book Value	19.5%	20.5%	21.0%

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QUARTERLY SALES (\$ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	245.1	280.6	302.3	289.0	1117.0
2014	289.4	322.8	330.0	346.3	1288.5
2015	327.5	347.2	386.2	404.9	1465.8
2016	400	400	425	460	1685
2017	440	440	470	500	1850

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pension. Having dealt with launch-related expenses and reimbursement issues both at home and abroad, operating expenses are expected to decline.

The company intends to expand its addressable markets, though. This was noted with the commercialization of *Unituxin*. There are other promising drug candidates in the pipeline focused on different ailments, including some in the oncology and vascular medical fields.

Despite solid business prospects, the price for UTHR shares has been somewhat erratic. The stock price has underperformed the broader market averages over the past six months, and has fallen around 20% since our December report. Investors are likely cautious about the threat of generic competition for *Remodulin* and the possibility of government regulations on drug pricing.

We favor these timely shares for the 2019-2021 haul also. Our upbeat 3- to 5-year annual earnings projections assume that the company's stronghold in the PAH market will be prolonged due to its well-diversified portfolio.

Nira Maharaj
 March 11, 2016

QUARTERLY EARNINGS PER SHARE ^

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	1.19	1.52	1.17	d.60	3.28
2014	1.74	2.00	2.44	1.55	7.73
2015	2.42	2.44	3.43	2.11	10.40
2016	2.65	2.55	3.65	2.85	11.70
2017	3.00	2.85	3.95	3.20	13.00

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^ (A) Diluted earnings, based on GAAP. Excludes nonrecurring gains/(losses): '00, (\$7c); '02, (25c); '05, 39c; '06, 95c; '08, (\$1.93); '14, (\$1.45); '15, \$2.32. May not sum due to rounding and or changes in shares outstanding. Next egs. report due late April.

(B) In millions, adjusted for split.

Company's Financial Strength	A
Stock's Price Stability	35
Price Growth Persistence	80
Earnings Predictability	40

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