

Company	United Therapeutics		Date	05/20/16	
Prepared by	OHARA		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Biotechnology		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	48.7		0.1	95.8	
Debt (\$M)	5.4	% to Tot Cap	0.3	% Pot Dil	7.3

Stock Selection Guide

Symbol: UTHR

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 29.3% | (3) Historical Earnings Per Share Growth | 69.7% |
| (2) Estimated Future Sales Growth | 9.8% | (4) Estimated Future Earnings Per Share Growth | 7.0% |

2 EVALUATING Management

United Therapeutics

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Last 5 Year Avg.
Pre-tax Profit on Sales	25.0%	7.9%	-25.7%	5.1%	24.5%	40.2%	48.1%	25.0%	40.8%	71.3%	45.1%
% Earned on Equity	23.9%	6.7%	-8.6%	2.9%	11.6%	18.1%	26.4%	13.1%	25.1%	39.7%	24.5%
% Debt To Capital	55.0%	45.8%	35.5%	27.7%	25.6%	17.0%	20.2%	18.5%	9.2%	0.3%	13.0%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 113.62 (05/20/16)

HIGH THIS YEAR 190.13

LOW THIS YEAR 102.50

	A	B	C	D	E	F	G	H	
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield	
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100	
2011	70.7	36.6	3.66	19.3	10.0	0.00	0.0	0.0	
2012	59.0	40.3	5.71	10.3	7.1	0.00	0.0	0.0	
2013	116.7	51.4	3.28	35.6	15.7	0.00	0.0	0.0	
2014	137.8	84.6	6.28	21.9	13.5	0.00	0.0	0.0	
2015	190.3	117.9	12.72	15.0	9.3	0.00	0.0	0.0	
AVERAGE		66.2		16.6	9.9				
CURRENT/TTM			18.10						
AVERAGE PRICE EARNINGS RATIO: 13.3					CURRENT PRICE EARNINGS RATIO: 6.3				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 13.3 X Estimate High Earnings/Share 17.84 = Forecasted High Price \$ 237.3

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 9.9 X Estimate Low Earnings/Share 12.72 = Forecasted Low Price \$ 125.9

(b) Avg. Low Price of Last 5 Years 66.2

(c) Recent Market Low Price 84.6

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 90.9

C ZONING using 25%-50%-25%

Forecasted High Price 237.3 Minus Forecasted Low Price 90.9 = 146.4 Range. 25% of Range 36.6

Buy Zone 90.9 to 127.5

Hold Zone 127.5 to 200.7

Sell Zone 200.7 to 237.3

Present Market Price of 113.62 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{237.3 - 113.62}{113.62 - 90.9} = \frac{123.70}{22.72} = 5.4$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{237.3 - 113.62}{113.62} = 2.0887$ X 100 = 208.87 - 100 = 108.9 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{113.62} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{13.30} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{11.60} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 15.9 %
Average Yield 0.0 %
Annualized Rate of Return 15.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 12.7 %
Average Yield 0.0 %
Annualized Rate of Return 12.7 %