



## United Therapeutics Weakness Attracts Long-Term Bull

**Ticker/Price:** UTHR (\$)

### Analysis:

**United Therapeutics (UTHR)** with over 1,000 February \$80 calls now being bought on the morning from \$10.90 to \$11.10, trading around 4X average volume. UTHR has over 4,200 August OTM \$90 calls in OI as well as some December \$75 calls from late July. Shares have been weak for much of 2019 but forming a multi-month base now above \$75 and back above some key short-term moving averages this week. A close above \$85 has room back to \$100 and the declining 200-day MA while longer-term move can re-test the breakdown around \$115. The \$3.57B company trades 9.55X earnings and 2.33X sales with over \$40.75 in cash per share on hand. UTHR is seeing 49% EPS growth in FY22 as well as flattish revenue growth. The company is coming off a strong quarter with their PAH treatment, Tyvaso, showing steady growth while Remodulin was modestly weak. UTHR has ongoing trials in pulmonary fibrosis with Phase 3 data expected by year-end or early 2020. Analysts have an average target for shares of \$124. Ladenburg upgrading to Neutral on 8-1 with a \$106 PT. The firm expects UTHR to maintain a "significant" market share in pulmonary hypertension with Remodulin due to practitioner preference. UTHR should also continue to grow revenues as its pipeline advances to replace their genericized products. Short interest is 6.1% and down from around 10% earlier this year, now around 7-year lows. Hedge Fund ownership fell marginally in Q2. Palo Alto Investors, Consonance Capital, and Krensavage Asset Management notable holders.

### Hawk Vision:



**Hawk's Perspective:** UTHR recent base is giving a nice level to trade against in a name which has lagged for much of the year.

**Confidence Ranking:** \$\$