



FEATURED OPTIONS RADAR REPORT



Put Sale in Lung Disease Leader Sees Attractive Entry

Ticker/Price: UTHR (\$200)

Analysis:

United Therapeutics (UTHR) with a large trade on 9/17 as 1000 October \$200 puts were sold to open at \$7 in an adjustment from September short puts, a name with 580 November \$220 calls and 325 November \$180 calls bought in open interest as well, though overall minimal open interest. UTHR has shown relative strength to Biotech peers in 2021 with shares +31.5% and last week pulled back to near the rising 55-day moving average and just above a large gap from a big move on its earnings report last quarter. The pullback comes off record highs and now has a nice volume node support near \$200 where the short put strike opened forming multiple inside weeks and above \$215 can make a measured move up to \$250 or higher. UTHR markets and sells four commercial therapies in the United States to treat pulmonary arterial hypertension (PAH): Remodulin Injection (Remodulin); Tyvaso Inhalation Solution; Orenitram Extended-Release Tablets; and Adcirca Tablets (Adcirca). UTHR also has an oncology product, Unituxin, which is approved for the treatment of high-risk neuroblastoma. UTHR has a market cap of \$9B and trades 12.4X Earnings, 5.65X Sales and 16.1X FCF with a strong cash-rich balance sheet. In June the FDA accepted UTHR's NDA for its Tyvaso dry powder inhaler (DPI) for both PAH and PH-ILD, and the company anticipates an FDA decision by the PDUFA date in October. Analysts have an average target of \$235 and short interest is at 4.4% of the float. Argus upgraded to Buy in July with a \$205 target citing UTHR's strong pipeline and balance sheet along with delays in potential generics competition. JP Morgan raised its target to \$212 in April after its survey came away more positive on the Tyvaso opportunity in pulmonary hypertension associated with interstitial lung disease. Hedge Fund ownership rose around 1% last quarter, notable top holders include Avoro Capital, Palo Alto Investors and Perceptive.

Hawk Vision:



Hawk's Perspective: UTHR continues to screen favorably on valuation with steady double digit revenue growth and entry looks attractive on this pullback.

Confidence Ranking: \$\$