

UNITED THERAPEUTICS Corp  
Form 10-Q  
October 27, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended September 30, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-26301

## United Therapeutics Corporation

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**52-1984749**

(I.R.S. Employer  
Identification No.)

**1040 Spring Street, Silver Spring, MD**  
(Address of Principal Executive Offices)

**20910**  
(Zip Code)

**(301) 608-9292**

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the issuer's common stock, par value \$.01 per share, as of October 21, 2015 was 45,629,412.



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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. CONSOLIDATED FINANCIAL STATEMENTS****UNITED THERAPEUTICS CORPORATION****CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)**

	September 30, 2015 (Unaudited)	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 765,205	\$ 397,697
Marketable investments	156,630	297,842
Accounts receivable, net of allowance of none for 2015 and 2014	179,642	162,287
Inventories, net	80,844	66,927
Other current assets	46,202	49,444
Total current assets	1,228,523	974,197
Marketable investments	91,706	122,658
Goodwill and other intangibles, net	28,533	29,465
Property, plant and equipment, net	474,770	478,421
Deferred tax assets, net	182,600	181,721
Other assets	153,101	97,948
Total assets	\$ 2,159,233	\$ 1,884,410
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 113,346	\$ 85,382
Convertible notes	30,017	126,414
Share tracking awards plan	214,017	282,101
Other current liabilities	199,962	10,413
Total current liabilities	557,342	504,310
Other liabilities	122,522	114,526
Total liabilities	679,864	618,836
Commitments and contingencies:		
Temporary equity	12,499	23,218
Stockholders equity:		
Preferred stock, par value \$.01, 10,000,000 shares authorized, no shares issued		
Series A junior participating preferred stock, par value \$.01, 100,000 shares authorized, no shares issued		
Common stock, par value \$.01, 245,000,000 shares authorized, 68,460,587 and 65,988,561 shares issued, and 45,583,017 and 47,107,709 shares outstanding at September 30, 2015 and December 31, 2014, respectively		
	685	660
Additional paid-in capital	1,723,888	1,376,141
Accumulated other comprehensive loss	(21,930)	(16,734)
Treasury stock, 22,877,570 and 18,880,852 shares at September 30, 2015 and December 31, 2014, respectively	(1,850,882)	(1,185,825)
Retained earnings	1,615,109	1,068,114

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Total stockholders' equity		1,466,870		1,242,356
Total liabilities and stockholders' equity	\$	2,159,233	\$	1,884,410

See accompanying notes to consolidated financial statements.

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**UNITED THERAPEUTICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
<b>Revenues:</b>				
Net product sales	\$ 384,708	\$ 328,269	\$ 1,056,374	\$ 934,152
Other	1,513	1,681	4,512	8,004
Total revenues	386,221	329,950	1,060,886	942,156
<b>Operating expenses:</b>				
Research and development	9,527	118,876	169,150	171,067
Selling, general and administrative	(17,276)	202,507	304,051	300,753
Cost of product sales	6,891	40,803	43,727	110,113
Total operating expenses	(858)	362,186	516,928	581,933
Operating income (loss)	387,079	(32,236)	543,958	360,223
<b>Other (expense) income:</b>				
Interest expense	(834)	(4,709)	(4,189)	(14,065)
Other, net	618	1,112	(1,364)	4,258
Gain on sale of intangible asset	350,000		350,000	
Total other income (expense), net	349,784	(3,597)	344,447	(9,807)
Income (loss) before income taxes	736,863	(35,833)	888,405	350,416
Income tax (expense) benefit	(272,438)	10,596	(341,410)	(126,277)
Net income (loss)	\$ 464,425	\$ (25,237)	\$ 546,995	\$ 224,139
<b>Net income (loss) per common share:</b>				
Basic	\$ 10.20	\$ (0.53)	\$ 11.86	\$ 4.63
Diluted	\$ 9.24	\$ (0.53)	\$ 10.58	\$ 4.12
<b>Weighted average number of common shares outstanding:</b>				
Basic	45,531	47,297	46,105	48,427
Diluted	50,239	47,297	51,715	54,360

See accompanying notes to consolidated financial statements.

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**UNITED THERAPEUTICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Net income (loss)	\$ 464,425	\$ (25,237)	\$ 546,995	\$ 224,139
Other comprehensive income (loss):				
Foreign currency translation loss	(2,107)	(2,538)	(3,660)	(2,156)
Defined benefit pension plan:				
Prior service cost arising during period, net of tax				(2,415)
Actuarial (loss) gain arising during period, net of tax			(2,110)	221
Less: amortization of actuarial loss and prior service cost included in net periodic pension cost, net of tax	148	226	629	678
Total defined benefit pension plan, net	148	226	(1,481)	(1,516)
Unrealized (loss) gain on available-for-sale securities, net of tax	(41)	9	(55)	(75)
Other comprehensive loss, net of tax	(2,000)	(2,303)	(5,196)	(3,747)
Comprehensive income (loss)	\$ 462,425	\$ (27,540)	\$ 541,799	\$ 220,392

See accompanying notes to consolidated financial statements.



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**UNITED THERAPEUTICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

	Nine Months Ended September 30,	
	2015	2014
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 546,995	\$ 224,139
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,960	23,313
Share-based compensation expense	162,886	157,730
Gain on sale of intangible asset	(350,000)	
Amortization of debt discount and debt issue costs	5,508	9,968
Amortization of discount or premium on investments	1,866	4,195
Other	(1,528)	1,478
Excess tax benefits from share-based compensation	(31,379)	(23,183)
Changes in operating assets and liabilities:		
Accounts receivable	(17,356)	(13,324)
Inventories	(7,784)	(16,870)
Accounts payable and accrued expenses	25,825	35,855
Other assets and liabilities	(2,747)	(138,647)
Net cash provided by operating activities	357,246	264,654
Cash flows from investing activities:		
Purchases of property, plant and equipment	(18,256)	(45,157)
Purchases of held-to-maturity investments	(62,781)	(115,170)
Maturities of held-to-maturity investments	232,424	491,833
Gain on sale of intangible asset	350,000	
Purchase of investments under the cost method, net	(54,217)	(45,000)
Net cash provided by investing activities	447,170	286,506
Cash flows from financing activities:		
Principal payments of debt	(107,116)	