

UNITED THERAPEUTICS Corp
Form 10-Q
May 01, 2019
[Table of Contents](#)

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 March 31, 2019

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Edgar Filing: UNITED THERAPEUTICS Corp - Form 10-Q

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 April 24, 2019 was 43,810,915.

Table of Contents

INDEX

	Page
<u>Part I.</u>	
	<u>FINANCIAL INFORMATION (UNAUDITED)</u>
<u>Item 1.</u>	3
	<u>Consolidated Financial Statements</u>
	<u>Consolidated Balance Sheets</u>
	<u>Consolidated Statements of Operations</u>
	<u>Consolidated Statements of Comprehensive Income</u>
	<u>Consolidated Statements of Stockholders' Equity</u>
	<u>Consolidated Statements of Cash Flows</u>
	<u>Notes to Consolidated Financial Statements</u>
<u>Item 2.</u>	20
	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3.</u>	35
	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
<u>Item 4.</u>	35
	<u>Controls and Procedures</u>
<u>Part II.</u>	<u>OTHER INFORMATION</u>
<u>Item 1.</u>	36
	<u>Legal Proceedings</u>
<u>Item 1A.</u>	36
	<u>Risk Factors</u>
<u>Item 2.</u>	52
	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
<u>Item 6.</u>	53
	<u>Exhibits</u>
<u>SIGNATURES</u>	54

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

	March 31, 2019 (Unaudited)	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 790.6	\$ 669.2
Marketable investments	814.5	746.7
Accounts receivable, no allowance for 2019 and 2018	159.8	175.7
Inventories, net	96.2	101.0
Other current assets	81.4	75.4
Total current assets	1,942.5	1,768.0
Marketable investments	411.3	442.6
Goodwill and other intangible assets, net	170.8	170.8
Property, plant and equipment, net	701.2	699.7
Deferred tax assets, net	265.5	95.7
Other non-current assets	235.4	224.2
Total assets	\$ 3,726.7	\$ 3,401.0
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 139.4	\$ 166.1
Share tracking awards plan	77.5	72.2
Other current liabilities	53.1	38.3
Total current liabilities	270.0	276.6
Line of credit	1,050.0	250.0
Other non-current liabilities	68.5	66.6
Total liabilities	1,388.5	593.2
Commitments and contingencies		
Temporary equity	19.2	19.2
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, 70,424,937 and 70,207,581 shares issued, and 43,805,721 and 43,588,365 shares outstanding at March 31, 2019 and December 31, 2018, respectively		
	0.7	0.7
Additional paid-in capital	1,967.6	1,940.2
Accumulated other comprehensive loss	(5.2)	(7.9)
Treasury stock, 26,619,216 shares at March 31, 2019 and December 31, 2018	(2,579.2)	(2,579.2)
Retained earnings	2,935.1	3,434.8

Edgar Filing: UNITED THERAPEUTICS Corp - Form 10-Q

Total stockholders' equity		2,319.0		2,788.6
Total liabilities and stockholders' equity	\$	3,726.7	\$	3,401.0

See accompanying notes to consolidated financial statements.

Table of Contents

UNITED THERAPEUTICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	2019	Three Months Ended March 31, (Unaudited)	2018
Revenues:			
Net product sales	\$	362.6	\$ 389.2
Total revenues		362.6	389.2
Operating expenses:			
Cost of product sales		29.1	53.2
Research and development		897.4	35.7
Selling, general and administrative		92.0	(6.6)
Total operating expenses		1,018.5	82.3
Operating (loss) income		(655.9)	306.9
Other income (expense):			
Interest income		9.8	5.3
Interest expense		(10.3)	(2.6)