

VERTEX PHARM. INC. NDQ-VRTX

RECENT PRICE **350.74** P/E RATIO **25.0** (Trailing: 27.1) (Median: NMF) RELATIVE P/E RATIO **1.50** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 Lowered 3/31/23	High: 66.1 90.0 124.4 143.5 125.0 167.9 194.9 225.7 306.1 243.0 324.8 367.0	Low: 32.0 42.7 59.8 97.4 71.5 73.3 144.1 161.0 197.5 176.4 214.7 282.2	Target Price Range 2026 2027 2028 ----- 640 ----- 480 ----- 400 ----- 320 ----- 240 ----- 200 ----- 160 ----- 120 ----- 80 ----- 60
SAFETY 2 Raised 9/3/21	LEGENDS Relative Price Strength Options: Yes Shaded area indicates recession		
TECHNICAL 3 Lowered 9/1/23			
BETA .75 (1.00 = Market)			
18-Month Target Price Range Low-High Midpoint (% to Mid) \$268-\$451 \$360 (5%)			
2026-28 PROJECTIONS Price Gain Ann'l Total High 505 (+45%) 10% Low 370 (+5%) 2%			
Institutional Decisions 3Q2022 4Q2022 1Q2023 to Buy 532 606 548 to Sell 470 496 541 Hld's(000) 235256 237833 237641	Percent shares traded 75 50 25		% TOT. RETURN 7/23 THIS STOCK VL ARITH. INDEX 1 yr. 25.7 11.5 3 yr. 29.5 59.2 5 yr. 101.3 52.2

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
1.50	1.16	.51	.70	6.74	7.03	5.18	2.40	4.19	6.86	9.83	11.94	16.07	23.88	29.76	34.75	38.00	40.65	Revenues per sh	50.00
d2.74	d2.83	d3.06	d3.56	.31	d.32	d1.70	d2.79	d2.01	d.20	1.28	2.38	4.96	10.86	9.70	13.50	13.90	15.25	"Cash Flow" per sh	18.75
d3.03	d3.27	d3.71	d3.77	.14	d.50	d1.98	d3.14	d2.31	d.46	1.04	2.06	4.51	10.29	9.01	12.82	13.20	14.50	Earnings per sh ^A	17.50
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.24	.21	.12	.19	.17	.33	.22	.21	.18	.23	.39	.37	.29	1.00	.92	.80	.90	1.00	Cap'l Spending per sh	1.20
2.04	1.58	5.48	2.48	3.76	4.60	5.80	4.45	3.82	4.66	8.01	17.38	23.50	33.43	39.69	54.13	65.90	80.85	Book Value per sh	120.00
132.88	151.25	199.96	203.52	209.30	217.29	233.79	241.76	246.31	248.30	253.25	255.17	258.99	259.89	254.48	257.01	258.00	256.00	Common Shs Outst'g ^B	250.00
--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	41.2	24.6	22.8	21.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	2.19	1.26	1.23	1.23			Relative P/E Ratio	1.40
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CAPITAL STRUCTURE as of 6/30/23		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Revenues (\$mill)	Operating Margin
Total Debt	None	1212.0	580.4	1032.3	1702.2	2488.7	3047.6	4162.8	6205.7	7574.4	8930.7	9800	10400	10400	10400	12500	50.0%
Leases, Uncapitalized	Annual rentals \$58.4 mill.	48.4	63.3	62.3	61.4	61.4	72.4	106.9	125.6	148.3	155	165	165	165	165	185	185
No Defined Benefit Pension Plan		d445.0	d737.6	d556.3	d112.1	263.5	533.7	1176.8	2711.7	2342.1	3322.0	3435	3740	3740	3740	4500	4500
Pfd Stock	None	--	--	--	--	--	--	--	12.7%	15.6%	13.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Common Stock	258,094,815 shs. as of 7/31/23	1190.8	1178.2	900.8	1039.0	1841.7	2722.8	3488.0	6255.9	7418.6	10492.7	12500	14500	14500	14500	21000	21000
MARKET CAP: \$90.5 billion (Large Cap)		48.8	319.9	266.9	35.0	20.5	19.7	--	--	--	--	Nil	Nil	Nil	Nil	Nil	Nil
CURRENT POSITION (SMILL.)		1356.4	1075.0	940.0	1156.6	2028.6	4435.2	6085.2	8686.8	10100	13913	17000	20700	20700	20700	30000	30000
Cash Assets	7524.9	10778.5	11236.3														
Receivables	1136.8	1442.2	1556.2														
Inventory	353.1	460.6	603.5														
Other	545.8	553.5	476.9														
Current Assets	9560.6	13234.8	13872.9														
Accts Payable	195.0	303.9	363.0														
Debt Due	--	--	--														
Other	1947.0	2438.2	2989.1														
Current Liab.	2142.0	2742.1	3352.1														

BUSINESS: Vertex Pharmaceuticals Inc. discovers, develops, and commercializes transformative medicines for serious diseases. Current treatments are primarily focused on cystic fibrosis (CF). It also has a pipeline of investigational small molecule drugs for other illnesses, beyond CF, such as pain and kidney disease, and has programs for cell and genetic therapies. Approved CF drugs incl.: Kalydeco (ivacaftor) (1/12); Orkambi (lumacaftor/ivacaftor) (7/15); Symdeko (tezacaftor/ivacaftor) (2/18); Trikafta (10/19). Has about 4,800 empl. Off./dirs. own .3% of common stock; BlackRock, 9.4% (4/23 proxy). Chrmn.: Dr. Jeffrey M. Leiden. Pres. & CEO: Dr. Reshma Kewalramani. Inc.: MA. Addr.: 50 Northern Ave., Boston, MA 02210. Tel.: 617-341-6100. Internet: www.vrtx.com.

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '26-'28
Revenues	18.5%	31.0%	11.5%	11.5%
"Cash Flow"	--	--	12.0%	12.0%
Earnings	--	--	12.0%	12.0%
Dividends	--	--	Nil	Nil
Book Value	26.0%	46.0%	20.5%	20.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	1515.1	1524.5	1538.3	1627.8	6205.7
2021	1724.3	1793.4	1984.1	2072.6	7574.4
2022	2097.5	2196.2	2334.3	2302.7	8930.7
2023	2374.8	2493.2	2490	2442	9800
2024	2550	2600	2600	2650	10400

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	2.29	3.18	2.53	2.30	10.29
2021	2.49	.26	3.28	3.00	9.01
2022	2.96	3.13	3.59	3.15	12.82
2023	2.69	3.52	3.60	3.39	13.20
2024	3.50	3.70	3.80	3.50	14.50

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019					
2020					
2021					
2022					
2023					

Vertex Pharmaceuticals seems headed for another record-setting year. June-quarter revenue was up 14%, year over year, thanks to the continued strong market rollout of Trikafta (Kaftrio in the EU), a triple-drug blend of ivacaftor, tezacaftor, and ivacaftor approved for treating cystic fibrosis (CF), a debilitating lung disease. Given its strong sales momentum, additional reimbursements obtained in markets outside the U.S., and label expansions on key CF therapies, revenues in 2023 now look to be on track to rise to \$9.7 billion-\$9.8 billion, from the previous forecast of \$9.55 billion-\$9.7 billion. Despite high R&D/commercialization costs, earnings per share may top \$13.00. **Investors are likely eagerly awaiting some important developments, including the potential launch of a biologic product.** Recall that Vertex, together with CRISPR Therapeutics, is developing a gene-editing therapy called exa-cel, targeting beta thalassemia and severe sickle cell disease. The U.S. FDA has accepted the biologics licensing applications, and the drug is currently under review for fast-track approval, with targeted action

dates of December 8th (for sickle cell disease) and March 30, 2024 (for beta thalassemia). The drug is also under regulatory review in the EU and U.K. **Meanwhile, expansion efforts continue within the core CF franchise and beyond it.** As part of its strategy to treat the underlying disease across a broader, younger patient population, Vertex remains focused on expanding the label on its CF drugs and launching new ones. To this end, Vertex has already gotten the green light on Trikafta/Kaftrio, Kalydeco, and Orkambi for children, ages ranging from 1-4 months old to 2-5 years. It is also exploring a triple drug combination with tezacaftor. Elsewhere, mid- and late-stage studies are ongoing for such conditions/illnesses as acute pain (VX-548 is undergoing Phase III trials), Type 1 diabetes, kidney disease, protein deficiencies, and muscular dystrophy. **Good-quality Vertex shares have reached yet a new peak.** While a number of key growth opportunities augur well for the long haul, the stock's 3- to 5-year gains potential is limited at this price. *J. Susan Ferrara* September 1, 2023

(A) Diluted earnings. Excl. non-recur. gain: '18, \$6.03 (one-time tax benefit). Qly. egs. may not sum due to difference in shs. outstg/rounding. Next egs. rpt. due late October. (B) In millions. Note: share count in '13 reflects the conversion of convertible notes into 8.3 mill. shs. (C) As of 12/31/22, had total net oper. loss carryforwards of about \$770.5 mill. and tax credits of \$295.0 million.

Company's Financial Strength	A+
Stock's Price Stability	85
Price Growth Persistence	80
Earnings Predictability	30