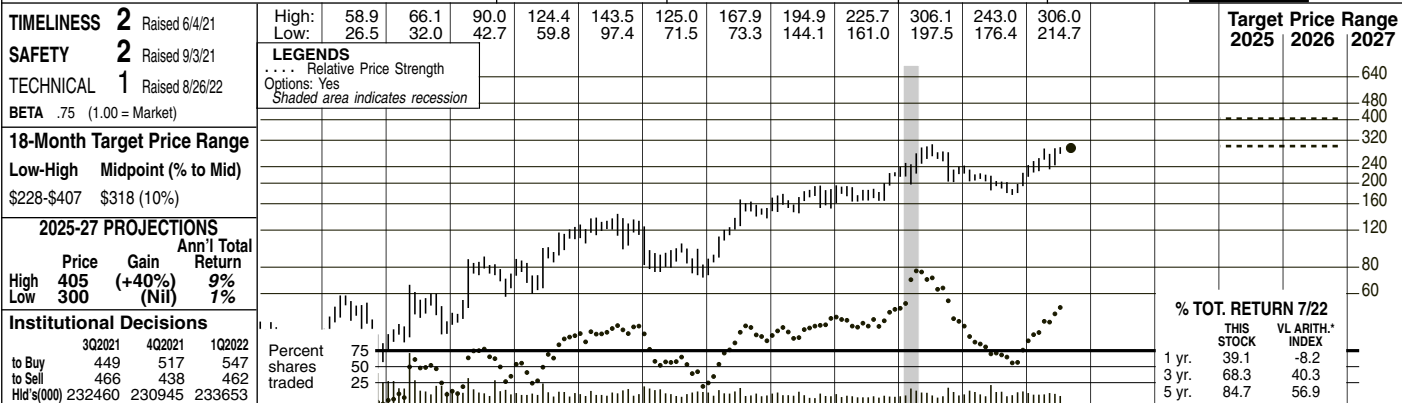


VERTEX PHARM. INC. NDQ-VRTX

RECENT PRICE **293.84** P/E RATIO **23.2** (Trailing: 23.8 Median: NMF) RELATIVE P/E RATIO **1.45** DIV'D YLD **Nil**

VALUE LINE



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
1.72	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	34.10	36.10	Revenues per sh	44.00
d1.49	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	13.85	13.85	"Cash Flow" per sh	17.00
d1.89	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	12.35	13.20	Earnings per sh ^A	16.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
.26	.24	.21	.12	.19	.17	.33	.22	.21	.18	.23	.39	.37	.29	1.00	.92	1.00	1.00	Cap'l Spending per sh	1.20
4.01	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	51.00	62.75	Book Value per sh	100.00
126.12	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	255.00	255.00	Common Shs Outst'g ^B	250.00
--	--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	41.2	24.6	22.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	22.0
--	--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	2.19	1.26	1.24			Relative P/E Ratio	1.20
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 6/30/22		2020	2021	6/30/22	Leases, Uncapitalized		No Defined Benefit Pension Plan		Pfd Stock None		Common Stock 256,459,482 shs. as of 7/29/22		MARKET CAP: \$75.4 billion (Large Cap)		CURRENT POSITION (SMILL.)		ANNUAL RATES		QUARTERLY REVENUES (\$ mill.)		EARNINGS PER SHARE ^A		QUARTERLY DIVIDENDS PAID												
Total Debt None		1527.0	1212.0	580.4	1032.3	1702.2	2488.7	3047.6	4162.8	6205.7	7574.4	8700	9200	Annual rentals \$41.9 mill.		None		None		256,459,482 shs.		\$75.4 billion		Cash Assets 6658.9		2019 858.4		2019 1.03		2018 NO CASH DIVIDENDS BEING PAID					
		2.8%	NMF	NMF	NMF	4.3%	18.3%	24.2%	31.4%	48.0%	38.3%	45.0%	46.0%			Revenues (Smill)		11000		Operating Margin		48.0%		2020 1515.1		2020 2.29									
		38.2	48.4	63.3	62.3	61.4	61.4	72.4	106.9	109.5	125.6	130	135			Depreciation (Smill)		150		Net Profit (Smill)		4100		2021 1724.3		2021 2.49									
		d107.0	d445.0	d737.6	d556.3	d112.1	263.5	533.7	1176.8	2711.7	2342.1	3190	3400			Income Tax Rate ^C		20.0%		Net Profit Margin		37.3%		2022 2097.5		2022 2.96									
		--	--	--	--	--	--	--	15.6%	13.0%	14.2%	15.0%	15.0%			Working Cap'l (Smill)		16000		Long-Term Debt (Smill)		Nil		2023 2250		2023 3.30									
		NMF	NMF	NMF	NMF	NMF	10.6%	17.5%	28.3%	43.7%	30.9%	36.7%	37.0%			Return on Total Cap'l		16.5%		Return on Shr. Equity		16.5%													
		1157.0	1190.8	1178.2	900.8	1039.0	1841.7	2722.8	3488.0	6255.9	7418.6	9000	11000			Retained to Com Eq		16.5%		All Div'ds to Net Prof		Nil													
		415.2	48.8	319.9	266.9	35.0	20.5	19.7	--	--	--	Nil	Nil			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 3,900 empl. Off./dirs. own less than 1% of comm. stock; Black-Rock, 9.4% (4/22 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.																	

Vertex Pharmaceuticals' stock is trading around its all-time high of a couple of years ago. Since our early June review, VRTX has risen some 12% in value, thanks mostly to continued pipeline progress and strong financial performance. **Momentum continues to be robust in the key cystic fibrosis (CF) franchise.** Scripts have kept climbing for Vertex's therapy *Trikafta* (*Kaftrio* in the EU), a triple-drug blend of elexacaftor, tezacaftor, and ivacaftor approved in 2019 for the debilitating lung disease in patients ages 12 and up. The drug has also seen a rapid uptake in the U.S. for kids ages 6-11, after it got the okay in 2021. Revenues surged 22% to \$2.2 billion in the second quarter, driven largely by *Trikafta*/*Kaftrio*, which is reimbursed in over 25 countries. This helped catapult EPS to \$3.13. And Vertex continues to expand the label on its CF drugs for those as young as 12-24 months old. Plus, it's conducting a pair of Phase III trials on a new once-daily triple-drug mix versus *Trikafta*, and exploring mRNA therapies for CF with Moderna. Indeed, efforts to bolster the CF lineup via label expansions, reimbursement in new markets, and new drugs are part of a strategy aimed at a broader, younger patient group. **R&D opportunities are vast in categories beyond CF, too.** Vertex is making headway on mid- or late-stage studies addressing such serious illnesses/conditions as sickle cell disease, beta thalassemia, Type 1 diabetes, kidney disease, pain, protein deficiencies, and muscular dystrophy. It's on track with Phase I/II clinical trials on VX-880, a stem-cell-derived replacement therapy for Type 1 diabetes, and ongoing late-stage trials on CTX001 for beta thalassemia and sickle cell disease, in collaboration with CRISPR Therapeutics. **Earnings prospects to mid-decade look favorable.** Given recent quarterly results, management raised its 2022 revenue outlook, and we've upped our estimate accordingly. Solid gains are likely further out, too. Meantime, Vertex has used its arsenal of \$9.3 billion in cash to make small key acquisitions, like ViaCyte (focuses on stem-cell therapies) for \$320 million. **Good-quality Vertex shares remain timely.** But long-term capital appreciation potential is limited at this price.

J. Susan Ferrara September 2, 2022

(A) Diluted earnings. Excl. non-recur. charges/gains: '05, (63c); '06, 6c; '18, \$6.03 (one-time tax benefit). Next egs. rpt. due early November.	(B) In millions. Note: share count in '13 reflects the conversion of convertible notes into 8.3 mill. shs.	(C) As of 12/31/21, had total net oper. loss carryforwards of about \$938.6 mill. and tax credits of \$263.5 million.	Company's Financial Strength	A+
			Stock's Price Stability	80
			Price Growth Persistence	75
			Earnings Predictability	30