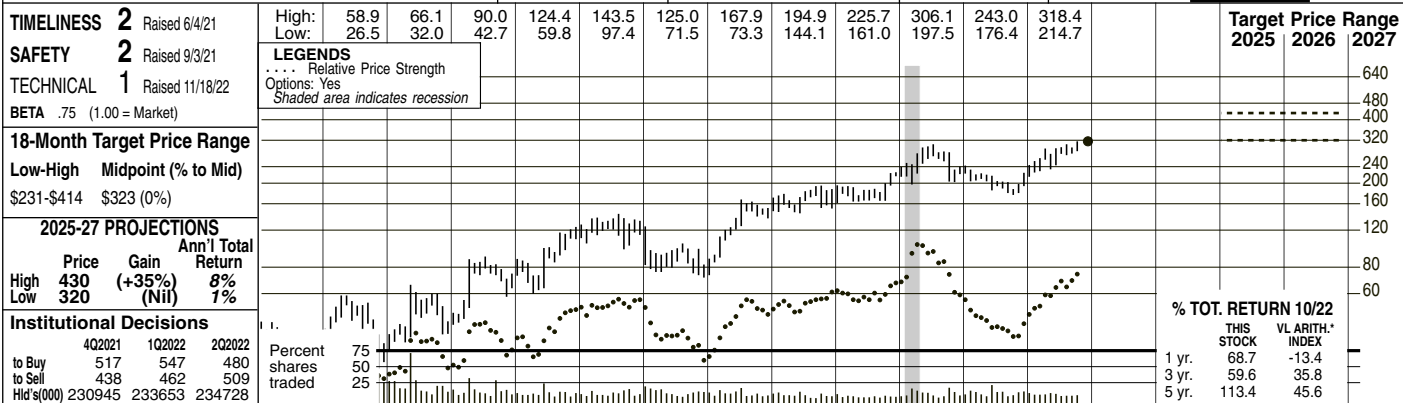


# VERTEX PHARM. INC. NDAQ:VRTX

RECENT PRICE **316.20** P/E RATIO **22.9** (Trailing: 24.9 Median: NMF) RELATIVE P/E RATIO **1.40** 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	<b>34.65</b>	<b>36.60</b>	Revenues per sh	<b>45.60</b>
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	<b>13.60</b>	<b>14.70</b>	"Cash Flow" per sh	<b>18.10</b>
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	<b>13.00</b>	<b>14.00</b>	Earnings per sh <sup>A</sup>	<b>17.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Div'ds Decl'd per sh	<b>Nil</b>
.26	.24	.21	.12	.19	.17	.33	.22	.21	.18	.23	.39	.37	.29	1.00	.92	<b>1.00</b>	<b>1.00</b>	Cap'l Spending per sh	<b>1.20</b>
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	<b>52.55</b>	<b>66.15</b>	Book Value per sh	<b>106.00</b>
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	<b>257.00</b>	<b>257.00</b>	Common Shs Outst'g <sup>B</sup>	<b>250.00</b>
--	--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	41.2	24.6	22.8	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>22.0</b>
--	--	--	--	--	NMF	--	--	--	--	--	NMF	NMF	2.19	1.26	1.24			Relative P/E Ratio	<b>1.20</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	<b>Nil</b>

CAPITAL STRUCTURE as of 9/30/22		2020	2021	9/30/22	2020	2021	9/30/22	2020	2021	9/30/22	2020	2021	9/30/22	2020	2021	9/30/22	2020	2021	9/30/22	2020	2021	9/30/22
Total Debt None		1527.0	1212.0	580.4	1032.3	1702.2	2488.7	3047.6	4162.8	6205.7	7574.4	8900	9400	Revenues (\$mill)	11400							
Leases, Uncapitalized		2.8%	NMF	NMF	NMF	4.3%	18.3%	24.2%	31.4%	48.0%	38.3%	46.0%	47.0%	Operating Margin	50.0%							
Annual rentals \$41.9 mill.		38.2	48.4	63.3	62.3	61.4	61.4	72.4	106.9	109.5	125.6	140	150	Depreciation (\$mill)	180							
No Defined Benefit Pension Plan		d107.0	d445.0	d737.6	d556.3	d112.1	263.5	533.7	1176.8	2711.7	2342.1	3360	3630	Net Profit (\$mill)	4350							
Pfd Stock None		--	--	--	--	--	--	--	15.6%	13.0%	14.2%	15.0%	14.2%	Income Tax Rate <sup>C</sup>	20.0%							
Common Stock 256,691,452 shs. as of 10/21/22		NMF	NMF	NMF	NMF	NMF	10.6%	17.5%	28.3%	43.7%	30.9%	37.8%	38.6%	Net Profit Margin	38.2%							
MARKET CAP: \$81.2 billion (Large Cap)		1157.0	1190.8	1178.2	900.8	1039.0	1841.7	2722.8	3488.0	6255.9	7418.6	9700	12000	Working Cap'l (\$mill)	18000							
CURRENT POSITION		415.2	48.8	319.9	266.9	35.0	20.5	19.7	--	--	--	Nil	Nil	Long-Term Debt (\$mill)	Nil							
CASH ASSETS		999.2	1356.4	1075.0	940.0	1156.6	2028.6	4435.2	6085.2	8686.8	10100	13500	17000	Shr. Equity (\$mill)	26500							
RECEIVABLES		NMF	NMF	NMF	NMF	NMF	12.9%	12.0%	19.3%	31.2%	23.2%	25.0%	21.5%	Return on Total Cap'l	16.5%							
INVENTORY		NMF	NMF	NMF	NMF	NMF	13.0%	12.0%	19.3%	31.2%	23.2%	25.0%	21.5%	Return on Shr. Equity	16.5%							
OTHER		NMF	NMF	NMF	NMF	NMF	13.0%	12.0%	19.3%	31.2%	23.2%	25.0%	21.5%	Retained to Com Eq	16.5%							
CURRENT LIAB.		--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	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; BlackRock, 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.

**Shares of Vertex Pharmaceuticals recently set another all-time high.** The biotech's latest commercialization opportunities, pipeline advances, and robust financial results have apparently not gone unnoticed by investors. Indeed, **The company is looking to get the regulatory nod on a biologic product.** More specifically, Vertex, in collaboration with CRISPR Therapeutics, has been developing a gene-editing therapy called exa-cel (formerly CTX001) that could potentially cure beta-thalassemia and severe sickle cell disease. The late-stage therapy is undergoing FDA review in the U.S., and the duo was on track to file for a biologics license in November, with a submission to be completed in early 2023. It was also set to file in Europe and the U.K.

**Meanwhile, the key cystic fibrosis (CF) franchise is going strong.** Scripts have continued to rise for Vertex's therapy *Trikafta* (*Kaftrio* in the EU), a triple-drug blend of elexacaftor, tezacaftor, and ivacaftor approved for the debilitating lung disease in patients ages 12 and up. And the drug has seen a rapid uptake in the U.S. for kids ages 6-11, too. Vertex continues to expand the label on its CF drugs, consistent with its strategy of treating the underlying disease by targeting a broader, younger patient cohort; *Orkambi* was just approved for children 1-2 years old, while global filings are under way for *Kalydeco* for infants of one to four months. Moreover, Phase III trials are being conducted on a new once-daily triple-drug mix versus *Trikafta*. Vertex is also working with Moderna to explore mRNA therapies for CF.

**Other R&D programs beyond CF offer promise, too.** Besides beta thalassemia and sickle cell diseases, mid- and late-stage studies are ongoing, addressing such illnesses/conditions as Type 1 diabetes, kidney disease, pain, protein deficiencies, and muscular dystrophy.

**The profit picture is bright.** Thanks to its recent quarterly results, driven mostly by *Trikafta* sales, Vertex raised its 2022 revenue outlook. We've lifted our forecasts accordingly, and across the board. Cash of \$9.8 billion should support the business. **That said, this good-quality timely issue seems to already reflect much of the long-term growth we envision.**

*J. Susan Ferrara*  
 December 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 late January.	(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	80
			Earnings Predictability	30