

VERTEX PHARM. INC. NDQ-VRTX

RECENT PRICE **422.20** P/E RATIO **27.6** (Trailing: 30.4 Median: NMF) RELATIVE P/E RATIO **1.58** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 Lowered 3/31/23
SAFETY 1 Raised 12/1/23
TECHNICAL 2 Raised 2/23/24
BETA .70 (1.00 = Market)



18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$354-\$554 \$454 (10%)

2027-29 PROJECTIONS
 High Price Gain Ann'l Total Return
 Low 485 (+15%) 4% 9%

Institutional Decisions
 102023 202023 302023
 to Buy 548 616 606
 to Sell 541 531 519
 Hld's(000) 237641 235352 234411

Percent shares traded: 75, 50, 25

Target Price	Range
2027	2028 2029
640	
480	
400	
320	
240	
200	
160	
120	
80	
60	

% TOT. RETURN 1/24	THIS STOCK	VL ARITH. INDEX
1 yr.	34.1	3.7
3 yr.	89.2	20.4
5 yr.	127.0	63.1

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
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	38.30	41.45	44.75	Revenues per sh	54.80
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	14.75	16.40	17.65	"Cash Flow" per sh	20.90
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	13.89	15.60	16.80	Earnings per sh ^A	20.00
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
.21	.12	.19	.17	.33	.22	.21	.18	.23	.39	.37	.29	1.00	.92	.80	.78	.90	1.00	Cap'l Spending per sh	1.20
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	68.22	81.70	97.65	Book Value per sh	144.00
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	257.70	257.00	256.00	Common Shs Outst'g ^B	250.00
--	--	--	NMF	--	--	--	--	--	NMF	NMF	41.2	24.6	22.8	21.4	24.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	27.0
--	--	--	NMF	--	--	--	--	--	NMF	NMF	2.19	1.26	1.23	1.24	1.37			Relative P/E Ratio	1.50
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 12/31/23		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
Total Debt None		580.4	1032.3	1702.2	2488.7	3047.6	4162.8	6205.7	7574.4	8930.7	9869.2	10650	11450	Revenues (\$mill)	13700						
Leases, Uncapitalized Annual rentals \$42.1 mill.		NMF	NMF	4.3%	18.3%	24.2%	31.4%	48.0%	38.3%	49.2%	40.1%	43.0%	45.0%	Operating Margin	48.0%						
No Defined Benefit Pension Plan		63.3	62.3	61.4	61.4	72.4	106.9	109.5	125.6	148.3	181.3	190	200	Depreciation (\$mill)	230						
Pfd Stock None		d737.6	d556.3	d112.1	263.5	533.7	1176.8	2711.7	2342.1	3322.0	3619.6	4025	4320	Net Profit (\$mill)	5000						
Common Stock 258,307,816 shs. as of 2/9/24		--	--	--	--	--	12.7%	15.6%	13.0%	14.2%	21.5%	17.4%	20.0%	Income Tax Rate ^C	20.0%						
MARKET CAP: \$109 billion (Large Cap)		NMF	NMF	NMF	10.6%	17.5%	28.3%	43.7%	30.9%	37.2%	36.7%	37.8%	37.7%	Net Profit Margin	36.5%						
CURRENT POSITION (SMILL.)		1178.2	900.8	1039.0	1841.7	2722.8	3488.0	6255.9	7418.6	10493	10596.8	10900	11300	Working Cap'l (\$mill)	13000						
Cash Assets		319.9	266.9	35.0	20.5	19.7	--	--	--	--	--	Nil	Nil	Long-Term Debt (\$mill)	Nil						
Receivables		1075.0	940.0	1156.6	2028.6	4435.2	6085.2	8686.8	10100	13913	17580	21000	25000	Shr. Equity (\$mill)	36000						
Inventory		NMF	NMF	NMF	12.9%	12.0%	19.3%	31.2%	23.2%	23.9%	20.5%	19.0%	17.5%	Return on Total Cap'l	14.0%						
Other		NMF	NMF	NMF	13.0%	12.0%	19.3%	31.2%	23.2%	23.9%	20.6%	19.0%	17.5%	Return on Shr. Equity	14.0%						
Current Assets		NMF	NMF	NMF	13.0%	12.0%	19.3%	31.2%	23.2%	23.9%	20.6%	19.0%	17.5%	Retained to Com Eq	14.0%						
Accts Payable		--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil						
Debt Due		1947.0	2438.2	3182.5																	
Other		2142.0	2742.1	3547.4																	
Current Liab.																					

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '27-'29
Revenues	17.5%	27.5%	9.5%
"Cash Flow"	--	58.5%	9.0%
Earnings	--	65.5%	9.5%
Dividends	--	--	Nil
Book Value	26.0%	36.0%	19.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	2483.5	2517.7	9869.2
2024	2550	2650	2700	2750	10650
2025	2800	2850	2900	2900	11450

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	3.97	3.71	13.89
2024	3.70	3.80	4.10	4.00	15.60
2025	4.00	4.10	4.40	4.30	16.80

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020					
2021					
2022					
2023					
2024					

Vertex Pharmaceuticals shares recently hit a fresh all-time high, driven, in part, by a new drug approval. In early December, after we published our last report, Vertex and partner CRISPR Therapeutics got the FDA nod on **CASGEVY** (exa-cel) for severe sickle cell disease and beta thalassemia for patients 12 years and older. This marked the first-ever CRISPR-based gene-editing therapy approved in the U.S.; it was cleared elsewhere, too, such as the EU and U.K.

Investors also seem upbeat about potential near-term launches, including a new breakthrough drug that could soon be added to the cystic fibrosis (CF) lineup. Keep in mind Vertex's aim is to treat the underlying cause of the lung disease across a wider, younger patient group via new CF drugs, label-expansions, and new (reimbursement) markets. So far, its latest therapy, **Trikafta** (a triple drug blend), has been a huge success since its debut in 2019. But Vertex has high hopes for a new three-drug combo of vanzacaftor, tezacaftor, and deuterivacaftor, which, based on recent pivotal trials, may prove to be better than **Trikafta**. Global

regulatory filings are on track for mid-2024, with a priority review voucher in the U.S., for patients six years old and up.

Beyond cystic fibrosis, VX-548 holds much promise, too. The investigational compound has been making progress in late-stage studies as a treatment for acute pain; Vertex plans to file for FDA approval mid-year. Data were also encouraging in a mid-stage study, targeting painful diabetic peripheral neuropathy, a condition affecting two million Americans.

Profits seem poised to keep climbing out to late decade. Vertex had a record-setting year in 2023, thanks to the continued strong market uptake of **Trikafta** globally. And more top- and bottom-line gains are likely in 2024. Further expansion in CF and a deep pipeline targeting other illnesses/conditions like pain, Type 1 diabetes, kidney disease, and muscular dystrophy, supported by a hefty cash pile (\$13 billion in 2023), should lift profits, possibly to \$20.00 a share, by 2027-2029.

That said, high-quality Vertex stock's recent price seems to reflect much of the good news we foresee long term.

J. Susan Ferrara
 March 1, 2024

(A) Diluted earnings. Excl. non-recur. gain: '18, \$6.03 (one-time tax benefit). Qlty. egs. may not sum due to difference in shs. outstanding/rounding. Next egs. rpt. due early May.
 (B) In millions. Note: share count in '13 reflects the conversion of convertible notes into 8.3 mill. shs.
 (C) As of 12/31/23, had total net oper. loss carryforwards of about \$691.8 mill. and tax credits of \$355.4 million.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	80
Earnings Predictability	35