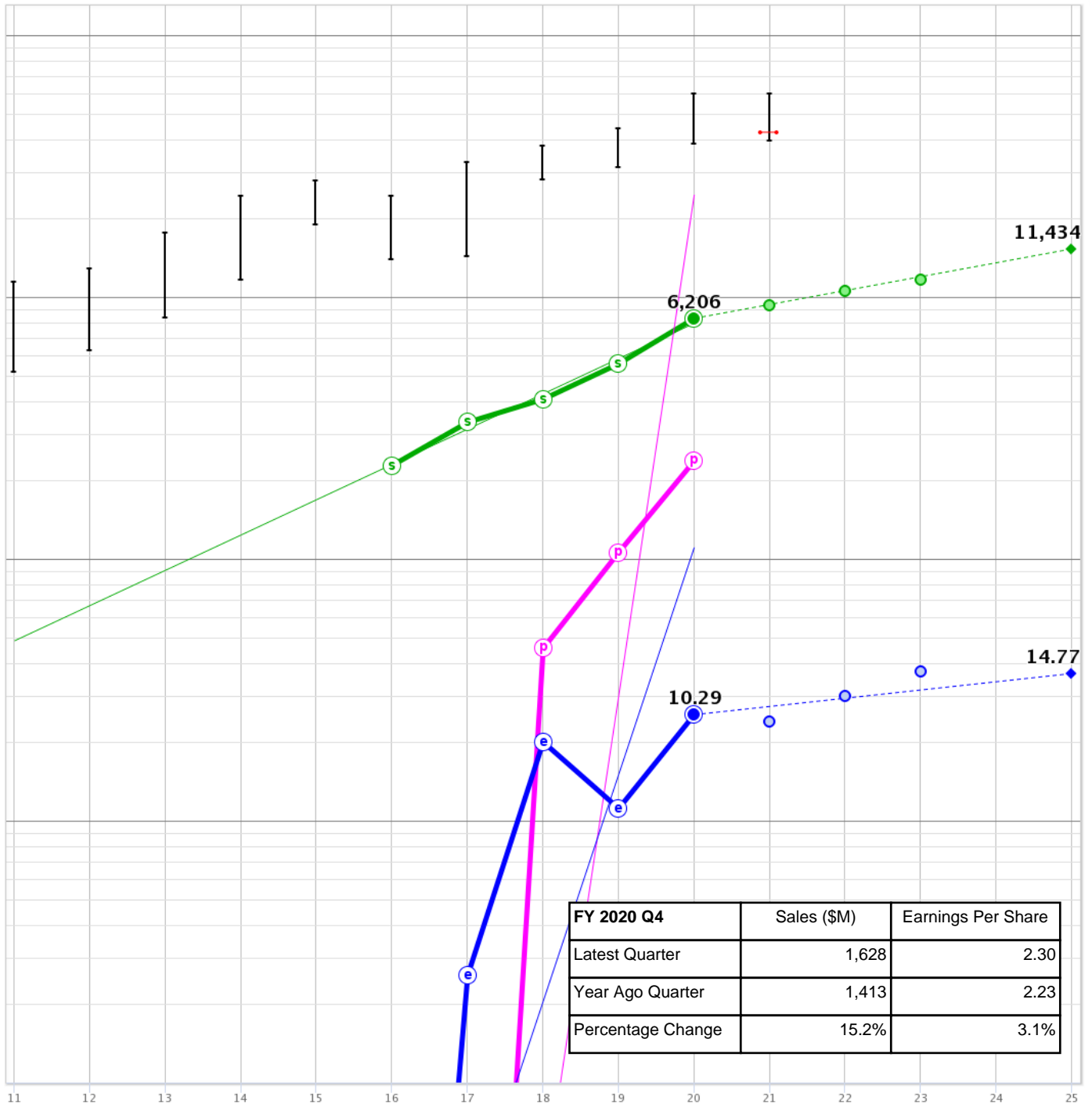


Company	Vertex Pharmaceutica		Date	04/19/21	
Prepared by	TIMMES		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Biotechnology		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	261.5	0.9	85.2		
Debt (\$M)	931.9	% to Tot Cap	9.7	% Pot Dil	1.2

Stock Selection Guide

Symbol: VRTX

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- (1) Historical Sales Growth 36.4%
- (2) Estimated Future Sales Growth 13.0%
- (3) Historical Earnings Per Share Growth 634.8%
- (4) Estimated Future Earnings Per Share Growth 7.5%

2 EVALUATING Management

Vertex Pharmaceutica

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Last 5 Year Avg.
Pre-tax Profit on Sales	4.3%	-0.8%	-80.5%	-126.6%	-54.0%	-4.0%	-0.6%	19.7%	33.5%	50.2%	19.8%
% Earned on Equity	5.1%	-10.9%	-36.6%	-65.7%	-61.7%	-11.2%	14.7%	71.0%	22.2%	32.9%	25.9%
% Debt To Capital	33.7%	41.1%	27.2%	43.4%	46.8%	42.1%	23.0%	11.8%	9.7%	9.7%	19.3%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 219.18 (04/19/21)

HIGH THIS YEAR 306.08

LOW THIS YEAR 202.57

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2016	125.0	71.5	-0.46	NMF	NMF	0.00	0.0	0.0
2017	167.9	73.3	1.04	161.4	70.5	0.00	0.0	0.0
2018	193.8	144.1	8.09	24.0	17.8	0.00	0.0	0.0
2019	225.7	161.0	4.51	50.0	35.7	0.00	0.0	0.0
2020	306.1	197.5	10.29	29.7	19.2	0.00	0.0	0.0
AVERAGE		129.5		34.6	24.2		0.0	
CURRENT/TTM			10.30			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 29.4				CURRENT PRICE EARNINGS RATIO: 21.3				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 34.0 X Estimate High Earnings/Share 14.77 = Forecasted High Price \$ 502.2

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 17.0 X Estimate Low Earnings/Share 10.30 = Forecasted Low Price \$ 175.1

(b) Avg. Low Price of Last 5 Years 129.5

(c) Recent Market Low Price 161.0

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 175.1

C ZONING using 25%-50%-25%

Forecasted High Price 502.2 Minus Forecasted Low Price 175.1 = 327.1 Range. 25% of Range 81.8

Buy Zone 175.1 to 256.9

Hold Zone 256.9 to 420.4

Sell Zone 420.4 to 502.2

Present Market Price of 219.18 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{502.2 - 219.18}{219.18 - 175.1} = \frac{283.00}{44.08} = 6.4$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{502.2 - 219.18}{219.18} = 2.2912$ X 100 = 229.12 - 100 = 129.1 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{219.18} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{34.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{25.50} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 18.0 %
Average Yield 0.0 %
Annualized Rate of Return 18.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 11.4 %
Average Yield 0.0 %
Annualized Rate of Return 11.4 %