

Vertex Pharmaceuticals Inc.

Latest 4Q23 and 2023 Consensus as of TODAY

Maintain Rating: BUY | PO: 540.00 USD | Price: 433.87 USD

Latest Consensus Estimates

Ahead of Vertex reporting 4Q23 results on Monday (02/05) after the market close, we have assessed the latest consensus estimates for 4Q23 and 2023 as of TODAY.

Exhibit 1: Latest 4Q23 and 2023 estimates

We have compiled the 4Q23 and 2023 consensus estimates for Vertex

4Q23 estimates / growth						
	Cons	BofA	Growth	Change		
Total Revenue: (\$ in mil)	\$2,510	\$2,567	9%	Cons is -\$8M in the past week		
Adjusted EPS	\$4.09	\$4.03	9%	Cons +\$0.01 in the past week		
Key products / growth						
(\$ in mil)	4Q23	4Q23	Growth	2023	2023	Growth
	Cons	BofA		Cons	BofA	
Other CF products	\$202	\$212	-28%	\$941	\$952	-24%
Trikafta	\$2,311	\$2,355	14%	\$8,922	\$8,967	16%
2023 estimates / growth						
	Cons	BofA	Growth	Change		
Total Revenue: (\$ in mil)	\$9,859	\$9,919	10%	Cons is -\$4M in the past week		
Adjusted EPS	\$15.08	\$15.05	1%	Cons +\$0.01 in the past week		
Margin Analysis						
	4Q23	4Q23	2023	2023		
	Cons	BofA	Cons	BofA		
Gross Margin	88%	88%	88%	88%		
Operating Margin	49%	50%	45%	45%		
Net income Margin	43%	42%	40%	40%		

Source: BofA Global Research, Visible Alpha, Bloomberg

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Top Questions for the Call

The top questions heading into Monday's 4Q print and call are: **1)** timing on the phase 3 results for Vertex's next-generation Cystic fibrosis triple, vanzacaftor, and updates on the royalty payment; **2)** the cost effectiveness of VX-548 in acute pain following the pivotal results earlier this week (see [our thoughts on the phase 3 results here](#)); **3)** launch progress of exa-cel, in partnership with CRISPR, for Sickle cell disease (see [our thoughts on approval here](#)) and Transfusion-dependent beta-thalassemia; and **4)** what is Vertex's capitol deployment strategy for 2024/ 2025. We maintain Buy and our \$540 PO (see [our VRTX 4Q preview here](#)).

Conference Call Details

Vertex will host a call on Monday, 02/05, at 4:30 PM ET. Public dial in (833) 630-2124 (U.S.) or +1 (412) 317-0651 (International) and reference the "Vertex Pharmaceuticals Fourth Quarter 2023 Earnings Call."

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02 February 2024

Equity

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Stock Data

Price	433.87 USD
Price Objective	540.00 USD
Date Established	26-Jan-2024
Investment Opinion	B-1-9
52-Week Range	283.60 USD - 448.40 USD
Mrkt Val (mn) / Shares Out (mn)	113,067 USD / 260.6
Free Float	99.8%
Average Daily Value (mn)	576.96 USD
BofA Ticker / Exchange	VRTX / NAS
Bloomberg / Reuters	VRTX US / VRTX.OQ
ROE (2023E)	24.5%
Net Dbt to Eqty (Dec-2022A)	-77.5%
ESGMeter™	High

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Abbreviations:

BLA: biologics license application
SCD: sickle cell disease
FDA: Food and Drug Administration
AdComm: advisory committee
MAD: multiple ascending dose
SAD: single ascending dose
PDUFA: Prescription Drug User Fee Act

Price objective basis & risk

Vertex Pharmaceuticals Inc. (VRTX)

Our 12-month price objective for Vertex of \$540/share is based on our net present value (NPV) analysis. We forecast sales for each of the approved products, Kalydeco, Orkambi, Symdeko, and Trikafta through 2030. We assume a weighted-average cost of capital (WACC) of 9%, in line with peer companies of similar size and risk and varying terminal growth rates for each asset based on its characteristics and patent life (-50% to 2%). Given these assumptions, we estimate a value of \$3/share for Kalydeco, \$1/share for Orkambi, \$0/share for Symdeko, \$399/share for Trikafta, \$18/share for Casgevy, \$8/share for VX-548, \$57/sh for vanzacaftor, \$46/share in net cash, and \$8/share for the pipeline.

Risks to our price objective are 1) payer pushback on pricing, 2) difficulty in securing reimbursement agreements, particularly in the EU, 3) clinical trial failures, and 4) new competitors in cystic fibrosis.

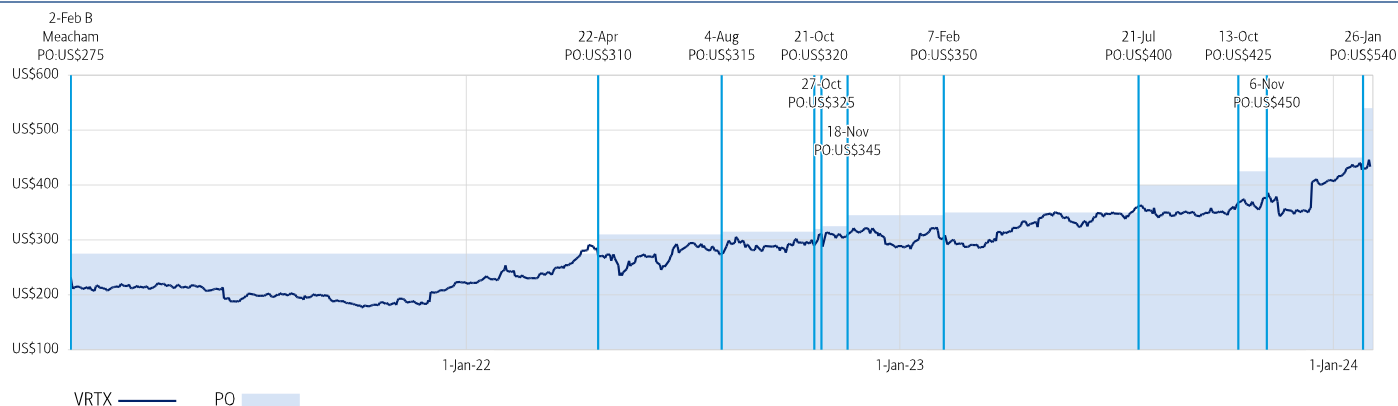
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Vertex Pharmaceutica (VRTX) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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