

ModernGraham Valuation

Vertex
Pharmaceuticals
Incorporated



Company Name:

Company Ticker VRTX

Date of Analysis

4/10/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$40,264,575,551	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.28	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-143.46%	Fail
5. Earnings Growth	PEmg < 20	299.57	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	20.39	Fail
7. Moderate Price to Assets			

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.28	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.54
MG Growth Estimate	15.00%
MG Value	\$20.71
MG Value based on 3% Growth	\$7.80
MG Value based on 0% Growth	\$4.57
Market Implied Growth Rate	145.54%

MG Opinion

Current Price	\$161.17
% of Intrinsic Value	778.11%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.41
Graham Number	\$21.69
PEmg	299.57
Current Ratio	3.28
PB Ratio	20.39
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.61	Next Fiscal Year Estimate	\$0.54
Dec2017	\$1.04	Dec2017	-\$0.79
Dec2016	-\$0.46	Dec2016	-\$1.69
Dec2015	-\$2.31	Dec2015	-\$2.06
Dec2014	-\$3.14	Dec2014	-\$1.91
Dec2013	-\$1.98	Dec2013	-\$1.52
Dec2012	-\$0.50	Dec2012	-\$1.60
Dec2011	\$0.14	Dec2011	-\$2.34
Dec2010	-\$3.77	Dec2010	-\$3.43
Dec2009	-\$3.71	Dec2009	-\$3.11
Dec2008	-\$3.27	Dec2008	-\$2.71
Dec2007	-\$3.03	Dec2007	-\$2.41
Dec2006	-\$1.83	Dec2006	-\$2.08
Dec2005	-\$2.28	Dec2005	-\$2.09
Dec2004	-\$2.12	Dec2004	-\$1.83
Dec2003	-\$2.56	Dec2003	-\$1.53
Dec2002	-\$1.43	Dec2002	-\$0.97
Dec2001	-\$0.89	Balance Sheet Information	
Dec2000	-\$0.51	12/1/2017	
Dec1999	-\$0.80	Total Current Assets	\$2,648,963,000
Dec1998	-\$0.65	Total Current Liabilities	\$807,260,000
		Long-Term Debt	\$0
		Total Assets	\$3,546,014,000
		Intangible Assets	\$79,384,000
		Total Liabilities	\$1,517,435,000
		Shares Outstanding (Diluted Average)	256,615,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Vertex Pharmaceuticals Inc Valuation – August 2016 \\$VRTX](#)
- [Vertex Pharmaceuticals Analysis – July 2015 Update \\$VRTX](#)
- [Vertex Pharmaceuticals Annual Valuation – 2014 \\$VRTX](#)

Other ModernGraham posts about related companies

- [AmerisourceBergen Corp Valuation – April 2018 \\$ABC](#)
- [Perrigo Company PLC Valuation – April 2018 \\$PRGO](#)
- [AbbVie Inc Valuation – April 2018 \\$ABBV](#)
- [Eli Lilly and Co. Valuation – March 2018 \\$LLY](#)
- [Zoetis Inc Valuation – March 2018 \\$ZTS](#)
- [Gilead Sciences Inc Valuation – March 2018 \\$GILD](#)
- [Pfizer Inc Valuation – February 2018 \\$PFE](#)
- [Merck & Co Inc Valuation – February 2018 \\$MRK](#)
- [Johnson & Johnson Valuation – February 2018 \\$JNJ](#)
- [Bristol-Myers Squibb Co Valuation – September 2017 \\$BMY](#)