

NATIONAL ASSOCIATION OF INVESTORS CORPORATION

BETTERINVESTING

Empowering Investors Since 1951

Rocky Mountain Chapter



Small talk



Finding and Selecting Small and Mid Sized Companies for Your Consideration

Rocky Mountain Chapter's Small Talk

2/12/2019

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This is our sixth year presenting Small Talk webinars

- The first was in February, 2013
 - Echo Global Logistics (ECHO)

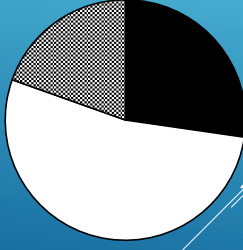
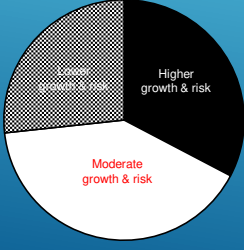
Since then, we've presented

- 41 different companies in 42 webinars

Dependence on the Economy

S&P 500

Small Talk



Cyclical Sensitive Defensive

Cyclical Sensitive Defensive

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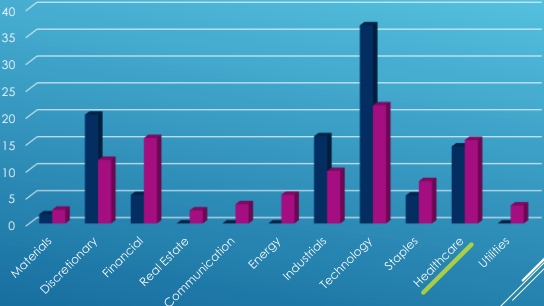
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- Cyclical:** Materials, Discretionary, Financial, Real Estate
- Sensitive:** Communication, Energy, Industrials, Technology
- Defensive:** Staples, Healthcare, Utilities

Sector Diversity




Small Talk S&P 500


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Jazz Pharmaceuticals



Jazz Pharmaceuticals is an Ireland-domiciled specialty pharmaceutical firm focused primarily on treatments for **orphan drug** indications. Jazz's product portfolio includes lead drug

- Xyrem for narcolepsy,
- Erwinaze for acute lymphoblastic leukemia,
- Defilello for severe veno-occlusive disease, and
- Vyxeos for acute myeloid leukemia.

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Small Talk, Rocky Mountain Chapter, BetterInvesting

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AGENDA

- Introduction
 - Jazz Pharmaceuticals
- Analysts view
- Growth
 - Revenue
 - Earnings
- SSG Preparation
- Summary

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Some definitions to get you oriented

Narcolepsy

- Sleep apnea - Poor-quality sleep at night
- Excessive daytime sleepiness (EDS)
 - Obstructive sleep apnea
- Weakening muscles (cataplexy)
- Sleep paralysis while going to sleep or waking up
 - Inability to move
 - feeling of pressure
 - Intense fear
 - hallucinations
- Hypnagogic/Hypnopompic Hallucinations

Hematology/oncology – blood cancer, e.g. leukemia

Orphan Drug - A pharmaceutical agent developed to treat medical conditions which, because they are so rare, wouldn't be profitable without gov't assistance

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Jazz Pharmaceuticals

An integrated global biopharmaceutical company with deep therapeutic expertise in serious sleep disorder and hematology/oncology related diseases.

"We seek solutions for rare or complex diseases, and ensure those solutions are available for the often-overlooked patients who need them."

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An **orphan drug** is a pharmaceutical agent that has been developed specifically to treat a **rare** (less than 200,000 sufferers) medical condition, the condition itself being referred to as an orphan disease.

The **Orphan Drug Act of 1983** is a law passed in the United States to facilitate development of orphan drugs. The intervention by government on behalf of orphan drug development can take a variety of forms:

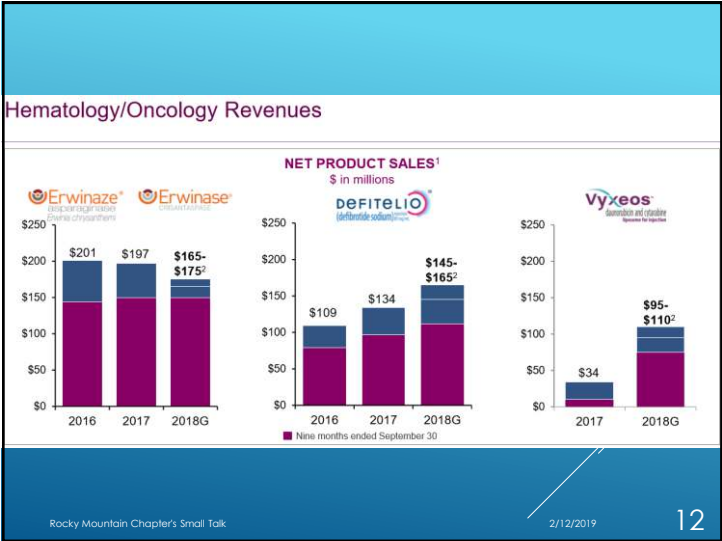
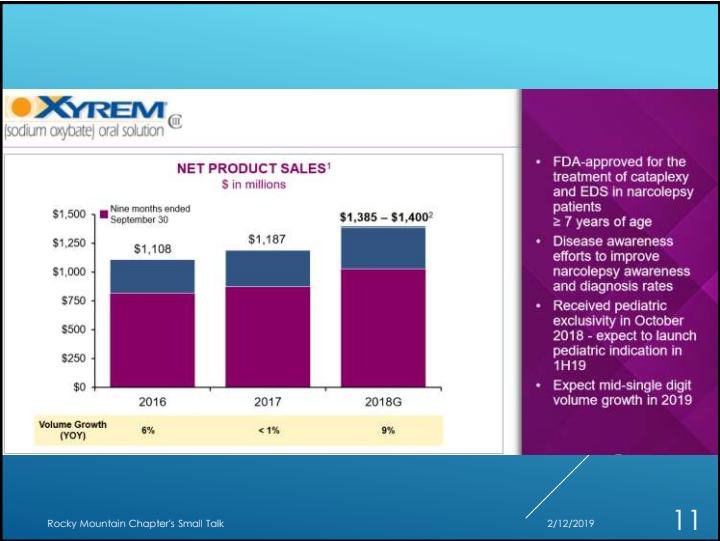
- Tax incentives.
- Enhanced patent protection and marketing rights.
- Clinical research subsidies.
- Creating a government-run enterprise to engage in research and development.

Current Drugs with Focus on Areas of sleep and hematology/oncology

- **Xyrem**: treats both cataplexy and excessive daytime sleepiness, or EDS, in patients with narcolepsy
- **Erwinaze**: A treatment for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to E.coli- derive asparaginase
- **Defitelio**: For treatment of adult and pediatric patients with hepatic veno-occlusive disease, or VOD.
- **Vyxeos**: For the treatment of adults with acute myeloid leukemia, or AML

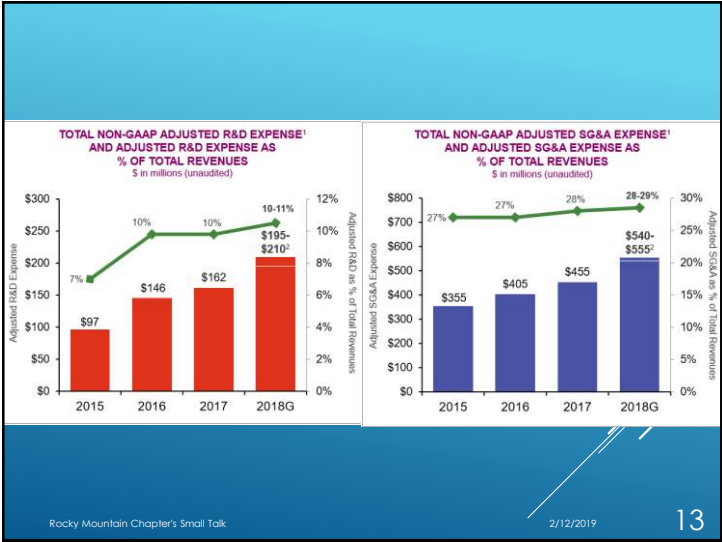
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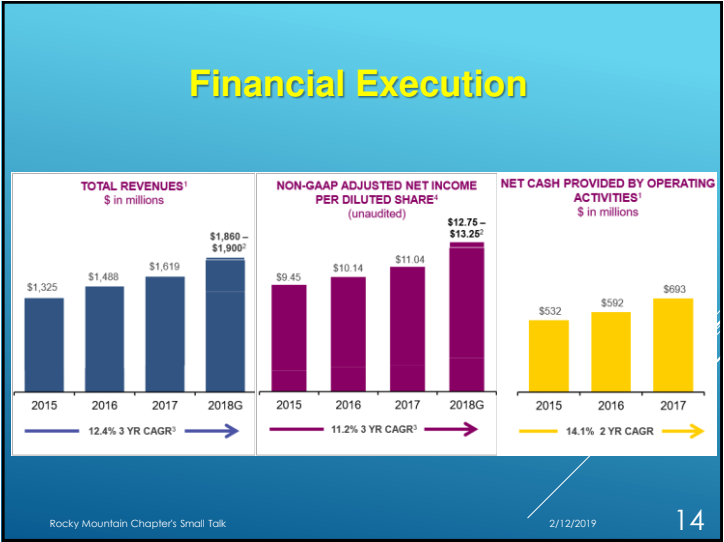


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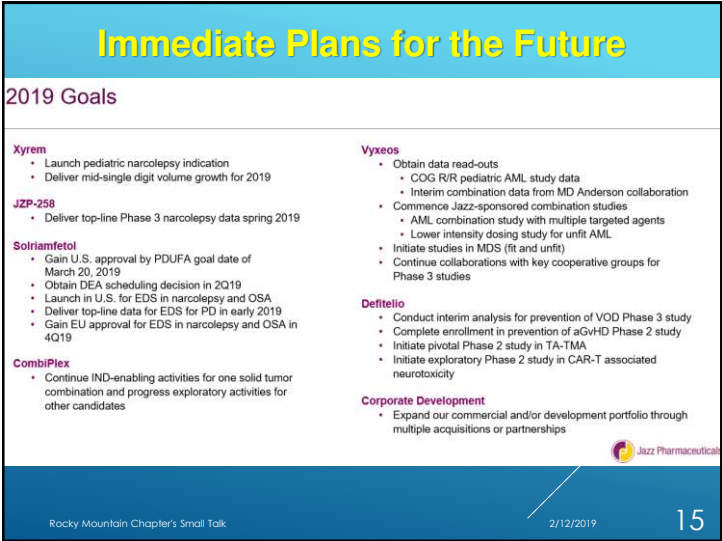
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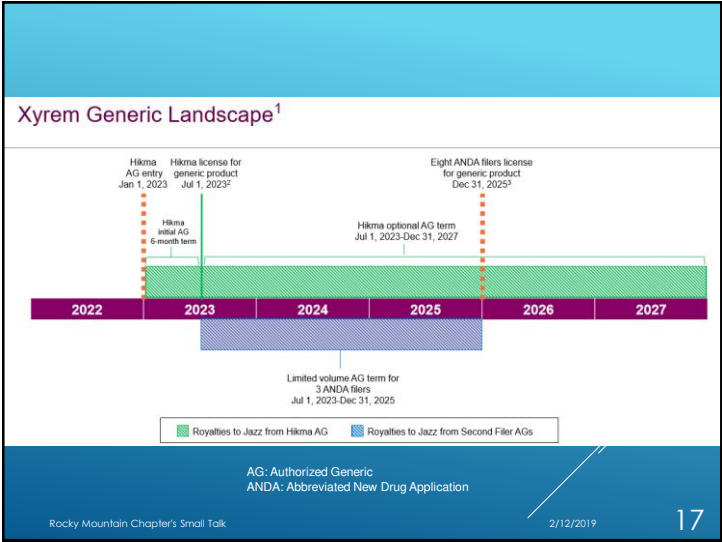
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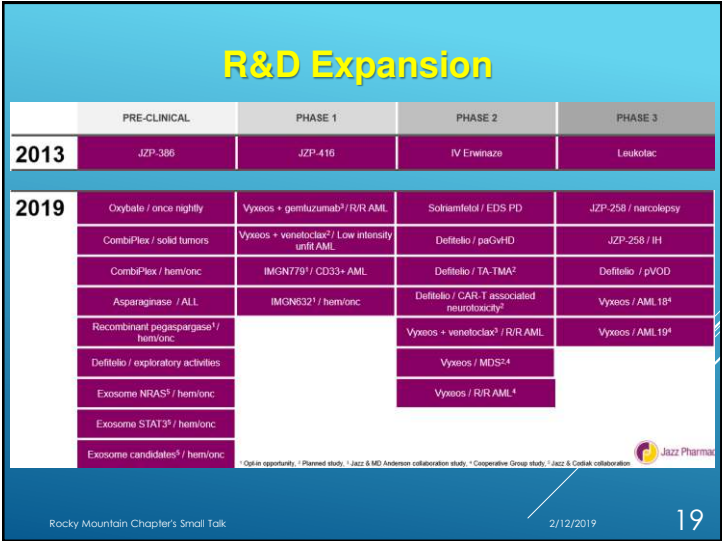
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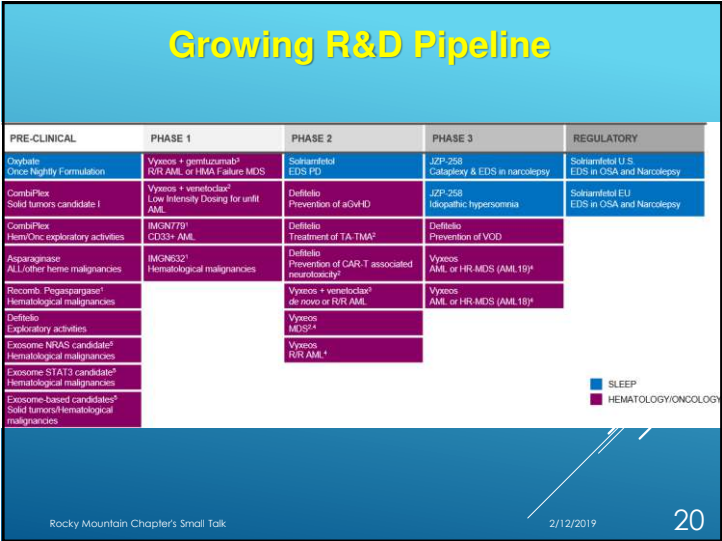
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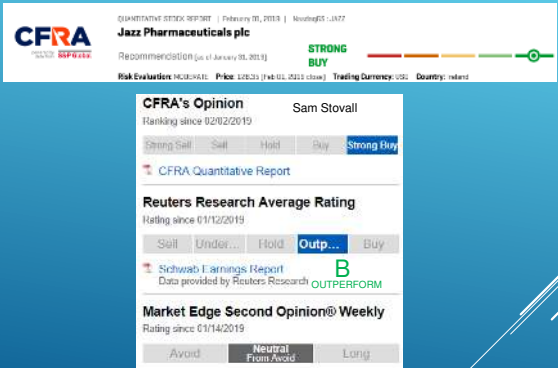


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Let's See What the Analysts Say...



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Manifest Investing (Value Line) View

Top In Healthcare			Top In Biotechnology		
Ticker	Quality	PAR	Ticker	Quality	PAR
JAZZ	97	17.8%	JAZZ	97	17.8%
ALGN	99	14.8%	CBPO	76	16.2%
MD	84	17.1%	UTHR	78	11.6%
ABBV	88	16.0%	REGN	69	13.7%
LMAT	85	16.6%	AMGN	91	8.1%

Healthcare: Biotechnology

Company	Symbol	Net Margin	Growth	Proj P/E	Price	Proj Yield	Fin Str	EPS Stab	Quality	PAR
Jazz Pharmaceuticals	JAZZ	48.6%	13.0%	11.0	\$128.68	0.0%	88%	92	97	17.6%
Amgen	AMGN	43.1%	5.1%	12.0	\$186.18	2.4%	95%	89	91	8.6%
Novo Nordisk	NVO	38.3%	4.7%	17.0	\$48.55	2.1%	93%	90	88	7.7%
Biogen	BIIB	35.4%	6.7%	16.0	\$334.07	0.0%	89%	81	84	9.3%
United Therapeutics	UTHR	42.5%	4.9%	12.0	\$116.88	0.0%	91%	54	78	11.6%

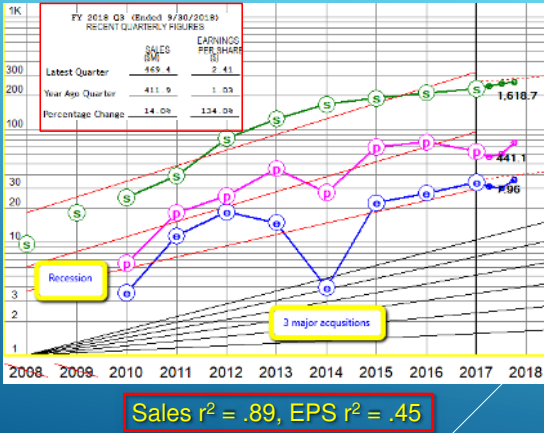
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Let's Take a Look at Growth



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ANNUAL GROWTH RATES COMPARISON



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SWOT

- Strengths
 - Excellent Cash Flow
 - Growing R&D
 - Exemplary management
- Weaknesses
 - Overreliance on Xyrem
- Opportunities
 - Cooperative joint ventures
- Threats
 - Gov't crackdown on prices
 - Competition

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SSG Preparation

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POLL

5 Yr. Revenue Growth Rate

1. Analyst Consensus: 12.4%
2. Q3 2018: 14%
3. Historical: 37.7%
4. Historical latest year: 8.8%
5. Value Line: 10%

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POLL

5 Yr. Earnings Growth Rate

1. Analyst Consensus: 12.4%
2. Q3 2018: 134%
3. Historical: 26%
4. Historical latest year: 24.4%
5. Value Line: 13.5%

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POLL

Projected Low Price

1. Forecast low ?
2. Avg. low last 5 years: \$98.60
3. 52 week low: \$113.00
4. Recent low: \$95.80

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POLL

Level of Confidence in Analysis

1. Very High (U/D 2)
2. High (U/D 3)
3. Average (U/D 3)
4. Low (U/D 5)
5. Very Low (U/D > 7)

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POLL

What are Your Thoughts?

- 1. I'll consider for my portfolio
- 2. Too speculative, too risky
- 3. Not a good fit for my portfolio
- 4. Will put on my Watchlist

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Thank you for your attention!



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