

# Krause Fund Research Spring 2023



Pfizer, Inc (NYSE: PFE)

HealthCare- Biopharmaceutical

Current Price: 40.65

Target Price: \$46.31~\$56.05

Recommendation: **BUY**

Date: Apr.18.2023

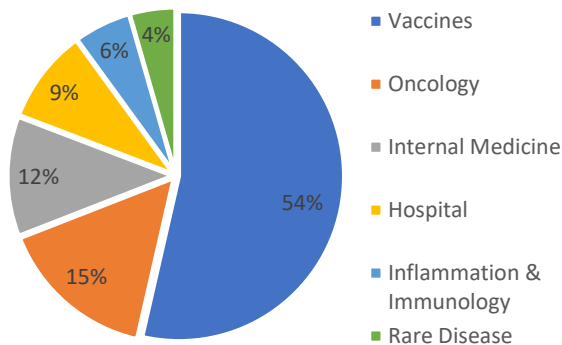
Analysts	Financial Snapshot
Jiatao Deng <a href="mailto:JiataoDeng@uiowa.edu">JiataoDeng@uiowa.edu</a> Jiantao Niu <a href="mailto:JiantaoNiu@uiowa.edu">JiantaoNiu@uiowa.edu</a>	<b>Model Price Forecast</b> DCF_EP: \$47.35 DDM: \$46.31 Relative Valuation: \$56.05  <b>Stock Data</b> Current Price(As 4/18/2023): \$40.65 52 Week High/Low: \$54.93-\$39.23 Shares Outstanding: 5,644 M Beta: 0.72  <b>Financial Metrics</b> 2022 Revenue: 100,330 M 2023E Revenue: 114,567 M 2022 EPS: 5.7 2023E EPS: 2.6 WACC: 5.97%  <b>Ratios</b> 2022 ROA: 16.00% 2022 ROE: 40.49%
Investment Thesis	<b>Company Overview</b>
<p><b>We recommend a BUY for Pfizer, as we expect the company to experience a potential 15% growth in the near future.</b> This can be led by the success of its COVID-19 vaccines and the emergency use authorization of Paxlovid. Furthermore, we anticipate higher spending costs for research in the development of new drugs by Pfizer. However, we are aware that revenue from the vaccines will decrease after 2024, and the company will lose some of its product patents in the near future.</p> <p><b>Investment Drivers</b>  <u>Top line spending in Research and Development among industry peers:</u>                      We forecast that Pfizer's R&amp;D spending will reach its peak in 2023, given 2021-2023 being outliers. We predict that post-stabilization, R&amp;D spending will increase by 40.42% compared to 2020, which will be advantageous for Pfizer to maintain its dominant position in the industry for new drug development. Driven by the revenue of \$100 billion in 2022, Pfizer will have more opportunities to make informed capital allocation decisions for M&amp;A activities.</p> <p><b>Investment Risks</b>  <u>Revenue from Vaccines:</u> We expect Pfizer to continue its growth in the vaccine sector, which is expected to account for more than 64% of the company's total revenue in 2022. However, we anticipate that this growth will come to a halt in 2024 and decline by 15% in the overall vaccines sector due to lower demand both at the national and global level.  <u>Patent:</u> In the near future, we anticipate a risk of patent loss for Pfizer. However, we expect the company to continue investing in research and development to develop new patented drugs for revenue growth.</p>	Pfizer is a research and development biopharmaceutical company with six main focuses, including cancer treatment, internal medicine, hospitalized care, rare diseases, inflammation, and vaccines. Vaccines have been the main revenue driver for Pfizer in the past two years, contributing more than 63.45% of the total revenue in 2022. However, the lower demand after 2024 will hinder Pfizer's vaccine revenue. Meanwhile, Pfizer is promoting high spending on R&D compared to other biopharmaceutical companies, which will bring new technology and patents for treatment, which enables Pfizer to develop more effective treatments and establish a strong technological foundation for potential emerging markets in the future.
YTD Performance PFE vs S&P 500	

## Company Specific analysis

### Revenue Segments

Pfizer's revenue segments can be divided into six major parts. Pfizer's revenue in 2022 was \$100.3 billion, and we expect the total revenue to rise in 2023 and then gradually decrease after 2024. Vaccines are the main driver of the revenue stream, but we forecast that low demand for Comirnaty will stagnate total vaccine sales

Pfizer Significant Product Line Revenues



### Vaccines

In 2022, vaccines are projected to generate 63.45% of Pfizer's revenue, with an expected increase of 7.94%. However, an average decrease of -18.07% is anticipated after 2024 due to lower demand for Comirnaty and Paxlovid. The COVID-19 vaccines developed by Pfizer, approved by the CDC, have significantly boosted the revenue of the "Comirnaty" direct sales and alliance revenue category. In 2021, direct and indirect sales of Comirnaty vaccines accounted for 53.6% of the revenue, resulting in 42,625 million in revenue, a 548% increase compared to 2019 and 2020. Nevertheless, sales of Comirnaty vaccines are expected to decrease after 2024 due to reduced demand from federal agencies and other countries, with a projected annual decline of 10%.

### Oncology

Oncology has been the steadiest revenue stream for Pfizer, with patent rights being one of the main factors contributing to its stability. However, the expiration of drug patents in the near future is an issue that is expected to lead to a decrease of -0.27% from 2024 to 2032. In 14 of drugs under Oncology, 5 of them expired between 2018-2022. For example, Sutent and Ruxience that will expire in 2021 and 2022, resulting in a projected decrease of -35% and -3% respectively due to biosimilars.

However, there is also anticipated to be a decrease in the revenue of products that expire in 2027, with a negative increase projected due to the longevity of these products and the ability of other firms to replicate them shortly after their patents expire. On the other hand, there is expected to be a

10% growth in Braftovi and Mektovi due to their long expiration dates in 2031, with both products having been used since 2019.

### Internal Medicine

Internal Medicine accounted for 12% of Pfizer's revenue in 2022, with eight drugs in this segment. Four of these drugs have already expired, and we forecast a 0% to -15% decrease for those that expired in 2020. The most promising drug in terms of growth potential is Eliquis, which is primarily used for preventing blood clots as a blood thinner. We anticipate a growth rate of 5%-10% for Eliquis due to its new approval in 2019 and its expiration date in 2026.

### Hospital

Under the Hospital segment, there is a 30% boost in 2023 because of the Paxlovid. Paxlovid, another CDC-approved drug, is expected to be used for severe COVID-19 patients with a history of illness. The patent for Paxlovid is valid until 2041, and we anticipate a growth rate of 47% before 2024 due to its high effectiveness and demand, particularly in China and other countries. Despite an anticipated decrease in demand for Paxlovid similar to Comirnaty, there is still patent protection for Paxlovid, which is profitable for Pfizer. Although we expect a decrease in sales of Paxlovid by 25% after 2024, patent protection will continue to make it a profitable drug for Pfizer.

### Inflammation & Immunology

Pfizer's Inflammation & Immunology segment accounts for 6% of its total revenue, but we anticipate a decrease in sales due to the upcoming expiration of drug patents and the longevity of some of the products. Xeljanz, one of the drugs in this segment, is expected to experience a 25% decrease in sales due to concerns raised by the FDA about an increased risk of blood clots compared to its competitors. This has led to a decrease in demand for Xeljanz. The other drugs in this segment are also facing the risk of patent expiration and longevity concerns, which could result in lower sales in the near future.

### Rare Disease

Based on historical data, the Rare Disease segment has been decreasing in revenue each year. This is due to the longer expiration dates for the drugs in this category. We anticipate this trend will continue in the near future. However, we expect a 6% growth in revenue for the Vyndaquel & Vyndamax drugs, which have longer expiration dates until 2031. These drugs have been approved by the FDA for the treatment of cardiomyopathy, a rare heart condition, and have shown promising results in clinical trials. Thus, we anticipate an increase in demand for these drugs, leading to revenue growth for Pfizer in the Rare Disease segment.

### Expense Analysis

In the fiscal year 2021, Pfizer's primary categorical expenditures, including Cost of Sales, Selling, General, and administrative expenses (SG&A), Research & Development

(R&D), and Amortization, amounted to \$66.95 billion. These expenses constituted approximately 67% of the company's total revenue for the year.

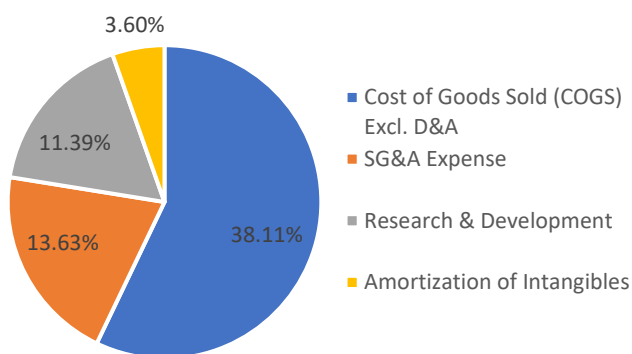
Pfizer's financials have been stable in terms of sales, general and administrative expenses, and amortization over the past three years. However, there has been a significant increase in cost of sales, with a 154.63% increase from 2020 to 2021, followed by a 9.11% increase from 2021 to 2022. Despite this increase in cost of sales, Pfizer has been able to maintain a consistent growth income of approximately 6 million annually since 2020.

Research and development (R&D) is a key driver in the pharmaceutical industry, and Pfizer has been actively engaged in R&D efforts. From 2020 to 2021, R&D expenses increased by 40.36%. However, it is worth noting that from 2021 to 2022, Pfizer's R&D expenses decreased by 14.71%.

Looking ahead, we forecast that Pfizer's R&D expenses may continue to decrease by around 7%-8% in the next five years, until they reach a stable level. This prediction assumes that the impact of the pandemic on the pharmaceutical industry will decrease over time. It is important to note that the future financial performance of Pfizer is subject to various factors, including market demand for new drugs, regulatory requirements, and competition, which could affect R&D spending in the future.

Overall, Pfizer has maintained financial stability while increasing its investment in R&D, which is a positive sign for the company's long-term growth and success in the pharmaceutical industry.

### 2021 Expense Percent of Revenue



### SWOT Analysis

#### Strength

Strong brand reputation: Pfizer stands as a preeminent and reputable brand in the pharmaceutical industry, as evidenced by their strong financial performance and long-standing history of producing innovative, high-quality products. With a research and development investment of \$11 billion in 2022 alone, Pfizer has demonstrated an unwavering commitment to

advancing healthcare and improving patient outcomes through groundbreaking drug discoveries.

The robust R&D capability has yielded a portfolio of over 90 drugs across multiple therapeutic areas, including oncology, immunology, and rare diseases, which have generated over \$100 billion in revenue in 2022. These impressive financial figures, coupled with Pfizer's steadfast dedication to research and development, underscore their position as a leader in the pharmaceutical industry, poised for continued success and growth.

Finally, Pfizer has a diversified portfolio of products, currently around 200 registered drugs ranging from prescription drugs to consumer health products. This diversification helps to mitigate risk and provides a stable revenue stream.

#### Weakness

The Comirnaty vaccine, which is currently Pfizer's most profitable product, also creates a weakness for the company in terms of its long-term operation.

Based on our analysis of Pfizer's balance sheet, we have identified one of the key weaknesses to be the company's over-reliance on revenue from the vaccines sector, particularly from the Comirnaty vaccine. Historically, this sector did not contribute significantly to Pfizer's revenue stream. However, the introduction of Comirnaty in 2020 led to a surge in vaccine sales, resulting in an increase in vaccine sector revenue of 548.29% from 2020 to 2021. Nevertheless, we anticipate a decrease in revenue from the vaccines sector starting in 2024 due to an expected decline in demand for Comirnaty sales. We expect this decline to be between 8% to 20%, which could have a significant impact on Pfizer's overall revenue and long-term profitability.

In the income statement, Pfizer achieved its highest EPS of 5.73 in 2022, indicating a higher return for its shareholders. However, we also anticipate that the EPS will decrease following the decline in Comirnaty sales after 2024. This could be a potential weakness for Pfizer as the overall performance of the Comirnaty will affect the EPS and, in turn, the shareholders.

#### Opportunity

Pfizer has opportunities to grow and succeed by investing in R&D, expanding into emerging markets, pursuing strategic partnerships and acquisitions, and leveraging digital health technologies. These opportunities could potentially improve patient outcomes and access new sources of revenue.

For example, Pfizer's strong R&D pipeline and recent successful partnerships and acquisitions, such as its partnership with BioNTech for the next generation of COVID-19 vaccine, demonstrate the company's potential for success. Additionally, the growing demand for innovative therapies from emerging markets like China and India present significant opportunities for Pfizer to capture market share and gain a competitive advantage. Pfizer is utilizing digital health technologies,

including AI, wearables, and telemedicine, to enhance its drug development efforts in oncology such as in prostate cancer. These technologies enable Pfizer to collect and analyze patient data in real-time, accelerating drug development timelines and improving treatment efficacy.

Threat

The threat for Pfizer also comes from the drug patent due to its close expiration date. In the United States, "currently, the term of a new patent is 20 years from the date on which the application for the patent was filed in the United States" (FDA). The patent right gives the manufacturer the price monopoly and the ability to set prices to gain huge profits to cover research and development costs incurred in the past years. After the patent expires, other biopharmaceutical companies will catch up rapidly and create the same effective medicine at lower prices. This will affect Pfizer's revenue sheet as we forecast that some of the patents will have lower or zero sales in 2024 and beyond, and the company will not have patent rights on specific products, thus losing earnings from those drugs.

In total, there are 23 patents from Pfizer on the revenue sheet. Seven of the 23 patents have already expired, which will generate lower returns according to profitability. Six of the patents will expire in 2025 and 2026. The longest patent among the 23 patents that we are focusing on is until 2034. However, only one patent will continue until 2034.

**Economic Overview**

Inflation Reduction Act and Inflation

In the past three years, inflation has been one of the major problems for all companies. The rising prices of almost everything have led to an increase in wage and unemployment rates. In 2022, inflation rates reached their highest in over a decade, peaking at 9.1% in June. With no signs of a slowdown in inflation in the near future, President Biden has enacted new legislation aimed at curbing the ability of pharmaceutical companies to set high prices for drugs.

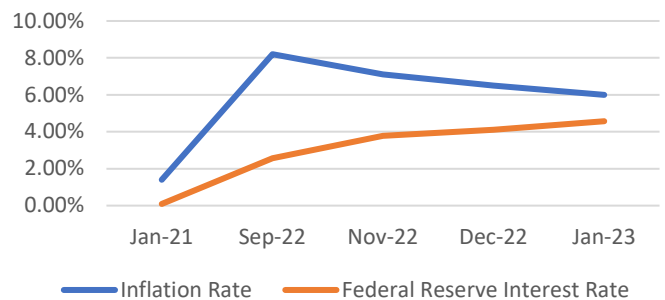
The data on inflation rates and Federal Reserve interest rates from January 2021 to January 2023 show that inflation has increased by 6% compared to 2021, and interest rates have also risen by 5% in the same period. However, the Inflation Reduction Act has put pressure on companies to keep prices on Medicare Part B medicine in check, including the COVID vaccine and Braftovi. We anticipate that prices of these drugs and vaccines will increase by 10% in the future. They are expected to contribute significantly to profits, but the current environment will have a negative impact on sales prices and profits in the future.

We forecast that Pfizer will have a strong cash flow through the highly inflationary period. From the cash flow forecast, we

expect Pfizer's cash to start increasing in 2025, and by the end of 2032, we anticipate the cash by the end of the year to be \$35,338 million. This can also be supported by the return on invested capital, which we anticipate to be 12.45% by the end of 2032.

Overall, we have high confidence that Pfizer will go through the inflationary period by having a strong cash flow. Although sales will be affected by the Inflation Reduction Act in 2024 and 2025, resulting in negative cash flow during that period, we still expect Pfizer to recover from those two years.

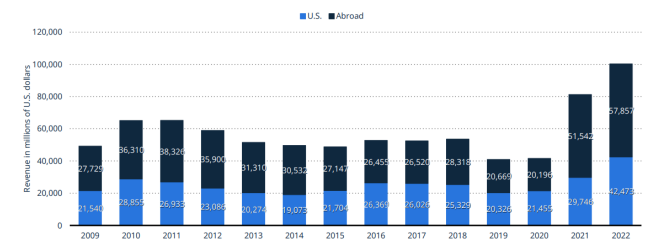
**Inflation and Fed Interest Rate**



Foreign Exchange Currency

Pfizer's revenues in the U.S. and abroad from 2009 to 2022 (in million U.S. dollars)

Pfizer's revenues in the U.S. and abroad 2009-2022



Currency is one of the economic factors that will influence Pfizer total revenue. Overall, more than 63% of revenue come from Europe and Japan and other countries. Historically, half of Pfizer revenue came from overseas, the major two market are Japan and Europe. In addition, 9% of revenues come from Japan market, where Pfizer has active patents in Japan market. In their Europe and Japan market, Pfizer is facing the weakness currency from those two markets. In Europe, "the euro weakened as much as 17% versus dollar intra-year, plunging below parity for the first time in two decades in July." In Japan, "the dollar/yen pair breached 150 in October 2022, making a 32-year low. This was largely due to Japan's yawning trade deficit and the Bank of Japan's dovish stance." (J.P Morgan)



Source: Bloomberg, Bloomberg Dollar Spot Index (BBDXY Index), Daily data as of 1/12/2023.

In a short-term analysis, Pfizer is stable encounter the currency exchange rate rapidly changing in 2022. In 2021, Pfizer was stable encounter of the currency, but in 2022, the currency impact on Pfizer 5.5 billion of dollar or 7% of their total revenue. In the long term, we forecast the dollar will continue to strength. By having strong demand and more investment in the recent years. The higher demand is due to the high interest rates, therefore, the dollar values are more favorable by the foreign countries. In order to create a safe place for currency values, the long term investment in U.S continue growing stronger. Credit Sussie falling down also move the confidence of the investor in Swisse back to the United States.

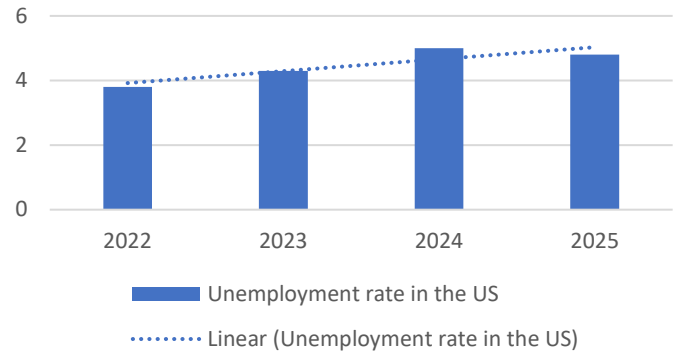
### Unemployment Rate

The unemployment rate does not have a direct effect on Pfizer employees, but it does affect the consumer group. In the United States, the major way to access the healthcare system is through employer-provided insurance. However, unemployment raises concerns that the working class will no longer have access to the healthcare system and will need to delay their current treatment. This also limits their access to prescription drugs and doctor visits.

In the short-term forecast, we predict that the unemployment rate will decrease in 2023, but will increase again in 2024 to 4.8%. We believe that the reason for this increase is that companies, including those in the technology sector such as Google and Amazon, may start cutting employees to save on operating expenses. In addition, combined with the rising inflation and interest rates from 2021 to 2023, many unemployed individuals may lose their healthcare coverage. The price of Medicare may be higher than they can afford.

Looking into the future, we expect that the unemployment rate in the United States will decrease. Recently, the unemployment rate has decreased to 3.5% as of February 2023. However, compared to the 13.2% in 2020, the economy will still need time to recover from the pandemic. With inflation expected to be steadier and GDP growth expected to be slow, we believe that the future unemployment rate will return to the normal range of 3%-5%.

## Unemployment rate in the US



## Industry Analysis

### Overview

Pharmaceutical industry encompasses several sub-sectors, including biopharmaceuticals, generics, over the counter (OTC) drugs, and veterinary drugs. characterized by long development times, high costs, and significant risks, including regulatory approval and patent protection. Facing several challenges, including regulatory requirements, intellectual property protection, and pricing pressures.

### Performance



The pharmaceutical industry has generally outperformed the US market over the past year. Companies in the pharmaceutical industry often reap the benefits of an increase in patient numbers because of the pandemic. The sales of Pfizer increased 93.97% in 2021 and 23.43% in 2022.

### Peer Comparison

Pfizer, Johnson & Johnson, Merck & Co and AbbVie Inc are leading companies in the pharmaceutical industry with similar

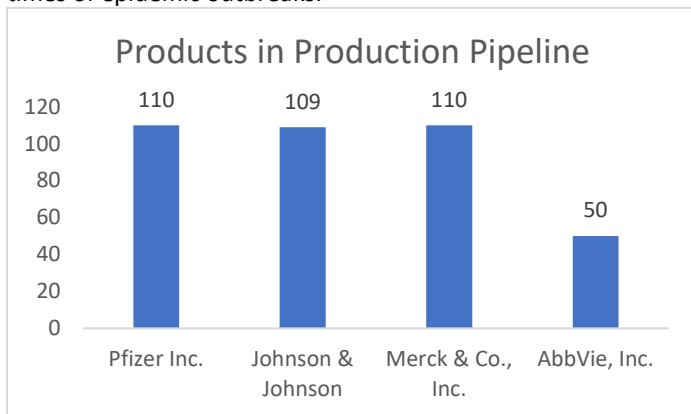
size and comparable figures. These firms hold a significant market share, indicative of their dominance in the industry.

	Market cap	Revenue	Growth change	Profit Margin
Pfizer Inc.	231.4	100300	23.40%	31.3%
Johnson & Johnson	431.9	94943	1.30%	18.9%
Merck & Co., Inc.	292.7	59283	19.60%	24.8%
AbbVie, Inc.	285.9	58054	3.30%	20.3%

In the 2022 annual report, Johnson & Johnson boasted the largest market capitalization of the four pharmaceutical companies, valued at approximately \$431.9 billion. Merck & Co followed closely behind with a market capitalization of approximately \$292.7 billion, while AbbVie Inc had a market capitalization of approximately \$285.9 billion. Pfizer, with a market capitalization of approximately \$231.4 billion, had the smallest market capitalization of the four. However, despite having a smaller market capitalization, Pfizer generated the highest revenue among the competitors. This was largely due to its successful development and distribution of COVID-19 vaccines, coupled with efficient R&D spending.

Research and Development (R&D) Spending

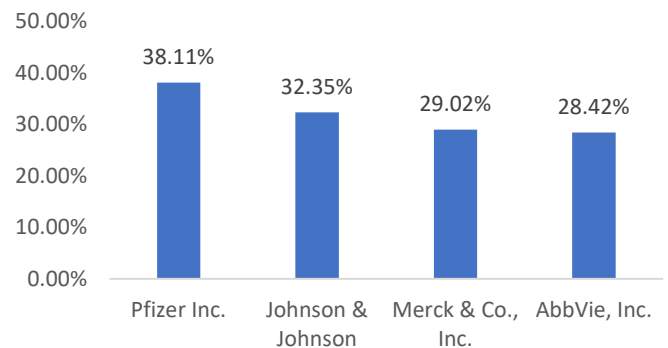
Research and development (R&D) serve as a crucial driver of growth and innovation within the pharmaceutical industry, fueling the development of new drugs and therapies that can improve patient outcomes and address unmet medical needs. As such, companies that invest heavily in R&D are better positioned to capture market share and generate sustainable long-term value. Pfizer stands out as the pharmaceutical industry leader in terms of the proportion of its revenue allocated to research and development (R&D). The company's significant investment in R&D reflects its agility and adaptability in responding to market shifts, particularly during times of epidemic outbreaks.



Through the graph above. Pfizer is a prominent player in the pharmaceutical industry, with 110 drugs currently in its production pipeline undergoing research and development as of January 2023. This diversified portfolio of drug candidates has contributed to Pfizer's financial stability, rendering its profitability less elastic to patent expirations. Among its peers, Pfizer stands out with a profit margin of 31.3%, largely driven by its research and development efforts on the COVID-19 vaccine.

In 10 years, with the boosted cash flow driven from the high revenue, Pfizer has the potential to maintain the high-level R&D spending around 30.76% of Sales.

**COGS % of Sales 2022**



In summary, Pfizer seized the opportunity presented by the pandemic, generating the highest profitability among its peers, and is reinvesting these earnings towards the development of new drugs.

Porter's Five Forces

Threat of New Entrants: **Low**

The pharmaceutical industry is a highly regulated and capital-intensive industry, with significant barriers to entry. The established players, such as Pfizer, Johnson & Johnson, AbbVie, and Merck, enjoy economies of scale, strong brand reputation, and established distribution channels, which make it challenging for new entrants to compete. Furthermore, the industry requires extensive R&D investment and significant capital expenditure in manufacturing facilities, which act as additional barriers to entry.

Bargaining Power of Suppliers: **Moderate**

Pharmaceutical companies depend on suppliers of raw materials, including chemicals and active pharmaceutical ingredients. While the bargaining power of suppliers is generally limited due to their fragmented nature and the availability of multiple suppliers, a shortage of critical raw materials can increase their bargaining power.

Bargaining Power of Buyers: **Moderate**

Pharmaceutical companies face bargaining power from their buyers, including hospitals, health insurance companies, and government agencies. These buyers can negotiate prices and demand discounts, and their bargaining power can increase as they consolidate or become more sophisticated.

Threat of Substitute Products: **Low**

The pharmaceutical industry faces low threat from substitute products as drugs are often the primary treatment option for many illnesses. However, generic drugs and alternative treatments, such as herbal remedies, can pose a threat to established pharmaceutical companies.

Rivalry Among Existing Players: **High**

The competitive rivalry in the pharmaceutical industry is intense, with companies competing for market share and patent protection. Pfizer, Johnson & Johnson, AbbVie, and Merck are all major players in this industry and invest heavily in R&D to develop new drugs and treatments to maintain their competitive advantage. As a result, innovation is a key driver in this industry, and companies that can bring new drugs to market quickly and efficiently can gain a significant competitive advantage.

## Valuation Analysis

### Revenue decomposition Summary

Based on our revenue forecast, we anticipate that Pfizer's revenue will decrease after 2023, the surge in demand for their COVID-19 products will gradually fade away. As the result, we forecast a decline in revenue as the demand for these products subsides. Without factoring in possible approved drugs from the production pipeline, we predict that Pfizer's revenue will decrease around 60 to 70 billion every year after 2023. It's important to note that this revenue decrease is largely due to the expected decline in revenue from Pfizer's COVID-19 products. Nevertheless, we believe that Pfizer will continue to be an industry leader and has the potential for even higher revenue figures than forecasted.

From a macroeconomic perspective, Pfizer's performance is influenced inflation rates, demographic factors, and employee trends. For instance, rising inflation can increase the COGS, affecting the company's profitability. Demographic shifts can also impact the demand for Pfizer's products. As the population ages, the demand for pharmaceutical products may increase, which could benefit Pfizer.

Overall, while our revenue forecast indicates a decline in revenue for Pfizer, we believe that the company has the potential for sustained success and growth, especially if they continue to innovate and attract top talent.

### Cost of Equity

We calculated the 6.45% cost of equity by using the Capital Asset Pricing Model. In the CAMP we chose the 10-year treasury risk-free rate of 3.52%, beta 0.72 and Equity Risk premium from Bloomberg. By multiplied Pfizer's beta by the equity risk premium and added the 10-year risk-free rate to arrive at our cost of equity at 6.45%.

### Cost of Debt

We arrived at an estimated pre-tax cost of debt of 3.99% based on our assumption of a 10-year maturity on a corporate bond issued by Pfizer. To obtain the implied default premium, the risk-free rate on the 10-year bond, which stood at 3.52%, was subtracted from Pfizer's pre-tax cost of debt. Multiplying Pfizer's estimated pre-tax cost of debt by (1 - the marginal tax rate of 22%) from Pfizer's 10-K report resulted in an after-tax cost of debt of 3.11%.

### WACC

In order to calculate Pfizer's WACC, we used the weighted average of the cost of equity and after-tax cost of debt.

The first step involved using the risk-free rate from the 10-year treasury bond, which is 3.52%. We also used the 5-year weekly beta for Pfizer, which is 0.72. The risk premium that we used is the geometric average over the 10-year treasury. To calculate the cost of equity, we added the risk-free rate and beta, then multiplied the risk premium to get a result of 6.45% for Pfizer.

The next step involved computing the cost of debt. We used the same risk-free rate as before and determined the YTM on the company's 10-year corporate bond using Bloomberg data, which is 3.99%. We used a marginal tax rate of 22%. The calculation for after-tax cost of debt involved multiplying the pre-tax cost of debt by one minus the marginal tax rate, which gave us a result of 3.11%.

To compute the WACC, we used the cost of equity with the market value weight in financing, as well as the after-tax cost of debt for the market value of the total debt. We estimated that Pfizer's WACC is 5.97%

### DCF and EP model

For Pfizer's discounted cash flow model, we assumed a company growth rate of 2.5% for NOPLAT over the next 10 years, and a return on invested capital of 12.46% for Pfizer. The WACC and Cost of Equity will remain the same result as we previous mentioned.

By adding the free cash flows together and subtracting the non-operating adjustments, we arrived at the value of equity for Pfizer, which is 265,882. We then divided this value by the shares outstanding to get an intrinsic value of \$47. We used the same calculation for the economic profit model, and added the invested capital from last year, which was 94,008. We received the same result as the discounted cash flow model, with an intrinsic value of \$47.

We believe that the Pfizer DCF and EP models will be useful for future price valuations. We acknowledge the current challenge for Pfizer in generating revenue mostly from vaccines, but we also believe that the strong cash flows and high spending on research and development will uphold Pfizer's values and raise its stock price in the near future.

### Dividend Discount Model

This report analyzes the dividend discount model for Pfizer, taking into consideration the consistent dividend growth over the past ten years, and the projected growth of dividends until 2025. Additionally, we consider the impact of EPS on the model, given the volatility of Pfizer's EPS over the past decade.

Using the dividend discount model, we have calculated an implied share price of \$46 for Pfizer. However, we project that the company's dividend growth rate will increase from its historical average of 1-2 cents per year to 2-4 cents per year

until 2025. This increase is due to the influx of revenue from their increased revenue streams resulting from the surge in demand for drugs and vaccine during the pandemic. We anticipate that Pfizer's dividend growth will return to its historical average of 1-2 cents per year after the pandemic's impact subsides.

A significant driver of the dividend discount model is the compounded annual growth rate (CAGR) of EPS. However, the volatility of Pfizer's EPS over the past decade makes it challenging to rely on this metric to evaluate the company's target price. For example, Pfizer's EPS in 2022 was 5.73, while in 2021, it was 3.86, and in 2020, it was 1.91. Given this variability, we cannot place too much emphasis on EPS when determining Pfizer's target price using the dividend discount model.

### Sensitivity Analysis

#### Cost of Equity Vs. Cost of debt

The cost of equity and pre-tax cost of debt play a critical role in determining Pfizer's cash flow discount rate, which in turn significantly affects our valuation in both the DCF and Dividend Discount Model. To better understand the sensitivity of our valuation to changes in these variables, we conducted a thorough sensitivity analysis.

Our analysis revealed that decreasing the cost of equity to 5.85% would cause Pfizer's intrinsic share price to decrease from the \$42.67 range to the \$43.19 range. Conversely, if the cost of equity increases to 7.05%, reflecting a riskier market, the intrinsic share price would rise to the \$52.58 to \$53.53 range.

Notably, changes in the pre-tax cost of debt, which serves as an approximation of Pfizer's corporate bond rate, have a minimal impact on the intrinsic share price. Even significant changes in the pre-tax cost of debt result in only minor differences in the share price, usually within the range of cents.

		Cost of Equity							
		47.30	5.85%	6.05%	6.25%	6.45%	6.65%	6.85%	7.05%
Pre-tax cost of debt	3.69%	53.53	51.35	49.39	47.59	46.01	44.54	43.19	
	3.79%	53.39	51.22	49.28	47.49	45.92	44.45	43.11	
	3.89%	53.25	51.10	49.17	47.39	45.83	44.37	43.04	
	3.99%	53.12	50.98	49.06	47.30	45.74	44.29	42.97	
	4.09%	52.98	50.86	48.95	47.19	45.65	44.21	42.89	
	4.19%	52.84	50.74	48.84	47.10	45.56	44.13	42.82	
	4.29%	52.71	50.62	48.73	47.00	45.47	44.05	42.74	
	4.39%	52.58	50.50	48.62	46.90	45.38	43.97	42.67	

#### WACC Vs. CV Growth of NOPLAT

The Weighted Average Cost of Capital (WACC) and Constant Value growth (CV) of Net Operating Profit Less Adjusted Taxes (NOPLAT) are fundamental components of the discounted cash flow (DCF) model, which is widely used to estimate the intrinsic value of a company. By adjusting the WACC, analysts can evaluate the impact of changes in the discount rate on Pfizer's future cash flows. Similarly, by manipulating NOPLAT, analysts

can assess the effects of changes in the company's future profitability on its valuation.

Conducting a sensitivity analysis using these two drivers can provide valuable insights into the potential impact of variations in key financial metrics on Pfizer's valuation. Our analysis suggests that Pfizer's value is more sensitive to changes in the WACC than to changes in the CV growth of NOPLAT.

Specifically, we found that holding the WACC constant, a decrease in the CV growth of NOPLAT to 1% would result in an increase in Pfizer's value from the \$42.59 range to the \$59.16 range. Conversely, if the WACC were to increase to 6.73%, Pfizer's intrinsic share price would decrease to the \$38.41 to \$47.02 range.

These findings indicate that changes in the WACC have a greater impact on Pfizer's valuation and underscore the importance of carefully managing the company's cost of capital and risk exposure.

		WACC							
		47.30	5.22%	5.47%	5.72%	5.97%	6.22%	6.48%	6.73%
CV Growth of NOPLAT	1.00%	48.19	46.13	44.27	42.59	41.07	39.68	38.41	
	1.50%	50.25	47.84	45.71	43.81	42.10	40.56	39.16	
	2.00%	52.95	50.06	47.54	45.34	43.38	41.64	40.07	
	2.50%	56.64	53.02	49.94	47.30	45.00	42.98	41.19	
	3.00%	62.00	57.17	53.22	49.92	47.12	44.71	42.61	
	3.50%	70.48	63.44	57.98	53.61	50.02	47.02	44.48	
	4.00%	85.93	73.99	65.51	59.16	54.23	50.27	47.02	

#### Equity Risk Premium Vs. Beta

As beta and Equity Risk Premium are two important values for calculating the Weighted Average Cost of Capital (WACC), it is valuable to conduct a sensitivity test to determine how changes in these variables affect Pfizer's intrinsic value. Both factors had a moderate influencing on the value of Pfizer, with a 0.6 decrease in beta resulting in a 2 increase in intrinsic value. Conversely, a 0.2 increase in Equity Risk Premium, which indicates higher return and higher risk, leads to a 1.5 decrease in intrinsic value.

These findings suggest that Pfizer's stock price is both responsive to changes in its systematic risk, as measured by beta, as well as the changes in the additional return demanded by investors for investing in equities over a risk-free asset, as measured by Equity Risk Premium.

		Equity Risk Premium							
		47.30	3.33%	3.52%	3.71%	3.90%	4.09%	4.28%	4.47%
Beta	0.43	66.56	64.96	63.44	62.02	60.67	59.39	58.19	
	0.49	62.99	61.41	59.93	58.53	57.22	55.98	54.81	
	0.55	59.86	58.32	56.87	55.51	54.24	53.04	51.90	
	0.60	57.11	55.60	54.19	52.87	51.63	50.47	49.37	
	0.66	54.66	53.19	51.82	50.54	49.34	48.21	47.15	
	0.72	52.47	51.04	49.71	48.46	47.30	46.20	45.18	
	0.77	50.50	49.11	47.81	46.60	45.47	44.41	43.42	
	0.83	48.72	47.36	46.09	44.92	43.82	42.80	41.83	

#### Dividend Yield Vs. Marginal Tax Rate

After conducting a sensitivity analysis between Dividend Yield and Marginal Tax Rate, it appears that these variables have a



limited impact on Pfizer's share price valuation. Specifically, changes in Dividend Yield and Marginal Tax Rate did not significantly affect Pfizer's share price valuation.

However, it is worth noting that a lower Dividend Yield tends to lead to an increase in Pfizer's intrinsic value, which could potentially drive share price appreciation over the long term. Interestingly, the analysis also revealed that a higher Marginal Tax Rate is associated with a higher value for Pfizer. This result may reflect the fact that Pfizer could benefit from a higher Marginal Tax Rate by offsetting tax liabilities through various deductions and credits.

	47.30	2.82%	3.22%	3.62%	4.02%	4.42%	4.82%	5.22%
Marginal Tax Rate	19.00%	47.22	47.19	47.16	47.13	47.10	47.07	47.04
20.00%	47.28	47.25	47.22	47.18	47.15	47.12	47.09	
21.00%	47.33	47.30	47.27	47.24	47.21	47.18	47.15	
22.00%	47.39	47.36	47.33	47.30	47.27	47.23	47.20	
23.00%	47.44	47.41	47.38	47.35	47.32	47.29	47.26	
24.00%	47.50	47.47	47.44	47.41	47.38	47.35	47.32	
25.00%	47.56	47.53	47.50	47.46	47.43	47.40	47.37	

Avg R&D% of Sales Vs. Avg COGS% of Sales

As primary drivers of Pfizer's profit, we sought to explore the trends and magnitude of the research and development spending percentage of sales and cost of sales percentage of sales. As anticipated, there exists a negative correlation between R&D % of Sales and COGS% of Sales, and Pfizer's value. Specifically, every percent increase in R&D of Sales corresponds to a decrease of approximately \$2 in Pfizer's value. Additionally, every 1.3% increase in COGS of Sales corresponds to a decrease of approximately \$2.4 in Pfizer's value.

	47.30	12.48%	13.48%	14.48%	15.48%	16.48%	17.48%	18.48%
Avg COGS % of Sales	26.86%	59.80	57.98	56.17	54.36	52.55	50.74	48.93
28.16%	57.44	55.63	53.82	52.01	50.20	48.39	46.58	
29.46%	55.09	53.27	51.46	49.65	47.84	46.03	44.23	
30.76%	52.73	50.92	49.11	47.30	45.49	43.69	41.88	
32.06%	50.38	48.57	46.76	44.95	43.14	41.34	39.53	
33.36%	48.03	46.22	44.41	42.60	40.80	38.99	37.18	
34.66%	45.68	43.87	42.06	40.25	38.45	36.64	34.83	

CV Growth of NOPLAT Vs. Avg COGS% of Sales

CV Growth of NOPLAT as fundamental components of the discounted cash flow (DCF) model, Average cost of good sold percentage of sales as a crucial indicator of Pfizer's operation. Sensitivity tested the above two values provides insights into the potential impact of variations in structural assumptions and operating assumptions on Pfizer's valuation. Our analysis suggests that Pfizer's value is more sensitive to changes in the Average COGS % of Sales than to changes in the CV growth of NOPLAT.

As every 1.8% decrease in Average COGS % of Sales, \$3 increase will exert on Pfizer's value. Holding the Average COGS % of Sales constant, with every 0.1% increase in CV growth of NOPLAT causes Pfizer's intrinsic value to increase around \$0.46. As the result, we believe Pfizer's value is more sensitive to the change in COGS % of Sales

	47.30	2.00%	2.10%	2.20%	2.50%	2.60%	2.70%	2.80%
Average COGS % of Sal	25.36%	54.35	54.84	55.35	57.07	57.72	58.40	59.12
27.16%	51.34	51.78	52.25	53.81	54.39	55.01	55.67	
28.96%	48.33	48.73	49.15	50.55	51.07	51.63	52.22	
30.76%	45.33	45.68	46.06	47.30	47.76	48.25	48.77	
32.56%	42.33	42.64	42.96	44.04	44.44	44.87	45.32	
34.36%	39.33	39.59	39.87	40.79	41.13	41.49	41.88	
36.16%	36.34	36.55	36.78	37.53	37.82	38.12	38.43	

## Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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**Pfizer**

Revenue Decomposition

(million)

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
<b>Total Revenues</b>	<b>41,651.0</b>	<b>81,288.0</b>	<b>100,330.0</b>	<b>114,567.9</b>	<b>104,542.1</b>	<b>97,179.9</b>	<b>91,737.9</b>	<b>85,311.0</b>	<b>76,987.8</b>	<b>70,426.8</b>	<b>67,977.6</b>	<b>66,065.8</b>	<b>63,750.2</b>
Growth Rate	1.82%	95.16%	23.43%	14.19%	-8.75%	-7.04%	-5.60%	-7.01%	-9.76%	-8.52%	-3.48%	-2.81%	-3.51%
<b>Vaccines</b>	<b>6,575.0</b>	<b>42,625.0</b>	<b>44,728.0</b>	<b>40,885.0</b>	<b>37,443.3</b>	<b>34,392.1</b>	<b>31,647.3</b>	<b>28,544.7</b>	<b>22,405.7</b>	<b>17,719.0</b>	<b>14,130.2</b>	<b>11,372.7</b>	<b>9,245.6</b>
Growth Rate	1.09%	548.29%	4.93%	-8.59%	-8.42%	-8.15%	-7.98%	-9.80%	-21.51%	-20.92%	-20.25%	-19.52%	-18.70%
Comirnaty Direct Sales and Alliance revenue	154.0	36,781.0	37,800.0	34,020.0	30,618.0	27,556.2	24,800.6	22,320.5	16,740.4	12,555.3	9,416.5	7,062.4	5,296.8
Prevnar family	-	5,272.0	6,337.0	6,337.0	6,337.0	6,337.0	6,337.0	5,703.3	5,133.0	4,619.7	4,157.7	3,741.9	3,367.7
Nimenrix	-	193.0	268.0	276.0	284.3	292.9	301.6	310.7	320.0	329.6	339.5	349.7	360.2
FSME-IMMUN/TicoVac	-	185.0	200.0	202.0	204.0	206.1	208.1	210.2	212.3	214.4	216.6	218.7	220.9
Trumenba	-	118.0	123.0	50.0	-	-	-	-	-	-	-	-	-
All other Vaccines	42.0	74.0	-	-	-	-	-	-	-	-	-	-	-
<b>Oncology</b>	<b>10,867.0</b>	<b>12,333.0</b>	<b>11,829.0</b>	<b>12,088.2</b>	<b>11,901.4</b>	<b>11,770.2</b>	<b>11,659.8</b>	<b>11,589.3</b>	<b>11,530.2</b>	<b>11,504.6</b>	<b>11,487.4</b>	<b>11,501.5</b>	<b>11,523.6</b>
Growth Rate	20.56%	13.49%	-4.09%	2.19%	-1.54%	-1.10%	-0.94%	-0.60%	-0.51%	-0.22%	-0.15%	0.12%	0.19%
Ibrance	5,392.0	5,437.0	5,210.0	5,053.7	4,902.1	4,755.0	4,612.4	4,474.0	4,339.8	4,209.6	4,083.3	3,960.8	3,842.0
Xtandi Alliance revenue	1,024.0	1,185.0	1,198.0	1,257.9	1,258.0	1,258.0	1,258.0	1,258.0	1,258.0	1,258.0	1,258.0	1,258.0	1,258.0
Inlyta	787.0	1,002.0	1,003.0	1,033.1	1,064.1	1,096.0	1,128.9	1,162.8	1,197.6	1,233.6	1,270.6	1,308.7	1,347.9
Sutent	819.0	673.0	347.0	225.6	146.6	95.3	61.9	40.3	26.2	17.0	11.1	7.2	4.7
Bosulif	450.0	540.0	575.0	598.0	621.9	646.8	672.7	699.6	727.6	756.7	786.9	818.4	851.1
Xakori	544.0	493.0	465.0	441.8	419.7	398.7	378.7	359.8	341.8	324.7	308.5	293.1	278.4
Ruxience	170.0	491.0	458.0	444.3	430.9	418.0	405.5	393.3	381.5	370.1	359.0	348.2	337.7
Retacrit	386.0	444.0	-	430.7	417.8	417.8	405.2	405.2	393.1	393.1	381.3	381.3	369.8
Zirabev	143.0	444.0	562.0	533.9	507.2	481.8	457.8	434.9	413.1	392.5	372.8	354.2	336.5
Lorbrena	204.0	266.0	343.0	356.7	371.0	385.8	401.3	417.3	434.0	451.4	469.4	488.2	507.7
Aromasin	148.0	211.0	248.0	240.6	233.3	226.3	219.6	213.0	206.6	200.4	194.4	188.5	182.9
Trazimera	98.0	197.0	203.0	211.1	219.6	228.3	237.5	247.0	256.9	267.1	277.8	288.9	300.5
Besponsa	182.0	192.0	219.0	223.4	227.8	232.4	237.1	241.8	246.6	251.6	256.6	261.7	267.0
Braftovi	160.0	187.0	194.0	213.4	234.7	258.2	284.0	312.4	343.7	378.1	415.9	457.4	503.2
Bavencio alliance revenues	80.0	178.0	271.0	262.9	255.0	247.3	239.9	232.7	225.7	219.0	212.4	206.0	199.8
Mektovi	142.0	155.0	176.0	193.6	213.0	234.3	257.7	283.4	311.8	343.0	377.3	415.0	456.5
All other Oncology	137.0	238.0	357.0	367.7	378.7	390.1	401.8	413.9	426.3	439.1	452.2	465.8	479.8
<b>Internal Medicine</b>	<b>9,003.0</b>	<b>9,329.0</b>	<b>9,144.0</b>	<b>9,105.9</b>	<b>9,145.6</b>	<b>9,247.8</b>	<b>9,406.6</b>	<b>7,254.1</b>	<b>5,621.8</b>	<b>4,382.5</b>	<b>3,440.4</b>	<b>2,723.1</b>	<b>2,176.2</b>
Growth Rate	2.42%	3.62%	-1.98%	-0.42%	0.44%	1.12%	1.72%	-22.88%	-22.50%	-22.04%	-21.50%	-20.85%	-20.08%
Eliquis alliance revenues and direct sales	4,949.0	5,970.0	6,480.0	6,804.0	7,144.2	7,501.4	7,876.5	5,907.4	4,430.5	3,322.9	2,492.2	1,869.1	1,401.8
Premarin family	680.0	563.0	455.0	386.8	328.7	279.4	237.5	201.9	171.6	145.9	124.0	105.4	89.6
Chantix/Champix	919.0	398.0	8.0	-	-	-	-	-	-	-	-	-	-
BMP2	274.0	266.0	277.0	279.8	282.6	285.4	288.2	291.1	294.0	297.0	300.0	303.0	306.0
Toviaz	252.0	238.0	146.0	124.1	105.5	89.7	76.2	64.8	55.1	46.8	39.8	33.8	28.7
Viagra IH	-	-	-	-	-	-	-	-	-	-	-	-	-
Lyrca IH	-	-	-	-	-	-	-	-	-	-	-	-	-
Pristiq	171.0	-	-	-	-	-	-	-	-	-	-	-	-
All other Internal Medicine	1,758.0	1,708.0	1,778.0	1,511.3	1,284.6	1,091.9	928.1	788.9	670.6	570.0	484.5	411.8	350.0
<b>Hospital</b>	<b>6,777.0</b>	<b>7,301.0</b>	<b>25,696.0</b>	<b>34,439.6</b>	<b>27,337.6</b>	<b>21,985.5</b>	<b>17,948.1</b>	<b>14,898.8</b>	<b>12,592.7</b>	<b>10,846.1</b>	<b>9,521.0</b>	<b>8,514.0</b>	<b>7,747.5</b>
Growth Rate	1.21%	7.18%	71.59%	25.39%	-25.98%	-24.34%	-22.50%	-20.47%	-18.31%	-16.10%	-13.92%	-11.83%	-9.89%
Paxlovid	-	76.0	18,933.0	27,831.5	20,873.6	15,655.2	11,741.4	8,806.1	6,604.5	4,953.4	3,715.1	2,786.3	2,089.7
Sulperazon	618.0	683.0	786.0	809.6	833.9	858.9	884.6	911.2	938.5	966.7	995.7	1,025.6	1,056.3
Medrol	402.0	432.0	328.0	311.6	296.0	281.2	267.2	253.8	241.1	229.1	217.6	206.7	196.4
Zavicefta	212.0	413.0	412.0	424.4	437.1	450.2	463.7	477.6	491.9	506.7	521.9	537.6	553.7
Fragmin	252.0	305.0	269.0	271.7	274.4	277.2	279.9	282.7	285.5	288.4	291.3	294.2	297.1
Zithromax	276.0	278.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
Vfend	270.0	267.0	225.0	231.8	238.7	245.9	253.2	260.8	268.7	276.7	285.0	293.6	302.4
Tygacil	160.0	200.0	-	-	-	-	-	-	-	-	-	-	-
Precedex	260.0	177.0	-	-	-	-	-	-	-	-	-	-	-
Oxbryta	-	-	73.0	76.7	80.5	84.5	88.7	93.2	97.8	102.7	107.9	113.2	118.9
Zyvox	222.0	173.0	-	-	-	-	-	-	-	-	-	-	-
IVlg Products	376.0	430.0	491.0	466.5	443.1	421.0	399.9	379.9	360.9	342.9	325.7	309.5	294.0
All other Anti-infectives	1,294.0	1,453.0	1,471.0	1,426.9	1,384.1	1,342.5	1,302.3	1,263.2	1,225.3	1,188.5	1,152.9	1,118.3	1,084.8
All other Hospital	2,435.0	2,412.0	2,377.0	2,258.2	2,145.2	2,038.0	1,936.1	1,839.3	1,747.3	1,659.9	1,577.0	1,498.1	1,423.2
<b>Inflammation &amp; Immunology</b>	<b>4,567.0</b>	<b>4,431.0</b>	<b>3,488.9</b>	<b>2,923.9</b>	<b>2,495.5</b>	<b>2,172.2</b>	<b>1,930.4</b>	<b>1,751.7</b>	<b>1,622.4</b>	<b>1,532.0</b>	<b>1,472.3</b>	<b>1,437.3</b>	<b>1,422.3</b>
Growth Rate	-3.51%	-2.98%	-21.26%	-16.19%	-14.65%	-12.95%	-11.14%	-9.26%	-7.38%	-5.57%	-3.89%	-2.38%	-1.05%
Xeljanz	2,437.0	2,455.0	1,796.0	1,347.0	1,010.3	757.7	568.3	426.2	319.6	239.7	179.8	134.9	101.1
Enbrel (Outside the U.S. and Canada)	1,350.0	1,185.0	1,003.0	852.6	724.7	616.0	523.6	445.0	378.3	321.5	273.3	232.3	197.5
Inflectra/Remsima	659.0	657.0	689.9	724.3	760.6	798.6	838.5	880.4	924.5	970.7	1,019.2	1,070.2	1,123.7
All other I&I	121.0	134.0	-	-	-	-	-	-	-	-	-	-	-
<b>Rare Disease</b>	<b>2,936.0</b>	<b>3,538.0</b>	<b>3,739.0</b>	<b>4,197.0</b>	<b>4,102.0</b>	<b>4,168.0</b>	<b>4,219.0</b>	<b>4,689.0</b>	<b>4,780.0</b>	<b>3,938.0</b>	<b>5,108.0</b>	<b>5,112.0</b>	<b>3,337.0</b>
Growth Rate	28.88%	20.50%	5.68%	12.25%	-2.26%	1.61%	1.22%	11.14%	1.94%	-17.62%	29.71%	0.08%	-34.72%
Vyndaqel/Vyndamax	1,288.0	2,015.0	2,447.0	2970	2957	3100	3150	3668	3811	2970	4200	4250	2510
BeneFIX	454.0	438.0	425.0	420	390	356	388	359	345	332	319	300	297
Genotropin	427.0	389.0	360.0	359	320	285	276	254	220	218	200	189	190
Refacto AF/Xyntha	370.0	304.0	239.0	220	210	209	190	188	176	167	148	140	110
Somavert	277.0	277.0	268.0	228	225	218	215	220	228	251	241	233	230
All other Rare Disease	120.0	115.0	-	-	-	-	-	-	-	-	-	-	-
<b>Pfizer Centreone</b>	<b>926.0</b>	<b>1,731.0</b>	<b>1,327.0</b>	<b>1,366.8</b>	<b>1,407.8</b>	<b>1,450.0</b>	<b>1,493.6</b>	<b>1,538.4</b>	<b>1,584.5</b>	<b>1,632.0</b>	<b>1,681.0</b>	<b>1,731.4</b>	<b>1,783.4</b>
<b>Consumer Healthcare Business</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Alliance revenues</b>	<b>5,418.0</b>	<b>7,652.0</b>	<b>8,537.0</b>	<b>9,561.4</b>	<b>10,708.8</b>	<b>11,993.9</b>	<b>13,433.1</b>	<b>15,045.1</b>	<b>16,850.5</b>	<b>18,872.6</b>	<b>21,137.3</b>	<b>23,673.8</b>	<b>26,514.6</b>

**Pfizer**

*Income Statement*

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
<b>Sales</b>	<b>41908.0</b>	<b>81288.0</b>	<b>100330.0</b>	<b>114567.9</b>	<b>104542.1</b>	<b>97179.9</b>	<b>91737.9</b>	<b>85311.0</b>	<b>76987.8</b>	<b>70426.8</b>	<b>67977.6</b>	<b>66065.8</b>	<b>63750.2</b>
Cost of Goods Sold (COGS) Excl. D&A	12065.0	34413.0	38240.0	35240.4	32156.6	29892.0	28218.1	26241.2	23681.0	21662.9	20909.5	20321.5	19609.2
Depreciation & Amortization Expense	4777.0	5191.0	5064.0	1001.8	1014.0	1026.3	1038.6	1050.8	1063.1	1075.3	1087.6	1099.9	1112.1
<b>Gross Income</b>	<b>29843.0</b>	<b>46875.0</b>	<b>62090.0</b>	<b>79327.5</b>	<b>71371.5</b>	<b>66261.6</b>	<b>62481.3</b>	<b>58019.0</b>	<b>52243.7</b>	<b>47688.6</b>	<b>45980.5</b>	<b>44644.5</b>	<b>43028.8</b>
SG&A Expense	11615.0	12703.0	13677.0	29782.7	27176.4	25262.6	23847.9	22177.2	20013.5	18307.9	17671.2	17174.3	16572.3
Research & Development	9407.0	13828.0	11426.0	17738.8	16186.5	15046.6	14204.0	13208.9	11920.2	10904.4	10525.2	10229.1	9870.6
Amortization of Intangibles	3436.0	3700.0	3609.0	4223.0	3981.0	3780.0	3714.0	3503.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (Operating Income)</b>	<b>5385.0</b>	<b>16644.0</b>	<b>33378.0</b>	<b>27582.9</b>	<b>24027.6</b>	<b>22172.4</b>	<b>20715.4</b>	<b>19129.9</b>	<b>20310.0</b>	<b>18476.3</b>	<b>17784.1</b>	<b>17241.1</b>	<b>16585.9</b>
Nonoperating Income - Net	1596.0	4633.0	538.0	954.5	556.0	821.3	1139.7	1326.5	1558.2	1850.9	2073.1	2269.1	2473.0
Interest Expense	1545.0	1399.0	1238.0	522.6	1053.2	811.2	480.2	349.4	124.9	(151.6)	(260.8)	(327.8)	(394.2)
Restructuring charges	600.0	802.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0	1375.0
Unusual Expense - Net	1668.0	(176.0)	2120.0	6844.1	6245.2	5805.4	5480.3	5096.4	4599.2	4207.2	4060.9	3946.7	3808.4
<b>Pretax Income</b>	<b>7497.0</b>	<b>20054.0</b>	<b>30558.0</b>	<b>21170.7</b>	<b>17285.2</b>	<b>16377.1</b>	<b>15894.6</b>	<b>15010.7</b>	<b>17144.2</b>	<b>16271.5</b>	<b>16057.1</b>	<b>15891.3</b>	<b>15644.7</b>
Income Taxes	476.0	1852.0	3328.0	7121.1	5814.1	5508.7	5346.4	5049.0	5766.7	5473.1	5401.0	5345.3	5262.3
Consolidated Net Income	7021.0	22460.0	31401.0	14049.7	11471.1	10868.5	10548.2	9961.6	11377.5	10798.4	10656.1	10546.1	10382.4
Minority Interest	36.0	45.0	35.0	18.1	14.7	14.0	13.6	12.8	14.6	13.9	13.7	13.6	13.3
<b>Net Income</b>	<b>6985.0</b>	<b>22415.0</b>	<b>31366.0</b>	<b>14031.6</b>	<b>11456.3</b>	<b>10854.5</b>	<b>10534.7</b>	<b>9948.8</b>	<b>11362.9</b>	<b>10784.5</b>	<b>10642.4</b>	<b>10532.5</b>	<b>10369.1</b>
Net Income available to Common	9616.0	22146.0	31365.0	14031.6	11456.3	10854.5	10534.7	9948.8	11362.9	10784.5	10642.4	10532.5	10369.1
<b>Per Share</b>													
EPS (recurring)	1.91	3.86	5.73	2.58	2.17	2.13	2.14	2.09	2.48	2.44	2.49	2.56	2.62

**Pfizer**

*Balance Sheet*

(million)

<i>Fiscal Years Ending Dec. 31</i>	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash & cash equivalents	1,784.0	1,944.0	416.0	(12,085.0)	(5,770.7)	1,997.7	5,970.2	11,158.9	18,019.0	22,812.8	26,791.7	30,924.1	35,420.4
Short-term investments	10,437.0	29,125.0	22,316.0	23,335.8	24,402.3	25,517.5	26,683.6	27,903.1	29,178.2	30,511.7	31,906.1	33,364.2	34,888.9
Trade accounts receivable	7,930.0	11,479.0	10,952.0	18,959.7	17,300.6	16,082.2	15,181.6	14,118.0	12,740.6	11,654.9	11,249.5	10,933.2	10,549.9
Inventories	8,046.0	9,059.0	8,981.0	15,441.7	14,090.4	13,098.1	12,364.6	11,498.4	10,376.6	9,492.3	9,162.2	8,904.5	8,592.4
Current tax assets	3,264.0	4,266.0	3,577.0	3,799.3	4,010.6	4,238.0	4,485.0	4,750.4	5,106.2	5,503.0	5,940.3	6,420.9	6,950.9
Other current assets	3,438.0	3,820.0	5,017.0	6,506.8	5,937.4	5,519.2	5,210.2	4,845.2	4,372.4	3,999.8	3,860.7	3,752.1	3,620.6
<b>Total current assets</b>	<b>35,067.0</b>	<b>59,693.0</b>	<b>51,259.0</b>	<b>55,958.4</b>	<b>59,970.5</b>	<b>66,452.6</b>	<b>69,895.1</b>	<b>74,273.9</b>	<b>79,793.1</b>	<b>83,974.5</b>	<b>88,910.5</b>	<b>94,299.0</b>	<b>100,023.2</b>
Total Long term Investment	20,262.0	21,526.0	15,433.0	16,092.0	16,779.5	17,496.7	18,245.0	19,025.6	19,840.0	20,689.8	21,576.3	22,501.3	23,466.5
PP&E	13,900.0	17,721.0	19,276.0	19,512.0	19,748.0	19,984.0	20,220.0	20,456.0	20,692.0	20,928.0	21,164.0	21,400.0	21,636.0
Identifiable intangible assets	28,471.0	25,146.0	43,370.0	39,147.0	35,166.0	31,386.0	27,672.0	24,169.0	24,169.0	24,169.0	24,169.0	24,169.0	24,169.0
Deffered income tax on assets	2,383.0	3,341.0	6,693.0	6,694.9	6,696.9	6,698.8	6,700.8	6,702.7	6,704.6	6,706.6	6,708.5	6,710.5	6,712.4
Goodwill	49,577.0	49,208.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0	51,375.0
Other assets	3,176.0	4,840.0	9,799.0	10,143.7	10,500.6	10,870.0	11,252.4	11,648.3	12,058.0	12,482.2	12,921.4	13,375.9	13,846.5
<b>Total assets</b>	<b>154,229.0</b>	<b>181,476.0</b>	<b>197,205.0</b>	<b>198,923.1</b>	<b>200,236.5</b>	<b>204,263.2</b>	<b>205,360.3</b>	<b>207,650.5</b>	<b>214,631.8</b>	<b>220,325.1</b>	<b>226,824.7</b>	<b>233,830.7</b>	<b>241,228.5</b>
Short-term borrowings	3,024.0	2,241.0	2,945.0	3,114.2	3,287.5	3,467.7	3,648.7	3,839.2	4,037.6	4,241.9	4,456.2	4,679.5	4,911.7
Trade accounts payable	4,309.0	5,578.0	6,809.0	9,027.7	8,237.7	7,657.6	7,228.7	6,722.3	6,066.5	5,549.5	5,356.5	5,205.8	5,023.4
Dividends payable	2,162.0	2,249.0	2,303.0	2,428.9	2,557.1	2,696.4	2,847.3	3,010.3	3,186.8	3,378.6	3,586.5	3,810.7	4,052.4
Income taxes payable	1,049.0	1,266.0	1,587.0	1,685.6	1,779.4	1,880.3	1,989.8	2,107.6	2,265.5	2,441.5	2,635.5	2,848.7	3,083.9
Accrued compensation & related items	3,058.0	3,332.0	3,407.0	3,505.8	3,607.5	3,712.1	3,819.7	3,930.5	4,044.5	4,161.8	4,282.5	4,406.7	4,534.5
Deferred revenues	-	3,067.0	2,520.0	2,877.6	3,286.0	3,752.3	4,284.8	4,892.8	5,587.2	6,380.1	7,285.5	8,319.4	9,500.0
Other current liabilities	12,640.0	27,556.0	22,568.0	23,361.9	24,183.8	25,034.6	25,915.3	26,827.0	27,770.8	28,747.8	29,759.1	30,806.0	31,889.8
<b>Total current liabilities</b>	<b>26,242.0</b>	<b>42,222.0</b>	<b>42,139.0</b>	<b>46,001.8</b>	<b>46,939.0</b>	<b>48,200.9</b>	<b>49,734.4</b>	<b>51,329.7</b>	<b>52,958.8</b>	<b>54,901.1</b>	<b>57,361.7</b>	<b>60,076.9</b>	<b>62,995.7</b>
Long-term debt	38,274.0	38,705.0	32,884.0	34,533.3	35,675.2	36,082.2	37,761.6	38,352.3	39,361.0	42,546.9	46,025.1	49,729.8	53,653.2
Pension benefit obligations	4,766.0	3,489.0	2,250.0	2,073.4	1,910.6	1,760.6	1,622.4	1,495.1	1,377.7	1,269.6	1,169.9	1,078.1	993.4
Noncurrent deferred tax liabilities	4,063.0	349.0	1,023.0	1,023.4	1,023.8	1,024.3	1,024.7	1,025.1	1,025.5	1,025.9	1,026.4	1,026.8	1,027.2
Other taxes payable	11,560.0	11,331.0	9,812.0	2,550.0	750.0	3,000.0	1,000.0	1,660.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
Other noncurrent liabilities	6,669.0	9,743.0	13,180.0	13,643.7	14,123.7	14,620.5	15,134.9	15,667.3	16,218.5	16,789.1	17,379.7	17,991.1	18,624.1
<b>Total liabilities</b>	<b>90,756.0</b>	<b>104,013.0</b>	<b>101,288.0</b>	<b>99,825.5</b>	<b>100,422.3</b>	<b>104,688.6</b>	<b>106,277.9</b>	<b>109,529.5</b>	<b>115,941.6</b>	<b>121,532.6</b>	<b>127,962.8</b>	<b>134,902.6</b>	<b>142,293.6</b>
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common equity	63,238.0	77,201.0	95,661.0	95,696.3	95,731.6	95,766.8	95,802.1	95,837.4	95,872.7	95,908.0	95,943.2	95,978.5	96,013.8
Common stock & Addition Paid in Capital	89,144.0	91,064.0	92,278.0	92,806.7	93,335.4	93,388.3	93,388.3	93,388.3	93,388.3	93,388.3	93,388.3	93,388.3	93,388.3
Common stock	470.0	473.0	476.0	1,004.7	1,533.4	1,586.3	1,586.3	1,586.3	1,586.3	1,586.3	1,586.3	1,586.3	1,586.3
Adition Paid in Capital	88,674.0	90,591.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0	91,802.0
Retained earnings (accumulated deficit)	96,770.0	103,394.0	125,656.0	135,927.8	143,739.0	151,070.6	158,202.7	164,866.6	173,059.3	180,785.7	188,479.4	196,170.0	203,801.5
Cumulative translation adjustment	(5,321.0)	(6,172.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)	(8,360.0)
Unrealized Gain	116.0	(220.0)	220.0	220.0	220.0	220.0	220.0	220.0	220.0	220.0	220.0	220.0	220.0
Other Appropriated Reserves	(6,483.0)	496.0	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)	(164.0)
Treasury stock	(110,988.0)	(111,361.0)	(113,969.0)	(121,606.9)	(129,244.8)	(136,882.7)	(144,520.6)	(152,158.4)	(159,796.3)	(167,434.2)	(175,072.1)	(182,710.0)	(190,347.9)
Accumulated other comprehensive income (loss)	(11,688.0)	(5,897.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)	(8,304.0)
Total Pfizer Inc. shareholders' equity (deficit)	63,238.0	77,201.0	95,661.0	98,823.6	99,525.6	99,272.2	98,766.5	97,792.4	98,347.2	98,435.7	98,491.5	98,544.3	98,537.9
Equity attributable to noncontrolling interests	235.0	262.0	256.0	274.1	288.8	302.8	316.3	329.1	343.8	357.6	371.3	384.9	398.2
<b>Total equity (deficit)</b>	<b>63,473.0</b>	<b>77,463.0</b>	<b>95,917.0</b>	<b>99,097.7</b>	<b>99,814.5</b>	<b>99,575.0</b>	<b>99,082.8</b>	<b>98,121.6</b>	<b>98,691.0</b>	<b>98,793.4</b>	<b>98,862.9</b>	<b>98,929.2</b>	<b>98,936.2</b>

<b>Pfizer</b>										
<i>Forecasted Cash Flow Statement</i>										
(million)										
<b>Fiscal Years Ending Dec. 31</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net Income	14,031.6	11,456.3	10,854.5	10,534.7	9,948.8	11,362.9	10,784.5	10,642.4	10,532.5	10,369.1
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	1,001.8	1,014.0	1,026.3	1,038.6	1,050.8	1,063.1	1,075.3	1,087.6	1,099.9	1,112.1
Changes (increases or decreases) in working capital accounts:										
Account Receivable	(8,007.7)	1,659.2	1,218.4	900.6	1,063.6	1,377.4	1,085.8	405.3	316.4	383.2
Inventories	(6,460.7)	1,351.3	992.3	733.5	866.2	1,121.8	884.3	330.1	257.7	312.1
Prepaid expenses and other current assets	(1,489.8)	569.4	418.1	309.1	365.0	472.7	372.6	139.1	108.6	131.5
Accounts payable	2,218.7	(790.0)	(580.1)	(428.8)	(506.4)	(655.8)	(517.0)	(193.0)	(150.6)	(182.5)
Accrued compensation and other liabilities	98.8	101.7	104.6	107.7	110.8	114.0	117.3	120.7	124.2	127.8
Income taxes payable	98.6	93.7	100.9	109.6	117.8	157.9	176.1	194.0	213.2	235.2
Current tax assets	(222.3)	(211.3)	(227.3)	(247.0)	(265.4)	(355.8)	(396.8)	(437.2)	(480.6)	(530.0)
Deferred revenue	357.6	408.4	466.3	532.5	608.1	694.3	792.9	905.4	1,033.9	1,180.6
Deferred taxes	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Other taxes payable	(7,262.0)	(1,800.0)	2,250.0	(2,000.0)	660.0	3,340.0	0.0	0.0	0.0	0.0
Other current and non-current liabilities	1,257.6	1,301.9	1,347.7	1,395.1	1,444.1	1,495.0	1,547.5	1,602.0	1,658.3	1,716.7
change in deferred tax	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
<b>Net cash provided by operating activities</b>	<b>(4,379.4)</b>	<b>15,152.9</b>	<b>17,969.9</b>	<b>12,983.7</b>	<b>15,461.7</b>	<b>20,185.7</b>	<b>15,920.9</b>	<b>14,794.7</b>	<b>14,711.8</b>	<b>14,854.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
short-term investments	(1,019.8)	(1,066.4)	(1,115.2)	(1,166.1)	(1,219.4)	(1,275.2)	(1,333.4)	(1,394.4)	(1,458.1)	(1,524.7)
Long-term investments	(659.0)	(687.5)	(717.2)	(748.3)	(780.6)	(814.4)	(849.7)	(886.6)	(925.0)	(965.1)
Capital expenditures	(1,237.8)	(1,250.0)	(1,262.3)	(1,274.6)	(1,286.8)	(1,299.1)	(1,311.3)	(1,323.6)	(1,335.9)	(1,348.1)
Capitalization of intangible assets	4,223.0	3,981.0	3,780.0	3,714.0	3,503.0	0.0	0.0	0.0	0.0	0.0
Other assets	(344.7)	(356.9)	(369.4)	(382.4)	(395.9)	(409.8)	(424.2)	(439.1)	(454.6)	(470.6)
<b>Net cash used for investing activities</b>	<b>961.7</b>	<b>620.2</b>	<b>315.9</b>	<b>142.6</b>	<b>(179.8)</b>	<b>(3,798.5)</b>	<b>(3,918.7)</b>	<b>(4,043.7)</b>	<b>(4,173.6)</b>	<b>(4,308.6)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Payments of notes payable & long-term debt	1,649.3	1,141.9	407.0	1,679.4	590.7	1,008.7	3,185.9	3,478.2	3,704.6	3,923.5
Short-term debt	169.2	173.3	180.2	181.0	190.5	198.4	204.3	214.3	223.3	232.2
Pension fund obligation	(176.6)	(162.8)	(150.0)	(138.2)	(127.4)	(117.4)	(108.1)	(99.7)	(91.8)	(84.6)
Payment of dividends	(3,759.8)	(3,645.1)	(3,522.9)	(3,402.5)	(3,285.0)	(3,170.2)	(3,058.1)	(2,948.7)	(2,841.8)	(2,737.5)
Dividends payable	125.9	128.2	139.3	150.8	163.0	176.5	191.8	207.9	224.2	241.7
Proceeds from issuance of common stock	528.7	528.7	52.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchases of common stock	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)	(7,637.9)
Non-controlling interest	18.1	14.7	14.0	13.6	12.8	14.6	13.9	13.7	13.6	13.3
<b>Net cash provided by financing activities</b>	<b>(9,083.2)</b>	<b>(9,458.8)</b>	<b>(10,517.4)</b>	<b>(9,153.8)</b>	<b>(10,093.2)</b>	<b>(9,527.1)</b>	<b>(7,208.3)</b>	<b>(6,772.1)</b>	<b>(6,405.8)</b>	<b>(6,049.3)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(12,501.0)</b>	<b>6,314.3</b>	<b>7,768.4</b>	<b>3,972.5</b>	<b>5,188.7</b>	<b>6,860.1</b>	<b>4,793.8</b>	<b>3,978.9</b>	<b>4,132.4</b>	<b>4,496.3</b>
<b>CASH, BEGINNING OF YEAR (#12)</b>	<b>416.0</b>	<b>(12,085.0)</b>	<b>(5,770.7)</b>	<b>1,997.7</b>	<b>5,970.2</b>	<b>11,158.9</b>	<b>18,019.0</b>	<b>22,812.8</b>	<b>26,791.7</b>	<b>30,924.1</b>
<b>CASH, END OF YEAR (#13)</b>	<b>(12,085.0)</b>	<b>(5,770.7)</b>	<b>1,997.7</b>	<b>5,970.2</b>	<b>11,158.9</b>	<b>18,019.0</b>	<b>22,812.8</b>	<b>26,791.7</b>	<b>30,924.1</b>	<b>35,420.4</b>

**Pfizer**

*Historical Cash Flow Statement*

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net income before allocation to noncontrolling interests	14,598.0	22,072.0	9,168.0	6,986.0	7,246.0	21,355.0	11,188.0	16,302.0	9,652.0	22,025.0	31,407.0
Discontinued operations - net of tax	-	-	-	-	-	-	-	-	(2,631.0)	434.0	(6.0)
Net income (loss) from continuing operations before allocation to noncon	-	-	-	-	-	-	-	-	7,021.0	22,459.0	31,401.0
Depreciation & amortization	7,611.0	6,410.0	5,537.0	5,157.0	5,757.0	6,269.0	6,384.0	6,010.0	4,777.0	5,191.0	5,064.0
Asset write-offs & impairments	1,299.0	1,368.0	531.0	1,119.0	1,613.0	634.0	3,398.0	2,953.0	2,049.0	276.0	550.0
Tax Cuts & Jobs Act ("TCJA") impact	-	-	-	-	-	(10,660.0)	(596.0)	(323.0)	-	-	-
Loss (gain) on completion of Consumer Healthcare JV transaction, net of c	-	-	-	-	-	-	-	(8,233.0)	(6.0)	-	-
Deferred taxes from continuing operations	739.0	1,726.0	320.0	(20.0)	(700.0)	(2,410.0)	(2,205.0)	614.0	(1,468.0)	(4,293.0)	(3,764.0)
Share-based compensation expense	481.0	523.0	586.0	669.0	691.0	840.0	949.0	718.0	756.0	1,182.0	872.0
Benefit plan contributions in excess of expense or income	135.0	310.0	(199.0)	(617.0)	(712.0)	(961.0)	(1,095.0)	(336.0)	(1,790.0)	(3,123.0)	(1,158.0)
Other adjustments, net	(203.0)	(324.0)	(430.0)	(160.0)	209.0	50.0	(1,268.0)	(1,086.0)	(478.0)	(1,573.0)	758.0
Trade accounts receivable	275.0	940.0	148.0	21.0	(134.0)	259.0	(644.0)	(742.0)	(1,249.0)	(3,811.0)	261.0
Inventories	(631.0)	(538.0)	175.0	(199.0)	365.0	(357.0)	(717.0)	(1,050.0)	(736.0)	(1,125.0)	592.0
Other assets	83.0	(822.0)	1,156.0	249.0	(60.0)	(31.0)	(16.0)	795.0	(146.0)	(1,057.0)	(4,506.0)
Trade accounts payable	579.0	382.0	297.0	254.0	871.0	46.0	431.0	(564.0)	353.0	1,242.0	1,191.0
Other liabilities	(3,438.0)	(3,184.0)	(844.0)	474.0	(223.0)	(67.0)	98.0	267.0	2,741.0	18,721.0	(1,449.0)
Other tax accounts, net	1,190.0	(170.0)	491.0	(235.0)	(734.0)	1,446.0	(78.0)	(2,737.0)	(1,238.0)	(1,166.0)	(545.0)
Net cash flows from operating activities from continuing operations	-	-	-	-	-	-	-	-	10,586.0	32,922.0	29,267.0
Net cash flows from operating activities from discontinued operations	-	-	-	-	-	-	-	-	3,817.0	(343.0)	-
<b>Net cash flows from operating activities</b>	<b>17,054.0</b>	<b>17,765.0</b>	<b>16,883.0</b>	<b>14,512.0</b>	<b>15,901.0</b>	<b>16,470.0</b>	<b>15,827.0</b>	<b>12,588.0</b>	<b>14,403.0</b>	<b>32,580.0</b>	<b>29,267.0</b>
Purchases of property, plant & equipment	(1,327.0)	(1,206.0)	(1,199.0)	(1,397.0)	(1,823.0)	(1,956.0)	(2,042.0)	(2,176.0)	(2,252.0)	(2,711.0)	(3,236.0)
Purchases of short-term investments	(24,018.0)	(42,761.0)	(50,954.0)	(28,581.0)	(15,957.0)	(14,596.0)	(11,677.0)	(6,835.0)	(13,805.0)	(38,457.0)	(36,384.0)
Proceeds from redemptions or sales of short-term investments	25,302.0	41,127.0	47,374.0	40,064.0	29,436.0	10,307.0	17,581.0	9,183.0	11,087.0	27,447.0	44,821.0
Purchases of long-term investments	(11,145.0)	(11,020.0)	(10,718.0)	(9,542.0)	(8,011.0)	(3,537.0)	(1,797.0)	(201.0)	(597.0)	(1,068.0)	(1,913.0)
Acquisitions of businesses, net of cash acquired	(1,050.0)	(15.0)	(195.0)	(16,466.0)	(18,368.0)	(1,000.0)	-	(10,861.0)	-	-	(22,997.0)
Acquisitions of intangible assets	-	(259.0)	(384.0)	(99.0)	(176.0)	(261.0)	(154.0)	(418.0)	(539.0)	-	-
Other investing activities, net	93.0	231.0	347.0	344.0	51.0	650.0	288.0	205.0	274.0	(305.0)	(192.0)
Net cash flows from investing activities from continuing operations	-	-	-	-	-	-	-	-	(4,188.0)	(22,534.0)	(15,783.0)
Net cash flows from investing activities from discontinued operations	-	-	-	-	-	-	-	-	(82.0)	(12.0)	-
<b>Net cash flows from investing activities</b>	<b>6,154.0</b>	<b>(10,625.0)</b>	<b>(5,654.0)</b>	<b>(2,980.0)</b>	<b>(7,811.0)</b>	<b>(4,741.0)</b>	<b>4,525.0</b>	<b>(3,945.0)</b>	<b>(4,271.0)</b>	<b>(22,546.0)</b>	<b>(15,783.0)</b>
Proceeds from short-term borrowings	-	4,323.0	13.0	5,557.0	7,472.0	8,464.0	3,711.0	16,455.0	12,352.0	-	3,891.0
Principal payments on short-term borrowings	(3.0)	(4,234.0)	(10.0)	(3,965.0)	(5,102.0)	(9,990.0)	(4,437.0)	(8,378.0)	(22,197.0)	-	(3,887.0)
Net proceeds from (payments on) short-term borrowings with original ma	(8,204.0)	3,475.0	(1,841.0)	2,717.0	(3,084.0)	1,401.0	(1,617.0)	2,551.0	(4,129.0)	(96.0)	(222.0)
Proceeds from issuances of long-term debt	-	6,618.0	4,491.0	-	10,976.0	5,274.0	4,974.0	4,942.0	5,222.0	997.0	-
Principal payments on long-term debt	(1,513.0)	(4,146.0)	(2,104.0)	(3,003.0)	(7,689.0)	(6,154.0)	(3,566.0)	(6,806.0)	(4,003.0)	(2,004.0)	(3,298.0)
Purchases of common stock	(8,228.0)	(16,290.0)	(5,000.0)	(6,160.0)	(5,000.0)	(5,000.0)	(12,198.0)	(8,865.0)	-	-	(2,000.0)
Cash dividends paid	(6,534.0)	(6,580.0)	(6,609.0)	(6,940.0)	(7,317.0)	(7,659.0)	(7,978.0)	(8,043.0)	(8,440.0)	(8,729.0)	(8,983.0)
Proceeds from exercise of stock options	-	1,750.0	1,002.0	1,263.0	1,019.0	862.0	1,259.0	394.0	425.0	-	-
Other financing activities, net	488.0	109.0	72.0	298.0	(196.0)	(233.0)	(588.0)	(736.0)	(869.0)	16.0	(335.0)
Net cash flows from financing activities from continuing operations	-	-	-	-	-	-	-	-	(21,640.0)	(9,816.0)	(14,834.0)
Net cash flows from financing activities from discontinued operations	-	-	-	-	-	-	-	-	11,991.0	-	-
<b>Net cash flows from financing activities</b>	<b>(15,999.0)</b>	<b>(14,975.0)</b>	<b>(9,986.0)</b>	<b>(10,233.0)</b>	<b>(8,921.0)</b>	<b>(13,035.0)</b>	<b>(20,441.0)</b>	<b>(8,485.0)</b>	<b>(9,649.0)</b>	<b>(9,816.0)</b>	<b>(14,834.0)</b>
Effect of exchange-rate changes on cash & cash equivalents & restricted c	-	-	-	-	-	-	(116.0)	(32.0)	(8.0)	(59.0)	(165.0)
Net increase (decrease) in cash & cash equivalents & restricted cash & ca	-	-	-	-	-	-	(205.0)	125.0	475.0	159.0	(1,515.0)
Cash & cash equivalents & restricted cash & cash equivalents, at beginnin	3,182.0	10,081.0	2,183.0	3,343.0	3,641.0	2,595.0	1,431.0	1,225.0	1,350.0	1,825.0	1,983.0



**Pfizer**

*Income Statement*

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
<b>Sales</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Cost of Goods Sold (COGS) incl. D&A	28.79%	42.33%	38.11%	30.76%	30.76%	30.76%	30.76%	30.76%	30.76%	30.76%	30.76%	30.76%	30.76%
Depreciation & Amortization Expense	11.40%	6.39%	5.05%	0.87%	0.97%	1.06%	1.13%	1.23%	1.38%	1.53%	1.60%	1.66%	1.74%
<b>Gross Income</b>	<b>71.21%</b>	<b>57.67%</b>	<b>61.89%</b>	<b>69.24%</b>	<b>68.27%</b>	<b>68.18%</b>	<b>68.11%</b>	<b>68.01%</b>	<b>67.86%</b>	<b>67.71%</b>	<b>67.64%</b>	<b>67.58%</b>	<b>67.50%</b>
SG&A Expense	21.25%	23.24%	25.02%	54.49%	49.72%	46.22%	43.63%	40.58%	36.62%	33.50%	32.33%	31.42%	30.32%
Research & Development	22.45%	17.01%	11.39%	15.48%	15.48%	15.48%	15.48%	15.48%	15.48%	15.48%	15.48%	15.48%	15.48%
Amortization of Intangibles	8.20%	4.55%	3.60%	3.69%	3.81%	3.89%	4.05%	4.11%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>EBIT (Operating Income)</b>	<b>12.85%</b>	<b>20.48%</b>	<b>33.27%</b>	<b>24.08%</b>	<b>22.98%</b>	<b>22.82%</b>	<b>22.58%</b>	<b>22.42%</b>	<b>26.38%</b>	<b>26.23%</b>	<b>26.16%</b>	<b>26.10%</b>	<b>26.02%</b>
Nonoperating Income - Net	3.81%	5.70%	0.54%	0.83%	0.53%	0.85%	1.24%	1.55%	2.02%	2.63%	3.05%	3.43%	3.88%
Interest Expense	3.69%	1.72%	1.23%	0.46%	1.01%	0.83%	0.52%	0.41%	0.16%	-0.22%	-0.38%	-0.50%	-0.62%
Restructuring charges	1.10%	1.47%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
Unusual Expense - Net	3.98%	-0.22%	2.11%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%	5.97%
<b>Pretax Income</b>	<b>17.89%</b>	<b>24.67%</b>	<b>30.46%</b>	<b>18.48%</b>	<b>16.53%</b>	<b>16.85%</b>	<b>17.33%</b>	<b>17.60%</b>	<b>22.27%</b>	<b>23.10%</b>	<b>23.62%</b>	<b>24.05%</b>	<b>24.54%</b>
Income Taxes	1.14%	2.28%	3.32%	6.22%	5.56%	5.67%	5.83%	5.92%	7.49%	7.77%	7.95%	8.09%	8.25%
Consolidated Net Income	16.75%	27.63%	31.30%	12.26%	10.97%	11.18%	11.50%	11.68%	14.78%	15.33%	15.68%	15.96%	16.29%
Minority Interest	0.09%	0.06%	0.03%	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
<b>Net Income</b>	<b>16.67%</b>	<b>27.57%</b>	<b>31.26%</b>	<b>12.25%</b>	<b>10.96%</b>	<b>11.17%</b>	<b>11.48%</b>	<b>11.66%</b>	<b>14.76%</b>	<b>15.31%</b>	<b>15.66%</b>	<b>15.94%</b>	<b>16.27%</b>
Discontinued Operations	6.28%	-0.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Income available to Common	22.95%	27.24%	31.26%	12.25%	10.96%	11.17%	11.48%	11.66%	14.76%	15.31%	15.66%	15.94%	16.27%
<b>Per Share</b>													
EPS (recurring)	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Pfizer

Common Size Balance Sheet

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
Cash & cash equivalents	4.26%	2.39%	0.41%	-10.55%	-5.52%	2.06%	6.51%	13.08%	23.40%	32.39%	39.41%	46.81%	55.56%
Short-term investments	24.90%	35.83%	22.24%	20.37%	23.34%	26.26%	29.09%	32.71%	37.90%	43.32%	46.94%	50.50%	54.73%
Trade accounts receivable	18.92%	14.12%	10.92%	16.55%	16.55%	16.55%	16.55%	16.55%	16.55%	16.55%	16.55%	16.55%	16.55%
Inventories	19.20%	11.14%	8.95%	13.48%	13.48%	13.48%	13.48%	13.48%	13.48%	13.48%	13.48%	13.48%	13.48%
Current tax assets	7.79%	5.25%	3.57%	3.32%	3.84%	4.36%	4.89%	5.57%	6.63%	7.81%	8.74%	9.72%	10.90%
Other current assets	8.20%	4.70%	5.00%	5.68%	5.68%	5.68%	5.68%	5.68%	5.68%	5.68%	5.68%	5.68%	5.68%
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>83.68%</b>	<b>73.43%</b>	<b>51.09%</b>	<b>55.77%</b>	<b>59.77%</b>	<b>66.23%</b>	<b>69.67%</b>	<b>74.03%</b>	<b>79.53%</b>	<b>83.70%</b>	<b>88.62%</b>	<b>93.99%</b>	<b>99.69%</b>
Total long term Investment	48.35%	26.48%	15.38%	14.05%	16.05%	18.00%	19.89%	22.30%	25.77%	29.38%	31.74%	34.06%	36.81%
Property, plant & equipment	33.17%	21.80%	19.21%	19.45%	19.68%	19.92%	20.15%	20.39%	20.62%	20.86%	21.09%	21.33%	21.56%
Identifiable intangible assets	67.94%	30.93%	43.23%	39.02%	35.05%	31.28%	27.58%	24.09%	24.09%	24.09%	24.09%	24.09%	24.09%
Deferred income tax on assets	5.72%	4.11%	6.67%	5.84%	6.41%	6.89%	7.30%	7.86%	8.71%	9.52%	9.87%	10.16%	10.53%
Goodwill	118.30%	60.54%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%	51.21%
Noncurrent deferred tax assets & other noncurrent tax assets	5.69%	4.11%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.68%	6.68%	6.68%	6.68%	6.68%
Other noncurrent assets	7.58%	5.95%	9.77%	10.11%	10.47%	10.83%	11.22%	11.61%	12.02%	12.44%	12.88%	13.33%	13.80%
<b>Total assets</b>	<b>368.02%</b>	<b>223.25%</b>	<b>196.56%</b>	<b>198.27%</b>	<b>199.58%</b>	<b>203.59%</b>	<b>204.68%</b>	<b>206.97%</b>	<b>213.93%</b>	<b>219.60%</b>	<b>226.08%</b>	<b>233.06%</b>	<b>240.44%</b>
Short-term borrowings	7.22%	2.76%	2.94%	3.10%	3.28%	3.46%	3.64%	3.83%	4.02%	4.23%	4.44%	4.66%	4.90%
Trade accounts payable	10.28%	6.86%	6.79%	9.00%	8.21%	7.63%	7.20%	6.70%	6.05%	5.53%	5.34%	5.19%	5.01%
Dividends payable	5.16%	2.77%	2.30%	2.42%	2.55%	2.69%	2.84%	3.00%	3.18%	3.37%	3.57%	3.80%	4.04%
Income taxes payable	2.50%	1.56%	1.58%	1.68%	1.77%	1.87%	1.98%	2.10%	2.26%	2.43%	2.63%	2.84%	3.07%
Accrued compensation & related items	7.30%	4.10%	3.40%	3.49%	3.60%	3.70%	3.81%	3.92%	4.03%	4.15%	4.27%	4.39%	4.52%
Deferred revenues	-	3.77%	2.51%	2.87%	3.28%	3.74%	4.27%	4.88%	5.57%	6.36%	7.26%	8.29%	9.47%
Other current liabilities	30.16%	33.90%	22.49%	23.29%	24.10%	24.95%	25.83%	26.74%	27.68%	28.65%	29.66%	30.70%	31.78%
<b>Total current liabilities</b>	<b>62.62%</b>	<b>51.94%</b>	<b>42.00%</b>	<b>45.85%</b>	<b>46.78%</b>	<b>48.04%</b>	<b>49.57%</b>	<b>51.16%</b>	<b>52.78%</b>	<b>54.72%</b>	<b>57.17%</b>	<b>59.88%</b>	<b>62.79%</b>
Long-term debt	91.33%	47.61%	32.78%	34.42%	35.56%	35.96%	37.64%	38.23%	39.23%	42.41%	45.87%	49.57%	53.48%
Pension benefit obligations	11.37%	4.29%	2.77%	2.55%	2.35%	2.17%	2.00%	1.84%	1.69%	1.56%	1.44%	1.33%	1.22%
Noncurrent deferred tax liabilities	9.70%	0.43%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%
Other taxes payable	27.58%	13.94%	9.78%	2.54%	0.75%	2.99%	1.00%	1.65%	4.98%	4.98%	4.98%	4.98%	4.98%
Other noncurrent liabilities	15.91%	11.99%	13.14%	13.60%	14.08%	14.57%	15.09%	15.62%	16.17%	16.73%	17.32%	17.93%	18.56%
<b>Total liabilities</b>	<b>216.56%</b>	<b>127.96%</b>	<b>100.95%</b>	<b>99.50%</b>	<b>100.09%</b>	<b>104.34%</b>	<b>105.93%</b>	<b>109.17%</b>	<b>115.56%</b>	<b>121.13%</b>	<b>127.54%</b>	<b>134.46%</b>	<b>141.83%</b>
Preferred stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Common Equity	150.90%	94.97%	95.35%	83.53%	91.57%	98.55%	104.43%	112.34%	124.53%	136.18%	141.14%	145.28%	150.61%
Common Stock & Additional paid in Capital	214.03%	112.03%	91.97%	81.01%	89.28%	96.10%	101.80%	109.47%	121.30%	132.60%	137.38%	141.36%	146.49%
Retained earnings (accumulated deficit)	230.91%	127.19%	125.24%	135.48%	143.27%	150.57%	157.68%	164.32%	172.49%	180.19%	187.86%	195.52%	203.13%
Cumulative translation adjustment	-12.78%	-7.59%	-8.33%	-7.30%	-8.00%	-8.60%	-9.11%	-9.80%	-10.86%	-11.87%	-12.30%	-12.65%	-13.11%
Unrealized Gain	0.28%	-0.27%	0.22%	0.19%	0.21%	0.23%	0.24%	0.26%	0.29%	0.31%	0.32%	0.33%	0.35%
Other appropriated Reserves	-15.57%	0.61%	-0.16%	-0.14%	-0.16%	-0.17%	-0.18%	-0.19%	-0.21%	-0.23%	-0.24%	-0.25%	-0.26%
Treasury stock	-264.84%	-137.00%	-113.59%	-121.21%	-128.82%	-136.43%	-144.05%	-151.66%	-159.27%	-166.88%	-174.50%	-182.11%	-189.72%
Accumulated other comprehensive income (loss)	-27.89%	-7.25%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%	-8.28%
Total Pfizer Inc. shareholders' equity (deficit)	150.90%	94.97%	95.35%	98.50%	99.20%	98.95%	98.44%	97.47%	98.02%	98.11%	98.17%	98.22%	98.21%
Equity attributable to noncontrolling interests	0.56%	0.32%	0.26%	0.27%	0.29%	0.30%	0.32%	0.33%	0.34%	0.36%	0.37%	0.38%	0.40%
<b>Total equity (deficit)</b>	<b>151.46%</b>	<b>95.29%</b>	<b>95.60%</b>	<b>98.77%</b>	<b>99.49%</b>	<b>99.25%</b>	<b>98.76%</b>	<b>97.80%</b>	<b>98.37%</b>	<b>98.47%</b>	<b>98.54%</b>	<b>98.60%</b>	<b>98.61%</b>

Pfizer

Common Size Balance Sheet

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
Cash & cash equivalents	1.16%	1.07%	0.21%	-6.08%	-2.88%	0.98%	2.91%	5.37%	8.40%	10.35%	11.81%	13.23%	14.68%
Short-term investments	6.77%	16.05%	11.32%	11.73%	12.19%	12.49%	12.99%	13.44%	13.59%	13.85%	14.07%	14.27%	14.46%
Trade accounts receivable	5.14%	6.33%	5.55%	9.53%	8.64%	7.87%	7.39%	6.80%	5.94%	5.29%	4.96%	4.68%	4.37%
Inventories	5.22%	4.99%	4.55%	7.76%	7.04%	6.41%	6.02%	5.54%	4.83%	4.31%	4.04%	3.81%	3.56%
Current tax assets	2.12%	2.35%	1.81%	1.91%	2.00%	2.07%	2.18%	2.29%	2.38%	2.50%	2.62%	2.75%	2.88%
Other current assets	2.23%	2.10%	2.54%	3.27%	2.97%	2.70%	2.54%	2.33%	2.04%	1.82%	1.70%	1.60%	1.50%
Assets held for sale													
<b>Total current assets</b>	<b>22.74%</b>	<b>32.89%</b>	<b>25.99%</b>	<b>28.13%</b>	<b>29.95%</b>	<b>32.53%</b>	<b>34.04%</b>	<b>35.77%</b>	<b>37.18%</b>	<b>38.11%</b>	<b>39.20%</b>	<b>40.33%</b>	<b>41.46%</b>
Total long term investment	13.14%	11.86%	7.83%	8.09%	8.38%	8.57%	8.88%	9.16%	9.24%	9.39%	9.51%	9.62%	9.73%
Property, plant & equipment	9.01%	9.76%	9.77%	9.81%	9.86%	9.78%	9.85%	9.85%	9.64%	9.50%	9.33%	9.15%	8.97%
Identifiable intangible assets	18.46%	13.86%	21.99%	19.68%	17.56%	15.37%	13.47%	11.64%	11.26%	10.97%	10.66%	10.34%	10.02%
Deferred income tax on assets	1.55%	1.84%	3.39%	3.37%	3.34%	3.28%	3.26%	3.23%	3.12%	3.04%	2.96%	2.87%	2.78%
Goodwill	32.15%	27.12%	26.05%	25.83%	25.66%	25.15%	25.02%	24.74%	23.94%	23.32%	22.65%	21.97%	21.30%
Noncurrent deferred tax assets & other noncurrent tax assets	1.55%	1.84%	3.39%	3.36%	3.34%	3.28%	3.26%	3.22%	3.12%	3.04%	2.95%	2.86%	2.78%
Other noncurrent assets	2.06%	2.67%	4.97%	5.10%	5.24%	5.32%	5.48%	5.61%	5.62%	5.67%	5.70%	5.72%	5.74%
<b>Total assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Short-term borrowings	1.96%	1.23%	1.49%	1.57%	1.64%	1.70%	1.78%	1.85%	1.88%	1.93%	1.96%	2.00%	2.04%
Trade accounts payable	2.79%	3.07%	3.45%	4.54%	4.11%	3.75%	3.52%	3.24%	2.83%	2.52%	2.36%	2.23%	2.08%
Dividends payable	1.40%	1.24%	1.17%	1.22%	1.28%	1.32%	1.39%	1.45%	1.48%	1.53%	1.58%	1.63%	1.68%
Income taxes payable	0.68%	0.70%	0.80%	0.85%	0.89%	0.92%	0.97%	1.01%	1.06%	1.11%	1.16%	1.22%	1.28%
Accrued compensation & related items	1.98%	1.84%	1.73%	1.76%	1.80%	1.82%	1.86%	1.89%	1.88%	1.89%	1.89%	1.88%	1.88%
Deferred revenues		1.69%	1.28%	1.45%	1.64%	1.84%	2.09%	2.36%	2.60%	2.90%	3.21%	3.56%	3.94%
Other current liabilities	8.20%	15.18%	11.44%	11.74%	12.08%	12.26%	12.62%	12.92%	12.94%	13.05%	13.12%	13.17%	13.22%
<b>Total current liabilities</b>	<b>17.01%</b>	<b>23.27%</b>	<b>21.37%</b>	<b>23.13%</b>	<b>23.44%</b>	<b>23.60%</b>	<b>24.22%</b>	<b>24.72%</b>	<b>24.67%</b>	<b>24.92%</b>	<b>25.29%</b>	<b>25.69%</b>	<b>26.11%</b>
Long-term debt	24.82%	21.33%	16.68%	17.36%	17.82%	17.66%	18.39%	18.47%	18.34%	19.31%	20.29%	21.27%	22.24%
Pension benefit obligations	3.09%	1.92%	1.24%	1.14%	1.05%	0.97%	0.89%	0.82%	0.76%	0.70%	0.64%	0.59%	0.55%
Noncurrent deferred tax liabilities	2.63%	0.19%	0.52%	0.51%	0.51%	0.50%	0.50%	0.49%	0.48%	0.47%	0.45%	0.44%	0.43%
Other taxes payable	7.50%	6.24%	4.98%	1.28%	0.37%	1.47%	0.49%	0.80%	2.33%	2.27%	2.20%	2.14%	2.07%
Other noncurrent liabilities	4.32%	5.37%	6.68%	6.86%	7.05%	7.16%	7.37%	7.55%	7.56%	7.62%	7.66%	7.69%	7.72%
<b>Total liabilities</b>	<b>58.84%</b>	<b>57.32%</b>	<b>51.36%</b>	<b>50.18%</b>	<b>50.15%</b>	<b>51.25%</b>	<b>51.75%</b>	<b>52.75%</b>	<b>54.02%</b>	<b>55.16%</b>	<b>56.41%</b>	<b>57.69%</b>	<b>58.99%</b>
Preferred stock	-	-	-	48.11%	47.81%	46.88%	46.65%	46.15%	44.67%	43.53%	42.30%	41.05%	39.80%
Common Equity	41.00%	42.54%	48.51%	48.11%	47.81%	46.88%	46.65%	46.15%	44.67%	43.53%	42.30%	41.05%	39.80%
Common Stock & Additional paid in capital	57.80%	50.18%	46.79%	46.65%	46.61%	45.72%	45.48%	44.97%	43.51%	42.39%	41.17%	39.94%	38.71%
Retained earnings (accumulated deficit)	62.74%	56.97%	63.72%	68.33%	71.78%	73.96%	77.04%	79.40%	80.63%	82.05%	83.09%	83.89%	84.48%
Cumulative Translation Adjustment	-3.45%	-3.40%	-4.24%	-4.20%	-4.18%	-4.09%	-4.07%	-4.03%	-3.90%	-3.79%	-3.69%	-3.58%	-3.47%
Unrealized Gain	0.08%	-0.12%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	0.09%	0.09%
Other Appropriated Reserves	-4.20%	0.27%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.07%	-0.07%	-0.07%	-0.07%
Treasury stock	-71.96%	-61.36%	-57.79%	-61.13%	-64.55%	-67.01%	-70.37%	-73.28%	-74.45%	-75.99%	-77.18%	-78.14%	-78.91%
Accumulated other comprehensive income (loss)	-7.58%	-3.25%	-4.21%	-4.17%	-4.15%	-4.07%	-4.04%	-4.00%	-3.87%	-3.77%	-3.66%	-3.55%	-3.44%
Total Pfizer Inc. shareholders' equity (deficit)	41.00%	42.54%	48.51%	49.68%	49.70%	48.60%	48.09%	47.09%	45.82%	44.68%	43.42%	42.14%	40.85%
Equity attributable to noncontrolling interests	0.15%	0.14%	0.13%	0.14%	0.14%	0.15%	0.15%	0.16%	0.16%	0.16%	0.16%	0.16%	0.17%
<b>Total equity (deficit)</b>	<b>41.16%</b>	<b>42.68%</b>	<b>48.64%</b>	<b>49.82%</b>	<b>49.85%</b>	<b>48.75%</b>	<b>48.25%</b>	<b>47.25%</b>	<b>45.98%</b>	<b>44.84%</b>	<b>43.59%</b>	<b>42.31%</b>	<b>41.01%</b>

Pfizer  
Value Driver Estimation  
(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
<b>NOPLAT:</b>	<b>2672</b>	<b>14025</b>	<b>26721</b>	<b>21056</b>	<b>19499</b>	<b>17948</b>	<b>16793</b>	<b>15443</b>	<b>12603</b>	<b>11266</b>	<b>10748</b>	<b>10341</b>	<b>9856</b>
Tax rate 2012-2017: 35%													
Tax rate 2019-2021: 21%													
<b>Revenue</b>	<b>41,908.0</b>	<b>81,288.0</b>	<b>100,330.0</b>	<b>114,567.9</b>	<b>104,542.1</b>	<b>97,179.9</b>	<b>91,737.9</b>	<b>85,311.0</b>	<b>76,987.8</b>	<b>70,426.8</b>	<b>67,977.6</b>	<b>66,065.8</b>	<b>63,750.2</b>
Cost of Goods Sold (COGS) excl. D&A	12,065.0	34,413.0	38,240.0	35,240.4	32,156.6	29,892.0	28,218.1	26,241.2	23,681.0	21,662.9	20,909.5	20,321.5	19,609.2
SG&A Expense	11,615.0	12,703.0	13,677.0	29,782.7	27,176.4	25,262.6	23,847.9	22,177.2	20,013.5	18,307.9	17,671.2	17,174.3	16,572.3
Research & Development	9,407.0	13,828.0	11,426.0	17,738.8	16,186.5	15,046.6	14,204.0	13,208.9	11,920.2	10,904.4	10,525.2	10,229.1	9,870.6
Depreciation& Amortization Expense	4,777.0	5,191.0	5,064.0	1,001.8	1,014.0	1,026.3	1,038.6	1,050.8	1,063.1	1,075.3	1,087.6	1,099.9	1,112.1
Restructuring Charges	600.0	802.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0	1,375.0
Implied Interest on Operating Lease	55.6	113.3	119.8	121.2	122.7	124.2	125.6	127.1	128.6	130.0	131.5	133.0	134.4
<b>EBITA</b>	<b>3,499.6</b>	<b>14,464.3</b>	<b>30,667.8</b>	<b>29,550.4</b>	<b>26,756.3</b>	<b>24,701.6</b>	<b>23,180.0</b>	<b>21,385.0</b>	<b>19,063.6</b>	<b>17,231.3</b>	<b>16,540.6</b>	<b>15,999.1</b>	<b>15,345.4</b>
<b>Less: Total Adjusted Tax</b>													
<b>Income Tax</b>	<b>476.0</b>	<b>1,852.0</b>	<b>3,328.0</b>	<b>7,121.1</b>	<b>5,814.1</b>	<b>5,508.7</b>	<b>5,346.4</b>	<b>5,049.0</b>	<b>5,766.7</b>	<b>5,473.1</b>	<b>5,401.0</b>	<b>5,345.3</b>	<b>5,262.3</b>
add Tax shield on Interest on operating leases	11.7	23.8	25.2	25.5	25.8	26.1	26.4	26.7	27.0	27.3	27.6	27.9	28.2
add Tax shield on interest expense ( * tax rate)	324.5	293.8	260.0	109.7	221.2	170.4	100.8	73.4	26.2	-31.8	-54.8	-68.8	-82.8
add Shield on Interest Income													
Add Tax shield on unusual expense	350.3	-37.0	445.2	1,437.3	1,311.5	1,219.1	1,150.9	1,070.2	965.8	883.5	852.8	828.8	799.8
Less Tax on non-operating income	335.2	972.9	113.0	200.4	116.8	172.5	239.3	278.6	327.2	388.7	435.4	476.5	519.3
<b>Adjusted Taxes</b>	<b>827.2</b>	<b>1,159.7</b>	<b>3,945.4</b>	<b>8,493.1</b>	<b>7,255.8</b>	<b>6,751.8</b>	<b>6,385.1</b>	<b>5,940.8</b>	<b>6,458.5</b>	<b>5,963.5</b>	<b>5,791.3</b>	<b>5,656.6</b>	<b>5,488.2</b>
<b>Plus: Change in Net Deferred Tax Liabilities</b>													
<b>Add Change in Net Deferred Tax Liabilities</b>	<b>0.00</b>	<b>720.00</b>	<b>(1.00)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>	<b>(1.64)</b>
<b>NOPLAT</b>	<b>2,672.34</b>	<b>14,024.59</b>	<b>26,721.43</b>	<b>21,055.69</b>	<b>19,498.87</b>	<b>17,948.21</b>	<b>16,793.28</b>	<b>15,442.61</b>	<b>12,603.44</b>	<b>11,266.24</b>	<b>10,747.65</b>	<b>10,340.78</b>	<b>9,855.54</b>
<b>Invested Capital (IC):</b>													
Normal Cash	838.2	1,625.8	2,006.6	2,291.4	2,090.8	1,943.6	1,834.8	1,706.2	1,539.8	1,408.5	1,359.6	1,321.3	1,275.0
Account Receivable	7,930.0	11,479.0	10,952.0	18,959.7	17,300.6	16,082.2	15,181.6	14,118.0	12,740.6	11,654.9	11,249.5	10,933.2	10,549.9
Inventories	8,046.0	9,059.0	8,981.0	15,441.7	14,090.4	13,098.1	12,364.6	11,498.4	10,376.6	9,492.3	9,162.2	8,904.5	8,592.4
Other Current Asset	3,438.0	3,820.0	5,017.0	6,506.8	5,937.4	5,519.2	5,210.2	4,845.2	4,372.4	3,999.8	3,860.7	3,752.1	3,620.6
<b>Total Operating CA</b>	<b>20,252.2</b>	<b>25,983.8</b>	<b>26,956.6</b>	<b>43,199.5</b>	<b>39,419.2</b>	<b>36,643.1</b>	<b>34,591.2</b>	<b>32,167.8</b>	<b>29,029.4</b>	<b>26,555.5</b>	<b>25,632.0</b>	<b>24,911.1</b>	<b>24,038.0</b>
Account Payable	4,309.0	5,578.0	6,809.0	9,027.7	8,237.7	7,657.6	7,228.7	6,722.3	6,066.5	5,549.5	5,356.5	5,205.8	5,023.4
Income Tax payable	1,049.0	1,266.0	1,587.0	1,685.6	1,779.4	1,880.3	1,989.8	2,107.6	2,265.5	2,441.5	2,635.5	2,848.7	3,083.9
Deferred Revenue	0.0	3,067.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating Working Capital</b>	<b>14,894.2</b>	<b>16,072.8</b>	<b>18,560.6</b>	<b>32,486.2</b>	<b>29,402.1</b>	<b>27,105.3</b>	<b>25,372.6</b>	<b>23,337.9</b>	<b>20,697.5</b>	<b>18,564.5</b>	<b>17,640.0</b>	<b>16,856.5</b>	<b>15,930.7</b>
Plus: Net Property, Plant, and Equipment (PPE)	13,900.0	17,721.0	19,276.0	19,512.0	19,748.0	19,984.0	20,220.0	20,456.0	20,692.0	20,928.0	21,164.0	21,400.0	21,636.0
Identifiable intangible assets	28,471.0	25,146.0	43,370.0	39,147.0	35,166.0	31,386.0	27,672.0	24,169.0	24,169.0	24,169.0	24,169.0	24,169.0	24,169.0
Other Non current asset	3,176.0	4,840.0	9,799.0	10,143.7	10,500.6	10,870.0	11,252.4	11,648.3	12,058.0	12,482.2	12,921.4	13,375.9	13,846.5
Less Right of use assets	1,393.0	2,839.0	3,002.0	3,038.8	3,075.5	3,112.3	3,149.0	3,185.8	3,222.5	3,259.3	3,296.0	3,332.8	3,369.5
<b>Invested Capital (IC):</b>	<b>61,834.2</b>	<b>66,618.8</b>	<b>94,007.6</b>	<b>104,327.7</b>	<b>97,892.2</b>	<b>92,457.6</b>	<b>87,666.0</b>	<b>82,796.9</b>	<b>80,839.1</b>	<b>79,403.0</b>	<b>79,190.4</b>	<b>79,134.3</b>	<b>78,951.7</b>
<b>Free Cash Flow (FCF):</b>													
<b>NOPLAT</b>	<b>2,672.3</b>	<b>14,024.6</b>	<b>26,721.4</b>	<b>21,055.7</b>	<b>19,498.9</b>	<b>17,948.2</b>	<b>16,793.3</b>	<b>15,442.6</b>	<b>12,603.4</b>	<b>11,266.2</b>	<b>10,747.7</b>	<b>10,340.8</b>	<b>9,855.5</b>
Change in IC	(7,393.8)	4,784.6	27,388.8	10,320.1	(6,435.5)	(5,434.6)	(4,791.6)	(4,869.1)	(1,957.9)	(1,436.0)	(212.6)	(56.1)	(182.5)
<b>FCF</b>	<b>10,066.2</b>	<b>9,240.0</b>	<b>(667.4)</b>	<b>10,735.6</b>	<b>25,934.4</b>	<b>23,382.8</b>	<b>21,584.9</b>	<b>20,311.7</b>	<b>14,561.3</b>	<b>12,702.3</b>	<b>10,960.3</b>	<b>10,396.9</b>	<b>10,038.1</b>
<b>Return on Invested Capital (ROIC):</b>													
<b>NOPLAT</b>	<b>2,672.3</b>	<b>14,024.6</b>	<b>26,721.4</b>	<b>21,055.7</b>	<b>19,498.9</b>	<b>17,948.2</b>	<b>16,793.3</b>	<b>15,442.6</b>	<b>12,603.4</b>	<b>11,266.2</b>	<b>10,747.7</b>	<b>10,340.8</b>	<b>9,855.5</b>
Beginning IC	69,228.0	61,834.2	66,618.8	94,007.6	104,327.7	97,892.2	92,457.6	87,666.0	82,796.9	80,839.1	79,403.0	79,190.4	79,134.3
<b>ROIC</b>	<b>3.86%</b>	<b>22.68%</b>	<b>40.11%</b>	<b>22.40%</b>	<b>18.69%</b>	<b>18.33%</b>	<b>18.16%</b>	<b>17.62%</b>	<b>15.22%</b>	<b>13.94%</b>	<b>13.54%</b>	<b>13.06%</b>	<b>12.45%</b>
<b>Economic Profit (EP):</b>													
Beginning IC	69,228.0	61,834.2	66,618.8	94,007.6	104,327.7	97,892.2	92,457.6	87,666.0	82,796.9	80,839.1	79,403.0	79,190.4	79,134.3
x (ROIC - WACC)	-2.11%	16.71%	34.14%	16.43%	12.72%	12.37%	12.20%	11.65%	9.26%	7.97%	7.57%	7.09%	6.49%
<b>EP</b>	<b>-1,458.5</b>	<b>10,334.9</b>	<b>22,746.2</b>	<b>15,446.2</b>	<b>13,273.6</b>	<b>12,106.9</b>	<b>11,276.3</b>	<b>10,211.5</b>	<b>7,662.9</b>	<b>6,442.5</b>	<b>6,009.6</b>	<b>5,615.4</b>	<b>5,133.6</b>

**Pfizer***Weighted Average Cost of Capital (WACC) Estimation*  
(million)**Cost of Equity:**

Risk-Free Rate	3.52%
Beta	0.72
Equity Risk Premium	4.09%
<b>Cost of Equity</b>	<b>6.45%</b>

**Cost of Debt:**

Risk-Free Rate	3.52%
Implied Default Premium	0.47%
Pre-Tax Cost of Debt	3.99%
Marginal Tax Rate	22%
<b>After-Tax Cost of Debt</b>	<b>3.11%</b>

**Market Value of Common Equity:**

Total Shares Outstanding	5,616.0
Current Stock Price	\$40.66
<b>MV of Equity</b>	<b>228,346.6</b>

**MV Weights**

85.47%

**Market Value of Debt:**

Short-Term Debt	2,945.0
Current Portion of LTD	
Long-Term Debt	32,884.0
PV of Operating Leases	3,002.0
<b>MV of Total Debt</b>	<b>38,831.0</b>

14.53%

**Market Value of the Firm**

267,177.6

100.00%

**Estimated WACC**

5.97%

**Pfizer**

*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*  
(million)

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	12.45%
WACC	5.97%
Cost of Equity	6.45%

<b>Fiscal Years Ending Dec. 31</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
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**DCF Model:**

Free Cash Flow (FCF)	10,736	25,934	23,383	21,585	20,312	14,561	12,702	10,960	10,397	10,038
Continuing Value (CV)										227,201
PV of FCF	10,131	23,096	19,651	17,119	15,202	10,284	8,466	6,894	6,171	134,857

Value of Operating Assets:	251,870
Non-Operating Adjustments	14,305
+St investment	22,316
+Long term investment	4,400
-ESOP	350
-Note payable	6,809
-funded pension	2,250
-Operating lease liab	3,002

Value of Equity	266,176
Shares Outstanding	5,644
Intrinsic Value of Last FYE	47.16
<b>Implied Price as of Today</b>	<b>47.35</b>

**EP Model:**

Economic Profit (EP)	15,446	13,274	12,107	11,276	10,212	7,663	6,443	6,010	5,615	5,134
Continuing Value (CV)										148,067
PV of EP	14,576	11,821	10,175	8,943	7,643	5,412	4,294	3,780	3,333	87,886

Total PV of EP	157,863
Invested Capital (last FYE)	94,008
Value of Operating Assets:	251,870

Non-Operating Adjustments	14,305
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Value of Equity	266,176
Shares Outstanding	5,644
Intrinsic Value of Last FYE	47.16
<b>Implied Price as of Today</b>	<b>47.35</b>

**Pfizer**

*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

(million)


<b>Fiscal Years Ending Dec. 31</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
EPS	\$ 2.58	\$ 2.17	\$ 2.13	\$ 2.14	\$ 2.09	\$ 2.48	\$ 2.44	\$ 2.49	\$ 2.56	\$ 2.62
<b>Key Assumptions</b>										
CV growth of EPS	2.50%									
CV Year ROE	40.63%									
Cost of Equity	6.45%									
<b>Future Cash Flows</b>										
P/E Multiple (CV Year)										23.74
EPS (CV Year)										\$ 2.62
Future Stock Price										\$ 62.15
Dividends Per Share	1.78	1.50	1.47	1.48	1.44	1.71	1.68	1.72	1.77	
Discounted Cash Flows	1.67	1.32	1.22	1.15	1.06	1.17	1.09	1.04	1.01	\$ 35.40
Intrinsic Value as of Last FYE	\$ 46.13									
<b>Implied Price as of Today</b>	<b>\$ 46.31</b>									

**Pfizer**

*Relative Valuation Models*

(million)

Ticker	Company	Price	EPS 2023E	EPS 2024E	P/E 23	P/E 24	Est. 5yr EPS gr.	PEG 23	PEG 24	BV Equity	Tangible BV Equity	P/B	Tangible P/B
JNJ	Johnson&Johi	\$155.00	\$9.09	\$9.35	17.05	16.58	11.9	1.43	1.39	29.39	16.00	5.27	9.69
NVO	Novo Nordisk	\$159.14	\$4.61	\$5.25	34.52	30.31	54.8	0.63	0.55	37.10	16.00	4.29	9.95
LLY	Eli Lilly and Cc	\$343.42	\$8.47	\$11.53	40.55	29.78	22.5	1.80	1.32	11.21	16.00	30.64	21.46
ABBV	Abbvie. Inc	\$159.37	\$11.07	\$11.10	14.40	14.36	14.0	1.03	1.03	9.75	16.00	16.35	9.96
MRK	Merk & Co. In	\$106.39	\$6.90	\$8.49	15.42	12.53	11.0	1.40	1.14	18.12	16.00	5.87	6.65
BMY	Bristol-Myers	\$69.31	\$8.09	\$8.20	8.57	8.45	8.4	1.02	1.01	14.97	16.00	4.63	4.33
			Average		<b>21.75</b>	<b>18.67</b>		<b>1.22</b>	<b>1.07</b>			<b>11.17</b>	<b>11.54</b>

 INC.	Pfizer	\$40.66	\$2.58	\$2.17	15.8	18.7	1.1	13.8	16.4	17.03	16.00	2.39	2.54
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**Implied Relative Value:**

<b>P/E (EPS23)</b>	<b>\$ 56.05</b>
<b>P/E (EPS24)</b>	<b>\$ 40.52</b>
<b>PEG (EPS23)</b>	<b>\$ 3.58</b>
<b>PEG (EPS24)</b>	<b>\$ 2.65</b>
<b>P/B</b>	<b>\$ 190.30</b>
<b>P/Tangible BV</b>	<b>\$ 184.66</b>



**Pfizer**

Key Management Ratios

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
<b>Liquidity Ratios:</b>													
Current Ratio (Current Assets/ Current Liabilities)	1.34	1.41	1.22	1.22	1.28	1.38	1.41	1.45	1.51	1.53	1.55	1.57	1.59
Cash Ratio (Cash+Short Term Investment)/Current Liabilities	0.47	0.74	0.54	0.24	0.40	0.57	0.66	0.76	0.89	0.97	1.02	1.07	1.12
Operating Cash flow liquidity (Operating Cash Flow/ Current Liabilities)	0.55	0.77	0.69	(0.10)	0.32	0.37	0.26	0.30	0.38	0.29	0.26	0.24	0.24
<b>Asset-Management Ratios:</b>													
Total asset turnover ratio (Sales Revenue/ Total Assets)	0.27	0.45	0.51	0.58	0.52	0.48	0.45	0.41	0.36	0.32	0.30	0.28	0.26
Accounts receivable turnover ratio (Sales Revenue/ Account Receivable)	5.28	7.08	9.16	6.04	6.04	6.04	6.04	6.04	6.04	6.04	6.04	6.04	6.04
Net working capital ratio (Current Assets-Current Liabilities)/Total Assets	0.06	0.10	0.05	0.05	0.07	0.09	0.10	0.11	0.13	0.13	0.14	0.15	0.15
<b>Financial Leverage Ratios:</b>													
Debt to equity ratio (Total Debt/ Total Equity)	0.65	0.53	0.37	0.38	0.39	0.40	0.42	0.43	0.44	0.47	0.51	0.55	0.59
Debt to assets ratio (Total Debt/Total Assets)	0.27	0.23	0.18	0.19	0.19	0.19	0.20	0.20	0.20	0.21	0.22	0.23	0.24
Asset to Equity ratio(Total Assets/Total equity)	2.43	2.34	2.06	2.01	2.01	2.05	2.07	2.12	2.17	2.23	2.29	2.36	2.44
<b>Profitability Ratios:</b>													
Return on Equity (NI/Beg TSE)	11.01%	35.31%	40.49%	14.63%	11.56%	10.87%	10.58%	10.04%	11.58%	10.93%	10.77%	10.65%	10.48%
Gross profit margin (Net Saes-COGS)/Net Sales	0.71	0.58	0.62	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69
Return on Assets (NI/Average total Assets)	0.04	0.12	0.16	0.07	0.06	0.06	0.05	0.05	0.06	0.06	0.06	0.05	0.05
<b>Payout Policy Ratios:</b>													
Dividend Payout Ratio (Dividend/EPS)	0.80	0.41	0.28	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69
Total Payout Ratio ((Divs. + Repurchases)/NI)	0.00	0.00	0.06	0.54	0.67	0.70	0.73	0.77	0.67	0.71	0.72	0.73	0.74

Pfizer  
Sensitivity Tables

		WACC						
CV Growth of NOPLAT	47.35	5.22%	5.47%	5.72%	5.97%	6.22%	6.48%	6.73%
	1.00%	48.19	46.13	44.27	42.60	41.07	39.68	38.41
	1.50%	50.25	47.84	45.71	43.81	42.11	40.56	39.16
	2.00%	52.95	50.06	47.54	45.34	43.38	41.64	40.07
	2.50%	56.64	53.02	49.94	47.30	45.00	42.98	41.19
	3.00%	62.00	57.17	53.22	49.92	47.12	44.71	42.61
	3.50%	70.47	63.44	57.98	53.61	50.02	47.02	44.48
	4.00%	85.92	73.98	65.50	59.16	54.22	50.27	47.02

		Equity Risk Premium						
Beta	47.35	3.33%	3.52%	3.71%	3.90%	4.09%	4.28%	4.47%
	0.43	66.63	65.02	63.50	62.08	60.73	59.45	58.24
	0.49	63.05	61.47	59.98	58.59	57.28	56.04	54.87
	0.55	59.92	58.38	56.93	55.57	54.29	53.09	51.96
	0.60	57.17	55.66	54.25	52.93	51.69	50.52	49.43
	0.66	54.72	53.25	51.87	50.59	49.39	48.26	47.20
	0.72	52.53	51.09	49.76	48.51	47.35	46.25	45.23
	0.77	50.56	49.16	47.86	46.65	45.52	44.46	43.46
	0.83	48.77	47.41	46.14	44.97	43.87	42.84	41.88

		Dividend Yield						
Marginal Tax Rate	47.35	2.82%	3.22%	3.62%	4.02%	4.42%	4.82%	5.22%
	19.00%	47.27	47.24	47.21	47.18	47.15	47.11	47.08
	20.00%	47.32	47.29	47.26	47.23	47.20	47.17	47.14
	21.00%	47.38	47.35	47.32	47.29	47.26	47.23	47.20
	22.00%	47.44	47.41	47.38	47.35	47.31	47.28	47.25
	23.00%	47.49	47.46	47.43	47.40	47.37	47.34	47.31
	24.00%	47.55	47.52	47.49	47.46	47.43	47.40	47.37
	25.00%	47.61	47.58	47.55	47.52	47.49	47.45	47.42

		CV Growth of NOPLAT						
Average COGS % of Sale	47.35	2.00%	2.10%	2.20%	2.50%	2.60%	2.70%	2.80%
	25.36%	54.40	54.89	55.41	57.14	57.78	58.47	59.19
	27.16%	51.39	51.83	52.30	53.87	54.45	55.07	55.73
	28.96%	48.38	48.78	49.20	50.61	51.13	51.69	52.28
	30.76%	45.37	45.73	46.10	47.34	47.81	48.30	48.83
	32.56%	42.37	42.68	43.00	44.09	44.49	44.92	45.37
	34.36%	39.37	39.63	39.91	40.83	41.17	41.54	41.92
	36.16%	36.37	36.58	36.81	37.57	37.85	38.16	38.48

		Cost of Equity						
Pre-taxcost of debt	47.35	5.85%	6.05%	6.25%	6.45%	6.65%	6.85%	7.05%
	3.69%	53.59	51.41	49.44	47.65	46.06	44.59	43.24
	3.79%	53.45	51.28	49.33	47.54	45.97	44.50	43.16
	3.89%	53.31	51.15	49.22	47.44	45.87	44.42	43.09
	3.99%	53.18	51.04	49.11	47.35	45.79	44.34	43.01
	4.09%	53.03	50.91	49.00	47.24	45.69	44.25	42.93
	4.19%	52.89	50.78	48.89	47.14	45.60	44.17	42.86
	4.29%	52.76	50.66	48.78	47.04	45.51	44.09	42.78
	4.39%	52.62	50.54	48.67	46.95	45.42	44.01	42.71

		Avg R&D % of Sales						
Avg COGS % of Sales	47.35	12.48%	13.48%	14.48%	15.48%	16.48%	17.48%	18.48%
	26.86%	59.86	58.05	56.23	54.42	52.60	50.79	48.98
	28.16%	57.50	55.69	53.87	52.06	50.25	48.44	46.62
	29.46%	55.15	53.33	51.52	49.71	47.89	46.08	44.27
	30.76%	52.79	50.98	49.16	47.35	45.54	43.73	41.92
	32.06%	50.43	48.62	46.81	45.00	43.19	41.38	39.57
	33.36%	48.08	46.27	44.46	42.65	40.84	39.03	37.22
	34.66%	45.72	43.91	42.10	40.29	38.49	36.68	34.87

**Pfizer**

*Valuation of Options Granted under ESOP*

(million)

Current Stock Price	\$40.66
Risk Free Rate	3.52%
Current Dividend Yield	4.02%
Annualized St. Dev. of Stock Returns	25.08%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	35	31.47	2.10	\$ 9.91	\$ 350
				\$	-
				\$	-
				\$	-
				\$	-
<b>Total</b>	<b>35</b>	<b>\$ 31.47</b>	<b>2.10</b>	<b>\$ 12.56</b>	<b>\$ 350</b>

**Pfizer**

*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

(million)

Number of Options Outstanding (shares):	35
Average Time to Maturity (years):	2.10
Expected Annual Number of Options Exercised:	17

Current Average Strike Price:	\$ 31.47
Cost of Equity:	6.45%
Current Stock Price:	\$40.66

<b>Fiscal Years Ending Dec. 31</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>
Increase in Shares Outstanding:	17	17	2	0	0	0	0	0	0	0
Average Strike Price:	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47	\$ 31.47
<b>Increase in Common Stock Account:</b>	<b>529</b>	<b>529</b>	<b>53</b>	-	-	-	-	-	-	-
Share Repurchases (\$)	7,638	7,638	7,638	7,638	7,638	7,638	7,638	7,638	7,638	7,638
Expected Price of Repurchased Shares:	\$ 40.66	\$ 41.65	\$ 42.66	\$ 43.70	\$ 44.76	\$ 45.85	\$ 46.97	\$ 48.11	\$ 49.28	\$ 50.48
<b>Number of Shares Repurchased:</b>	<b>188</b>	<b>183</b>	<b>179</b>	<b>175</b>	<b>171</b>	<b>167</b>	<b>163</b>	<b>159</b>	<b>155</b>	<b>151</b>
Shares Outstanding (beginning of the year)	5,616	5,445	5,278	5,101	4,926	4,756	4,589	4,426	4,268	4,113
Plus: Shares Issued Through ESOP	17	17	2	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	188	183	179	175	171	167	163	159	155	151
<b>Shares Outstanding (end of the year)</b>	<b>5,445</b>	<b>5,278</b>	<b>5,101</b>	<b>4,926</b>	<b>4,756</b>	<b>4,589</b>	<b>4,426</b>	<b>4,268</b>	<b>4,113</b>	<b>3,961</b>

**Pfizer**

*Present Value of Operating Lease Obligations*

(million)

<b>Fiscal Years Ending Dec. 31</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Year 1	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0	400.0
Year 2	250.0	260.0	270.0	280.0	290.0	300.0	310.0	320.0	330.0	340.0	350.0
Year 3	225.0	230.0	235.0	240.0	245.0	250.0	255.0	260.0	265.0	270.0	275.0
Year 4	175.0	180.0	185.0	190.0	195.0	200.0	205.0	210.0	215.0	220.0	225.0
Year 5	100.0	104.0	108.0	112.0	116.0	120.0	124.0	128.0	132.0	136.0	140.0
Thereafter	290.0	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0
Total Minimum Payments	1340.0	1384.0	1428.0	1472.0	1516.0	1560.0	1604.0	1648.0	1692.0	1736.0	1780.0
Less: Cumulative Interest	167.3	172.7	178.2	183.6	189.0	194.5	199.9	205.4	210.8	216.2	221.7
<b>PV of Minimum Payments</b>	<b>1172.7</b>	<b>1211.3</b>	<b>1249.8</b>	<b>1288.4</b>	<b>1327.0</b>	<b>1365.5</b>	<b>1404.1</b>	<b>1442.6</b>	<b>1481.2</b>	<b>1519.8</b>	<b>1558.3</b>
<b>Implied Interest in Year 1 Payment</b>		<b>46.8</b>	<b>48.3</b>	<b>49.9</b>	<b>51.4</b>	<b>52.9</b>	<b>54.5</b>	<b>56.0</b>	<b>57.6</b>	<b>59.1</b>	<b>60.6</b>
Pre-Tax Cost of Debt	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%
Years Implied by Year 6 Payment	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Expected Obligation in Year 6 & Beyond	100	104	108	112	116	120	124	128	132	136	140
<b>Present Value of Lease Payments</b>											
PV of Year 1	288.5	298.1	307.7	317.3	327.0	336.6	346.2	355.8	365.4	375.0	384.7
PV of Year 2	231.2	240.4	249.7	258.9	268.2	277.4	286.7	295.9	305.2	314.4	323.7
PV of Year 3	200.1	204.5	209.0	213.4	217.9	222.3	226.8	231.2	235.7	240.1	244.5
PV of Year 4	149.6	153.9	158.2	162.5	166.8	171.0	175.3	179.6	183.9	188.1	192.4
PV of Year 5	82.2	85.5	88.8	92.1	95.4	98.7	102.0	105.3	108.5	111.8	115.1
PV of 6 & beyond	221.1	228.8	236.4	244.1	251.8	259.5	267.2	274.9	282.6	290.3	297.9
Capitalized PV of Payments	1172.7	1211.3	1249.8	1288.4	1327.0	1365.5	1404.1	1442.6	1481.2	1519.8	1558.3