

Analysts

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Company: Pfizer, Inc.
Sector: Healthcare
Industry: Pharmaceuticals
Exchange: NYSE (PFE)

Stock Rating: **SELL**
Target Price: 23.08 | Implied Return: **-7.91%**

Investment Thesis

We recommend a **SELL** rating for Pfizer with a target price of **\$23.08**, as shares trade above intrinsic value. The oncology pipeline and high dividend yield provide long-term support, and the recent acquisition of Metsera strengthens Pfizer’s position in the GLP-1 obesity market. However, looming patent expirations, heavy capital requirements, and increased leverage continue to pressure returns.

Drivers

- ❖ Upcoming drugs from Pfizer’s pipeline: Pfizer has 57 candidates in oncology, including 20 in Phase 3. Successful launches will help drive Pfizer’s future performance and replenish lost revenues due to patent expirations.
- ❖ High dividend yield: Pfizer offers a 6.86% yield, well above sector peers, and its capital allocation strategy supports steady growth with a modeled \$0.04 annual increase.
- ❖ Pfizer & Trump deal to lower U.S. drug prices: As part of the deal, Pfizer will be exempt from the pharmaceutical-specific tariff for the next three years. This deal reduces policy uncertainty and regulatory risk, providing more stability in Pfizer’s outlook.

Risks

- ❖ Patent cliff: Several key Pfizer products face expirations over the next decade, with our model projecting an 80% sales decline in the year when patents expire as generics enter the market.
- ❖ Competitive landscape: GLP-1 drugs are the fastest-growing obesity treatments, but Pfizer has struggled to compete after halting several candidates over safety concerns. The company is now relying on acquisitions to gain entry, increasing leverage and raising its WACC to 6.28%.

Financial Overview

Valuation Summary

DCF/EP	23.08
DDM	61.58
P/E (2025)	26.54
P/E (2026)	22.78

Price Data

Current Price*	\$25.06
52 Week Range	\$20.91 - \$27.69
YTD Return	-5.54%
Beta	0.42
WACC	6.28%

Share Highlights

Market Capitalization*	\$142.48B
Shares Outstanding	5.69B
Dividend Yield	6.86%

Financial Ratios

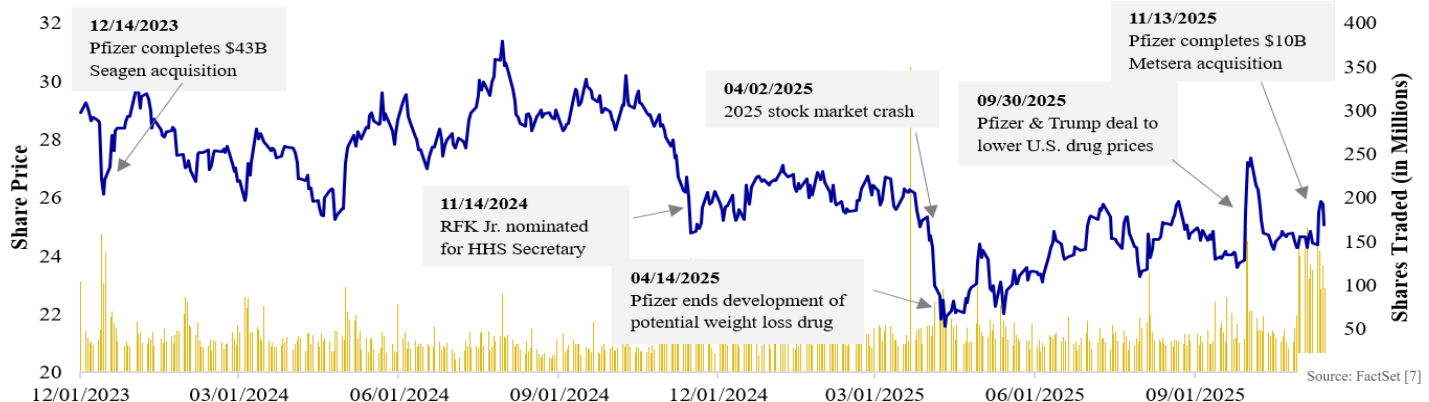
2024 Quick Ratio	0.74
2024 Current Ratio	1.17
2024 Profit Margin	12.67%
2024 Debt-to-Equity	1.41
2024 R&D as % of Sales	17.0%

Source: FactSet [7], Team estimates

*All prices as of close November 14, 2025

Company Overview

Pfizer Inc. (PFE) is a global, research-driven biopharmaceutical company that discovers, develops, manufactures, and distributes medicines worldwide. It operates across developed and emerging markets to advance prevention, treatment, and cures for unmet medical needs. Founded in 1849 by Charles Pfizer Sr. and Charles Erhart, the company is headquartered in New York City [1].



Revenue Analysis & Decomposition

Pfizer's total revenues increased from \$59.6B in 2023 to \$63.6B in 2024, which is a 7% increase YoY [2]. This growth was primarily driven by acquisitions, portfolio growth, and significant non-cash adjustments related to COVID-19 products [2]. Pfizer's revenue consists of 4 main reported segments: Primary Care/Vaccines, Specialty Care, Oncology, and Pfizer CentreOne/Ignite.

Primary Care

Pfizer's Primary Care division is by far its largest with \$30.1B in revenue in 2024 [2] and includes a medicine portfolio of brands that treat cardiovascular issues, migraines, vaccines, and includes vaccines for COVID-19. Leading brands in this category include Eliquis, Nurtec, the Prevnar family, and Paxlovid. We forecast moderate, steady growth for this segment as COVID-related revenues normalize but remain recurring at a lower level. While key products will face patent expirations later in the decade, the overall primary-care market Pfizer serves is expected to maintain consistent demand, supporting our long-term 2% annual growth assumption.

Specialty Care

The Specialty Care segment generated \$16.7B in 2024 [2] and includes inflammation & immunology brands and biosimilars for chronic immune and inflammatory diseases. It also encompasses injectables used by Hospitals and treatments for rare diseases. Well-known medicines include Xeljanz, Enbrel, and the Vyndaqel family. We project steady mid-single-digit growth at 3% as rare-disease and biosimilar treatments maintain pricing power and expanding patient pools, driven in large part by the aging U.S. population. This rate exceeds Primary Care's 2% because Specialty Care therapies are more targeted, command higher pricing, and benefit from less competitive pressure.

Oncology

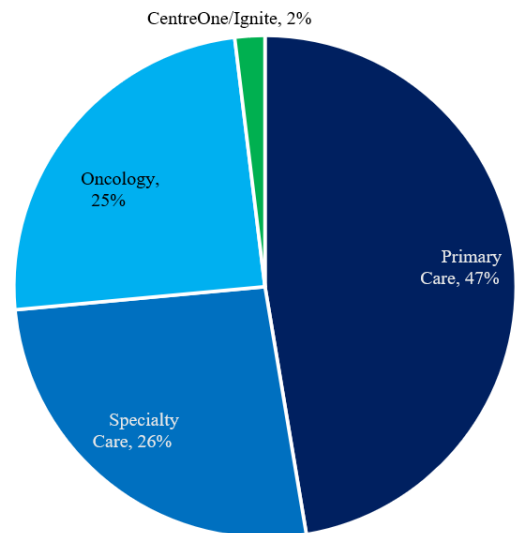
The Oncology portfolio brought in \$15.6B in 2024 [2] and includes ADVS, small molecules, bispecifics, and other immunotherapies that treat a wide range of cancers, including breast cancer, malignancies, and lung cancer. This segment includes brands such as Ibrance, Xtandi, and Padcev. We forecast Oncology to grow from \$15.6B in 2024 to over \$35B in 2040, driven by the aging population and rapid uptake of newer assets such as Padcev, Adcetris,

and Elrexfio. While legacy products decline over time, they are more than offset by expansion across ADC and bispecific pipeline. Growth of the area moderates to ~6% as medicines mature.

CentreOne/Ignite

Pfizer CentreOne provides contract manufacturing and API supply services, while Ignite focuses on helping biotech partners scale their molecules. We assumed slow, stable growth for this segment as steady outsourcing trends support consistent, but limited expansion. Combined, the areas were responsible for \$1.2M of revenue in 2024.

Revenue by Segment in 2024



Source: Pfizer 10-K, p. 35-37 [2]

On an individual product level, Pfizer's revenues come from a few key products. In 2024, 11 products collectively accounted for 66% of total revenues [2]. A significant part of the revenue increase for 2024 reflects favorable non-cash adjustments related to COVID-19 products, which reversed prior inventory write-downs and making the YoY growth seem larger. The following chart provides a detailed revenue breakdown and significant concentration by several of Pfizer's major products. In this case, the "Other" category is the aggregation of numerous smaller products, each accounting for 2% or less of total revenue in 2024. As of November 2025, Pfizer's product list includes approximately 387 items [3].

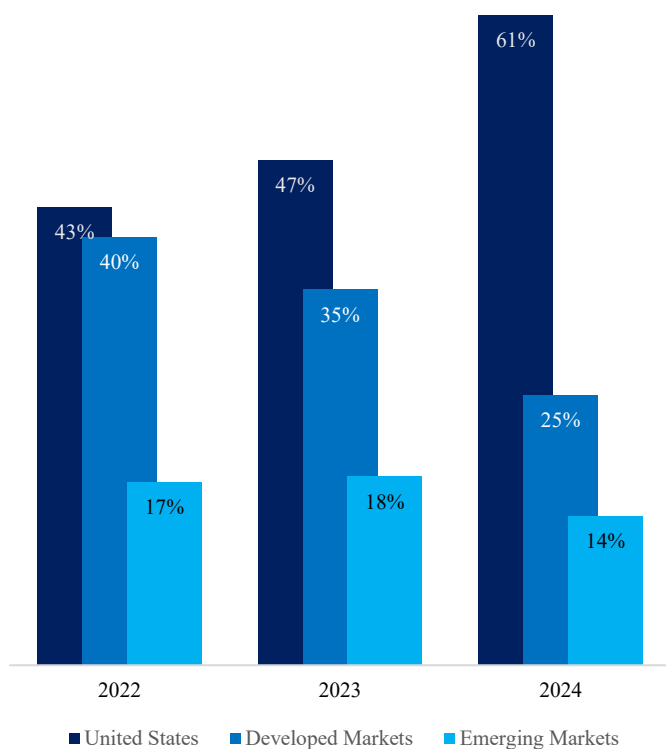
Revenue by Product in 2024

Product	2024 Revenue (in Billions)	% of Total Revenue	Segment
Eliquis	7.37	12%	Primary Care
Prevnar family	6.41	10%	Primary Care
Paxlovid	5.72	9%	Primary Care
Vyndaqel family	5.45	9%	Specialty Care
Comirnaty	5.35	8%	Primary Care
Ibrance	4.37	7%	Oncology
Other	28.96	46%	-
Total	63.63		

Source: Pfizer 10-K, p. 35-37 [2]

Growth by Geographical Region

Revenue by Geography in 2024



Source: Pfizer 10-K, p. 101 [2]

According to Pfizer's revenues by geography, there is a clear geographical shift driven by declining international sales related to COVID-19 products between 2022 to 2024. As a result, Pfizer is increasingly reliant on its U.S. market,

which means that their financial performance may be more directly tied to the impacts of U.S. government regulation [2]. For example, in October of 2025, Pfizer and Trump reached an agreement to lower drug prices in the U.S., which may drive higher demand due to favorable pricing [4].

Drug Pipeline

Patent Expirations

Product	U.S. Patent Expiration	Europe Patent Expiration	Japan Patent Expiration
Eliquis	2026	2026	2026
Prevnar Family	2026	-	2029
Paxlovid	2041	2041	2041
Vyndaqel Family	2025 (2028 pending PTE)	2026	2026/2029
Comirnaty	2041	-	2041
Ibrance	2027	2028	2028
Xtandi	2027	-	-
Padcev	2033	-	-
Nurtec ODT/Vydura	2030	2035	2030
Xelijanaz	2026	2028	2025
Inlyta	2025	2025	2025
Abrysvo	2036	-	2036

Source: Pfizer 10-K, p. 7-8

Currently, several of Pfizer's top-selling products, including Eliquis, Prevnar, and Ibrance, are facing patent expirations in 2026 and 2027 [2]. This is a significant risk to revenues, as research indicates pharmaceuticals can lose about 80% of their product revenues within the first 20 weeks following patent expiration, with generic versions entering the market at up to 80% lower prices [5]. To address this wave of patent expiration, Pfizer will likely focus on new product launches, strategic acquisitions, and continued investment in its pipeline.

To capture the impact of patent expirations, we adjusted values in our revenue forecast by applying an 80% decline in sales in the year the U.S. patent expires. Based on this approach, we estimate that Pfizer has about \$25.97B of revenues at risk between 2026 and 2028 due to upcoming loss of exclusivity and the resulting competition.

Year	Forecasted Revenue Loss (in Billions)	Major Patent Expiring Products
2025	6.89	Vyndaqel family
2026	14.47	Eliquis, Prevnar family, Xeljanz, Inlyta
2027	3.92	Ibrance
2028	0.69	Enbrel
Total	25.97	-

Source: Team estimates

To address the projected revenue losses, Pfizer continues to invest in new product launches and strategic acquisitions. As of November 2025, Pfizer’s pipeline includes approximately 101 product candidates in various stages [6]. Of its pipeline candidates, Pfizer has:

- ❖ Oncology: 57
- ❖ Inflammation & Immunology: 24
- ❖ Internal Medicine: 10
- ❖ Vaccines: 10

Currently, 30 candidates are in Phase 3, including 20 late-stage candidates in oncology and several in inflammation & immunology [6]. This late-stage development will most likely help offset the upcoming patent expirations and bring new revenue streams to maintain market share. Some are listed below.

Phase 3 Therapies in Development

Compound Name	Area of Focus	Submission Type	FDA Status
Dazukibart	Inflammation & Immunology	New molecular entity	Orphan, Fast Track
HYMPAVZI	Inflammation & Immunology	Product enhancement	Orphan, Fast Track
IBRANCE	Oncology	Product enhancement	Breakthrough
Ibuzatrelvir	Internal Medicine	New molecular entity	Fast Track
Osivelotor	Inflammation & Immunology	New molecular entity	RPD, Fast Track, Orphan
PF-06760805	Vaccines	New molecular entity	Breakthrough, Fast Track
PF-07307405	Vaccines	New molecular entity	Fast Track

Source: Company data [6]

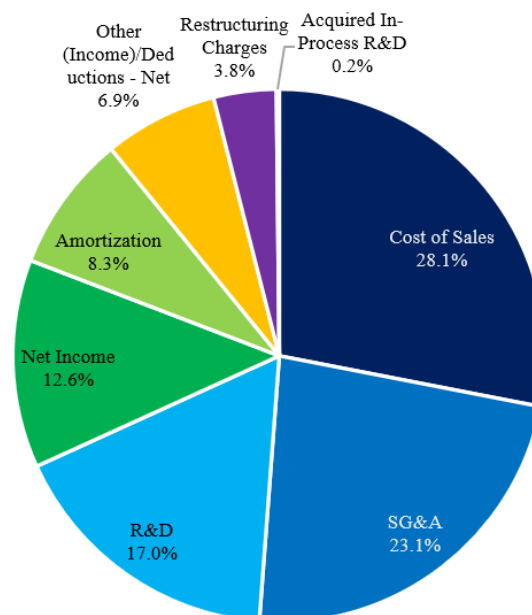
Expedited FDA Designations for Pipeline Drugs

The FDA grants special designations for drug development intended to speed up the development and availability of treatments for serious conditions. These indications include Fast Track, Breakthrough Therapy, Accelerated Approval, and Priority Review [26]. These designations mean that it is more likely for the product to be approved because they receive more guidance and support, therefore reducing development risk [34].

Expense Analysis

Pfizer has a profit margin of 12.6%, which means that its expenses make up 87.4% of its revenue [2]. Unsurprisingly, Cost of Sales and Selling, General & Administrative expenses are the two largest items. It is important to note that Pfizer’s R&D accounts for 17% of revenue, which is below the industry average of 21% [7]. This is an unfavorable sign given that differentiation in the pharmaceutical industry is driven by a company’s investment in R&D to achieve breakthroughs that result in new drugs and treatments.

Items as % of Sales



Source: Pfizer 10-K, p. 37 [2]

Cost of Sales

Cost of Sales decreased \$7.1B in 2024, primarily due to the non-recurrence of a non-cash charge of \$6.2B in 2023 related to Paxlovid and Comirnaty recorded for inventory write-offs and a favorable change in sales mix driven by lower sales of Comirnaty [2].

Cost of Sales has historically been Pfizer's largest expense since 2021, representing 28.1% of sales in 2024 [2]. We forecast that this pattern will continue going forward because Pfizer's product mix is expected to remain weighted toward therapeutics and vaccines with relatively high manufacturing and distribution costs. Furthermore, the company is unlikely to return to the extreme margins it saw during peak COVID-19 years.

Selling, General & Administrative

Selling, General & Administrative expenses decreased \$41M, mostly due to a \$790M decrease in promotional and marketing expenditures for COVID-19 products. This decrease was partially offset by higher compensation-related expenses and corporate functions driven by the Seagen acquisition [2].

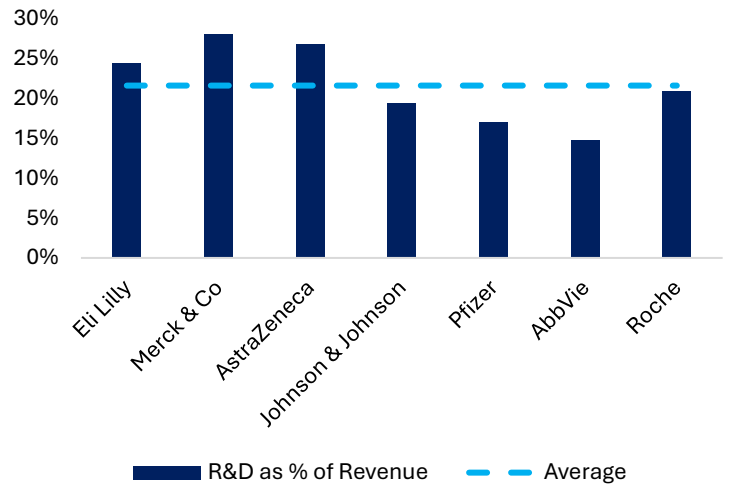
Looking ahead, we expect SG&A to remain roughly in line with its 10-year average as a percentage of sales (25.0%), as Pfizer continues its normal commercial spending following the winddown of COVID-19 product support. Pfizer's mature product portfolio, global footprint, and consistent investment limit drivers that would greatly change SG&A.

Research & Development

Research & Development expenses increased \$143M, primarily due to a net increase in spending of \$1.1B mainly to develop certain product candidates acquired from Seagen, and an increase of \$680M in compensation-related expenses [2].

R&D costs are necessary for pharmaceutical companies like Pfizer to survive and replace losses which occur when products lose exclusivity or market share. These new product lines are primarily driven through internal R&D, collaborations, acquisitions, joint ventures, or licensing agreements.

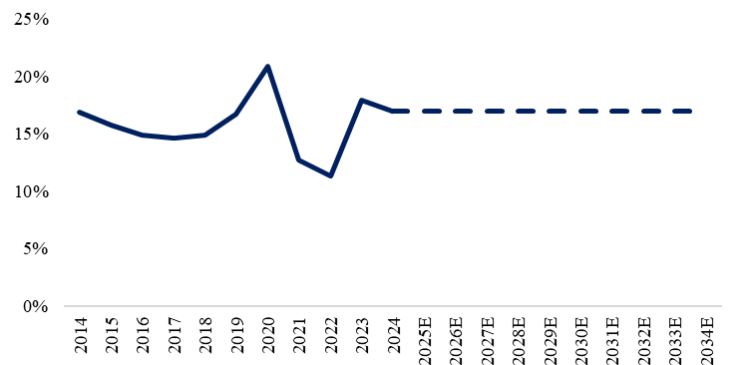
Pfizer's Below-Average R&D Spending



Source: FactSet [7]

Although R&D spending is essential for delivering breakthroughs and critical for survival, Pfizer has historically spent less than its competitors (17% of revenue in 2024, compared to an estimated peer average of 21%). This is a trend that we forecast to continue, with Pfizer spending 17% of its sales on R&D. This is flatlined from 2024 because before COVID-19, spending floated around 14% with a jump up to 20% in 2020. Post-COVID, spending remained elevated with 18% and 17% on R&D in 2023 and 2024 [2]. In line with historical data over the past five years, we project Acquired In-Process R&D to make up 1.5% of sales. This is supported by Pfizer's continued aggressive approach to acquiring smaller companies like Metsera, who it recently outbid Novo Nordisk to acquire [33].

Pfizer's R&D Spending (% of Sales)



Source: FactSet [7]

Cost Management

In October 2023, Pfizer launched its cost realignment program, which began in response to anticipated revenue declines from COVID-19 products [40]. Initially, management initially targeted \$3.5B in cost cuts through 2024. Most of the cuts were from R&D spending, but layoffs and select facility closures were affected as well [41]. Over time, Pfizer has been gradually increasing their targeted cost cuts as the company reaches its goals. In the Q3 2025 earnings call, Pfizer expects to save \$4.5B by the end of 2025 [42]. Pfizer has also increased their cost reduction target to \$7.7B through 2027 [42].

In addition to these cost reductions, Pfizer's management has publicly expressed support for the dividend and part of their capital allocation strategy includes maintaining and growing the dividend over time [42]. Although Pfizer has significantly cut R&D spending, Pfizer also hopes that these savings will be reinvested into the pipeline as well [42]. In our valuation model, we plan to take these cost reduction initiatives into consideration through further adjustments to Cost of Sales, SG&A, and R&D expenses.

Earnings

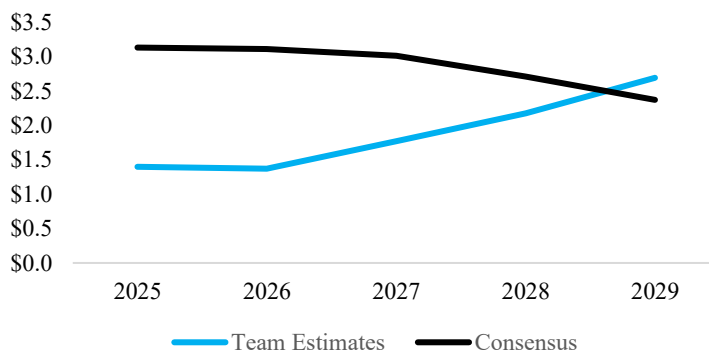
On the most recent earnings announcement, Pfizer reported Q3 2025 results. Q3 revenues declined 6% YoY primarily driven by continuing decline in COVID-19 products and a one-time in-process R&D expense related to Pfizer's licensing deal with 3SBio [21, 43]. This licensed asset is expected to be a foundational component for Pfizer's long-term Oncology portfolio and will help offset the impact of declining revenues. Operating expenses remain controlled: SG&A is stable as Pfizer integrates Seagen, and R&D spending is targeted toward high-return programs. Pfizer's acquisition of GLP-1 developer Metsera will also help to capitalize on health care trends and further boost profitability [8].

Given the current development, management raised and narrowed full-year 2025 EPS guidance while reaffirming revenue guidance due to strong revenue growth from recent launches and acquired products [8]. This signals that the company is confident in the business and its progress with ongoing cost improvement initiatives.

Looking ahead, Pfizer's earnings performance over the forecast period is driven by shifts in product mix, the timing

of loss-of-exclusivity events, and the normalization of COVID-19 revenues. These dynamics support our EPS estimates, which exceed consensus, reflecting the company's ability to maintain profitability through margin expansion, portfolio growth, and efficient cost management.

Team vs Consensus EPS Estimates



Source: FactSet [7], Team Estimates

Our EPS estimates differ meaningfully from consensus because we forecast reported EPS, while most analysts publish adjusted EPS, which excludes restructuring charges, amortization of intangibles, and other non-cash or one-time items. These adjustments inflate the earnings number, resulting in consensus figures above \$3.00 in the near term even as reported earnings remain lower [37]. By contrast, our estimates show a lower starting point but a clearer underlying trend. Presenting both sets of numbers allows us to highlight the gap between Street expectations and reported results. The differences also show why focusing on reported EPS provides a more realistic view of Pfizer's overall performance.

Pfizer's reported EPS demonstrates a clear trend of moderate long-term growth. After peaking in 2021–2022 due to elevated COVID-related revenues, reported EPS declined sharply in 2023–2024 as non-recurring gains reversed and inventory write-downs stabilized. Our projections show steady growth from \$1.40 in 2025 to \$2.69 in 2029, reflecting consistent revenue expansion in primary- and specialty-care segments and margin stabilization, which is talked about later. Consensus EPS, in contrast, starts higher but declines over. This comparison highlights the importance of considering both reported and adjusted figures to capture Pfizer's sustainable earnings power and long-term growth trajectory.

Capital Structure

In 2024, Pfizer's debt-to-equity was 1.41, as calculated by Total Liabilities/Total Equity. This falls at the midpoint of the historic range over recent years from 1.06-1.87. Its historical low of 1.06 was hit in 2022, likely due to high earnings, which increased retained earnings. Pfizer's long-term debt is rated high-quality by both Moody's (A2) and S&P (A) [7], which falls in the upper medium grade of its ratings. However, in 2023, both downgraded Pfizer's rating due to the high debt used to finance the Seagen acquisition [1]. Despite this, the high-quality rating indicates that Pfizer has a strong ability to meet its debt obligations, though it is more sensitive to economic conditions than higher rated companies. Pfizer sits within its peer group who have similar debt ratings with Johnson & Johnson at AAA, Merck & Co. at A, and Gilead Sciences at A-.

Debt Schedule

Debt Maturity	Long Term Debt	Weighted Average Interest Rate
2025	-	-
2026	6.00B	3.7%
2027	0.98B	2.2%
2028	5.66B	4.6%
2029	1.75B	3.5%
2030	5.25B	3.6%

Source: Pfizer 10-K, p. 78 [2]

Compliance Costs Related to Environmental Expenditures

Pfizer's operations are affected by national, state, and local environmental laws, and management intends to continue to make the expenditures needed for compliance [2]. While environmental contamination clean-up from past industrial activity is an ongoing process and difficult to estimate with certainty, management expects these environmental costs to be immaterial as of 2024 [2]. However, Pfizer is working toward achieving the SBTi Corporate Net-Zero Standard by 2040, a goal that is expected to incur incremental capital and operational expenditures in the longer term [2].

Investment Costs Related to Capital Expenditures

For companies in the pharmaceutical industry, capital expenditures are purchases of long-term assets that mainly support R&D and drug manufacturing. This is inclusive of labs, specialized testing facilities, and plants to manufacture active ingredients. In 2024, Pfizer spent \$2.9B on purchases of Property, Plant and Equipment, which is down from

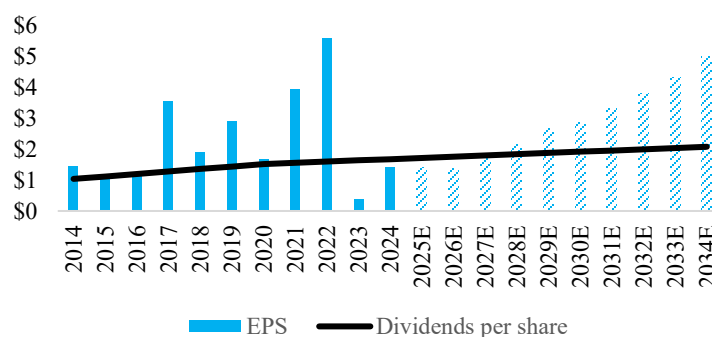
\$3.9B in 2023 and \$3.2B in 2022 [2]. The elevated CapEx reported in 2023 was largely driven by COVID-related production and acquisition integration [2]. Management predicts that Pfizer's amount of debt could have significant consequences, including reducing the cash flow available to fund capital expenditures. In the forecast, the CapEx amount is kept consistent, reflecting current operational needs, including ongoing maintenance, efficiency upgrades, and support for pipeline drugs.

Investment Costs Related to Acquisitions

Management expects to have additional expenditures related to acquisition activity in the future. This is reflected in our model with large expenditures in financing in the upcoming years as Pfizer works to pay off this debt.

Pfizer's Payout Policy and Shareholder Returns

PFE's Consistent Dividend Over Time



Source: Pfizer 10-K, FactSet [7], Company data [9]

Pfizer has historically maintained a consistent dividend policy, regularly paying dividends even in years when the payout exceeded reported earnings. As of Q3 2025, Pfizer has paid 347 consecutive quarterly dividends [38]. This commitment shows the company's focus on returning value to shareholders. YTD, \$7.3B was returned to shareholders through cash dividends [43]. As of November 2025, Pfizer's dividend yield stands at a commanding 6.68% [7], reflecting both its high payout and strong confidence in its ability to sustain distributions. As a result, we have made sure to continue this trend of small, consistent dividend increases in our forecast.

S.W.O.T. Analysis

Strengths

Large Workforce: Pfizer has ~81,000 employees [10], which is on the higher range compared to its competitors [7]. This suggests strong retention and the ability to attract the specialized talent needed for drug development. A workforce of this scale allows Pfizer to support multiple research programs, manufacturing sites, and global efforts at one, ensuring a full pipeline. A large, stable workforce also supports operational consistency, which reinforces the revenue and margin assumptions used in our model.

Highly Successful Brand & Recognition: Pfizer is one of the largest pharmaceutical companies in the U.S. and has a strong presence across the globe; they operate in over 200 developed and emerging countries [10]. This global footprint allows the company to capture many revenue streams, reducing reliance on any single global region. From a modeling perspective, the brand strength supports stable baseline sales and lower volatility in international segments.

R&D: Currently, Pfizer's pipeline includes 101 products in development [6]. Pfizer's significant investment will help drive breakthrough therapies and innovation. A pipeline of this size increases the likelihood of future regulatory approvals and replenishes revenue lost from patent expiration. In the model, Pfizer's future products from its pipeline are included in each revenue segment to represent its future developments.

Revenue Growth/Trend: Pfizer has historically maintained strong market share and steady revenue generation. While volatility does exist, the company still benefits from durable legacy products and its global scale. This provides a stable foundation for revenue projections and reduces downside risk.

Diversified Product Portfolio: Some of Pfizer's therapeutic areas include oncology, vaccines, inflammation & immunology, internal medicine, rare diseases, and anti-infectives. This broad portfolio helps minimize concentration risk and smooths earnings when individual categories face competitive or regulatory pressures.

Weaknesses

Reliance on Key Products: Despite having a wide portfolio, a large share of revenue still comes from a few flagship products. This creates vulnerability when those products face new competition or pricing pressure. In forecasting terms, it increases revenue sensitivity and requires conservative assumptions for long-term growth.

Patent Expirations: Pfizer faces several upcoming patent cliffs, which typically result in rapid market share losses to generic or biosimilar manufacturers. These expirations have historically led to notable declines in revenue for major pharmaceutical players [5]. In our forecast, we applied an 80% first-year decline in sales after patent expiration to show the drastic effects of competition from generic brands.

Legal Issues and Brand Image: Pfizer has been accused and involved in multiple scandals involving false claims about drug effectiveness, data integrity issues, ethical issues, illegal marketing in off-label drugs, medical damage caused by its drugs, a tax dodging scheme, and other possible cases of fraud [11]. Of course, this is not an exhaustive list, but these controversies highlight a recurring pattern of potential legal and ethical issues. These problems have led Pfizer to pay severe penalties imposed by the SEC and other regulators and have negatively impacted Pfizer's reputation due to the information regarding their fines are public. As a result, this raises some concerns regarding Pfizer among investors, regulators, and the public.

Opportunities

Oncology Market: The oncology segment is expanding rapidly due to demographic shifts and advancements in targeted therapies [12]. Pfizer is well-positioned to capture this growth through both internal development and recent acquisitions. In the model, oncology provides a key driver for mid- and long-term revenue expansion.

M&A: Recent acquisitions such as Seagen and Metsera provide access to innovative platforms and broaden Pfizer's pipeline. These deals can accelerate revenue growth by reducing development timelines and increasing high-margin product opportunities. In financial modeling, M&A strengthens long-term projections and diversifies risk.

AI: AI is increasingly used to improve drug discovery, streamline clinical trial design, and enhance operational efficiency [13]. Pfizer’s adoption of AI can materially reduce R&D timelines and increase the probability of technical success. This contributes to better margin expectations and more favorable R&D efficiency assumptions in the model.

Government Incentives: In January 1983, the Orphan Drug Act (ODA) was introduced in the U.S. to encourage pharmaceutical companies to develop drugs for rare conditions by providing additional incentives when the expected sales would not justify the development costs. The U.S. government also grants tax credits on R&D costs and subsidies for Phase 1 to Phase 3 clinical trials [14].

Threats

Intense Competition: The pharmaceutical industry faces continual competition from branded drugs, generics, and biosimilars [12]. These competitors can quickly capture market share, especially after patent expirations. In our model, this competitive pressure requires conservative pricing assumptions and gradual erosion of mature product revenues.

U.S. Government Regulation: Pfizer is heavily exposed to FDA oversight, and delays or failures in clinical trials can materially impact projected revenue streams. Upcoming regulatory and pricing reforms also create uncertainty for future profitability. In the model, this introduces scenario risk and widens the range of potential outcomes.

High Capital Requirements: Pharmaceutical R&D and manufacturing demand significant upfront investment with long payback periods [12]. This places ongoing pressure on cash flow and increases sensitivity to development setbacks. In modeling terms, high capital intensity elevates required returns and impacts free cash flow during investment-heavy years.

regulated by the FDA. A company's portfolio, pipeline, and processes of pre-clinical and clinical trials are important factors in making decisions related to investing in pharmaceuticals.

Phases of Clinical Trial

Development Phase	Description	Pfizer’s Pipeline
Phase 1	Trials on drugs’ safety	37
Phase 2	Trials on drugs’ effectiveness	30
Phase 3	Trials on dosage and larger samples	30
Registration	Regulatory review for approval	4

Source: Company data [6]

Within this pipeline, novel drugs, defined as new molecular entities (NMEs) or new biologics, are therapies that have never been approved or marketed in the U.S. [18]. This is important in the pharmaceutical industry because they help drive further growth and differentiation.

FDA Novel Drug Therapy Approvals

Year	Total Approvals	Pfizer Approvals
2025	36	0
2024	50	1
2023	55	5
2022	37	1
2021	50	1

Source: FDA [18], Company data [6]

Historically, there is a lot of uncertainty across the pharmaceutical industry. Only 10% of Phase 1 candidates will make it to approval. Moreover, the process takes, on average, 10 years to move from Phase 1 to regulatory approval [35]. While the number of FDA approvals has remained relatively consistent, studies show that FDA standards for novel drug approvals have become more relaxed in recent years [36]. As a result, there are more treatment options for life threatening conditions but with less evidence that they are safe and effective. The FDA handles these risks through special designations [18].

Pharmaceutical Industry Operations and Product Lines

Pharmaceutical companies operate across a diverse range of product lines, including innovative and generic pharmaceuticals, biologics, biosimilars, and over-the-counter (OTC) drugs. Firms typically have segments such as contract research services, manufacturing, packing & labeling, contract management consulting, and

Industry Analysis

Industry Overview

The pharmaceutical industry refers to companies that develop, market, and sell drugs made from molecules that are chemically synthesized. These companies are required to go through the drug development cycle and are heavily

wholesaling. Revenue is generated through streams like therapy, prescriptions, and OTC medicines.

Firms differentiate themselves through patent filings and market exclusivity, which ultimately means firms that manufacture branded versus generic drugs. They also differentiate based on the perceived quality through price, R&D investments, pipeline assets, and marketing.

Recent Developments & Trends

Anti-obesity drugs dominate the spotlight

As the popularity of anti-obesity drugs continues to skyrocket [15], attracting many new companies to compete with the current leaders Novo Nordisk and Eli Lilly. The market for these drugs is projected to be immense, with estimates projecting a \$362B market size and GLP-1 therapies capturing 9.0% of global drug sales by 2030 [12]. The data on clinical trials for convenient and non-invasive alternatives to current GLP-1 therapies are highly anticipated and will likely play an important role in investors' decisions.

U.S. Policy risks under the Trump Administration

One of the biggest risks in the pharmaceutical industry is changing policy under the new Trump administration. For instance, in November 2024, when Robert F. Kennedy Jr. was nominated to lead the U.S. Department of Health, pharmaceutical stocks fell sharply [16]. However, Trump's recent agreement with Pfizer mitigates some of this risk. Under this deal, Pfizer has committed to sell many of its drugs to Medicaid at "most-favored-nation" prices, matching the lowest paid in other developed countries [4]. These discounts on Pfizer's primary-care and specialty medicines will range as high as 85% (with an average of 50%) through the TrumpRx platform [42]. In return, Pfizer receives a three-year waiver from pharmaceutical-specific tariffs [17]. This deal will provide Pfizer with a more stable pricing framework going forward and limit exposure to tariffs.

While these direct pricing agreements may affect Pfizer's revenues, broader federal spending could reduce demand and slower price growth throughout the pharmaceutical sector. For example, a significant risk comes from the passage of the One Big Beautiful Bill Act, enacted in July 2025, which cuts \$1.1T in federal health spending over the next decade, and is projected to remove health coverage from roughly 15 million people beginning in 2027 [29].

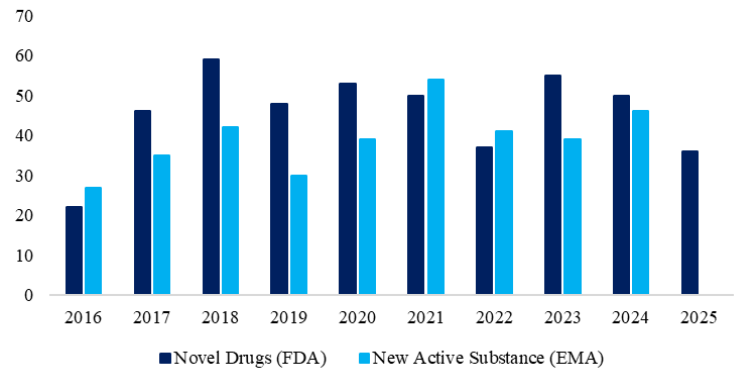
While historical Medicaid cuts have often been offset by subsidies or private market competition, this policy shift positions the sector for slightly weaker revenue expansion relative to recent years.

Catalysts for Growth

Drug Approvals by FDA & EMA

The FDA approved 50 novel drugs in 2024, contributing to a 22% increase over 2015-2019 levels [18, 12], while the EMA recommended 114 medicines for marketing authorization [19, 12]. Forecasts from IQVIA, a leading global provider of clinical research and insights, anticipate continued momentum, with an average of 55 annual launches in the U.S. and 40 in Europe over the next three years [20]. Higher approval volumes increase the overall probability of pipeline monetization for major firms, which supports stronger long-term revenue projections and reduces uncertainty in our model's later-stage cash flows.

Drug Approvals by FDA & EMA



*EMA data for 2025 is not yet available.

Source: S&P NetAdvantage [12]

Worldwide Prescription Drug Sales Growth

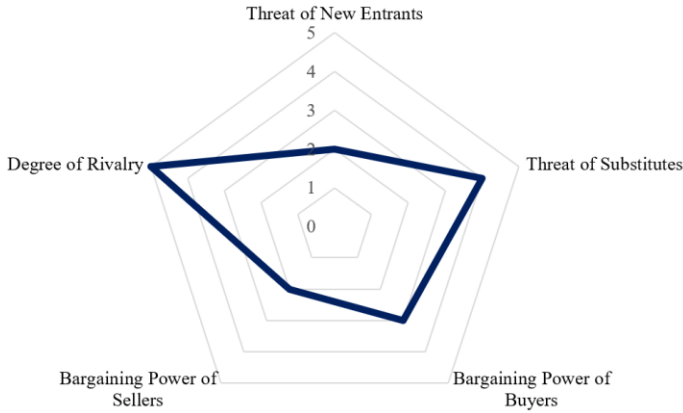
Global prescription drug sales are expected to grow at a CAGR of 6.3%, reaching roughly \$2.0T by 2032 [12]. This industry expansion is driven by sustained demand in chronic disease, oncology, and immunology, which are areas where large-cap pharmaceutical firms have strong competitive positions. For the model, this provides the foundation for higher revenue growth assumptions, particularly for firms with diversified portfolios and well-positioned market share.

AI Adoption Across R&D and Operations

AI integration is rapidly improving drug discovery efficiency, clinical trial design, and manufacturing precision [12]. These advancements lower development

costs, accelerate timelines, and increase the probability of technical success. In the model, AI contributes to improved margin structure (through lower R&D and operational costs) and supports more favorable long-term returns on invested capital.

Porter’s Five Forces



Source: S&P NetAdvantage [12]

Threat of New Entrants: Low

The pharmaceutical industry has high barriers to entry due to the significant investments needed for a company to establish R&D, manufacturing, marketing, and distribution. Additionally, if a company fails to produce viable drugs in time, it will not be able to generate profits. Given that the discovery and development process is time-consuming, costly, unpredictable, and subject to strict regulation, these risks further deter investors from entering the pharmaceutical industry.

Threat of Substitutes: Moderate

When a company develops a new drug and receives regulatory approval, the company gains patent protection and market exclusivity for 10-20 years, during which the drug has essentially no substitutes. However, once the patent expires, generic production begins immediately, and the number of substitutes rapidly enter the market, leading to a substantial loss of revenue. Generic drugs provide an identical active ingredient and are priced at a substantial discount, often 80% to 85% lower than the branded drug [12]. Biosimilars, the biologically equivalent versions of the drug, are typically priced at a 30% discount [12].

Bargaining Power of Buyers: Moderate

Pharmaceutical companies have a high ability to control drug prices for branded products while patented but will

face extreme pricing competition when they lose exclusivity. The rise in the number of producers increases customers’ bargaining power. Also, large customers like hospital networks negotiating on behalf of big health insurers often command much greater bargaining powers compared to individuals.

Bargaining Power of Sellers: Low

Drug manufacturers require raw materials, manufacturing equipment, and packaging materials from suppliers. The rest of the expenses usually relate to R&D and internal efforts. Production materials are basic and available from many suppliers, which means suppliers have limited power to influence prices.

Degree of Rivalry: High

Low product differentiation and low switching cost lead to extreme rivalry in the pharmaceutical industry. There are also many participants in the industry whose branded drugs compete to treat similar conditions, even if their approach is different. Patent expiration leads to the production of generics, which further fuels competition.

Pharmaceutical Competition

To select comparable peers for Pfizer, we focused on large-cap U.S. pharmaceutical companies with diversified products and pipelines. In our analysis, we focused on Pfizer’s closest competitors from branded pharmaceuticals.

Ticker	Company Name
AMGN	Amgen
BMY	Bristol Myers Squibb Co
GILD	Gilead Sciences Inc
GSK	GSK PLC
JNJ	Johnson & Johnson
LLY	Eli Lilly & Co
MRK	Merck & Co
VRTX	Vertex Pharmaceuticals Inc

The pharmaceuticals industry was the second-largest industry in the global health care sector in 2024 [12]. Johnson & Johnson was the biggest individual revenue contributor to the industry and generated 10.8% of the industry revenue [7, 12]; however, they are not purely a pharmaceutical company, as its core business is split into the Innovative Medicine and MedTech segments as well. Novo Nordisk, best known for its presence in the insulin and obesity markets, leads in terms of operating margin. We

did not include Novo Nordisk in our peer analysis because they are based in Denmark and their financial statements do not use GAAP.

Profitability Comparison

Company	Gross Margin	Net Margin	FCF Margin
PFE	65.77%	12.60%	15.46%
AMGN	64.19%	12.31%	31.28%
BMY	56.80%	-18.53%	28.87%
GILD	78.24%	1.67%	35.87%
GSK	69.80%	8.21%	14.95%
JNJ	68.63%	15.84%	22.34%
LLY	81.31%	23.51%	8.35%
MRK	73.74%	26.76%	28.29%
VRTX	86.07%	-4.88%	-7.19%
Average	71.62%	8.61%	19.80%

Source: FactSet [7]

Pfizer's profitability metrics show performance above the industry average net margin but slightly below average gross margin and free cash flow margin. Overall, Pfizer demonstrates stable profitability, with strength in net margin driven by cost management, but opportunities remain to optimize cash generation.

Gross Margin: at 65.77%, Pfizer is slightly below the peer average of 71.62%, indicating moderate but relatively weaker control over production and COGS compared to other large pharmaceutical firms.

Net Margin: at 12.60%, Pfizer is above the peer average of 8.61%, suggesting solid profitability after operating expenses and taxes, though it lags behind leaders like Merck and Eli Lilly. This performance is most likely driven by Pfizer's enterprise-wide cost realignment program [41].

Free Cash Flow Margin: at 15.46%, Pfizer is below the peer average of 19.80%, highlighting room for improvement in converting revenue into cash, especially relative to companies like Amgen and Gilead.

Leverage/Liquidity Comparison

Company	Debt-to-Equity	Debt Rating	Current Ratio	Quick Ratio
PFE	0.76	A	1.17	0.92
AMGN	Outlier	BBB+	1.26	0.95
BMY	3.13	A	1.25	1.15
GILD	1.41	A-	1.6	1.45
GSK	1.24	A	0.78	0.52
JNJ	0.53	AAA	1.11	0.86
LLY	2.37	A+	1.15	0.89
MRK	0.83	A+	1.36	1.15
VRTX	0.11	-	2.69	2.35
Average	1.30	-	1.37	1.14

Source: FactSet [7]

Pfizer's leverage and liquidity profile shows a moderate level of debt and adequate short-term liquidity compared to its peers. Compared with highly leveraged peers like Bristol Myers Squibb or Eli Lilly, Pfizer appears more conservative in financing, though it is less liquid than companies like Vertex or Gilead. Overall, Pfizer balances manageable leverage with adequate liquidity, positioning it for operational stability while maintaining flexibility for strategic investments.

Debt-to-Equity Ratio: at 0.76, Pfizer is well below the peer average of 1.30, indicating that Pfizer uses less leverage than many large pharmaceutical companies, which may provide financial flexibility and lower interest obligations.

Current Ratio: at 1.17, Pfizer is slightly below the peer average of 1.37, suggesting Pfizer has sufficient but not excessive short-term assets to cover its liabilities.

Quick Ratio: at 0.92, Pfizer is slightly below the peer average of 1.14, confirming that Pfizer's short-term assets are generally sufficient to cover short-term debt.

Efficiency Comparison

Company	Asset Turnover	Inventory Turnover	Receivables Turnover
PFE	0.29	2.07	6.96
AMGN	0.35	1.44	4.85
BMJ	0.51	8	4.74
GILD	0.47	3.58	6.29
GSK	0.54	1.72	4.32
JNJ	0.51	2.36	5.88
LLY	0.63	1.26	3.96
MRK	0.57	2.7	6.40
VRTX	0.48	1.57	6.75
Average	0.48	2.74	5.57

Source: FactSet [7]

Pfizer's efficiency metrics suggest it operates with lower turnover compared to the pharmaceutical peer group. Overall, Pfizer's lower asset turnover is largely due to high levels of goodwill and intangible assets from M&A activity, which do not generate revenue immediately. However, this is partially offset by efficient cash collection, resulting in strong receivables turnover.

Asset Turnover: at 0.29, Pfizer is below the peer average of 0.48, indicating that Pfizer generates less revenue per dollar of assets than most competitors, and therefore less efficient. A majority of Pfizer's total assets consist of intangible assets and goodwill. These intangible assets are derived heavily from debt-financed acquisitions and are not expected to generate revenue in the short term, resulting in a weak turnover ratio.

Inventory Turnover: at 2.07, Pfizer is below the peer average of 2.74, suggesting slower movement of inventory relative to peers. However, this is expected due to long lead times in the pharmaceutical industry. Compared with companies like Bristol Myers Squibb or Gilead, which show high inventory and asset turnover, Pfizer appears more asset- and inventory-heavy, which may reflect larger-scale operations or longer product cycles. While this conservatism can provide stability, it may also point to opportunities for improving operational efficiency.

Receivables Turnover: at 6.96, Pfizer is above the peer average of 5.57, showing that the company can efficiently and reliably collect from customers. This is important because pricing and reimbursement for Pfizer's products depend on government programs, such as Medicare and Medicaid. These programs, along with negotiated contracts, can result in significant delays due to chargebacks, rebates,

sales allowances and sales returns which can take up to one year to settle [2].

Products by Development Phase

Company	Phase 1	Phase 2	Phase 3	Registration
PFE	37	30	30	4
AMGN	22	15	6	1
BMJ	28	27	14	-
GILD	12	14	5	-
GSK	21	38	10	8
JNJ	13	22	11	6
LLY	28	34	11	4
MRK	16	22	17	3
VRTX	3	10	2	-
Average	20	23.56	11.78	2.89

Source: FactSet [7]

This table highlights the meaningful differences in major pharmaceutical companies' pipeline across Phases 1, 2, and 3. Pfizer leads early-stage development with 37 Phase 1 programs, signaling a strong foundation for long-term innovation. Merck & Co and Bristol-Meyers Squibb show heavier concentrations in later phases, which mean a higher likelihood of approvals. Other companies have smaller pipelines, indicating limited future product flow through internal development.

Pfizer sits in a stable position within the large-cap pharmaceutical landscape, though its performance varies across segments. The company's profitability aligns with peers, with net margins above the group average. Pfizer maintains a stronger balance sheet with lower leverage, but slightly tighter liquidity ratios. Efficiency metrics, such as asset and inventory turnover, fall behind those of competitors. Despite these metrics, Pfizer's full and diverse pipeline provides meaningful growth potential relative to its competitors.

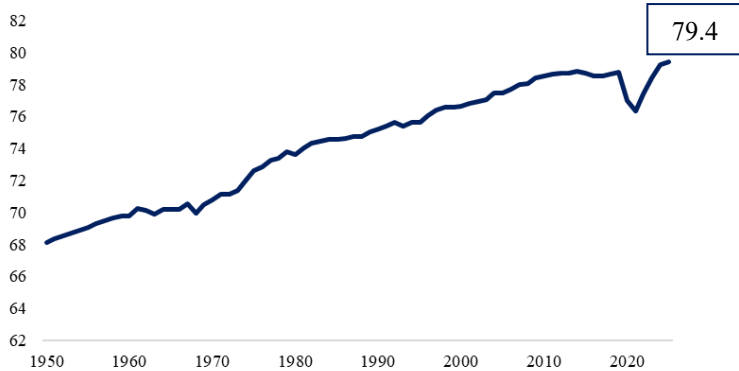
Economic Analysis

Aging Population

For the past 50 years, global average life expectancy has been significantly rising due to massive improvements in infant and child mortality rates, improved living standards, better nutrition and sanitation, and advances in health care (such as successes in antibiotics, vaccines, and breakthrough drugs such as insulin) [23]. As the average lifespan increases, this results in the demographic shift towards a larger elderly population as well as the prevalence

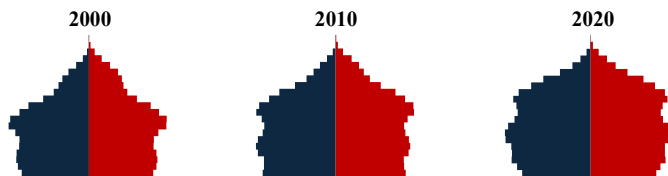
of chronic conditions, leading to a growing demand for pharmaceutical consumption and health care services.

U.S. Years of Life Expectancy



Source: Macrotrends [39]

The U.S. life expectancy follows the same long-term upward trend. Although it declined temporarily during the COVID-19 pandemic (2019-2021), it has since rebounded and continues to increase [39]. The following U.S. population pyramids further illustrate the shift, as the proportion of Americans aged 65 and older grew from 12.19% to 16.07% from 2000 to 2020 [22].

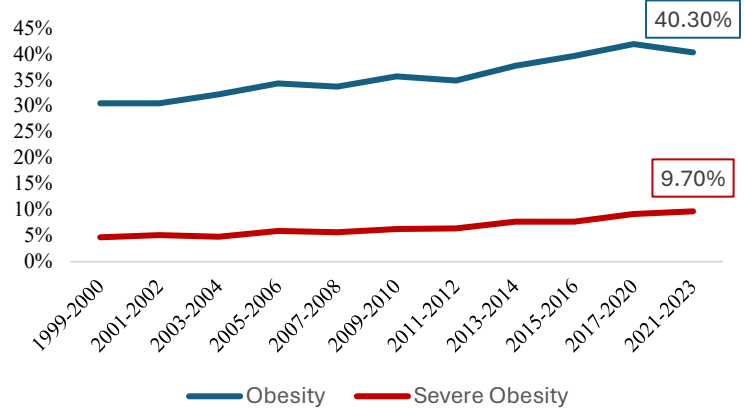


Source: PopulationPyramid.net [22]

We forecast that average life expectancy will continue to steadily increase for a while towards the maximum lifespan. However, the average life expectancy will most likely not change in a very dramatic way in the next 2-3 years. In our view, the projected increase in the elderly population will put increasing pressure on the health care system, as people aged 65+ spend the most on health care with a disproportionately greater use of prescription drugs [12].

Rising Obesity Rates

Rising Rates of Obesity Among U.S. Adults



Source: Statista [24]

Recent data shows that U.S. obesity rates have declined slightly for the first time in more than a decade, falling from 41.9% in 2017-2020 to 40.3% in 2021-2023. Although direct data on GLP-1 drug usage is limited, the timing of this shift aligns closely with the rapid rise of GLP-1 medications such as Ozempic and Wegovy [15], both of which reached blockbuster status over the same period. These drugs, originally developed for diabetes, have become increasingly mainstream for weight loss and cardiovascular benefits, making GLP-1 receptor agonists the fastest-growing therapeutic category in the pharmaceutical industry [25].

This expansion has not occurred without friction. Despite their clinical effectiveness, GLP-1 drugs face cost scrutiny, supply constraints, and uneven insurance coverage, particularly within Medicare and Medicaid, where recent policy proposals and reversals highlight how political and regulatory forces shape access to treatment. Public criticism from figures such as HHS Secretary Robert F. Kennedy Jr., who argues that obesity should be addressed through lifestyle changes rather than medication [27], further underscores the uncertainty surrounding long-term reimbursement and adoption trends.

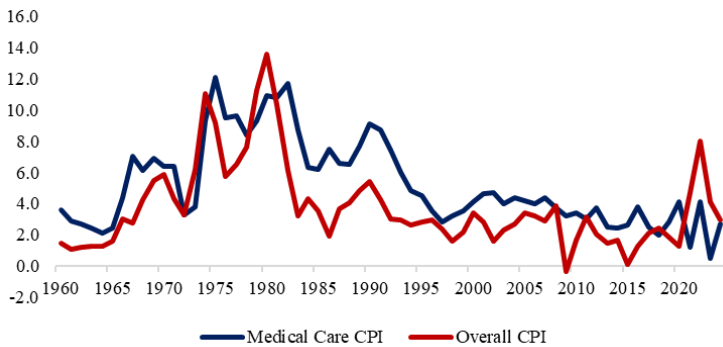
Looking forward, we expect obesity rates to continue declining as GLP-1 drugs move further into mainstream use, though affordability and policy risk remain significant headwinds. For our model, this means we can assume obesity rates will slowly decline and demand for GLP-1 treatments will stay steady, but we still need to account for

policy and reimbursement risks by choosing more conservative growth rates.

Inflation Trends (CPI)

The pharmaceutical industry is affected by inflation, which impacts costs and pricing. The sector’s profitability benefits from the fact that medical care demand is relatively inelastic. Consequently, rising medical prices typically translate into higher revenues for health care companies.

Medical Care CPI & Overall CPI
(YoY Change)



Source: FRED [28]

The Consumer Price Index for Medical Care (CPIMEDSL) measures the price inflation consumers face for healthcare products and services. Recent data from the Federal Reserve shows that the Medical Care CPI increased 2.69% YoY in 2024 [28]. Historically, Medical Care CPI generally increased at a higher rate than Overall CPI for most of 1980-2020. Across the 65 years presented, Medical Care CPI has never experienced a negative full-year decline. The lowest annual increase was 0.50% in 2023.

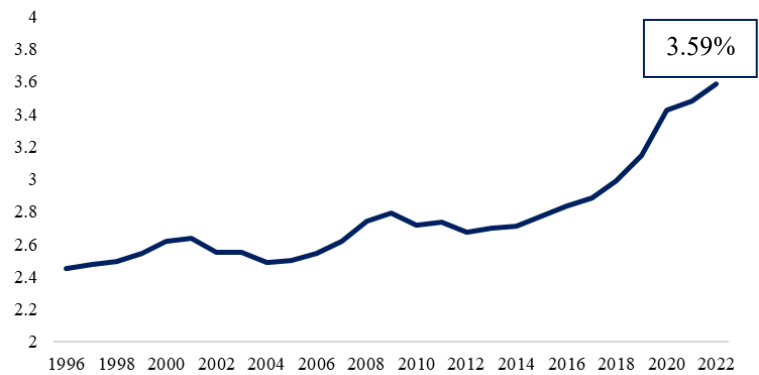
However, when medical costs consistently increase faster than the overall inflation, it highlights the long-term unaffordability of health care services. Due to this, Medical Care CPI serves as a key indicator for policymakers assessing national health care affordability. Sustained periods of strong price growth can draw regulatory scrutiny, which may lead to reforms that directly affect profitability across the sector.

Looking ahead, this enduring growth pattern may face significant legislative risks that could influence the outlook on long-term pricing. For example, the Inflation Reduction Act (IRA), signed into law in August 2022, includes provisions that impose rebates if drug prices rise faster than

inflation [12]. Furthermore, the IRA allows the U.S. Department of Health and Human Services (HHS) to negotiate prices for certain high expenditure Medicare covered drugs, a process known as Medicare Drug Price Negotiation Program (MDPNP) [12, 44]. For our model, this reinforces a cautious outlook on long-term medical price growth and supports the more conservative revenue assumptions embedded in our forecast.

Increase in U.S. R&D Trends

U.S. R&D Spending (as % of GDP)



Source: World Bank [30]

According to World Bank indicators, U.S. research and development (R&D) expenditure reached 3.59% of GDP in 2022 [30], reflecting the country’s continued pattern of annual increases and prioritization of scientific and technological innovation. In the health care sector specifically, R&D serves as the foundation for developing new therapies, advancing medical technology, and addressing unmet clinical needs. Sustained investment in basic, applied, and experimental research is critical for maintaining the pipeline of future drugs and treatments, supporting long-term industry growth.

Given decades of consistent increases in U.S. R&D funding, we expect this trend to continue both in the near term and over the long horizon. Rising investment should support additional breakthroughs, expand therapeutic pipelines, and strengthen the competitive positioning of major health care companies. For our model, this expectation of continued R&D growth reinforces the long-term innovation assumptions embedded in Pfizer’s forecast, particularly with respect to future NOPLAT expansion, new product introductions, and stable terminal value growth.

Valuation Analysis

Our estimate for Pfizer's share price is \$23.08. To determine the value of Pfizer stock, we used the following models: Discounted Cash Flow (DCF) and Economic Profit (EP), Dividend Discount Model (DDM), and Relative Valuation. Our forecasts are based on historical data (2014-2024) as reported on Pfizer's 10-K and were the foundation of our model and used in tandem with current industry and economic trends to project the company's financials through 2034E. Expiring patents and new drugs in the pipeline were also put into consideration. Our valuation models provide a forecast for the complete financial years 2025E-2034E, which captures the full lifecycle of pharmaceutical companies, including long R&D periods and patent exclusivity.

DCF and EP Model

Estimated Share Price: \$23.08

Implied Return: -7.91%

The DCF model determines the Value of Operating Assets by projecting and discounting the Free Cash Flow (FCF) for each year of the forecast horizon. The FCF is defined as the cash flow generated by operations after accounting for reinvestment in the business.

$$\text{❖ FCF} = \text{NOPLAT} - \text{Change in Invested Capital}$$

The EP model calculates the company's value creation above its cost of capital.

$$\text{❖ EP} = \text{Beginning Invested Capital} * (\text{ROIC} - \text{WACC})$$

Both the DCF and EP models calculate a terminal value based on 2034's expected NOPLAT, representing the discounted value of all Pfizer's cash flows from the end of the 10-year forecast horizon and into perpetuity. This terminal value is discounted back to the present, using Pfizer's WACC of 6.28%.

After the discount is complete, non-operating assets are added, and non-operating liabilities are subtracted from the present value to arrive at a total equity value. As a result, we made the following non-operating adjustments:

- ❖ Plus: Excess Cash, Short-Term investments, Equity-method investments, Long-Term investments
- ❖ Less: Short-Term Borrowings, Long-Term Debt, Pension and postretirement benefit obligations, Noncurrent deferred tax liabilities, Other taxes

payable, Other noncurrent liabilities, Equity attributable to noncontrolling interests

When the value of the equity is divided by the number of shares outstanding, the implied share price is calculated. It is important to remember to adjust this share price forward in time to the present day (87.40% as of November 15).

We believe the DCF/EP model provides a reliable estimate of Pfizer's intrinsic value. It accounts for the company's future cash flows, capital expenditures, and cost of capital, which captures the effect of Pfizer's investments in R&D and pipeline development. By incorporating a terminal value, the model reflects long-term growth potential beyond the 10-year forecast. Additionally, the EP adjustment highlights return relative to the company's invested capital, providing insight into value creation. Overall, we view this as the most grounded measure because it directly considers operational and strategic realities rather than relying solely on market multiples.

Dividend Discount Model (DDM)

Estimated Share Price: \$61.58

Implied Return: 145.72%

The DDM, like the DCF/EP method, discounts future cash flows and the terminal value back using a discount rate to arrive at the present value. In this case, the cash flows discounted are the estimated dividend payments. The terminal value is calculated by using the terminal P/E ratio and then multiplying it by the terminal year's EPS. This future stock price is then discounted along with the dividend payments using the cost of equity, not the WACC. Unlike the DCF/EP model, no adjustments regarding non-operating assets and liabilities are made after this point.

We do not believe the DDM provides an accurate valuation for Pfizer. This model focuses solely on projected dividend payments and discounts using the cost of equity, ignoring the company's substantial capital expenditures, R&D investments, and changes in working capital. As a result, it overstates the company's value, producing an implied share price that is significantly higher than both the DCF and market comparables. Additionally, it assumes dividends fully reflect the company's ability to generate shareholder value, which is less relevant for a capital-intensive, innovation-driven company like Pfizer. For these reasons, we consider the DDM unreliable for our analysis.

Relative Valuation

Estimated Share Price: \$22.78

Implied Return: -9.08%

Company	EPS		P/E 25	P/E 26
	2025E	EPS 2026E		
AMGN	\$21.06	\$21.56	14.09	13.76
BMJ	\$4.59	\$4.90	11.47	10.74
GILD	\$6.41	\$7.26	19.19	16.94
GSK	\$4.42	\$4.85	10.59	9.65
JNJ	\$11.04	\$10.36	18.60	19.82
LLY	\$22.50	\$30.64	40.00	29.38
MRK	\$8.02	\$8.66	10.46	9.69
VRTX	\$15.33	\$18.27	27.51	23.08
		Average	18.99	16.63
PFE	\$1.40	\$1.37	17.93	18.29

Relative Valuation uses 1-year forward Price-to-Earnings (P/E) comparisons between Pfizer and a select peer group of pharmaceutical companies. Given that the pharmaceutical industry is diverse and very competitive, there is not a perfectly comparable company. As a result, we considered different pharmaceutical companies in terms of similar size, geographic presence, and exposure to core therapeutic areas such as oncology, immunology, and vaccines.

Key peers include Amgen, Bristol Myers Squibb, Gilead, and Eli Lilly. This model primarily uses P/E to estimate Pfizer's equity value relative to the group. While it provides a useful market-based benchmark, the method has limitations in the pharmaceutical sector. A significant portion of a company's value stems from its drug pipeline rather than currently marketed products, meaning multiples based on current earnings may understate future profitability. Additionally, differences in patent lifecycles between companies can skew comparisons, as revenue from blockbuster drugs can decline sharply upon patent expiration.

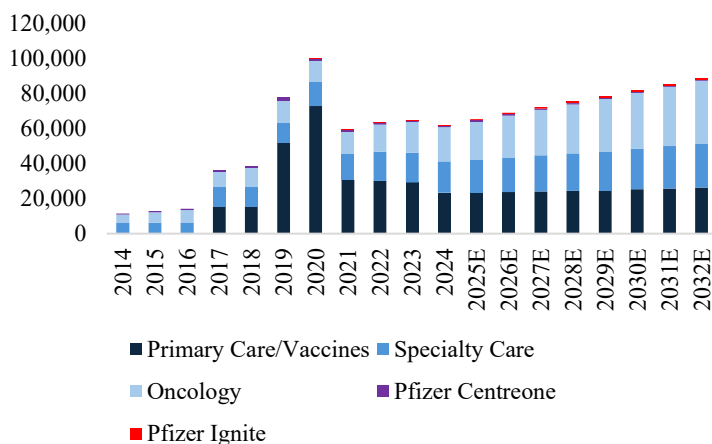
We view the relative valuation model as a useful cross-check on our DCF estimate. Comparing Pfizer to a peer group highlights how the market currently prices companies with similar size, geographic reach, and therapeutic focus. While it does not capture company-

specific pipeline prospects or patent lifecycles, it provides a market-based benchmark for investor expectations. In combination with the DCF, it helps validate whether our intrinsic value estimate is in line with comparable firms. We see this model as complementary, offering perspective on relative market positioning rather than absolute value.

Assumptions

Revenues

Pfizer Revenues by Segment



Source: Pfizer 10-K [2]

Revenue projections were based on growth trends across key business units, assuming year-over-year increases for growing medicines only of 10% in oncology, 5% in specialty medicines, and 4% in primary care, excluding products facing patent expirations or other declines. These rates reflect historical performance and align with the forecasted annual growth rates for these sub-industries [12]. Individual drugs were then adjusted from these base rates based on upcoming patent expirations, historical drug performance, and forecasts relating to that specific drug's treated condition. For anticipated patent expirations, an 80% decline in sales was applied in the first year, which is consistent with estimates due to immediate competition from generic brands [5].

A category related to upcoming drugs from Pfizer's pipeline was also included in the forecast. This line item represents future drugs that will be approved and placed into production into the future. Without this included, decreasing revenue from expired products would not be balanced by revenues from new products and instead lead to understated revenue. This estimate was based calculated using the amount of revenue lost from patent expirations

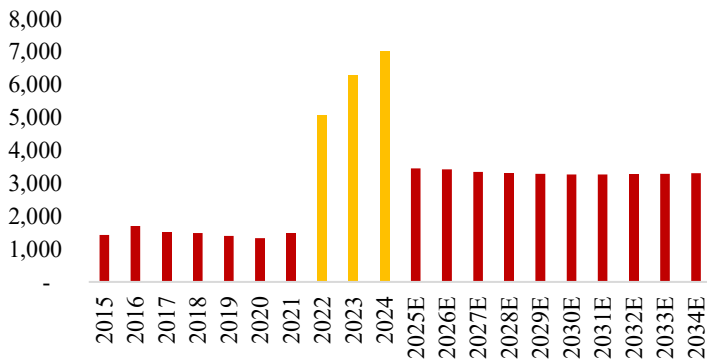
multiplied by a 3% growth rate, a conservative estimate lower than the expected growth rate for existing drugs to represent lag in replacement times.

All things considered, we forecast revenue to grow from \$63.6B in 2024 to \$89.4B in 2034, representing a 3.46% CAGR. This long-term growth is driven by an 8.72% CAGR in the oncology division as sales increase from \$15.6B in 2024 to \$36.0B in 2034. This high growth rate is consistent with industry forecasts because of the rising global cancer rate, high pricing power in the oncology market, and fewer generic threats. Primary care is projected to be the lowest performing segment with a CAGR of 4.2%. This segment underperforms because of patent expirations of the popular drugs Eliquis and Prevnar.

Expenses

Pfizer’s expenses reflect the costs needed to expand its pipeline while also funding existing drugs through production and distribution. Cost of Sales has historically represented approximately 17-18% of revenues, but it spiked to nearly 36% in 2021 due to one-time adjustments and potentially higher production costs associated with COVID-19 vaccine manufacturing [2]. Moving forward, Cost of Sales is projected to stabilize around 21-22% of revenues, reflecting efficiency gains and scaling of production across the company’s diverse product lines.

Depreciation Expense Over Time



Source: Pfizer 10-K [2], Team estimates

Depreciation shows a notable spike from 2022 onwards, increasing from \$1.5B in 2021 to \$5.1B in 2022 [2]. This is largely tied to capital expenditures on manufacturing facilities, particularly for biologics and vaccine production, as well as investments in new technologies to support Pfizer’s oncology and specialty medicines pipeline. Going

forward, depreciation is projected to remain relatively stable as the bulk of these assets are fully operational.

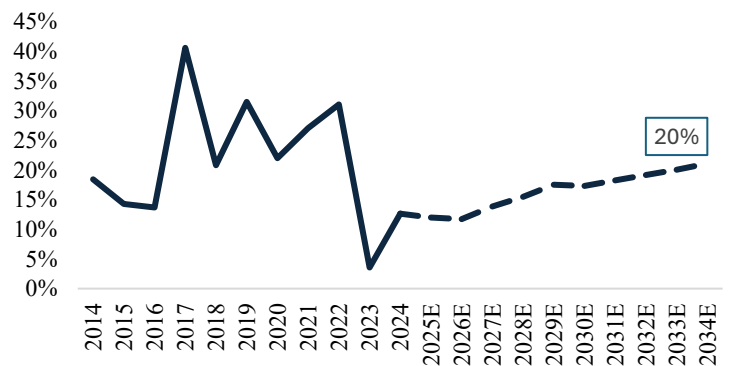
Pfizer’s SG&A expenses and R&D spending are also largely consistent with post-COVID numbers. SG&A has consistently represented ~25% of revenues [2], funding marketing, commercial operations, and support functions. R&D remains a critical investment, averaging 17% of revenues, and works with acquired in-process R&D to accelerate pipeline development. Amortization is driven by the amount of intangible assets on Pfizer’s books which we project to stay consistent as they are needed to secure exclusivity in the marketplace and develop new drugs.

Provision / (Benefit) for Taxes on Income

Our forecast models tax expense using a 20% effective tax rate. This is a reasonable estimate because Pfizer’s historical volatility is largely driven by one-time temporary items like restructuring charges, acquisition-related costs, and COVID-related revenue swings, rather than changes to its underlying tax structure. Once these non-recurring effects are removed, Pfizer’s tax structure aligns with other large U.S. pharmaceutical companies, which normally carries an effective tax rate ranging from 17-22% due to foreign income, R&D credits, and FDII benefits [31]. Analysts also commonly normalize Pfizer’s tax rate around this range, making 20% consistent with peer assumptions and long-term planning. As Pfizer’s business mix stabilizes post-COVID and recent acquisitions are absorbed, its effective tax rate should converge toward this steady-state level, making 20% a defensible and realistic modeling choice.

Profitability

Pfizer's Profit Margin Over Time



Source: Pfizer 10-K [2], Team estimates

Pfizer’s profitability improves steadily in our model because most of the unusual cost and revenue spikes from the COVID era unwind and the company returns to a more traditional pharmaceutical cost structure with items like Cost of Sales returning to historical levels. This is caused by a shift toward higher-margin areas like oncology and specialty medicines. To ensure that operating margins better reflect the core business activities, we exclude certain non-recurring items from the income statement, including other income (related to pensions and retirement plans) and restructuring charges.

Our projected margin profile is reasonable because it reflects Pfizer’s return to its core business mix and aligns with historical performance, and industry expectations. Pfizer’s operating margin has historically been an average of 23% before COVID. We project net income to grow from \$8.0B in 2024 to \$19.1B in 2034 [2], driven by stabilizing costs and the growth in oncology and specialty care.

CapEx

Pfizer has strategically expanded its pipeline through acquisitions. In late 2023, the company completed the acquisition of Seagen for \$43B, gaining access to Seagen’s leading anti-body drug technology to strengthen its oncology portfolio [32]. More recently, Pfizer completed the acquisition of Metsera for \$10B, enhancing its presence in medicines for obesity and cardiometabolic therapies [33]. These deals reflect Pfizer’s strategy of achieving high growth from acquisitions and inorganic means.

Beyond acquisitions, Pfizer continues to invest significantly in its own operations. In 2024, the company spent roughly \$6.5B on Property, Plant, and Equipment (PP&E) to support manufacturing and R&D infrastructure [2]. The model forecasts consistent spending on PP&E with projected annual CapEx around \$3.2B.

WACC Estimation

Risk free rate	4.32%
Beta	0.42
Equity risk premium	5.48%
Cost of equity	6.33%
Cost of debt, pretax	4.71%
Marginal tax rate	22.00%
Cost of debt, post-tax	3.67%
Weight of equity	88.43%
Weight of debt	11.57%
WACC	6.28%

Source: Pfizer 10-K [2], Team estimates

- ❖ Cost of equity was calculated using the CAPM
- ❖ Risk free rate was based on interpolated yield on U.S. Treasury zero-coupon issues in 2024.
- ❖ Beta was calculated using the average weekly raw beta of historical returns from the past 2-5 years.
- ❖ Equity risk premium (ERP) is based on the historical average ERP between 2016-2025.
- ❖ Cost of debt is based on YTM on Pfizer’s 10-year corporate bond.
- ❖ Marginal tax rate is based on an estimate of U.S. federal and state corporate tax rate.
- ❖ Pfizer has no preferred stock.
- ❖ Pfizer does not report operating leases separately.

Capital Structure

Historically, Pfizer carried relatively high leverage, with its debt-to-equity ratio peaking at 1.87 in 2016 and falling to its low of 1.06 in 2022. It has risen to 1.41 in 2024 [2]. Looking ahead in our forecast, the model projects further de-levering as the debt-to-equity ratio declines steadily towards 0.63 in 2034, signaling the company will choose to use equity as its primary financing method.

Sensitivity Analysis

To determine which variables have the highest influence on valuation, they are tested against each other using the What-If Analysis in Excel. To determine how sensitive valuation is, we divided the Change in Value/Change in Variable to come up with a number that represents how much valuation would change if the underlying variable was increased by 1%.

Impact of Variable on Valuation

CV Growth of NOPLAT	3.00
WACC	(1.30)
COGS as % of Sales	(0.75)
SGA as % of Sales	(0.73)
Risk Free Rate	(0.67)
Equity Risk Premium	(0.52)
Beta	(0.16)
Pre-Tax Cost of Debt	(0.13)
Effective Tax Rate	(0.13)
1-Year Sales Decline After Patent Expiration	(0.13)
Cost of Equity	0.03
Current Dividend Yield	(0.02)

Source: Team estimates

Overall, according to our calculations, CV Growth of NOPLAT is the most influential variable. A 1% increase in the perpetual growth rate of NOPLAT would raise valuation by 3.00%. This is expected because the terminal value largely determines the DCP and EP valuation. Meanwhile, the WACC is the most sensitive risk variable. A 1% increase in WACC would result in a 1.30% decrease in the valuation. This highlights that Pfizer's cost of capital and debt management are critical factors in the company's valuation.

Beta vs. Equity Risk Premium

Equity Risk Premium	Beta							
	23.08	0.12	0.22	0.32	0.42	0.52	0.62	0.72
6.48%	59.26	35.99	25.51	19.54	15.67	12.96	10.95	
6.23%	61.05	37.27	26.49	20.33	16.33	13.53	11.45	
5.98%	62.96	38.63	27.53	21.17	17.05	14.15	12.00	
5.73%	64.98	40.08	28.66	22.09	17.82	14.82	12.59	
5.48%	67.13	41.65	29.87	23.08	18.65	15.54	13.22	
5.23%	69.43	43.33	31.18	24.15	19.56	16.32	13.92	
4.98%	71.88	45.15	32.60	25.31	20.54	17.18	14.67	
4.73%	74.51	47.12	34.16	26.59	21.63	18.12	15.50	
4.48%	77.33	49.26	35.85	27.99	22.81	19.15	16.41	

Sensitivity testing shows the model is slightly more sensitive to beta than the equity risk premium. A 1% increase in beta would decrease valuation by approximately 0.16%, whereas a 1% increase in the equity risk premium would reduce value by 0.52%. While both are market-driven assumptions, beta has a slightly more noticeable effect on valuation, reflecting its role in determining the cost of equity and discounting cash flows, whereas equity risk premium adjustments are largely buffered by the underlying cash flow assumptions.

Risk Free Rate vs. Pre-Tax Cost of Debt

Pre-Tax Cost of Debt	Risk Free Rate							
	23.08	2.82%	3.32%	3.82%	4.32%	4.82%	5.32%	5.82%
7.71%	44.60	32.25	25.06	20.34	17.01	14.53	12.61	
6.71%	48.34	34.24	26.29	21.19	17.63	15.00	12.98	
5.71%	52.73	36.47	27.65	22.10	18.28	15.49	13.37	
4.71%	57.94	39.00	29.13	23.08	18.98	16.01	13.77	
3.71%	64.24	41.86	30.77	24.14	19.72	16.57	14.20	
2.71%	72.00	45.16	32.59	25.29	20.52	17.15	14.64	
1.71%	81.80	48.97	34.61	26.54	21.37	17.77	15.12	

Valuation is moderately sensitive to financing assumptions. A 1% increase in the risk-free rate would reduce enterprise value by about 0.67%, while the same increase in the pre-tax cost of debt would lower value by 0.13%. This shows that while borrowing costs do influence the weighted average cost of capital, overall valuation is more sensitive to broad shifts in discount rates represented by the risk-free rate.

COGS as % of Sales vs. Effective Tax Rate

Effective Tax Rate	COGS as % of Sales							
	23.08	18.59%	19.59%	20.59%	21.59%	22.59%	23.59%	24.59%
40.0%	18.86	18.10	17.33	16.57	15.80	15.04	14.27	
35.0%	20.66	19.82	18.98	18.15	17.31	16.47	15.63	
30.0%	22.50	21.58	20.67	19.76	18.84	17.93	17.01	
25.0%	24.37	23.38	22.39	21.40	20.41	19.42	18.43	
20.0%	26.29	25.22	24.15	23.08	22.01	20.94	19.87	
15.0%	28.24	27.09	25.94	24.79	23.64	22.49	21.34	
10.0%	30.24	29.00	27.77	26.54	25.30	24.07	22.83	

Operational and fiscal assumptions are important levers for valuation. Increasing COGS by 1% decreases valuation by 0.75%, highlighting the direct impact of margin erosion on enterprise value. In contrast, a 1% increase in the effective tax rate reduces valuation by 0.13%, indicating that while taxes matter, operating efficiency has a more pronounced effect on cash flows and overall value.

Cost of Equity vs. Current Dividend Yield

Current Dividend Yield	Cost of Equity							
	23.08	3.6%	4.6%	5.6%	6.6%	8.6%	10.6%	12.6%
10.1%	21.64	21.84	22.05	22.26	22.67	23.08	23.48	
9.1%	21.84	22.05	22.26	22.46	22.87	23.28	23.69	
8.1%	22.05	22.26	22.46	22.67	23.08	23.48	23.89	
7.1%	22.26	22.46	22.67	22.87	23.28	23.69	24.09	
6.1%	22.46	22.67	22.87	23.08	23.48	23.89	24.30	
5.1%	22.67	22.87	23.08	23.28	23.69	24.09	24.50	
4.1%	22.87	23.08	23.28	23.48	23.89	24.30	24.70	
3.1%	23.08	23.28	23.48	23.69	24.09	24.50	24.90	
2.1%	23.28	23.48	23.69	23.89	24.30	24.70	25.10	

Valuation is relatively insensitive to both cost of equity and dividend assumptions in this model. A 1% increase in cost of equity decreases valuation by only 0.03%, while a 1% increase in the current dividend yield lowers it by 0.02%.

These small sensitivities suggest that within the tested ranges, expected returns and payout assumptions are minor drivers compared with operational and growth factors.

SGA as % of Sales vs. WACC

		SGA as % of Sales							
		23.08	19%	21%	23%	25%	27%	29%	31%
WACC	7.8%	16.73	15.43	14.13	12.83	11.54	10.24	8.94	
	7.3%	19.70	18.20	16.71	15.21	13.72	12.22	10.73	
	6.8%	23.73	21.97	20.20	18.44	16.68	14.92	13.16	
	6.3%	29.52	27.37	25.23	23.08	20.94	18.80	16.65	
	5.8%	38.55	35.81	33.07	30.32	27.58	24.84	22.10	
	5.3%	54.63	50.82	47.02	43.21	39.40	35.59	31.78	
	4.8%	91.31	85.07	78.82	72.58	66.34	60.10	53.86	

Operational efficiency and capital structure assumptions strongly influence valuation. Raising SGA by 1% reduces value by 0.74%, while increasing WACC by 1% lowers valuation by 1.30%. This illustrates that managing operating expenses and minimizing discount rates are key levers for sustaining enterprise value, with WACC having the largest proportional effect across the model.

CV Growth of NOPLAT vs. 1-Year Sales Decline After Patent Expiration

		CV Growth of NOPLAT							
		23.08	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%	5.50%
1-Year Sales Decline	-62.50%	14.59	16.67	19.50	23.58	29.94	41.25	67.01	
	-67.50%	14.49	16.56	19.38	23.43	29.76	41.02	66.64	
	-72.50%	14.39	16.45	19.26	23.29	29.58	40.78	66.27	
	-77.50%	14.29	16.35	19.13	23.15	29.41	40.55	65.91	
	-80.00%	14.25	16.29	19.07	23.08	29.32	40.44	65.73	
	-82.50%	14.20	16.24	19.01	23.01	29.24	40.32	65.55	
	-87.50%	14.10	16.13	18.90	22.87	29.07	40.10	65.20	
	-92.50%	14.01	16.03	18.78	22.73	28.90	39.88	64.85	
	-97.50%	13.92	15.93	18.66	22.59	28.73	39.65	64.51	

Long-term growth and near-term revenue shocks are the most impactful drivers of value. A 1% increase in CV growth of NOPLAT raises valuation by 3.0%, reflecting the compounding power of sustained profitability. In contrast, a 1% increase in the 1-year sales decline from patent expiration reduces valuation by 0.13%, showing that short-term shocks have smaller proportional effects than long-term growth assumptions, though they remain important to monitor.

Conclusion

Given the assumptions and estimations in our we have made, we recommend a **SELL** rating for Pfizer, as our valuation indicates that the stock is overvalued relative to its intrinsic worth. Our DCF and EP analysis produce a target price of **\$23.08**, reflecting Pfizer's future cash flow, capital investments, and high cost of capital. While the DDM suggests a higher value of \$61.58, we consider this

approach unreliable, as it ignores substantial R&D expenditures, working capital requirements, and capital-intensive investments critical to the company's long-term pipeline development. Finally, Pfizer is generally underperforming based on the multiple valuations relative to peers.

Team Disclosure

We assign a BUY rating when a security is expected to deliver returns greater than the industry-specific threshold (typically 10-15%) over the next twelve months. A SELL rating is given when the security's target price is below the current price over the next twelve months, while a HOLD rating implies a return somewhere in between 0% and the industry specific threshold.

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation (FIN:4250) 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 Inc.

Revenue Decomposition

Millions of Dollars

Fiscal Years Ending Dec. 31	Expiration	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total Revenues		100,330	59,553	63,627	64,957	62,126	65,493	69,090	72,519	75,576	78,783	82,218	85,672	89,355
[^] YoY Growth		23.4%	-40.6%	11.0%	2.1%	-4.4%	5.4%	5.5%	5.0%	4.2%	4.2%	4.4%	4.2%	4.3%
Pfizer Innovative Health (pre-2019)		-	-	-	-	-	-	-	-	-	-	-	-	-
Pfizer Essential Health (pre-2019)		-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biopharmaceuticals Business		98,988	58,237	62,400	7,890	6,358	64,173	67,603	70,888	73,915	77,090	80,490	83,906	87,549
[^] YoY Growth		24.4%	-41.2%	7.1%	2.2%	-4.5%	5.3%	5.3%	4.9%	4.3%	4.3%	4.4%	4.2%	4.3%
Primary Care/Vaccines		73,023	30,799	30,135	29,175	23,329	23,408	23,688	24,053	24,451	24,877	25,331	25,814	26,327
[^] YoY Growth		40.6%	-57.8%	-2.2%	-3.2%	-20.0%	0.3%	1.2%	1.5%	1.7%	1.7%	1.8%	1.9%	2.0%
Eliquis	2026	6,480	6,747	7,366	7,661	1,532	1,501	1,471	1,442	1,413	1,385	1,357	1,330	1,303
[^] YoY Growth		8.5%	4.1%	9.2%	4.0%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Pevnar family	2026	6,342	6,501	6,411	6,869	1,374	1,346	1,319	1,293	1,267	1,242	1,217	1,193	1,169
[^] YoY Growth		20.3%	2.5%	-1.4%	7.1%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Paxlovid	2041	18,933	1,279	5,716	5,887	6,005	6,065	6,065	6,005	5,885	5,767	5,652	5,538	5,428
[^] YoY Growth		24811.8%	-93.2%	346.9%	3.0%	2.0%	1.0%	0.0%	-1.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Comirnaty	2041	37,809	11,220	5,353	3,215	2,175	1,636	1,355	1,225	1,201	1,177	1,153	1,130	1,108
[^] YoY Growth		2.8%	-70.3%	-52.3%	-39.9%	-32.4%	-24.8%	-17.2%	-9.6%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Nurtec ODT/Vydura	2030 (Pending 2034)	213	928	1,263	1,314	1,366	1,421	1,478	1,537	307	301	295	289	283
[^] YoY Growth		0.0%	335.7%	36.1%	4.0%	4.0%	4.0%	4.0%	4.0%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%
Abrysvo	2036 (Pending 2037)	-	890	755	717	685	659	637	621	608	596	584	573	561
[^] YoY Growth		0.0%	0.0%	-15.2%	-5.1%	-4.4%	-3.8%	-3.2%	-2.6%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Premarin family		455	397	380	334	301	276	260	249	244	239	235	230	225
[^] YoY Growth		-19.2%	-12.7%	-4.3%	-12.1%	-10.1%	-8.0%	-6.0%	-4.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
BMP2		277	338	352	388	422	454	484	509	529	550	572	595	619
[^] YoY Growth		4.1%	22.0%	4.1%	10.1%	8.9%	7.7%	6.4%	5.2%	4.0%	4.0%	4.0%	4.0%	4.0%
FSME-IMMUN/TicoVac		200	268	280	303	326	347	367	385	400	416	433	450	468
[^] YoY Growth		8.1%	34.0%	4.5%	8.3%	7.4%	6.6%	5.7%	4.9%	4.0%	4.0%	4.0%	4.0%	4.0%
All other Primary Care		2,473	2,233	2,259	2,488	2,709	2,917	3,106	3,268	3,399	3,535	3,676	3,823	3,976
[^] YoY Growth		38.9%	-9.7%	1.2%	10.1%	8.9%	7.7%	6.5%	5.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Primary Care/Vaccine Medicines Entering Pipeline					6,435	6,784	7,146	7,520	9,198	9,669	10,157	10,662	11,186	
Specialty Care		13,833	14,988	16,652	17,141	17,993	18,883	19,827	20,723	21,545	22,398	23,292	24,229	25,207
[^] YoY Growth		17.9%	8.3%	11.1%	2.9%	5.0%	4.9%	5.0%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Vyndaqel family	2025 (Pending 2028)	2,447	3,321	5,451	1,090	1,068	1,047	1,026	1,006	985	966	946	928	909
[^] YoY Growth		21.4%	35.7%	64.1%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Xeljanz	2026	1,796	1,703	1,168	921	184	181	177	173	170	167	163	160	157
[^] YoY Growth		-26.8%	-5.2%	-31.4%	-21.1%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Enbrel (Outside the U.S. and Canada)	2028	1,003	830	690	576	498	445	89	87	85	84	82	80	79
[^] YoY Growth		-15.4%	-17.2%	-16.9%	-16.5%	-13.6%	-10.7%	-80.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Sulperazon		786	757	637	628	618	607	596	585	573	562	550	539	529
[^] YoY Growth		15.1%	-3.7%	-15.9%	-1.5%	-1.6%	-1.7%	-1.8%	-1.9%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Zavicefta	2031 (Pending 2034)	412	511	586	661	736	807	872	930	976	195	191	188	184
[^] YoY Growth		-0.2%	24.0%	14.7%	12.8%	11.3%	9.7%	8.1%	6.6%	5.0%	-80.0%	-2.0%	-2.0%	-2.0%
Octagam(c)		186	245	509	598	687	773	850	913	959	1,007	1,057	1,110	1,166
[^] YoY Growth		0.0%	31.7%	107.8%	17.4%	14.9%	12.5%	10.0%	7.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Inflectra		532	490	509	470	439	415	398	385	377	370	363	355	348
[^] YoY Growth		-19.0%	-7.9%	3.9%	-7.7%	-6.5%	-5.4%	-4.3%	-3.1%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Zithromax		331	406	480	576	674	768	852	921	967	1,015	1,066	1,119	1,175
[^] YoY Growth		19.1%	22.7%	18.2%	20.0%	17.0%	14.0%	11.0%	8.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Genotropin		360	539	470	516	562	606	648	687	721	757	795	835	877
[^] YoY Growth		-7.5%	49.7%	-12.8%	9.8%	8.9%	7.9%	6.9%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%
BeneFIX		425	424	381	364	350	338	327	319	313	307	301	295	289
[^] YoY Growth		-3.0%	-0.2%	-10.1%	-4.4%	-4.0%	-3.5%	-3.0%	-2.5%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Cibinqo	2034 (Pending 2036)	27	128	215	247	278	308	336	359	377	396	416	437	87
[^] YoY Growth		0.0%	374.1%	68.0%	14.7%	12.8%	10.8%	8.9%	6.9%	5.0%	5.0%	5.0%	5.0%	-80.0%
Oxbryta(d)		73	328	201	222	242	262	281	298	313	329	345	362	380
[^] YoY Growth		0.0%	349.3%	-38.7%	10.4%	9.3%	8.2%	7.1%	6.1%	5.0%	5.0%	5.0%	5.0%	5.0%
All other Hospital(e)		4,730	4,514	4,448	4,893	5,334	5,761	6,164	6,534	6,861	7,204	7,564	7,942	8,340
[^] YoY Growth		96.1%	-4.6%	-1.5%	10.0%	9.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%
All other Specialty Care		743	792	907	800	722	665	626	601	589	578	566	555	544
[^] YoY Growth		-56.3%	6.6%	14.5%	-11.7%	-9.8%	-7.8%	-5.9%	-3.9%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Specialty Care Medicines Entering Pipeline					4,579	5,601	5,900	6,583	6,924	7,277	8,463	8,886	9,324	10,145

Pfizer Inc.

Income Statement

Millions of Dollars, except per share data

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:													
Product revenues	\$ 91,793	\$ 50,914	\$ 53,816	54,878	51,708	54,679	57,844	60,816	63,405	66,125	69,054	71,981	75,117
Alliance revenues	8,537	7,582	8,388	8,372	8,427	8,552	8,751	9,028	9,389	9,765	10,155	10,562	10,984
Royalty revenues	845	1,058	1,423	1,706	1,992	2,261	2,495	2,675	2,782	2,893	3,009	3,129	3,254
Total Revenues	101,175	59,554	63,627	64,957	62,126	65,493	69,090	72,519	75,576	78,783	82,218	85,672	89,355
Costs and expenses:													
Cost of Sales (Minus Depreciation)	29,280	18,664	10,838	14,026	13,415	14,141	14,918	15,658	16,319	17,011	17,753	18,499	19,294
<i>^% of Revenues</i>	28.9%	31.3%	17.0%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
Depreciation	5,064	6,290	7,013	3,454	3,419	3,350	3,303	3,287	3,270	3,267	3,274	3,285	3,302
<i>^% of PPE</i>	34.0%	38.7%	37.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Selling, informational and administrative expenses	13,677	14,771	14,730	16,216	15,510	16,350	17,248	18,104	18,867	19,668	20,525	21,388	22,307
<i>^% of Revenues</i>	13.5%	24.8%	23.2%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Amortization of intangible assets	3,609	4,733	5,286	4,838	4,716	4,125	3,776	2,829	3,871	3,871	3,871	3,871	3,871
<i>^% of Intangible Assets</i>	8.3%	7.3%	9.5%	9.6%	10.3%	9.5%	8.7%	6.5%	8.9%	8.9%	8.9%	8.9%	8.9%
Research and development expenses	11,428	10,679	10,822	11,048	10,567	11,139	11,751	12,334	12,854	13,400	13,984	14,571	15,198
<i>^% of Revenues</i>	11.3%	17.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Acquired in-process research and development expe	953	194	108	926.44	886.07	934.09	985.40	1,034.29	1,077.89	1,123.63	1,172.63	1,221.88	1,274.42
<i>^% of Revenues</i>	0.9%	0.3%	0.2%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Restructuring charges and certain acquisition-related	1,375	2,943	2,419	1,338	1,280	1,349	1,423	1,494	1,557	1,623	1,694	1,765	1,841
<i>^% of Revenues</i>	1.4%	4.9%	3.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Other (income) / deductions--net (ex. Interest exp)	75	(363)	1,842	1,842	1,658	1,474	1,289	1,105	921	737	553	368	-
Earnings Before Interest & Taxes	35,714	1,643	10,569	11,268	10,677	12,630	14,396	16,673	16,838	18,082	19,392	20,703	22,267
Interest (Income)	(251)	(1,624)	(545)	(821)	(684)	(906)	(1,202)	(1,510)	(1,892)	(2,303)	(2,772)	(3,301)	(3,890)
Interest Expense	1,238	2,209	3,091	2,327	2,135	2,073	2,059	2,083	2,101	2,121	2,144	2,167	2,191
Earnings Before Taxes	34,727	1,058	8,023	9,762	9,226	11,464	13,540	16,100	16,629	18,264	20,020	21,837	23,966
Provision / (benefit) for taxes on income	3,328	(1,115)	(28)	1,952	1,845	2,293	2,708	3,220	3,326	3,653	4,004	4,367	4,793
<i>^% of EBT</i>	9.6%	-105.4%	-0.3%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Income from continuing operations	31,399	2,173	8,051	7,810	7,381	9,171	10,832	12,880	13,303	14,611	16,016	17,469	19,173
Discontinued operations--net of tax	6	(15)	11	-	-	-	-	-	-	-	-	-	-
<i>^YoY Growth</i>	-101.4%	-350.0%	-173.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income before allocation to noncontrolling interests	31,405	2,158	8,062	7,810	7,381	9,171	10,832	12,880	13,303	14,611	16,016	17,469	19,173
Less: Net income attributable to noncontrolling interests	(35)	(39)	(31)	(31)	(34)	(38)	(42)	(46)	(51)	(57)	(63)	(69)	(76)
<i>^% of Equity Attributable to NCI</i>	-13.7%	-14.2%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%	-10.5%
Net income attributable to Pfizer Inc. common shareholders	\$ 31,370	\$ 2,119	\$ 8,031	\$ 7,779	\$ 7,347	\$ 9,133	\$ 10,790	\$ 12,834	\$ 13,252	\$ 14,555	\$ 15,954	\$ 17,400	\$ 19,096
Other information:													
Total shares outstanding	5,616	5,646	5,667	5,463	5,264	5,065	4,868	4,672	4,477	4,283	4,091	3,899	3,709
Weighted Average Shares Outstanding	5,618	5,631	5,657	5,565	5,363	5,164	4,967	4,770	4,575	4,380	4,187	3,995	3,804
EPS	\$ 5.58	\$ 0.38	\$ 1.42	\$ 1.40	\$ 1.37	\$ 1.77	\$ 2.17	\$ 2.69	\$ 2.90	\$ 3.32	\$ 3.81	\$ 4.36	\$ 5.02
Dividends per share	\$ 1.60	\$ 1.64	\$ 1.68	\$ 1.72	\$ 1.76	\$ 1.80	\$ 1.84	\$ 1.88	\$ 1.92	\$ 1.96	\$ 2.00	\$ 2.04	\$ 2.08
Total Dividends	8,983	9,247	9,512	9,572	9,440	9,296	9,139	8,968	8,783	8,585	8,374	8,150	7,913

Source: FactSet, Pfizer 10-K (p. 51)

Notes:

Other income is related to pension/retirement plans - Flatlined

Pfizer Inc.																					
Balance Sheet																					
Millions of Dollars																					
iscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets																					
Cash and cash equivalents	\$ 3,343	\$ 3,641	\$ 2,595	\$ 1,342	\$ 1,139	\$ 1,121	\$ 1,784	\$ 1,944	\$ 416	\$ 2,853	\$ 1,043	\$ (3,536)	\$ 1,777	\$ 9,110	\$ 16,733	\$ 26,374	\$ 36,787	\$ 48,763	\$ 62,352	\$ 77,572	\$ 94,769
Short-term investments	32,779	19,649	15,255	18,650	17,694	8,525	10,437	29,125	22,316	9,837	19,434	20,137	20,865	21,619	22,401	23,211	24,050	24,920	25,821	26,755	27,722
Trade accounts receivable, net of	8,669	8,176	8,225	8,221	8,025	6,772	7,930	11,479	10,952	11,566	11,463	10,328	9,878	10,413	10,985	11,530	12,016	12,526	13,072	13,621	14,207
Inventories	5,663	7,513	6,783	7,578	7,508	7,068	8,046	9,059	8,981	10,189	10,851	9,166	8,766	9,241	9,749	10,233	10,664	11,116	11,601	12,088	12,608
Current deferred tax assets	4,498	2,662	3,041	3,050	3,374	2,736	3,264	4,266	3,577	3,978	3,314	(1,131)	(1,069)	(1,328)	(1,568)	(1,865)	(1,926)	(2,115)	(2,319)	(2,529)	(2,776)
% Tax Receivable	144%	134%	271%	-34%	-1268%	469%	882%	230%	107%	-357%	-11836%	-	-	-	-	-	-	-	-	-	-
Other current assets	2,750	2,163	3,050	2,301	12,186	6,581	3,605	3,820	5,017	4,911	4,253	4,407	4,566	4,731	4,902	5,080	5,263	5,454	5,651	5,855	6,067
Total Current Assets	57,702	43,804	38,949	41,142	49,926	32,803	35,066	59,693	51,259	43,334	50,358	39,371	44,784	53,787	63,202	74,563	86,855	100,664	116,179	133,363	152,598
Equity-method investments	-	-	-	-	-	17,133	16,856	16,472	11,033	11,637	217	225	233	241	250	259	269	278	288	299	310
Long-term investments	17,518	15,999	7,116	7,015	2,767	3,014	3,406	5,054	4,036	3,731	2,010	2,097	2,187	2,282	2,380	2,483	2,591	2,703	2,819	2,941	3,068
Property, plant and equipment, r	11,762	13,766	13,318	13,865	13,385	12,969	13,900	14,882	16,274	18,940	18,393	18,208	17,839	17,588	17,503	17,416	17,397	17,434	17,493	17,587	17,706
Identifiable intangible assets, net	35,166	40,356	52,648	48,741	35,211	33,936	28,471	25,146	43,370	64,900	55,411	50,573	45,857	43,460	43,460	43,460	43,460	43,460	43,460	43,460	43,460
Goodwill	42,069	48,242	54,449	55,952	53,411	48,202	49,577	49,208	51,375	67,783	68,527	68,527	68,527	68,527	68,527	68,527	68,527	68,527	68,527	68,527	68,527
Noncurrent deferred tax assets a	1,544	1,794	1,812	1,855	1,924	1,911	2,383	3,341	6,693	3,706	8,662	7,796	6,930	6,063	5,197	4,331	3,465	2,599	1,732	866	0
^Portion of Tax Expense Deferred	-	13%	2%	0%	-26%	-2%	128%	52%	101%	268%	-17700%	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	3,513	3,420	3,323	3,227	2,799	17,626	4,569	7,679	13,163	12,471	9,817	7,450	7,125	7,511	7,924	8,317	8,668	9,036	9,430	9,826	10,248
^% of Sales	6%	5%	5%	5%	4%	24%	6%	10%	16%	15%	11%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Total Assets	\$ 169,274	\$ 167,381	\$ 171,615	\$ 171,797	\$ 159,423	\$ 167,594	\$ 154,228	\$ 181,475	\$ 197,203	\$ 226,502	\$ 213,395	\$ 194,246	\$ 193,482	\$ 199,460	\$ 208,443	\$ 219,356	\$ 231,231	\$ 244,700	\$ 259,928	\$ 276,868	\$ 295,917
Liabilities and Equity																					
Short-term borrowings, including	\$ 5,141	\$ 10,159	\$ 10,688	\$ 9,953	\$ 8,831	\$ 16,195	\$ 2,703	\$ 2,241	\$ 2,945	\$ 10,350	\$ 6,946	5,396	5,408	5,618	5,844	6,060	6,296	6,527	6,769	7,016	7,272
^% of Non-Cash Current Assets	10.3%	27.1%	32.1%	27.1%	19.4%	55.9%	9.0%	4.2%	6.2%	28.4%	15.1%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Trade accounts payable	3,440	3,620	4,536	4,656	4,674	3,887	4,309	5,578	6,809	6,710	5,633	5,437	5,200	5,482	5,783	6,070	6,326	6,594	6,882	7,171	7,479
Dividends payable	1,711	1,852	1,944	2,029	2,047	2,104	2,162	2,249	2,303	2,372	2,437	2,393	2,360	2,324	2,285	2,242	2,196	2,146	2,094	2,037	1,978
Income taxes payable	531	418	437	477	1,265	980	1,049	1,266	1,587	2,349	2,910	-398	(377)	(468)	(553)	(657)	(679)	(745)	(817)	(891)	(978)
Accrued compensation and relat	1,784	2,359	2,487	2,196	2,397	2,390	3,058	3,332	3,407	2,776	3,838	3,313	3,169	3,340	3,524	3,699	3,855	4,018	4,193	4,370	4,557
Deferred revenues	-	-	-	-	-	-	-	3,067	2,520	2,700	1,511	1,916	1,833	1,932	2,038	2,139	2,230	2,324	2,426	2,527	2,636
^% of Sales	0%	0%	0%	0%	0%	0%	0%	4%	3%	3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other current liabilities	9,024	10,990	11,023	11,115	12,643	11,747	12,640	24,939	22,568	20,537	19,720	15,833	15,143	15,963	16,840	17,676	18,421	19,203	20,040	20,882	21,780
^% of Sales	14%	17%	18%	17%	18%	16%	17%	32%	27%	24%	22%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
Total Current Liabilities	21,631	29,398	31,115	30,426	31,857	37,303	25,921	42,672	42,139	47,794	42,995	33,889	32,736	34,192	35,761	37,229	38,645	40,067	41,586	43,112	44,725
Long-term debt	31,541	28,740	31,398	33,538	32,909	35,955	37,133	36,195	32,884	61,538	57,405	53,637	51,908	51,315	51,759	52,043	52,371	52,755	53,148	53,564	54,023
^% of Non-Cash Assets	20%	18%	19%	20%	21%	22%	25%	21%	17%	28%	27%	27.7%	27.7%	27.6%	27.7%	27.7%	27.7%	27.7%	27.7%	27.7%	27.7%
Pension and postretirement ben	10,264	8,119	8,172	7,430	6,610	6,217	5,411	3,724	2,250	2,167	2,115	1,904	1,692	1,481	1,269	1,058	846	635	423	212	-
Noncurrent deferred tax liabilitie	24,981	26,877	30,753	3,900	3,700	5,652	4,063	349	1,023	640	2,122	1,698	1,273	849	424	-	-	-	-	-	-
^% of Tax Expense Deferred	-	95%	345%	297%	75%	335%	-429%	-201%	20%	34%	-5293%	-	-	-	-	-	-	-	-	-	-
Other taxes payable	4,353	3,992	4,000	18,697	14,737	12,126	11,560	11,331	9,812	8,534	6,112	4	-	-	-	-	-	-	-	-	-
^YoY % Change	-8.3%	0.2%	367.4%	-21.2%	-17.7%	-4.7%	-2.0%	-13.4%	-13.0%	-28.4%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%
Other noncurrent liabilities	4,883	5,257	6,337	6,149	5,850	6,894	6,669	9,743	13,180	16,539	14,150	11,080	10,597	11,171	11,785	12,370	12,891	13,438	14,024	14,613	15,241
^% of Sales	8%	8%	10%	9%	8%	10%	9%	12%	16%	19%	16%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%
Total Liabilities	97,653	102,383	111,775	100,140	95,663	104,147	90,757	104,014	101,288	137,212	124,899	102,212	98,206	99,008	100,998	102,699	104,752	106,895	109,181	111,501	113,989
Commitments and Contingencies																					
APIC + Common stock, \$0.05 par	79,461	81,501	83,170	84,763	86,739	87,913	89,144	91,064	92,278	93,109	94,083	94,093	94,104	94,114	94,124	94,135	94,145	94,155	94,166	94,176	94,186
Treasury stock, shares at cost: 20	(73,021)	(79,252)	(84,364)	(89,425)	(101,610)	(110,801)	(110,988)	(111,361)	(113,969)	(114,487)	(114,763)	(109,473)	(104,183)	(98,893)	(93,603)	(88,313)	(83,023)	(77,733)	(72,443)	(67,153)	(61,863)
Retained earnings	72,176	71,993	71,774	85,291	89,554	97,670	96,770	103,394	125,656	118,353	116,725	114,931	112,838	112,675	114,327	118,193	122,662	128,632	136,211	145,461	156,645
Accumulated other comprehensi	(7,316)	(9,522)	(11,036)	(9,321)	(11,275)	(11,640)	(11,688)	(5,897)	(8,304)	(7,961)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)	(7,842)
Total PFE's Stockholders Equity	71,300	64,720	59,544	71,308	63,408	63,142	63,238	77,200	95,661	89,014	88,203	91,709	94,917	100,054	107,006	116,172	125,942	137,121	150,092	164,642	181,127
Equity attributable to noncontrol	321	278	296	348	351	303	235	262	256	274	294	325	359	397	439	485	536	593	656	725	801
Total Equity	71,621	64,998	59,840	71,656	63,759	63,445	63,473	77,462	95,917	89,288	88,497	92,034	95,276	100,451	107,445	116,658	126,478	137,805	150,747	165,367	181,928
Total Liabilities and Equity	\$ 169,274	\$ 167,381	\$ 171,615	\$ 171,796	\$ 159,422	\$ 167,592	\$ 154,230	\$ 181,476	\$ 197,205	\$ 226,500	\$ 213,396	\$ 194,246	\$ 193,482	\$ 199,460							

Pfizer Inc.
Forecasted Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Operating Cash Flows													
Net Income	31,370	2,119	8,031	7,779	7,347	9,133	10,790	12,834	13,252	14,555	15,954	17,400	19,096
Plus Depreciation & Amortization	8,673	11,023	12,299	8,292	8,135	7,475	7,079	6,116	7,142	7,138	7,145	7,156	7,174
Change in Accounts Receivable	527	(614)	103	1,135	450	(535)	(572)	(545)	(486)	(510)	(546)	(549)	(586)
Change in Inventory	78	(1,208)	(662)	1,685	399	(475)	(508)	(484)	(431)	(453)	(485)	(487)	(520)
Change in Current Deferred Tax Ass	689	(401)	664	4,445	(62)	259	240	297	61	189	203	210	247
Change in Noncurrent Tax Assets	(3,352)	2,987	(4,956)	866	866	866	866	866	866	866	866	866	866
Change in Accounts Payable	1,231	(99)	(1,077)	(196)	(237)	282	301	287	256	268	288	289	308
Change in Income Taxes Payable	321	762	561	(3,308)	22	(91)	(85)	(104)	(22)	(67)	(72)	(74)	(87)
Change in Accrued Compensation	75	(631)	1,062	(525)	(144)	172	183	175	156	164	175	176	188
Change in Deferred Revenue	(547)	180	(1,189)	405	(84)	99	106	101	90	95	101	102	109
Change in Other Current Liabilities	(2,371)	(2,031)	(817)	(3,887)	(690)	821	877	836	745	782	837	842	898
Change in Pension Benefits	(1,474)	(83)	(52)	(212)	(212)	(212)	(212)	(212)	(212)	(212)	(212)	(212)	(212)
Change in Noncurrent Deferred Tax	674	(383)	1,482	(424)	(424)	(424)	(424)	(424)	-	-	-	-	-
Change in Other Taxes Payable	(1,519)	(1,278)	(2,422)	(6,108)	(4)	-	-	-	-	-	-	-	-
Change in Accumulated Other Com	(2,407)	343	119	-	-	-	-	-	-	-	-	-	-
Cash Flow From Operations	31,968	10,686	13,146	9,947	15,363	17,369	18,642	19,741	21,418	22,816	24,255	25,720	27,482
Investing Cash Flows													
Change in Other Current Assets	(1,197)	106	658	(154)	(159)	(165)	(171)	(177)	(184)	(190)	(197)	(204)	(212)
Change in ST Investments	6,809	12,479	(9,597)	(703)	(728)	(754)	(782)	(810)	(839)	(870)	(901)	(934)	(967)
Change in Equity Method Investmer	5,439	(604)	11,420	(8)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(10)	(11)
Change in LT Investments	1,018	305	1,721	(87)	(91)	(94)	(99)	(103)	(107)	(112)	(117)	(122)	(127)
Change in Net PPE - Depreciation	(6,456)	(8,956)	(6,466)	(3,268)	(3,050)	(3,098)	(3,217)	(3,200)	(3,251)	(3,304)	(3,333)	(3,378)	(3,422)
Change in Identifiable Intangible As	(21,833)	(26,263)	4,203	-	-	(1,728)	(3,776)	(2,829)	(3,871)	(3,871)	(3,871)	(3,871)	(3,871)
Change in Goodwill	(2,167)	(16,408)	(744)	-	-	-	-	-	-	-	-	-	-
Change in Other Noncurrent Assets	(5,484)	692	2,654	2,367	325	(386)	(413)	(393)	(351)	(368)	(394)	(396)	(422)
Cash Flow From Investing	(17,190)	(39,447)	537	(1,853)	(3,712)	(6,235)	(8,466)	(7,521)	(8,613)	(8,724)	(8,823)	(8,916)	(9,033)
Financing Cash Flows													
Change in ST Borrowings	704	7,405	(3,404)	(1,550)	13	210	225	216	236	231	242	247	256
Change in Dividends Payable	54	69	65	(44)	(33)	(36)	(39)	(43)	(46)	(49)	(53)	(56)	(59)
Change in LT Debt	(3,311)	28,654	(4,133)	(3,768)	(1,730)	(593)	443	284	328	384	392	416	459
Dividends Paid	(8,983)	(9,247)	(9,512)	(9,572)	(9,440)	(9,296)	(9,139)	(8,968)	(8,783)	(8,585)	(8,374)	(8,150)	(7,913)
Change in APIC + CS	1,214	831	974	10	10	10	10	10	10	10	10	10	10
Change in Treasury Stock	(2,608)	(518)	(276)	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290
Change in NCI	(6)	18	20	31	34	38	42	46	51	57	63	69	76
Change in Other Noncurrent Liabilit	3,437	3,359	(2,389)	(3,070)	(483)	574	614	585	521	547	586	589	628
Cash Flow From Financing	(12,936)	27,212	(16,266)	(12,673)	(6,338)	(3,802)	(2,553)	(2,579)	(2,392)	(2,116)	(1,844)	(1,584)	(1,252)

Pfizer Inc.
Common Size Income Statement

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues:													
Product revenues	90.7%	85.5%	84.6%	84.5%	83.2%	83.5%	83.7%	83.9%	83.9%	83.9%	84.0%	84.0%	84.1%
Alliance revenues	8.4%	12.7%	13.2%	12.9%	13.6%	13.1%	12.7%	12.4%	12.4%	12.4%	12.4%	12.3%	12.3%
Royalty revenues	0.8%	1.8%	2.2%	2.6%	3.2%	3.5%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.6%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Costs and expenses:	0.0%	0.0%	0.0%										
Cost of sales (ex. D&A)	28.9%	31.3%	17.0%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%	21.6%
Depreciation & Amortizatio	5.0%	10.6%	11.0%	12.8%	13.1%	11.4%	10.2%	8.4%	9.4%	9.1%	8.7%	8.4%	8.0%
Selling, informational and a	13.5%	24.8%	23.2%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Research and development	11.3%	17.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Acquired in-process researc	0.9%	0.3%	0.2%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Amortization of intangible a	3.6%	7.9%	8.3%	7.4%	7.6%	6.3%	5.5%	3.9%	5.1%	4.9%	4.7%	4.5%	4.3%
Restructuring charges and c	1.4%	4.9%	3.8%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Other income/ (deductions)	0.1%	-0.6%	2.9%	2.8%	2.7%	2.3%	1.9%	1.5%	1.2%	0.9%	0.7%	0.4%	0.0%
Earnings Before Interest & Taxes	35.3%	2.8%	16.6%	17.3%	17.2%	19.3%	20.8%	23.0%	22.3%	23.0%	23.6%	24.2%	24.9%
Interest (Income)	-0.2%	-2.7%	-0.9%	-1.3%	-1.1%	-1.4%	-1.7%	-2.1%	-2.5%	-2.9%	-3.4%	-3.9%	-4.4%
Interest Expense	1.2%	3.7%	4.9%	3.6%	3.4%	3.2%	3.0%	2.9%	2.8%	2.7%	2.6%	2.5%	2.5%
Income from continuing operations	34.3%	1.8%	12.6%	15.0%	14.9%	17.5%	19.6%	22.2%	22.0%	23.2%	24.4%	25.5%	26.8%
(Provision) / benefit for taxes on inc	3.3%	-1.9%	0.0%	3.0%	3.0%	3.5%	3.9%	4.4%	4.4%	4.6%	4.9%	5.1%	5.4%
Income from continuing operations	31.0%	3.6%	12.7%	12.0%	11.9%	14.0%	15.7%	17.8%	17.6%	18.5%	19.5%	20.4%	21.5%
Discontinued operations--net of tax	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%
Net income before allocation to nor	31.0%	3.6%	12.7%	12.0%	11.9%	14.0%	15.7%	17.8%	17.6%	18.5%	19.5%	20.4%	21.5%
Less: Net income attributable to nor	0.0%	-0.1%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Net income attributable to Pfizer Inc	31.0%	3.6%	12.6%	12.0%	11.8%	13.9%	15.6%	17.7%	17.5%	18.5%	19.4%	20.3%	21.4%

Pfizer Inc.
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets													
Cash and cash equivalents	0.4%	4.8%	1.6%	-5.4%	2.9%	13.9%	24.2%	36.4%	48.7%	61.9%	75.8%	90.5%	106.1%
Short-term investments	22.1%	16.5%	30.5%	31.0%	33.6%	33.0%	32.4%	32.0%	31.8%	31.6%	31.4%	31.2%	31.0%
Trade accounts receivable, net of al	10.8%	19.4%	18.0%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
Inventories	8.9%	17.1%	17.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
Current tax assets	3.5%	6.7%	5.2%	-1.7%	-1.7%	-2.0%	-2.3%	-2.6%	-2.5%	-2.7%	-2.8%	-3.0%	-3.1%
Other current assets	5.0%	8.2%	6.7%	6.8%	7.3%	7.2%	7.1%	7.0%	7.0%	6.9%	6.9%	6.8%	6.8%
Total current assets	50.7%	72.8%	79.1%	60.6%	72.1%	82.1%	91.5%	102.8%	114.9%	127.8%	141.3%	155.7%	170.8%
Equity-method investments	10.9%	19.5%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%
Long-term investments	4.0%	6.3%	3.2%	3.2%	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Property, plant and equipment, net	16.1%	31.8%	28.9%	28.0%	28.7%	26.9%	25.3%	24.0%	23.0%	22.1%	21.3%	20.5%	19.8%
Identifiable intangible assets, net	42.9%	109.0%	87.1%	77.9%	73.8%	66.4%	62.9%	59.9%	57.5%	55.2%	52.9%	50.7%	48.6%
Goodwill	50.8%	113.8%	107.7%	105.5%	110.3%	104.6%	99.2%	94.5%	90.7%	87.0%	83.3%	80.0%	76.7%
Noncurrent deferred tax assets and	6.6%	6.2%	13.6%	12.0%	11.2%	9.3%	7.5%	6.0%	4.6%	3.3%	2.1%	1.0%	0.0%
Other noncurrent assets	13.0%	20.9%	15.4%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Total assets	194.9%	380.3%	335.4%	299.0%	311.4%	304.6%	301.7%	302.5%	306.0%	310.6%	316.1%	323.2%	331.2%
Liabilities and Equity													
Short-term borrowings, including cu	2.9%	17.4%	10.9%	8.3%	8.7%	8.6%	8.5%	8.4%	8.3%	8.3%	8.2%	8.2%	8.1%
Trade accounts payable	6.7%	11.3%	8.9%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Dividends payable	2.3%	4.0%	3.8%	3.7%	3.8%	3.5%	3.3%	3.1%	2.9%	2.7%	2.5%	2.4%	2.2%
Income taxes payable	1.6%	3.9%	4.6%	-0.6%	-0.6%	-0.7%	-0.8%	-0.9%	-0.9%	-0.9%	-1.0%	-1.0%	-1.1%
Accrued compensation and related	3.4%	4.7%	6.0%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Deferred revenues	2.5%	4.5%	2.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other current liabilities	22.3%	34.5%	31.0%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
Total current liabilities	41.6%	80.3%	67.6%	52.2%	52.7%	52.2%	51.8%	51.3%	51.1%	50.9%	50.6%	50.3%	50.1%
Long-term debt	32.5%	103.3%	90.2%	82.6%	83.6%	78.4%	74.9%	71.8%	69.3%	67.0%	64.6%	62.5%	60.5%
Pension and postretirement benefit	2.2%	3.6%	3.3%	2.9%	2.7%	2.3%	1.8%	1.5%	1.1%	0.8%	0.5%	0.2%	-
Noncurrent deferred tax liabilities	1.0%	1.1%	3.3%	2.6%	2.0%	1.3%	0.6%	-	-	-	-	-	-
Other taxes payable	9.7%	14.3%	9.6%	0.0%	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	13.0%	27.8%	22.2%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%
Total liabilities	100.1%	230.4%	196.3%	157.4%	158.1%	151.2%	146.2%	141.6%	138.6%	135.7%	132.8%	130.1%	127.6%
Commitments and Contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-
APIC + Common stock, \$0.05 par val	91.2%	156.3%	147.9%	144.9%	151.5%	143.7%	136.2%	129.8%	124.6%	119.5%	114.5%	109.9%	105.4%
Treasury stock, shares at cost: 2024	-112.6%	-192.2%	-180.4%	-168.5%	-167.7%	-151.0%	-135.5%	-121.8%	-109.9%	-98.7%	-88.1%	-78.4%	-69.2%
Retained earnings	124.2%	198.7%	183.5%	176.9%	181.6%	172.0%	165.5%	163.0%	162.3%	163.3%	165.7%	169.8%	175.3%
Accumulated other comprehensive	-8.2%	-13.4%	-12.3%	-12.1%	-12.6%	-12.0%	-11.4%	-10.8%	-10.4%	-10.0%	-9.5%	-9.2%	-8.8%
Total Pfizer Inc. shareholders' eq	94.6%	149.5%	138.6%	141.2%	152.8%	152.8%	154.9%	160.2%	166.6%	174.2%	182.6%	192.2%	202.7%
Equity attributable to noncontrollin	0.3%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%	0.8%	0.8%	0.8%	0.9%
Total equity	94.8%	149.9%	139.1%	141.7%	153.4%	153.4%	155.5%	160.9%	167.4%	174.9%	183.4%	193.0%	203.6%
Total liabilities and equity	194.9%	380.3%	335.4%	299.0%	311.4%	304.6%	301.7%	302.5%	306.0%	310.6%	316.1%	323.2%	331.2%

Pfizer Inc.

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.32%
Beta	0.42
Equity Risk Premium	5.48%
Cost of Equity	6.63%

ASSUMPTIONS:

Based on interpolated yield on U.S. Treasury zero-coupon issues
Average of 2, 3, 4, and 5 year weekly beta (raw beta)
Historical average ERP for the period 2016-2025

Cost of Debt:

Risk-Free Rate	4.32%
Implied Default Premium	0.39%
Pre-Tax Cost of Debt	4.71%
Marginal Tax Rate	22%
After-Tax Cost of Debt	3.67%

Based on interpolated yield on U.S. Treasury zero-coupon issues

YTM on company's 10-year corporate bond

Market Value of Common Equity:

Total Shares Outstanding	19,621
Current Stock Price	\$25.06
MV of Equity	491,702

MV Weights

88.43% wE

Market Value of Debt:

ST borrowings, including current portio	6,946
Long-Term Debt	57,405
MV of Total Debt	64,351

11.57% wD

Market Value of the Firm

556,053

100.00%

Estimated WACC

6.28%

Pfizer Inc.

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

Key Inputs:

CV Growth of NOPLAT	4.00%
CV Year ROIC	34.78%
WACC	6.28%
Cost of Equity	6.63%

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
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DCF Model:

Free Cash Flow (FCF)	13,390	14,596	15,425	14,145	15,780	15,815	16,674	17,559	18,360	19,256
Continuing Value (CV)										714,252
PV of FCF	12,598	12,921	12,847	11,085	11,635	10,972	10,883	10,783	10,609	412,703

Value of Operating Assets:	517,036
Non-Operating Adjustments:	
+ Excess Cash	1,006
+ Short-term investments	19,434
+ Equity-method investments	217
+ Long-term investments	2,010
- Short-Term Borrowings	(6,946)
- Long-Term Debt	(57,405)
- Pension and postretirement ben	(2,115)
- Noncurrent deferred tax liabilities	(2,122)
- Other taxes payable	(6,112)
- Other noncurrent liabilities	(14,150)
- Equity attributable to noncontrolling interests	(294)
Value of Equity	450,559
Shares Outstanding	19,621
Intrinsic Value of Last FYE	22.96
Implied Price as of Today	23.08

EP Model:

Economic Profit (EP)	6,931	6,342	7,991	9,454	11,169	11,595	12,437	13,328	14,212	15,103
Continuing Value (CV)										661,246
PV of EP	6,521	5,614	6,656	7,409	8,235	8,044	8,118	8,185	8,212	382,075

Total PV of EP	449,069
Invested Capital (last FYE)	67,967
Value of Operating Assets:	517,036
Non-Operating Adjustments:	
+ Excess Cash	1,006
+ Short-term investments	19,434
+ Equity-method investments	217
+ Long-term investments	2,010
- Short-Term Borrowings	(6,946)
- Long-Term Debt	(57,405)
- Pension and postretirement ben	(2,115)
- Noncurrent deferred tax liabilities	(2,122)
- Other taxes payable	(6,112)
- Other noncurrent liabilities	(14,150)
- Equity attributable to noncontrolling interests	(294)
Value of Equity	450,559
Shares Outstanding	19,621
Intrinsic Value of Last FYE	22.96
Implied Price as of Today	23.08

Pfizer Inc.

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

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EPS	\$ 1.40	\$ 1.37	\$ 1.77	\$ 2.17	\$ 2.69	\$ 2.90	\$ 3.32	\$ 3.81	\$ 4.36	\$ 5.02
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	8.82%									
Cost of Equity	6.63%									
Future Cash Flows										
P/E Multiple (CV Year)										17.37
EPS (CV Year)										\$ 5.02
Future Stock Price										\$ 87.18
Dividends Per Share	\$ 1.72	\$ 1.76	\$ 1.80	\$ 1.84	\$ 1.88	\$ 1.92	\$ 1.96	\$ 2.00	\$ 2.04	
Discounted Cash Flows	\$ 1.61	\$ 1.55	\$ 1.48	\$ 1.42	\$ 1.36	\$ 1.31	\$ 1.25	\$ 1.20	\$ 1.15	\$ 48.94
Intrinsic Value as of Last FYE	\$ 61.27									
Implied Price as of Today	\$ 61.58									

Pfizer Inc.*Relative Valuation Models*

Ticker	Company	Price	EPS		P/E 25	P/E 26	Est. 5yr		
			2025E	2026E			EPS gr.	PEG 25	PEG 26
AMGN	Amgen	\$296.70	\$21.06	\$21.56	14.09	13.76	24.3	0.58	0.57
BMJ	Bristol Myers Squibb Co	\$52.65	\$4.59	\$4.90	11.47	10.74	5.1	2.25	2.11
GILD	Gilead Sciences Inc	\$123.00	\$6.41	\$7.26	19.19	16.94	11.0	1.75	1.55
GSK	GSK PLC	\$46.82	\$4.42	\$4.85	10.59	9.65	5.7	1.86	1.69
JNJ	Johnson & Johnson	\$205.33	\$11.04	\$10.36	18.60	19.82	14.2	1.31	1.39
LLY	Eli Lilly & Co	\$900.05	\$22.50	\$30.64	40.00	29.38	49.3	0.81	0.60
MRK	Merck & Co	\$83.88	\$8.02	\$8.66	10.46	9.69	9.6	1.09	1.01
VRTX	Vertex Pharmaceuticals Inc	\$421.67	\$15.33	\$18.27	27.51	23.08	25.4	1.08	0.91
			Average		18.99	16.63		1.34	1.23

PFE	Pfizer Inc.	\$25.06	\$	1.40	\$	1.37	17.93	18.29	2.5	7.23	7.38
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Implied Relative Value:

P/E (EPS25)	\$	26.54
P/E (EPS26)	\$	22.78
PEG (EPS25)	\$	4.65
PEG (EPS26)	\$	4.17

Pfizer Inc.

Key Management Ratios

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:													
Current Ratio (Current Assets / Current Liabilities)	1.22	0.91	1.17	1.16	1.37	1.57	1.77	2.00	2.25	2.51	2.79	3.09	3.41
Quick Ratio (Cash & Cash Equivalents + Net Accounts Receivable / Current Liabilities)	0.80	0.51	0.74	0.79	0.99	1.20	1.40	1.64	1.89	2.15	2.43	2.74	3.06
Cash Ratio (Cash & Cash Equivalents / Current Liabilities)	0.01	0.06	0.02	-0.10	0.05	0.27	0.47	0.71	0.95	1.22	1.50	1.80	2.12
Asset-Management Ratios:													
Total Asset Turnover Ratio = Revenue / Average Total Assets	0.51	0.26	0.30	0.33	0.32	0.33	0.33	0.33	0.33	0.32	0.32	0.31	0.30
Receivable Turnover Ratio = Revenue / Average Net Receivables	8.91	5.17	5.84	6.43	6.12	6.12	6.14	6.16	6.16	6.16	6.16	6.16	12.58
Average Days Sales in Receivables = 365 / Receivable Turnover	40.96	70.57	62.50	56.77	59.61	59.63	59.47	59.26	59.26	59.30	59.25	59.28	29.02
Financial Leverage Ratios:													
Debt to Equity Ratio = Total Liabilities / Total Stockholder Equity	1.06	1.54	1.41	1.11	1.03	0.99	0.94	0.88	0.83	0.78	0.72	0.67	0.63
Shareholder Equity Ratio = Total Shareholder Equity / Total Assets	0.49	0.39	0.41	0.47	0.49	0.50	0.51	0.53	0.54	0.56	0.58	0.59	0.61
Financial Leverage = Total Debt / Shareholder Equity	0.34	0.69	0.65	0.58	0.55	0.51	0.48	0.45	0.42	0.38	0.35	0.33	0.30
Profitability Ratios:													
Return on Equity Ratio (ROE) = (NI/Beg TSE)	40.63%	2.22%	9.02%	8.82%	8.01%	9.62%	10.78%	11.99%	11.41%	11.56%	11.63%	11.59%	11.60%
Return on Assets Ratio (ROA) = Net Income / Average Total Assets	14.82%	0.98%	3.96%	4.01%	3.74%	4.48%	5.04%	5.70%	5.57%	5.77%	5.94%	6.08%	12.91%
Quality of Income (Earnings Quality) = Cash flows from operations / Net Income	93.19%	403.15%	158.07%	127.87%	209.11%	190.17%	172.78%	153.82%	161.62%	156.76%	152.04%	147.81%	143.91%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	28.65%	435.81%	118.33%	123.05%	128.49%	101.78%	84.70%	69.88%	66.28%	58.99%	52.49%	46.84%	41.43%
Total Payout Ratio ((Divs. + Repurchases)/NI)	34.97%	428.50%	117.99%	123.18%	128.63%	101.89%	84.79%	69.96%	66.35%	59.06%	52.56%	46.90%	41.49%
Retention Ratio = (NI - Dividends)/NI	71.40%	-328.50%	-17.99%	-23.05%	-28.49%	-1.78%	15.30%	30.12%	33.72%	41.01%	47.51%	53.16%	58.57%

Pfizer Inc.*Valuation of Options Granted under ESOP*

Current Stock Price	\$25.06
Risk Free Rate	4.32%
Current Dividend Yield	6.06%
Annualized St. Dev. of Stock Returns	23.96%

(in millions)

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	19.62	33.24	1.90	\$ 2.25	\$ 44.15
Range 2				\$	-
Total	19.62	\$ 33.24	1.90	\$ 1.36	\$ 44.15

Pfizer Inc.

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

Number of Options Outstanding (shares):	19.62 millions
Average Time to Maturity (years):	1.90
Expected Annual Number of Options Exercised:	10.33

Current Average Strike Price:	\$ 33.24
Cost of Equity:	6.63%
Current Stock Price:	\$25.06

Millions of Dollars

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	10	10	10	10	10	10	10	10	10	10
Average Strike Price:	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24
Increase in Common Stock Account:	343	343	343	343	343	343	343	343	343	343
Share Repurchases (\$)	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290
Expected Price of Repurchased Shares:	\$ 25.06	\$ 25.20	\$ 25.34	\$ 25.49	\$ 25.63	\$ 25.78	\$ 25.92	\$ 26.07	\$ 26.22	\$ 26.37
Number of Shares Repurchased:	211	210	209	208	206	205	204	203	202	201
Shares Outstanding (beginning of the year)	5,664	5,463	5,264	5,065	4,868	4,672	4,477	4,283	4,091	3,899
Plus: Shares Issued Through ESOP	10	10	10	10	10	10	10	10	10	10
Less: Shares Repurchased in Treasury	211	210	209	208	206	205	204	203	202	201
Shares Outstanding (end of the year)	5,463	5,264	5,065	4,868	4,672	4,477	4,283	4,091	3,899	3,709

Pfizer Inc.
Sensitivity Tables

		Beta							
		23.08	0.12	0.22	0.32	0.42	0.52	0.62	0.72
Equity Risk Premium	6.48%	59.26	35.99	25.51	19.54	15.67	12.96	10.95	
	6.23%	61.05	37.27	26.49	20.33	16.33	13.53	11.45	
	5.98%	62.96	38.63	27.53	21.17	17.05	14.15	12.00	
	5.73%	64.98	40.08	28.66	22.09	17.82	14.82	12.59	
	5.48%	67.13	41.65	29.87	23.08	18.65	15.54	13.22	
	5.23%	69.43	43.33	31.18	24.15	19.56	16.32	13.92	
	4.98%	71.88	45.15	32.60	25.31	20.54	17.18	14.67	
	4.73%	74.51	47.12	34.16	26.59	21.63	18.12	15.50	
	4.48%	77.33	49.26	35.85	27.99	22.81	19.15	16.41	

		Risk Free Rate							
		23.08	2.82%	3.32%	3.82%	4.32%	4.82%	5.32%	5.82%
Pre-Tax Cost of Debt	7.71%	44.60	32.25	25.06	20.34	17.01	14.53	12.61	
	6.71%	48.34	34.24	26.29	21.19	17.63	15.00	12.98	
	5.71%	52.73	36.47	27.65	22.10	18.28	15.49	13.37	
	4.71%	57.94	39.00	29.13	23.08	18.98	16.01	13.77	
	3.71%	64.24	41.86	30.77	24.14	19.72	16.57	14.20	
	2.71%	72.00	45.16	32.59	25.29	20.52	17.15	14.64	
	1.71%	81.80	48.97	34.61	26.54	21.37	17.77	15.12	

		COGS as % of Sales							
		23.08	18.59%	19.59%	20.59%	21.59%	22.59%	23.59%	24.59%
Effective Tax Rate	40.0%	18.86	18.10	17.33	16.57	15.80	15.04	14.27	
	35.0%	20.66	19.82	18.98	18.15	17.31	16.47	15.63	
	30.0%	22.50	21.58	20.67	19.76	18.84	17.93	17.01	
	25.0%	24.37	23.38	22.39	21.40	20.41	19.42	18.43	
	20.0%	26.29	25.22	24.15	23.08	22.01	20.94	19.87	
	15.0%	28.24	27.09	25.94	24.79	23.64	22.49	21.34	
	10.0%	30.24	29.00	27.77	26.54	25.30	24.07	22.83	

		Cost of Equity							
		23.08	3.6%	4.6%	5.6%	6.6%	8.6%	10.6%	12.6%
Current Dividend Yield	10.1%	21.64	21.84	22.05	22.26	22.67	23.08	23.48	
	9.1%	21.84	22.05	22.26	22.46	22.87	23.28	23.69	
	8.1%	22.05	22.26	22.46	22.67	23.08	23.48	23.89	
	7.1%	22.26	22.46	22.67	22.87	23.28	23.69	24.09	
	6.1%	22.46	22.67	22.87	23.08	23.48	23.89	24.30	
	5.1%	22.67	22.87	23.08	23.28	23.69	24.09	24.50	
	4.1%	22.87	23.08	23.28	23.48	23.89	24.30	24.70	
	3.1%	23.08	23.28	23.48	23.69	24.09	24.50	24.90	
	2.1%	23.28	23.48	23.69	23.89	24.30	24.70	25.10	

		SGA as % of Sales							
		23.08	19%	21%	23%	25%	27%	29%	31%
WACC	7.8%	16.73	15.43	14.13	12.83	11.54	10.24	8.94	
	7.3%	19.70	18.20	16.71	15.21	13.72	12.22	10.73	
	6.8%	23.73	21.97	20.20	18.44	16.68	14.92	13.16	
	6.3%	29.52	27.37	25.23	23.08	20.94	18.80	16.65	
	5.8%	38.55	35.81	33.07	30.32	27.58	24.84	22.10	
	5.3%	54.63	50.82	47.02	43.21	39.40	35.59	31.78	
	4.8%	91.31	85.07	78.82	72.58	66.34	60.10	53.86	

		CV Growth of NOPLAT							
		23.08	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%	5.50%
1-Year Sales Decline	-62.50%	14.59	16.67	19.50	23.58	29.94	41.25	67.01	
	-67.50%	14.49	16.56	19.38	23.43	29.76	41.02	66.64	
	-72.50%	14.39	16.45	19.26	23.29	29.58	40.78	66.27	
	-77.50%	14.29	16.35	19.13	23.15	29.41	40.55	65.91	
	-80.00%	14.25	16.29	19.07	23.08	29.32	40.44	65.73	
	-82.50%	14.20	16.24	19.01	23.01	29.24	40.32	65.55	
	-87.50%	14.10	16.13	18.90	22.87	29.07	40.10	65.20	
	-92.50%	14.01	16.03	18.78	22.73	28.90	39.88	64.85	
	-97.50%	13.92	15.93	18.66	22.59	28.73	39.65	64.51	

	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Amortization Expense Schedule (from 10K nc	5,286	4,838	4,716	4,125	3,776	2,829					
LT Debt Maturity Schedule (from 10K notes)	0	0	6000	980	5660	1750	5250	1350	1350	1350	1350
Management CapEx Guidance (forecasting)	-2,750	-3,268	-3,050	-3,098	-3,217	-3,200	-3,251	-3,304	-3,333	-3,378	-3,422
Share Repurchases (\$, if applicable)	0	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290
Total Dividends Paid											
Beginning of FY Shares Outstanding	5,657	5,565	5,363	5,164	4,967	4,770	4,575	4,380	4,187	3,995	3,804
Expected Dividend per Share	\$ 1.68	\$ 1.72	\$ 1.76	\$ 1.80	\$ 1.84	\$ 1.88	\$ 1.92	\$ 1.96	\$ 2.00	\$ 2.04	\$ 2.08
Total Dividends Paid (\$)	-9,512	9,572	9,440	9,296	9,139	8,968	8,783	8,585	8,374	8,150	7,913

The area below is for calculating HISTORICAL metrics to referenced when building forecasts.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Depreciation Rate:												
Depreciation Expense	1498	1429	1701	1511	1491	1400	1333	1491	5064	6290	7013	
Beginning Net PPE		11,762	13,766	13,318	13,865	13,385	12,969	13,900	14,882	16,274	18,940	
Implied Depreciation Rate (%)		12.15%	12.36%	11.35%	10.75%	10.46%	10.28%	10.73%	34.03%	38.65%	37.03%	18.78%
Marginal Tax Rate (%)												
US Statutory (Federal) Tax (%)	9%	4%	-1%	-6%	-8%	-4%	-11%	-2%	-2%	-121%	-18%	
Current Federal Tax	393	67	342	1,267	668	(1,887)	372	3,342	2,744	1,321	453	
Deferred Federal Tax	725	300	(419)	(2,064)	(1,663)	1,254	(1,164)	(3,850)	(3,271)	(2,606)	(1,909)	
State and Local Tax (%)	-1%	0%	-2%	-2%	0%	1%	-1%	-2%	-1%	-30%	-3%	
Current SALT	85	(8)	(52)	45	9	(186)	56	34	(20)	(135)	32	
Deferred SALT	(256)	(36)	(106)	(304)	16	276	(131)	(491)	(310)	(184)	(293)	
Foreign Income Tax (%)	18%	19%	16%	22%	19%	8%	18%	12%	12%	46%	21%	
Current International Tax	2,321	1,951	1,532	2,709	2,831	2,418	1,517	2,769	4,368	1,142	1,588	
Deferred International Tax	(149)	(284)	(175)	(42)	(558)	(969)	(279)	48	(183)	(652)	100	
Implied Marginal Tax Rate	25.48%	22.20%	13.44%	13.09%	10.96%	5.12%	5.27%	7.62%	9.58%	-105.29%	-0.36%	0.65%
Normal Cash Calculation (%)												
Cash from B/S	3,343	3,641	2,595	1,342	1,139	1,121	1,784	1,944	416	2,853	1,043	
Revenue	49,605	48,851	52,824	52,546	53,647	51,750	41,651	81,288	101,175	59,554	63,627	
Cash as a % of Sales	6.74%	7.45%	4.91%	2.55%	2.12%	2.17%	4.28%	2.39%	0.41%	4.79%	1.64%	0.41%
Dividend Payout Ratio (%)												
Total Dividends	6,609	6,940	7,317	7,659	7,978	8,043	8,440	8,729	8,983	9,247	9,512	
Net Income	9,136	6,959	7,214	21,310	11,153	16,273	9,160	21,980	31,370	2,119	8,031	
Implied Payout Ratio (%)	72.34%	99.73%	101.43%	35.94%	71.53%	49.43%	92.14%	39.71%	28.64%	436.39%	118.44%	72.34%
Average % tax payable	-	21.01%	38.91%	-5.27%	-475.56%	168.10%	283.51%	68.36%	47.69%	-210.67%	-	-7.10%
Dividend per share	1.04	1.12	1.2	1.28	1.36	1.44	1.52	1.56	1.6	1.64	1.68	Source
Annual dividend increase		0.08	0.08	0.08	0.08	0.08	0.08	0.04	0.04	0.04	0.04	