Krause Fund Research
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Company: Pfizer Inc.
Sector: Healthcare
Industry: Pharmaceuticals
Exchange: NYSE (PFE)

Stock Rating: BUY

Investment Thesis

Considering Pfizer being an industry leader within the healthcare sector, we are predicting a well positioned growth through continued R&D. Despite the revenue decline post COVID peak, we believe that Pfizer is undervalued relative to its historical averages. That being said we give Pfizer a BUY rating with a target price range of $20.19 - $44.78.

Drivers of Thesis

- The acquisition of Seagen in 2023 significantly boosted Pfizer's oncology pipeline regarding the future of antibody-drug conjugates. Projections of $10 billion in annual revenue from Seagen by 2030 showcase Pfizer's shift to inventive specialty care and oncology dominance.
- Realignment program that began in 2023 aiming for $4 billion in overall R&D savings. Half of those have already been realized, enhancing operating leverage.
- Improved R&D focus by consolidating units to drive productivity and capital efficiency across its 100 pipeline project portfolio.

Risks of Thesis

- Pipeline success is uncertain as product candidates could fail trails, delayed approval, or simply underperform.
- There is no assurance that Seagen's drugs will hit there revenue target of $10B by 2030. Oncology could fail to be a profitable segment or could be unable to outperform competitors.
- Inflation Reduction Act (IRA) causing regulatory problems. Eliquis is already subject to Medicare price negotiations.
- Major drugs such as Eliquis, Ibrance, and Xeljanz face patent expirations which could cause future revenue declines.
- Revenue pressure related to declining COVID-19 peak.

Pfizer Stock Performance VS S&P 500

Financial Highlights

Valuation Summary	
DCF/EP:	$20.19
DDM:	$44.78
P/E (EPS2025):	$25.79
P/E (EPS2026):	$19.65

Price Data	
Current Price:	$22.14
52 week Low-High:	$20.92-31.45
Beta:	0.61
WACC:	6.56%
YTD Performance:	(16.55%)

Share Highlights	
Market Capitalization:	$125.566B
Shares Outstanding:	$5667M
EPS 2024:	$1.42
EPS 2025E:	$1.83
2024 Revenue:	$62,204M
Dividend Yield:	7.7%

Financial Ratios	
Operating Margin:	71%
ROE:	9%

Company Overview

Pfizer Inc. is a global pharmaceutical company headquartered in New York City that is founded by Charles Pfizer and Charles F. Erhart in 1849. Pfizer is one of the largest pharmaceutical companies in the world that develops and manufactures a variety of healthcare products such as different medicines and vaccines. Pfizer manufactures in different therapeutic areas including, immunology, oncology, cardiology, endocrinology, and neurology.

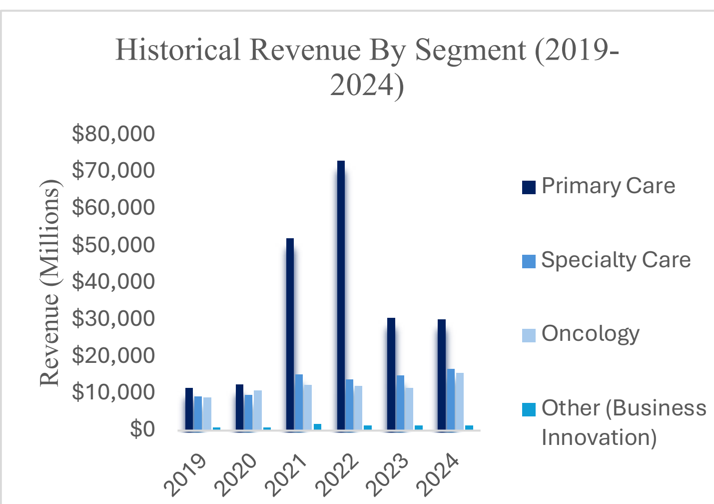
Company Overview:

Pfizer (PFE) has built its reputation as one of the world's largest pharmaceutical companies with a global network across approximately 200 countries and territories. Pfizer is known for developing innovative treatments across oncology, vaccines, internal medicine, and rare diseases.

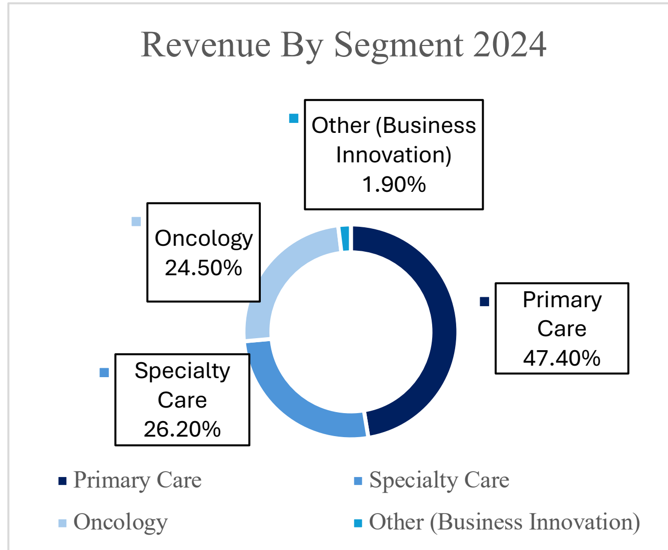
Pfizer is currently in a transitional phase as they navigate away from the steep revenue declines associated with their COVID-19 products. Consequently, Pfizer has prioritized its investment thesis of long-term growth through improved R&D productivity by investing deliberately into the Oncology segment.

Revenue Analysis & Decomposition

Pfizer's revenue stems from the sale and manufacturing of biopharmaceutical products. Revenue from 2024 was \$62.2 B, \$58.5 B in 2023, and \$100.3 B in 2022. There was a decrease of 41.6% from 2022-2023, and a slight increase of 6.3% from 2023-2024. Pfizer's revenues can be separated into four major segments: Primary Care, Specialty Care, Oncology, and Business Innovation.



Source: PFE 10k



Source: PFE 10k

Primary Care

Pfizer's Primary Care segment is by far the largest in terms of revenue, at 47.7% in 2024. Primary Care includes a multitude of treatments including internal medicine, vaccines, and COVID-19 products. This segment focuses on chronic conditions such as cardiovascular diseases, metabolic disorders, and infectious diseases. Key products within the Primary Care segment include: Eliquis (anticoagulant), Nurtec ODT/Vydura, and Paxlovid/Comirnaty (Covid oral medication and vaccine). We forecast a 29.8% revenue decline in 2025. This is largely due to the year-over-year adjustments from COVID-19 growth.

Specialty Care

In 2024, Pfizer's Specialty Care segment accounted for 26.2% of total revenues. Specialty Care targets chronic immune and inflammatory diseases, rare diseases, as well as includes their hospital portfolio of sterile injectables and immunoglobulin medicines. Major products include: Xeljanz, Cibinqo, and Enbrel. We forecast a 9.7% growth in this sector for the year 2025E. This reflects the shift away from

Primary Care and higher demand caused by demographic shifts.

Oncology

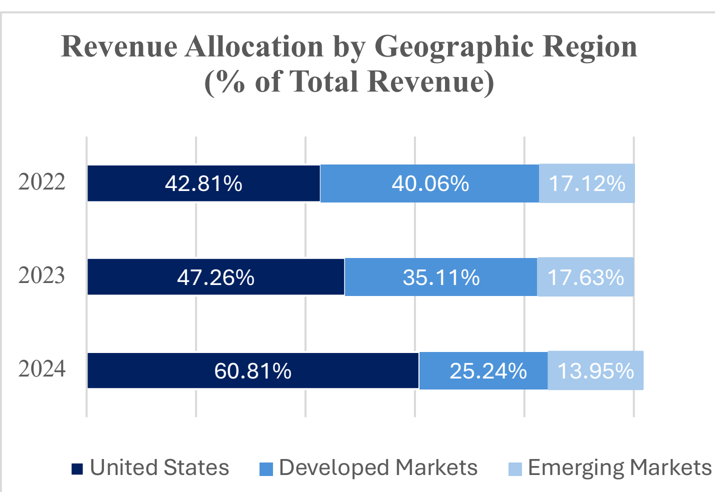
The Oncology segment included 24.5% of Pfizer's total revenues in 2024. This segment encompasses Pfizer's innovative Anitbody-Drug Conjugates and oncology biosimilars portfolio which has grown exponentially due to the acquisition of Seagen in 2023. Key products within the Oncology segment include: Xtandi, Ibrance, Inlyta, and Bosulif. We forecast a 4.23% growth in 2025, largely driven by the Seagen acquisition.

Other (Business Innovation)

The Business Innovation segment accounted for a small 1.9% of Pfizer's total revenues. This segment includes Pfizer's CentreOne which is a worldwide contract development and manufacturing organization. Business Innovation also includes Pfizer Ignite, which offers strategic R&D support to different biotech firms that matches Pfizer's R&D preferences.

Growth by Geographical Region

Pfizer's revenues by geography can be broken up into three distinct categories. These include the United States, Developed Markets, and Emerging Markets.



Source: PFE 10k (Geographic Information)

United States

The United States is the biggest contributor to Pfizer's total revenue, making up near 61% in 2024. The high rates of chronic and infectious diseases in the United States incite demand for Pfizer's offerings across the board. Health expenditure as a percentage of GDP is the highest of any country [22]. This is supported by generally higher drug pricing due to lower government involvement in the healthcare industry.

Developed Markets

This category includes, but is not limited to, the following markets: Western Europe, Japan, Canada, Central Europe, Australia, Scandinavian countries, South Korea, the Balkans, New Zealand and Finland. Revenue from Developed Markets has steadily declined, around 5%, since 2022. This decrease is largely accounted by a loss in revenue from Cominarty and Paxlovid. In addition, stricter regulations in foreign markets, makes more renewing and acquiring patents much more difficult.

Emerging Markets

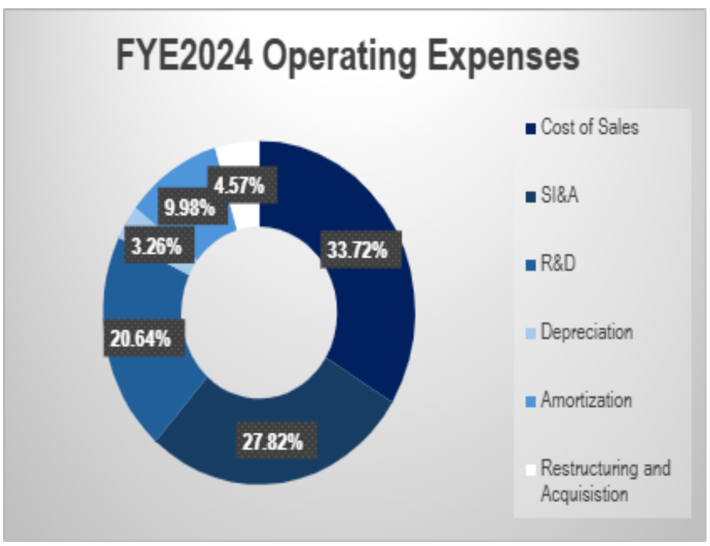
This segment includes, but is not limited to, the following markets: Asia (excluding Japan and South Korea), Latin America, Africa, the Middle East, Eastern Europe (excluding the Balkans) and Turkey. Emerging Markets have made up the lowest amount of revenue since 2022, ranging from 14-17%. Urbanization and the rise of the middle class in emerging markets provide potential growth opportunities for Pfizer's products. Expanding access to healthcare in these markets will increase the percentage of total revenue.

Drug Pipeline

Pfizer's drug pipeline is a crucial portion of its long-term growth strategy, with 115 candidates in development across key therapeutic areas. In 2025, the pipeline includes a plethora of candidates in phase 1,2, and 3 (clinical trials). Oncology is a clear focus of this pipeline which reflects the $43 B acquisition of Seagen. Potential vaccines for diseases like RSV and Lyme, are possible candidates for major revenue growth within the following years [6]. Pfizer's diversified pipeline is setting up the company for sustainable innovation beyond the COVID-19 boom.

Expense Analysis

Pfizer's R&D expense is its third biggest expense behind their cost of sales and selling, information, and administrative expenses. In 2024, R&D expenses as a percent of revenue are up to 17.5%, which is only slightly down from the big year 2023 where it was up 18.5%. 2023 was the highest since 2020 and 2024 is not far behind. This is a strong indicator for the future of drug development.



Cost of Sales

Pfizer's cost of sales is its largest expense in 2024 and has been going back till 2021, sitting at 33.72% in 2024. There was a sudden spike in cost of sales in 2021 (8,692M to 30,821M) and that was mainly due to the high demand of Comirnaty.

The COVID-19 pandemic was a great deal for Pfizer as it uplifted its role in the pharmaceutical industry. This growth in cost of sales from 2020-2022 was high, however we can see it slowly declining after that. Our forecasts predict Pfizer's cost of sales to slowly start coming up again while also evening out in the long term.

Selling, Informational, & Administrative expenses

In 2024, SI&A expenses were Pfizer's second largest operating expense at 27.82% of sales. SI&A and cost of sales have been second and first when it comes to expenses for the last few years. However, every year up until 2021 SI&A was higher than cost of sales. Before 2021, Pfizer was heavily weighted toward specialty drugs, which holds a lower manufacturing cost but requires higher investment into marketing and global sales operations. This led to the SI&A exceeding cost of sales before COVID hit, which rose cost of sales due to the high volume of Comirnaty sales. We forecasted SI&A to start to return to pre-COVID numbers as pandemic related spending stabilizes.

Research and Development

Even though Research and Development (R&D) is only Pfizer's third largest operating expense, some could argue that it is its most crucial. R&D is the core of Pfizer's long term growth strategy in the competitive pharmaceutical industry. In 2024 R&D was at $10,930M which is 17.5% of revenue and 20.64% of operating expenses. This shows Pfizer staying committed to their long-term growth strategy.

We forecasted Pfizer's R&D to take a slight decline initially since there are some key drugs that are facing patent expirations in the coming years (Eliquis, Ibrance). This will increase the need for new product launches and will depend on the pipeline's ability to deliver these products. We predict this won't last long as they start slowly increasing R&D following the combination of patent expirations adjustments and new product launches.

Depreciation and Amortization

Depreciation and Amortization (D&A) expenses are mainly driven by the expiration of Pfizer's patents. D&A is the highest it has been in the year 2024, 1,727M and 5,286M respectively. The rise in amortization reflects Pfizer's acquisition led strategy, especially in oncology.

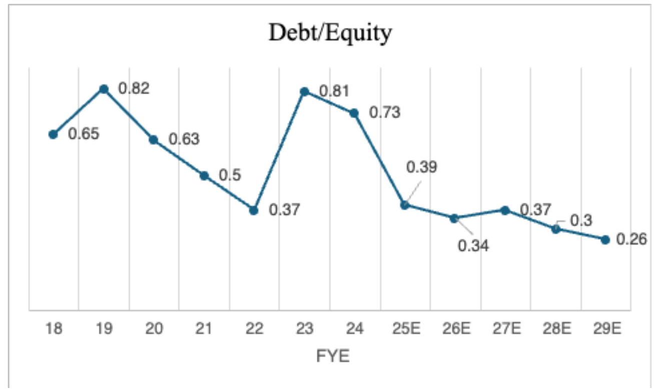
However, amortization is projected to decline from 2025 to 2029 [2]. This decline could result from intangible assets (e.g. patents) from acquisitions maturing. Also, the 43B Seagen acquisition in 2023 has already added significant amortization in 2024. We forecast this trend to continue past 2029 as well.

Restructuring and Acquisition Costs

Acquiring different property is a main part of Pfizer's operations. Acquisitions are very unpredictable however, so because of this we forecast a slight decline over time. Restructuring and Acquisition costs peaked in 2023, likely due to the acquisition of Seagen at 2,934M. Now in 2024 we have already started to see this decline take effect as 2024 values are at 2,419M.

Capital Structure

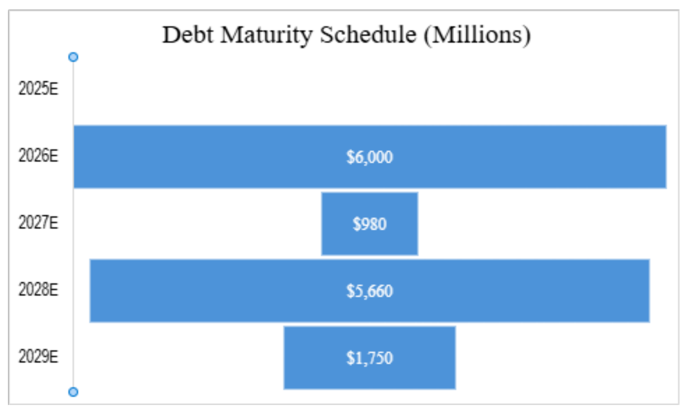
Pfizer's debt-to-equity ratio for the past several years has been consistent with a range from 0.26 to 0.82 for the years 2018-2029. Pfizer's debt-to-equity hit a historical low in 2022, but since rose to 0.81 in 2023 due to the Seagen acquisition. Pfizer has received a strong long-term debt rating of A from S&P Global Ratings [2]. This rating means that Pfizer has a strong ability to meet its financial commitments but is more likely to be affected by economic conditions than other companies rated higher (AA, AAA). Pfizer was given a "stable" outlook from both agencies meaning that no changes to this rating should happen in the short term assuming financial policy and conditions remain constant.



Source: PFE 10k (Credit Ratings Note)

Debt

Pfizer has an outstanding long-term debt of 57.5B and 61.5B in 2024 and 2023 respectively. This is over double what it used to be prior the Seagen acquisition in late 2023. Pfizer issued $31B in senior unsecured notes in May 2023 across a range of maturities. Long-term debt is forecasted as the historical average percentage of non-cash long-term assets times the average long-term debt percentage. We forecast Pfizer's long-term debt to start to adjust to how it was before the Seagen acquisition.



Source: PFE 10k (Note D. Long-Term Debt)

Capital Expenditures

Capital Expenditures (CapEx) for Pfizer represents investments in long-term assets such as R&D, new equipment, and technology. It is important for improving the manufacturing process which is needed for R&D capabilities. Pfizer spent $2.9B on CapEx in 2024, which is historically less than what they spent in 2023 (3,907) and 2022 (3,236). In 2024, Pfizer's CapEx spending was around 4.7% as a percentage of sales. [2]

Payout Policy

Pfizer's dividends per share in 2024 were $1.68. Pfizer's payout policy reflects its commitment to returning value to its shareholders by continuing to increase dividends and share repurchases. We expect this trend to continue; in our forecast we have Pfizer's annual dividends per share slowly growing ($1.72 in 2025E). In 2018, Pfizer had gained authorization to $10B in share repurchase program to be utilized over time. After a major purchase of 39 million shares for $2B, Pfizer's share-purchase authorization was $3.3B as of December 31,2024 [2].

S.W.O.T Analysis

Strengths

Market Position

Pfizer is one of the most well-known and largest pharmaceutical companies in the world. Its strong revenue in the last fiscal year of $62.2 billion ranked fourth among pharmaceutical companies globally in 2024[2,8]. Its market cap makes it the eighth largest pharmaceutical company in the world[16]. With large market presence in the United States, as well as in global markets, Pfizer maintains strong positioning throughout its current offerings.

Global Supply Chain and Reach

During the COVID-19 pandemic, Pfizer was able to showcase how effective its supply chain could operate in times of intense market stress, distributing over four billion doses of Comirnaty vaccines globally. With over 35 manufacturing sites and distribution hubs across six continents, Pfizer is able to match demand quickly to respond to consumer's needs[19]. Additionally, Pfizer's partnerships with manufacturers and governments enhance its ability to scale production and navigate international logistics. Their global footprint not only ensures diversified revenue streams and resilience to localized disruptions but also strengthens its reputation as a reliable pharmaceutical provider on a global scale.

Diversified Product Portfolio

Pfizer currently generates revenue mainly from more than 43 current drug therapies spread across their oncology, primary care, and specialty care offerings[2]. This diverse product mix reduces dependence on any single blockbuster drug and allows the company to withstand patent expirations and competitive pressures more effectively. In 2024, Pfizer's top-selling products included Eliquis ($7.3B), Prevnar 20 ($6.4B), and Paxlovid ($5.7B) reflecting a balanced contribution across therapeutic areas[2]. The company's presence in both developed treatments and innovative areas such as gene therapy, rare diseases, and biosimilars further enhances resilience and positions it for future growth across multiple segments of the healthcare market.

Weaknesses

Post-COVID Revenue Decline

During the pandemic era, Pfizer benefited from loosened government restrictions to quickly develop products to help vaccinate against the virus. At its peak in 2022, Pfizer generated over $100 billion in revenue with $37.8 billion of that coming from their vaccine Comirnaty. Since then, revenue has dropped 38% to $62.2 billion in 2024[2]. While the COVID-19 pandemic showcased how effective Pfizer can be, it is an extreme outlier in their financial history and the revenue loss from that period affects their future, particularly in research and development funding.

Dependence on Key Products

Although Pfizer maintains a diversified portfolio, few of its offerings generate as large revenues as Eliquis, Prevnar, and Paxlovid. Whether due to smaller markets for these drugs or increased competition from competitors there exists concentration risk that could potentially sharply reduce revenues if an adverse demand shock occurred. To maximize the benefit of their large portfolio offerings, Pfizer must expand their market share into new customer bases. This is very dependent on competition and future success of drug lines.

Patent Expiration

Patent cliffs remain a structural challenge for Pfizer. Several of its core products are nearing the end of their patent protection periods, which will expose them to generic and biosimilar competition. Nine products will lose patent protection in the United States by the end of the decade, and that number will increase to twenty-six by 2041[2]. The loss of exclusivity not only erodes revenue but often requires significant price reductions to maintain market share. Unless offset by successful new launches or acquisitions, patent expirations could materially impact Pfizer's growth trajectory, especially because some off these patents are for their main drugs including Eliquis (2026), Ibrance (2027), and Prevnar 20 (2033)[2].

Opportunities

Oncology growth

Oncology is one of the fastest growing sectors within the pharmaceutical industry. The main factor driving this is the growing population getting and living with cancer. In 2025, 2,041,910 new cancer cases and 618,120 cancer deaths are projected to occur in the United States alone (7). However, this growing oncology industry has been utilized so well that the cancer mortality rate has been declining ever since 2022. Oncology presents a great opportunity to make revenue and outperform competitors. The recent acquisition of Seagen has given Pfizer the opportunity to distance itself from competitors.

Obesity epidemic

The current obesity epidemic represents another major opportunity for Pfizer. In high income populations sever obesity is expected to double its prevalence from 10-20% between 2020 to 2035. As of April 14, 2025, Pfizer has discontinued its phase three drug GLP-1 that was designed for chronic weight management[20]. Although this drug wasn't able to do as expected, Pfizer still keeps obesity as an important area for medical need. Pfizer plans on continuing applying their global capabilities to advance the pipeline for obesity programs. In the U.S the prevalence of obesity was up to 40.3% in adults which sets up Pfizer with a good market to help with its future obesity drugs.[21]

Drug Pipeline Expectations

By the end of 2020, Pfizer boasted an impressive clinical success rate of 21%, well over the industry average of 11%. This number has increased tenfold from 2% in 2010[23]. Cost of failure represents the majority of R&D expenses, and through Pfizer's strongly increased clinical success rate, presents a competitive advantage in capital efficiency. Greater success rates signal a higher return on investment, strengthening Pfizer's ability to bring therapies to market and innovate ahead of competitors.

The sheer number of drugs is another strong factor in Pfizer's R&D. Pfizer has 115 drugs in their pipeline currently, more than any of their competitors[2]. Imperative to their investment thesis, continuing the development of an effective drug pipeline and R&D usage will be critical in continuing momentum.

Threats

Competitive Market

Pfizer operates in highly competitive markets, particularly in oncology, where it faces pressure from biotech firms and large pharma competitors like Merck, Roche, and Bristol Myers Squibb. Many of these companies are advancing next-generation cancer treatments, including cell and gene therapies and novel immunotherapies, which could outperform Pfizer. In addition, Pfizer has key drugs patents expiring in the near future, exposing them to pressure from competitors who have more directed focus on those specific drug therapies. Generic drug variations sold at lower price points after patent expiration contributes strongly to revenue loss of blockbuster drugs.

Regulatory and Pricing Pressure

Pfizer also faces external threats from drug pricing reforms, such as those introduced by the Inflation Reduction Act (IRA). Medicare can now negotiate high priced drugs directly within pharmaceutical companies. Eliquis, which is one of Pfizer's key drugs, is already listed for Medicare price negotiation starting in 2026. This could significantly impact profit margins and set additional pricing constraints on future blockbuster products.

Industry Analysis

The pharmaceutical industry focuses on the discovery, development, manufacturing, and commercialization of drugs to treat a wide range of medical conditions. Pharmaceutical companies invest heavily in research and development to bring innovative therapies to market, addressing both chronic diseases and acute health crises.

In recent years, the industry has seen a surge in demand for advanced therapies, fueled by new technology, demographic shifts, rising chronic disease rates, and growing global access to healthcare. To meet these challenges and capture new opportunities, pharmaceutical companies are increasingly turning to partnerships and expanded R&D pipelines. With revenues totaling $1.6 trillion in 2023, the compound annual growth rate of the industry is expected to be 6% through 2030[20].

Data-Transformation and Technology

Over the past few years, artificial intelligence has gone from a niche market tool to incorporated in workplaces across the world. Companies like Merck, Novartis, and Pfizer are embedding artificial intelligence into core R&D functions, increasing the speed it takes to bring a new drug to market while simultaneously reducing development costs. In 2022, Merck initiated collaboration with biotech firm Absci, using generative AI to design novel antibody candidates, aiming to accelerate biologics discovery. Novartis has invested heavily in its in-house data science team, Novartis Data42, which integrates data to enhance trial design and patient stratification. Pfizer's partnerships with Insilico Medicine and Iktos utilize machine learning algorithms for small molecule drug design, allowing them to generate and refine lead compounds more efficiently. In clinical settings, Roche uses predictive analytics to identify at-risk patients during trials, helping reduce dropout rates and trial delays. As the effects of artificial intelligence are realized it will play a pivotal role in how pharmaceutical companies test and bring new drugs to market.

Advanced Therapies

Therapies involving gene and cell manipulation have gained traction in recent years as pharmaceutical companies increasingly invest in precision medicine and curative treatment. This reflects a broader shift in the industry away from traditional chronic disease management and toward targeted, disease-modifying therapies that aim to treat root causes at the genetic or cellular level. Major breakthroughs in technologies such as CRISPR gene editing, CAR-T cell therapy, and viral vector delivery systems have accelerated this transition, enabling treatments for previously untreatable conditions. Large pharmaceutical firms are expanding their R&D investments to match the demand for long-lasting, one-time interventions that mark the new generation of pharmaceutical innovation.

Pharmaceutical Competition

Pfizer, by market cap ($125.57b), is one of the largest pharmaceutical companies in the world[18]. By focusing on innovative drug development, Pfizer has been able to develop effective treatments solidifying its position as a global competitor in the pharmaceutical industry. Competition in the pharmaceutical industry is intense and relies on constant patenting of drug compounds and technologies to create a competitive advantage over peers. A stringent regulatory environment and the large amount of capital required, combined with long development cycles creates a high barrier for entry in the industry.

While Pfizer has a relatively broad drug portfolio, it lacks the dominant therapeutic focus they captured during the COVID era with their solutions. Pfizer's main revenue drivers face increased competition from industry peers developing and patenting drugs that provide similar treatments to Pfizer's own offerings. While market position is strong, competitors such as Johnson & Johnson, Roche, Merck, and Novartis are larger companies that compete in the same therapy areas such as oncology, lowering Pfizer's market share. Compared to four of its closest competitors, Pfizer ranked fifth in size and third in revenue in 2024[8,18].

Symbol	Market Cap (b)	Revenue (m)
PFE	$ 125.57	$ 62,627
JNJ	$ 379.48	$ 88,821
RHHBY	$ 255.28	$ 60,495
MRK	$ 196.28	$ 64,168
NVS	$ 237.82	$ 50,317

Research & Development

Large R&D investments signify a company's potential to bring new drugs and therapies to market and is therefore an indicator of market positioning and potential future industry leaders. The development cycle of new drugs from discovery to regulatory approval often takes 10 to 15 years[21], a lengthy process that requires heavy investment to produce results that satisfy regulatory standards and consumers. Compared to industry competitors, Pfizer's R&D spending totaled $10.93 billion in the most recent fiscal year, accounting for 18% of its total revenue.[2] This ranks on the low end both in terms of total value, and percentage of revenue. Without innovation through consistently strong R&D investments, pharmaceutical firms struggle to separate themselves from their peers.

Symbol	R&D Expense	R&D Expense as a % of Revenue
PFE	$ 10,930	18%
JNJ	$ 17,232	19%
RHHBY	$ 13,042	22%
MRK	$ 17,938	28%
NVS	$ 10,022	19%

Sourced from respective 10-Ks

Upcoming Products

Another key indicator to value future earnings is the strength of a company's drug pipeline. Potential drugs are first discovered, then go through three phases of clinical development before regulations reviews. If approved, the drug is then marketed to the public. Two variables are collected to compare pharmaceutical companies, the total amount of drugs in the pipeline, and most notably the number of drugs in phase 3 of clinical testing. Inevitably some drugs will not make it to market whether due to lack of efficacy, safety concerns, regulatory rejections, or other reasons. Pfizer for being the smallest company by market cap has a promising volume of drugs in the pipeline, indicating potential future growth. By peers, Pfizer ranks third in phase 3 drug development with 32 therapies[2].

While Johnson & Johnson and Roche Holding AG have a higher volume of drugs in Phase 3 development, these two companies are at least twice as big as Pfizer by market cap and provide certain therapies that Pfizer does not or has limited market presence, such as ophthalmology, neuroscience, and pulmonary hypertension.

Symbol	Total Pipeline Volume	Phase 3 Volume
PFE	115	32
JNJ	106	40
RHHBY	111	38
MRK	90	23
NVS	102	32

Sources 11-14

Economic Analysis

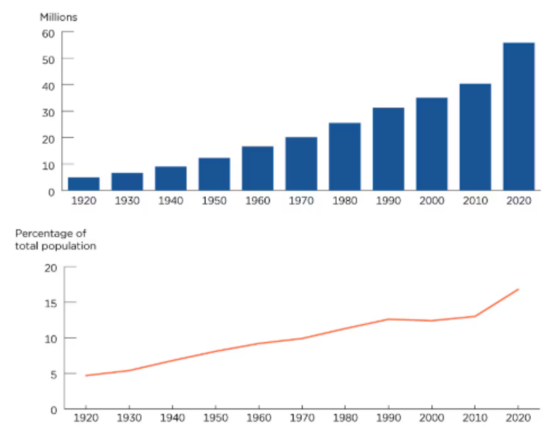
Aging Population

The aging global population is a significant demographic trend that affects healthcare systems worldwide. As life expectancy rises and birth rates decline, the proportion of individuals over 65 is growing rapidly. Because older adults typically require more frequent and complex medical care, the demand for healthcare solutions will rise. In the United States from 1920 to 2020, the population age 65 and older grew almost five times faster than the general population, making up 55.8 million Americans. That makes 1 in 6 people in the United States over the age of 65, signifying a large market opportunity for the pharmaceutical industry[22].

Forecast

In 2020, the share of the population aged 60 and over stood at 1 billion, we expected the trend of average age to continue to growth and by 2030 this number is projected to be 1.5 billion. Across an even longer timespan, we expect this number to double to 2.1 billion by 2050. Pfizer will directly benefit from its large primary care and oncology offerings, as an older population will require its products, putting Pfizer in a strong position to develop more solutions for the shifting demographic. This directly aligns with Pfizer's investment thesis of oncology focused growth.

Figure 1.
Population 65 Years and Over by Size and Percentage of Total Population: 1920 to 2020



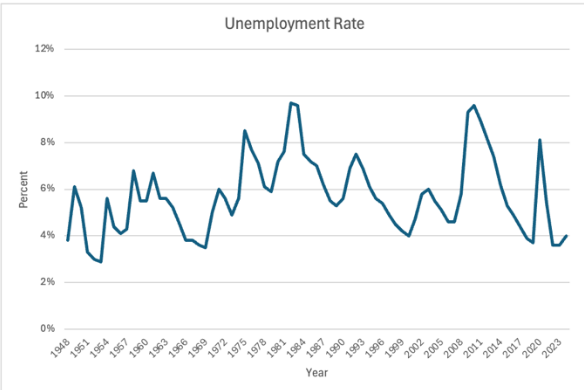
Source 22

Unemployment

Currently at 4.2% in the United States, the unemployment rate has a disruptive impact on healthcare because the majority of Americans, about 54%, receive their health insurance through employer-sponsored plans[23]. When individuals lose their jobs, they often lose their health coverage as well. The reduction in coverage leads to a decline in medical visits, prescription drug use, and elective procedures as people delay or avoid care due to cost concerns. For healthcare providers and pharmaceutical companies, this translates to lower patient volumes and revenue, especially in non-emergency or discretionary services. In Pfizer's case, their primary care offerings such as Eliquis and Prevnar related drugs could see a massive fall off due to rising unemployment. In 2024, these two drugs along made up 45% of primary care revenue[2], signaling major risks in case of economic downturn.

Forecast

In 2025, the unemployment rate is projected to increase to 4.4% by the end of the year. The uptick is influenced by factors such as heightened trade tensions and economic uncertainty, which have contributed to a slowdown in economic growth. In the long-term, expected unemployment rates will remain stable around 4.0-4.4%.



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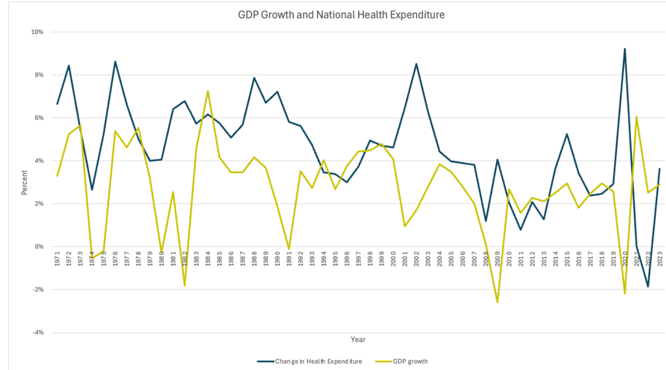
GDP Growth

GDP Growth, currently at 2.4%[10], influences both consumer demand and government healthcare spending. In periods of strong economic growth, higher disposable incomes and improved insurance coverage often lead to increased spending on both essential and discretionary medications, supporting stronger sales for innovative and chronic-care drugs. Economic expansion can drive demand for Pfizer's diverse portfolio, especially in emerging markets where rising GDP strongly correlates with expanded healthcare access and development. Conversely in periods of economic decline, budgets constrain spending and may delay or reduce the treatment volume.

Forecast

Due to recent economic uncertainty largely surrounding changing tariff policy and its effects on inflation and consumer spending, GDP growth in 2025 is projected at 1.8%, however this number can change easily with a change in trade policy. Future long-term forecasts estimate growth rates closer to historical averages at 2.4%.



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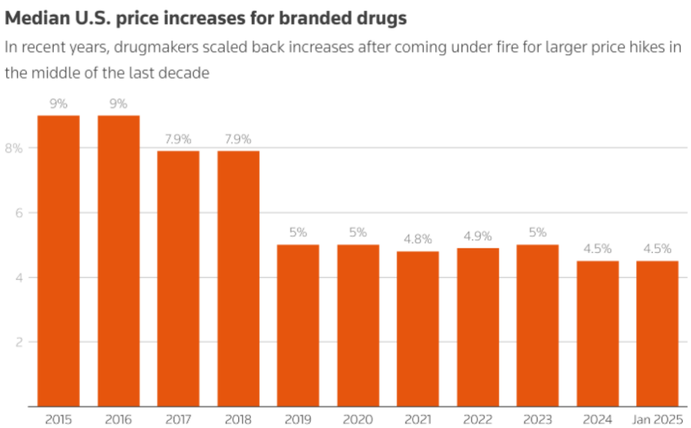
Inflation

Recent inflationary trends in the United States have exerted economic pressure on the pharmaceutical industry. Rising costs for capital and labor inputs have forced companies like Pfizer to increase prices from 2024. While pharmaceutical companies raised prices by 4.5%, Pfizer raised prices on average by less than 2.4%, or lower than the current inflation rate. The growing inflationary pressure on pharmaceutical companies requires higher launch prices rather than raising prices over time, reflected in general price hike decreases, down from 9% in 2015. On the consumer side, inflationary pressure discourages discretionary and essential treatments if deemed too expensive. The largest single consumer of healthcare services in the United States is the Federal Government, spending $2.3 trillion in 2024[25]. Higher drug prices and paying more per patient due to rising inflation puts pressure on the federal budget overall, potentially restructuring the budget to accommodate stronger healthcare inflation.

To ease inflationary price hikes in the pharmaceutical industry, the Inflation Reduction ACT passed in 2022, dictates that companies must pay a rebate if prices are raised faster than the current inflation rate. Pfizer guidance suggests a revenue loss of $1 billion due to the IRA alone.

Forecast

Inflation in 2025 is expected to grow above the Federal Reserve's target of 2%, at 2.7%. Partly due to trade policy putting strain on consumer prices, the effects of which are not fully in place as of the first quarter of 2025. Over the long-term, the Federal government must control the deficit to prevent persistent inflation. Inflation is expected to grow above the target rate in the future, at 2.4% over the coming years.



Source 26

Valuation Analysis

Valuation Approach

Historical financial data from 2014 to 2024 obtained from Pfizer's annual 10-K reports formed the foundation of the valuation model, projecting the firm's data through 2032. A variety of valuation methods are employed, including discounted cash flow, economic profit, dividend discount, and relative valuation models.

DCF and EP Models

Estimated Share Price $20.19

In the DCF model, free cash flow forecasts are projected for the next eight financial years (2025-3032). These cash flows are calculated as after-tax operating profits, represented as NOPLAT, less the invested capital. In the Economic Profit model, Pfizer's economic profit is calculated as the prior financial years invested capital multiplied by the growth rate of (ROIC-WACC). For both models a terminal value is used in the year 2032 to represent the future value of the firm after the timeframe of the forecast. This terminal value, along with free cash flows from previous years, are discounted back to present value using WACC as the discount rate. Non-operating assets and liabilities were removed to find the equity value, which is divided by Pfizer's shares outstanding to come to a finalized share price estimate.

Dividend Discount Model (DDM)

Implied Price: $44.78

The dividend discount model calculates stock price by discounting future dividends using the cost of equity. A terminal value is similarly utilized in this model to represent dividends accumulated after the forecast timeframe, calculated as the earnings per share multiplied by the price-to-earnings ratio in the terminal year. The dividend discount models implied share price is close to Pfizer's all-time high price, $52.61, recognizing this we recommended looking to the discounted cash flow and economic profit models for a more accurate estimate. This is largely due to optimistic long-term growth in earnings per share and stable dividend increases. In comparison, Pfizer's current forward P/E is 7.50, much lower than the formulated 13.85 used in the dividend discount model.

Relative Valuation

Implied Share Price Range: $19.65-$25.79

The relative valuation model compares Pfizer to other pharmaceutical companies including Eli Lilly, Johnson and Johnson, Merck & Co, Roche Holding AG, AbbVie, GSK plc, Novartis AG, and Bristol-Myers Squibb. The selected peer group shares similar size, geographic reach, exposure to core therapeutic areas including oncology, immunology, and vaccines.

The implied share price range is more comparable to Pfizer's current stock price than the other valuation models. However, the pharmaceutical industries' unique characteristics make the relative P/E prone to inaccuracy compared to other sectors. A large portion of a pharmaceutical company's value comes from their drug pipeline, not necessarily drugs currently generating revenue. As a result, current or even forward earnings may understate future profitability. The P/E model also largely ignores patent lifecycles, comparing two firms with blockbuster drugs at different patent phases is misleading as drug line revenues may face large drop-offs in expiration years.

WACC

To arrive at our Weighted Average Cost of Capital (WACC) of 6.56%, we applied our assumption of cost of equity and after-tax cost of debt, weighing them by their respective portions of total capital (debt and equity). To calculate the weight of equity, we took the current share price $24.30 and multiplied it by our total shares outstanding (2024) to get 137.7B which is our market value of equity. To calculate the weight of debt, we summed the short-term borrowing, current and non-current long-term debt, and the present value of operating leases to get a market value of debt of 66.6B. Pfizer has no preferred stock so that wasn't included. The total capital was $204.3B

Sensitivity Analysis

Beta vs. Equity Risk Premium

Both equity risk premium and beta are values that change a company's cost of equity, which heavily influences WACC calculations to discount cash flows. A lower beta and/or equity risk premium lower a firms cost of equity, leading to a smaller discount rate which raises the present value of future cash flows. On the other hand, increasing inputs to the cost of equity will result in a lower present value.

Equity Risk Premium / Beta	0.46	0.51	0.56	0.61	0.66	0.71	0.76
20.19							
5.20%	25.44	23.84	22.39	21.06	19.84	18.72	17.69
5.30%	25.15	23.55	22.09	20.76	19.55	18.43	17.40
5.40%	24.86	23.25	21.80	20.47	19.26	18.15	17.12
5.50%	24.57	22.97	21.51	20.19	18.98	17.87	16.85
5.60%	24.29	22.69	21.23	19.91	18.71	17.60	16.58
5.70%	24.02	22.41	20.96	19.64	18.44	17.33	16.31
5.80%	23.75	22.14	20.69	19.37	18.17	17.07	16.06

Marginal Tax Rate vs. CV Growth of NOPLAT

Comparing the marginal tax rate and NOPLAT growth yields an interesting result. While it seems counterintuitive stock price increases under a higher marginal tax rate assuming a constant CV growth, this is because the discount rate (WACC) decreases more than NOPLAT because of the tax shield on debt. While this is true up to a point, there reaches a tax rate where the trend reverses and leads to a lower stock price. Increasing the growth of NOPLAT directly raises implied stock price as it is one of the main inputs on the discounted cash flow valuation.

CV Growth of NOPLAT / Marginal Tax Rate	1.60%	4.60%	7.60%	10.60%	13.60%	16.60%	19.60%
20.19							
1.00%	16.49	16.70	16.91	17.12	17.34	17.56	17.78
1.50%	17.24	17.47	17.70	17.94	18.18	18.43	18.68
2.00%	18.15	18.41	18.67	18.94	19.22	19.50	19.79
2.50%	19.27	19.57	19.88	20.19	20.51	20.84	21.18
3.00%	20.70	21.05	21.42	21.79	22.17	22.57	22.97
3.50%	22.57	23.00	23.45	23.91	24.38	24.87	25.38
4.00%	25.14	25.69	26.26	26.86	27.47	28.11	28.77

Risk Free Rate vs. Pre-Tax Cost of Debt

Other variables impacting WACC inputs include the risk-free rate and the pre-tax cost of debt. Based on the 10-year treasury, the risk-free rate represents the theoretical return on an investment with zero default risk and serves as the baseline for calculating the cost of equity. An increase in the risk-free rate raises the cost of equity through the capital asset pricing model, thereby increasing the firm's WACC. The pre-tax cost of debt is based upon Pfizer's 10-year corporate bond. Influenced by a firms credit rating and prevailing market interest rates, a higher pre-tax cost of indicates a riskier investment environment and thus lowers the implied share price.

20.19	Risk Free Rate 3.73%	3.93%	4.13%	4.33%	4.53%	4.73%	4.93%
Pre-Tax Cost of Debt 4.15%	24.78	23.56	22.43	21.38	20.39	19.47	18.60
4.35%	24.27	23.09	21.99	20.97	20.01	19.11	18.26
4.55%	23.78	22.63	21.57	20.57	19.64	18.77	17.94
4.75%	23.30	22.19	21.16	20.19	19.28	18.43	17.63
4.95%	22.84	21.76	20.76	19.82	18.93	18.10	17.32
5.15%	22.39	21.35	20.37	19.46	18.60	17.78	17.02
5.35%	21.96	20.94	19.99	19.10	18.27	17.48	16.73

Dividend Growth vs. Cost of Equity

In the dividend discount model, share price is largely dictated by dividend growth and the cost of equity. Dividends are projected to increase from 1.68 in 2024 to 1.90 in 2032, while the cost of equity is modeled at 7.69%. The dividends in future years, discounted by the cost of equity, provided a straightforward relationship for any variation in the implied share price. Higher dividend growth leads to larger future values, while a lower cost of equity discounts those values at lower rates, leading to a higher aggregate present value. The effect is quite large on the dividend discount model, with even a fifty-basis point increase in the cost of equity leading to a five-dollar variance in the implied share price.

44.78	Dividend Growth 5.58%	6.08%	6.58%	7.08%	7.58%	8.08%	8.58%
Cost of Equity 7.39%	46.84	47.20	47.57	47.97	48.38	48.82	49.28
7.49%	45.76	46.10	46.46	46.84	47.24	47.66	48.11
7.59%	44.72	45.05	45.40	45.76	46.15	46.55	46.98
7.69%	43.73	44.04	44.38	44.73	45.10	45.49	45.91
7.79%	42.77	43.07	43.40	43.74	44.09	44.47	44.87
7.89%	41.85	42.14	42.45	42.78	43.13	43.49	43.88
7.99%	40.96	41.25	41.55	41.86	42.20	42.55	42.92

Inflation Rate vs. Avg Tax Payable

In examining other variables that influence the discounted cash flow and economic profit models, there is limited impact of varying inflation rates and the average tax payable percentages on model output, which remains tightly clustered around 20.19, the output only fluctuates modestly, from 20.03 to 20.33. This minimal variation suggests that within the tested range, the model is relatively insensitive to inflation and tax changes, likely due to the dominance of other drivers. The table highlights that while macroeconomic assumptions like tax and inflation do influence valuation, their effects may be marginal unless extreme scenarios are tested.

20.19	Inflation Rate 1.00%	1.60%	2.20%	2.80%	3.40%	4.00%	4.60%
Avg Tax Payable 13.76%	20.29	20.25	20.21	20.17	20.13	20.08	20.03
18.76%	20.30	20.26	20.22	20.18	20.13	20.09	20.04
23.76%	20.30	20.27	20.23	20.18	20.14	20.09	20.04
28.76%	20.31	20.27	20.23	20.19	20.15	20.10	20.05
33.76%	20.32	20.28	20.24	20.20	20.15	20.11	20.06
38.76%	20.32	20.29	20.25	20.20	20.16	20.11	20.06
43.76%	20.33	20.29	20.25	20.21	20.17	20.12	20.07

Conclusion

Given the assumptions that we have made, we believe that Pfizer is undervalued regarding their intrinsic value with all public information available. With their current price being $22.14, we had given them an estimate price range of $20.19 - $44.78 which does give a negative margin of safety of about 8.08% regarding our DCF analysis but a positive margin of safety of 102.26% regarding our discount dividend model. Pfizer has a strong position in the pharmaceutical industry and a very well positioned oncology segment. They also had a huge acquisition of Seagen which significantly boosted Pfizer's oncology segment giving it amazing potential. Pfizer's ability to perform relies heavily on the success of its pipeline to manufacture and deliver new and innovative drugs. This does give us some caution due to near-term revenue pressure from declining COVID-related products, upcoming patent expirations, and the regulatory problems caused by the Inflation Reduction Act. Even though there will be some risks, we have forecasted Pfizer to have quality and healthy dividend growth which leans us more towards the DDM price ($44.78). We recommend a BUY for Pfizer our potential drivers of our thesis outweigh the risks in our thesis.

IMPORTANT DISCLAIMER

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Pfizer Inc.

Revenue Decomposition

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Primary care	24575	12,436	52,029	73,023	30,589	30,135	29369	28652	28025	26684	25762	25245	24492	24114
Primary Care Growth	127.79%	-49.40%	318.38%	40.35%	-58.11%	-1.48%	-29.80%	-15.64%	-22.72%	-19.18%	-20.95%	-20.06%	-20.51%	-20.29%
Comirnaty sales and revenue (2021)		154	36,781	37,806	11,220	5,353	4846	4755	4673	4589	4508	4428	4349	4272
Comirnaty Growth			23783.77%	2.79%	-70.32%	-52.29%	-9.47%	-1.88%	-1.72%	-1.80%	-1.76%	-1.78%	-1.77%	-1.78%
Eliquis alliance revenues and sale (2026)	4,220	4,949	5,970	6,480	6,747	7,366	7724	6647	5892	5008	4257	3618	3076	2614
Eliquis Growth	22.89%	17.27%	20.63%	8.54%	4.12%	9.17%	4.86%	-13.94%	-11.36%	-9.65%	-8.21%	-6.98%	-5.93%	-5.04%
Prevnar family (2026,2029,2033)	5,847	5,850	5,272	6,337	6,440	6,411	6442	6486	6471	5500	4675	3974	3378	2871
Prevnar Growth	0.78%	0.05%	-9.88%	20.20%	1.63%	-0.45%	0.48%	0.68%	-0.23%	-0.20%	-0.17%	-0.14%	-0.12%	-0.10%
Paxlovid (2041)	_	_	76	18,933	1,279	5,716	4172	3829	3519	3308	3209	3112	3019	2928
Paxlovid Growth				24811.84%	-93.24%	346.91%	-27.01%	-8.22%	-8.10%	-6.00%	-3.00%	-3.00%	-3.00%	-3.00%
Nurtec ODT/Vydura (2030,2035)	12,901		_	213	928	1,263	1491	1707	1808	1992	2153	2350	1997	1698
Nurtec Growth					335.68%	36.10%	18.05%	14.49%	5.92%	10.20%	8.06%	9.13%	7.76%	6.60%
Abrysvo (2036)			_	_	890	755	793	814	773	764	740	724	705	688
Abrysvo Growth						-15.17%	5.03%	2.65%	-5.04%	-1.19%	-3.12%	-2.15%	-2.64%	-2.40%
Premarin family (expired)	734	680	563	455	397	380	361	331	298	283	276	266	257	249
Premarin Growth	-11.78%	-7.36%	-17.21%	-19.18%	-12.75%	-4.28%	-5.00%	-8.31%	-9.97%	-4.98%	-2.49%	-3.74%	-3.12%	-3.43%
BMP2	287	274	266	277	338	352	395	415	435	456	479	502	527	553
BMP2 Growth	2.87%	-4.53%	-2.92%	4.14%	22.02%	4.14%	12.22%	5.06%	4.82%	4.94%	4.88%	4.91%	4.90%	4.90%
FSME-IMMUN/TicoVac	220	196	185	200	268	280	285	305	335	363	396	431	470	511
FSME-IMMUN/TicoVac Growth	19.57%	-10.91%	-5.61%	8.11%	34.00%	4.48%	1.79%	7.02%	9.84%	8.43%	9.13%	8.78%	8.96%	8.87%
Nimenrix	230	221	193	268	179	_	250	290	330	379	434	497	569	652
Nimenrix Growth	64.29%	-3.91%	-12.67%	38.86%	-33.21%		39.66%	16.00%	13.79%	14.90%	14.34%	14.62%	14.48%	14.55%
Trumenba (expired)	135	112	118	123	126	_	135	144	154	165	177	189	202	216
Trumenba Growth	16.38%	-17.04%	5.36%	4.24%	2.44%		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
All other primary care			2,604	1,932	1,777	2,259	2475	2929	3337	3876	4459	5154	5943	6862
Other Growth				-25.81%	-8.02%	27.12%	9.55%	18.34%	13.94%	16.14%	15.04%	15.59%	15.32%	15.45%
Specialty Care	9,188	9,670	15,194	13,833	14,970	16,652	16155	16107	16108	15159	14436	13944	13665	13594
Speacialty Care Growth	14.21%	5.25%	57.12%	-8.96%	8.22%	11.24%	9.73%	10.48%	10.10%	10.29%	10.20%	10.25%	10.22%	10.23%
Vyndaqel family (expired)	473	1,288	2,015	2,447	3,321	5,451	6112	6530	6695	5691	4837	4112	3495	2971
Vyndaqel Growth	219.59%	172.30%	56.44%	21.44%	35.72%	64.14%	12.13%	6.84%	2.53%	2.15%	1.83%	1.55%	1.32%	1.12%
Xeljanz (2025)	2,242	2,437	2,455	1,796	1,703	1,168	897	559	473	402	342	290	247	210
Xeljanz Growth	26.38%	8.70%	0.74%	-26.84%	-5.18%	-31.42%	-23.20%	-37.68%	-15.38%	-13.08%	-11.12%	-9.45%	-8.03%	-6.83%
Enbrel (Outside of North America 2029)	1,699	1,350	1,185	1,003	830	690	588	479	393	346	294	254	218	188
Enbrel Growth	-19.55%	-20.54%	-12.22%	-15.36%	-17.25%	-16.87%	-14.78%	-18.54%	-17.95%	-12.00%	-14.98%	-13.49%	-14.23%	-13.86%
Sulperazon	684	618	683	786	757	637	641	655	669	683	698	713	729	744
Sulperazon Growth	11.58%	-9.65%	10.52%	15.08%	-3.69%	-15.85%	0.63%	2.18%	2.14%	2.16%	2.15%	2.15%	2.15%	2.15%
Immunoglobulin Portfolio	275	376	430	491	584		681	802	939	1103	1294	1519	1782	2092
Ig Portfolio Growth		36.73%	14.36%	14.19%	18.94%		16.56%	17.75%	17.16%	17.46%	17.31%	17.38%	17.34%	17.36%
Genotropin	498	427	389	360	539	470	435	405	375	364	356	348	340	332
Genotropin Growth	-10.75%	-14.26%	-8.90%	-7.46%	49.72%	-12.80%	-7.45%	-6.90%	-7.41%	-3.00%	-2.00%	-2.50%	-2.25%	-2.38%
Zavicefta	108	212	413	412	511	586	635	680	725	775	827	883	943	1007
Zavicefta Growth		96.30%	94.81%	-0.24%	24.03%	14.68%	8.36%	7.09%	6.62%	6.85%	6.73%	6.79%	6.76%	6.78%
Inflectra	625	659	657	532	490	509	443	420	398	386	370	357	343	331
Inflectra Growth		5.44%	-0.30%	-19.03%	-7.89%	3.88%	-12.97%	-5.19%	-5.24%	-3.00%	-4.12%	-3.56%	-3.84%	-3.70%
BeneFIX	488	454	438	425	424	381	350	320	290	271	259	245	233	221
BeneFIX Growth	-11.91%	-6.97%	-3.52%	-2.97%	-0.24%	-10.14%	-8.14%	-8.57%	-8.35%	-6.46%	-4.46%	-5.46%	-4.96%	-5.21%
Zithromax	336	276	278	331	406	480	450	420	380	359	337	318	299	282
Zithromax Growth	3.07%	-17.86%	0.72%	19.06%	22.66%	18.23%	-6.25%	-6.67%	-6.46%	-5.56%	-6.01%	-5.78%	-5.90%	-5.84%
Medrol	469	402	432	328	339		260	230	200	177	160	146	138	131
Medrol Growth	-4.87%	-14.29%	7.46%	-24.07%	3.35%		-23.30%	-11.54%	-17.42%	-11.54%	-9.80%	-8.70%	-5.60%	-4.60%
Somavert	264	277	277	268	267		300	325	350	378	408	440	475	512
Somavert Growth	-1.12%	4.92%	0.00%	-3.25%	-0.37%		12.36%	8.33%	7.69%	8.01%	7.85%	7.93%	7.89%	7.91%
Fragmin	253	252	305	269	238		180	160	140	129	121	113	105	98
Fragmin Growth	-13.65%	-0.40%	21.03%	-11.80%	-11.52%		-24.37%	-11.11%	-12.50%	-8.00%	-6.00%	-7.00%	-6.50%	-6.75%
ReFacto AF/Xyntha	426	370	304	239	230		160	130	110	101	95	89	84	78
Refacto Growth	-17.12%	-13.15%	-17.84%	-21.38%	-3.77%		-30.43%	-18.75%	-15.38%	-8.00%	-6.00%	-6.30%	-6.15%	-6.23%
Cresemba			142	155	195		229	279	333	402	483	581	698	840
Cresemba Growth				9.15%	25.81%		17.48%	21.64%	19.56%	20.60%	20.08%	20.34%	20.21%	20.28%
Vfend	346	270	267	225	187		135	115	106	100	93	87	81	75
Vfend Growth	-11.73%	-21.97%	-1.11%	-15.73%	-16.89%		-27.81%	-14.81%	-7.60%	-6.30%	-6.95%	-6.63%	-6.79%	-6.71%
Bicillin			120	146	158		167	179	192	205	219	234	250	267
Bicillin Growth				21.67%	8.22%		6.00%	7.11%	7.11%	6.55%	6.83%	6.97%	6.76%	6.80%
Cibinqo (2034)			_	27	128	215	283	342	387	453	521	605	699	809
Cibinqo Growth					374.07%	67.97%	31.63%	20.85%	13.16%	17.00%	15.08%	16.04%	15.56%	15.80%
All other Anti-infectives			1,572	1,171	1,092		1043	999	957	915	876	839	803	768
Other Anti-infectives Growth				-25.51%	-6.75%		-4.50%	-4.21%	-4.21%	-4.36%	-4.28%	-4.25%	-4.30%	-4.29%
All other Specialty Care			2,830	2,350	2,244		2165	2079	1995	1921	1846	1773	1705	1639
Other Specialty Care Growth				-16.96%	-4.51%		-3.50%	-4.01%	-4.01%	-3.75%	-3.88%	-3.94%	-3.85%	-3.86%
Oncology	9,014	10,867	12,333	12,132	11,627	15,612	16272	17003	16316	17291	18482	19917	21622	23688
Oncology Growth	20.65%	20.56%	13.49%	-1.63%	-4.16%	34.27%	4.23%	4.49%	-4.04%	5.98%	6.89%	7.77%	8.56%	9.56%
Ibrance (2027)	4,961	5,392	5,437	5,120	4,753	4,367	3919	3550	2345	1993	1694	1440	1224	1040
Ibrance Growth	20.47%	8.69%	0.83%	-5.83%	-7.17%	-8.12%	-10.26%	-9.42%	-33.94%	-28.85%	-24.52%	-20.85%	-17.72%	-15.06%
Xtandi alliance revenues (2027)	838	1,024	1,185	1,198	1,191	2,039	2067	2181	1675	1424	1210	1029	874	743
Xtandi Growth	19.89%	22.20%	15.72%	1.10%	-0.58%	71.20%	1.37%	5.52%	-23.20%	-8.84%	-7.23%	-6.78%	-7.01%	-6.89%
Padcev (2033)				-	53	1588	2116	2658	3099	3753	4460	5351	6390	7648
Padcev Growth						2896.23%	33.25%	25.61%	16.59%	21.10%	18.85%	19.98%	19.41%	19.69%
Adcetris				-	56	1089	1253	1338	1418	1686	1954	2294	2676	3131
Adcetris Growth						1844.64%	15.06%	6.78%	5.98%	18.90%	15.90%	17.40%	16.65%	17.02%
Oncology Biosimilars				1753	1407	1037	1038	1039	1040	1041	1043	1044	1045	1046
Oncology Biosimilars Growth					-19.74%	-26.30%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Inlyta	477	787	1,002	1,003	1,036	978	723	549	368	313	266	226	192	163
Inlyta Growth	60.07%	64.99%	27.32%	0.10%	3.29%	-5.60%	-26.07%	-24.07%	-32.97%	-16.11%	-9.30%	-7.91%	-6.72%	-5.71%
Bosulif	365	450	540	575	645	645	611	394	362	308	262	222	189	161
Bosulif Growth	23.31%	23.29%	20.00%	6.48%	12.17%	0.00%	-5.27%	-35.52%	-8.12%	-7.20%	-7.66%	-7.43%	-7.55%	-7.49%
Lorbrena	115	204	266	343	539	731	840	928	1001	1093	1186	1291	1403	1526
Lorbrena Growth		77.39%	30.39%	28.95%	57.14%	35.62%	14.91%	10.48%	7.87%	9.17%	8.52%	8.85%	8.68%	8.76%
Braftovi/Mektovi				456	477	607	704	856	1016	1221	1459	1748	2092	2504
Braftovi/Mektovi Growth					4.61%	27.25%	15.93%	21.59%	18.76%	20.18%	19.47%	19.82%	19.65%	19.73%
Tukysa					18	480	542	587	628	580	538	497	461	426
Tukysa Growth						2566.67%	12.92%	8.30%	6.98%	7.64%	7.31%	7.48%	7.40%	7.44%
Elrexfio				-	10	133	278	401	548	663	769	831	864	881
Elrexfio Growth						1230.00%	109.02%	44.24%	36.66%	21.00%	16.00%	8.00%	4.00%	2.00%
Tivdak				-	4	131	219	348	419	566	724	797	861	881
Tivdak Growth						3175.00%	67.18%	58.90%	20.40%	35.00%	28.00%	10.08%	8.03%	2.32%
Talzenna				48	64	117	192	297	407	542	683	778	841	874
Talzenna Growth					33.33%	82.81%	64.00%	55.00%	37.00%	33.00%	26.00%	14.00%	8.00%	4.00%
Other Oncology				1846	1729	1670	1770	1876	1989	2108	2235	2369	2511	2662
Other Oncology Growth					-6.34%	-3.41%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total Revenue	51750	41908	81288	100330	58496	62204	61,795	61,762	60,449	59,135	58,679	59,107	59,779	61,396
Revenue Growth	-3.54%	-19.02%	93.97%	23.43%	-41.70%	6.34%	-0.66%	-0.05%	-2.13%	-2.17%	-0.77%	0.73%	1.14%	2.71%
	42,777	32,973	79,556	98,988	57,186	62,399	61,795	61,762	60,449	59,135	58,679	59,107	59,779	61,396
Oncology Segment	17%	26%	15%	12%	20%	25%	26%	28%	27%	29%	31%	34%	36%	39%
Primary Care	47%	30%	64%	73%	52%	48%	48%	46%	46%	45%	44%	43%	41%	39%
Speciality Care	18%	23%	19%	14%	26%	27%	26%	26%	27%	26%	25%	24%	23%	22%

Pfizer Inc.

Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues																			
Product revenues	48648	47539	51078	49619	49809	47102	36490	73636	91793	50914	53816	54943	54038	52977	52049	51470	51889	52510	53894
Alliance revenues	957	1312	1746	2927	3838	4648	5418	7652	8537	7582	8388	6852	7724	7473	7086	7210	7218	7269	7502
Total Revenues	49605	48851	52824	52546	53647	51750	41908	81288	100330	58496	62204	61,795	61,762	60,449	59,135	58,679	59,107	59,779	61,396
Costs and expenses																			
Cost of sales	9577	9648	12329	11240	11248	10219	8692	30821	34344	24954	17851	21569	21786	19917	20334	20074	20002	20412	20915
Selling, informational, and administrative expenses	14097	14809	14837	14784	14455	14350	11615	12703	13677	14771	14730	12072	14069	13300	12675	12958	12909	13023	13447
Research and development expenses	8393	7690	7872	7657	8006	8650	9405	13829	12381	10873	10930	9557	10613	10120	9735	9859	9852	9949	10256
Amortization of intangible assets	4039	3728	4056	4758	4893	4610	3436	3700	3609	4733	5286	4838	4716	4125	3776	2829	2490	2191	1928
Depreciation Expense	1498	1429	1701	1511	1257	1185	1341	1491	1455	1557	1727	1917	2030	2138	2241	2339	2434	2526	2615
restructuring charges and certain acquisition-related costs	250	1152	1724	487	1044	747	600	802	1375	2943	2419	1884	2025	1730	1509	1397	1240	1121	1044
Interest income	425	471	470	391	333	226	73	36	251	1624	545	913	42	337	1024	1340	1815	2672	3087
Interest expense	1360	1199	1186	1270	1316	1574	1449	1291	1238	2209	3091	2733	1571	1474	1752	1576	1538	1841	1698
Other (income)/deductions --net	-2274	-240	298	-1857	-790	-7493	-2200	-7696	-2729	-6226	-2398	-3174	-3993	-3113	-3304	-3368	-3244	-3350	-3445
Income from continuing operations before provisions/(benefit) for taxes on income	12240	8965	8351	12305	11885	17682	7497	24311	34729	1058	8023	11313	8986	11094	11441	12355	13701	14739	16025
provision/(benefit) for taxes on income	3120	1990	1123	-9049	707	1384	477	1852	3328	-1115	-28	1199	952	1176	1213	1310	1452	1562	1699
Income (loss) from continuing operations	9119	6975	7229	21353	11178	16298	7021	22459	31401	2172	8051	10114	8033	9918	10228	11046	12249	13177	14326
Discountinued operations -- net of tax	48	11	17	2	10	4	0	-434	6	-15	11	0	0	0	0	0	0	0	0
Net income before allocation to noncontrolling interests	9168	6986	7246	21355	11188	16302	9652	22025	31407	2158	8062	10114	8033	9918	10228	11046	12249	13177	14326
Less: net income attributable to noncontrolling interests	-32	-26	-31	-47	-36	-29	-36	-45	-35	-39	-31	-31	-31	-30	-30	-29	-30	-30	-31
Net income attributable to Pfizer Inc. common shareholders	9135	6960	7215	21308	11153	16273	9616	21979	31372	2119	8031	10083	8002	9887	10198	11016	12219	13147	14296
Earnings per common share---basic:																			
Basic EPS	1.44	1.13	1.18	3.57	1.90	2.92	1.73	3.92	5.59	0.38	1.42	1.83	1.54	2.02	2.22	2.58	3.08	3.59	4.26
Weighted-average shares--basic	6346	6176	6089	5970	5872	5569	5555	5601	5608	5643	5664	5517	5210	4897	4586	4276	3968	3662	3358
Total shares outstanding (year end shares outstanding)	6291	6175	6070	5979	5717	5534	5567	5620	5616	5646	5667	5366	5054	4741	4430	4122	3815	3510	3206
Annual dividends per share	1.04	1.12	1.20	1.28	1.36	1.44	1.52	1.56	1.60	1.64	1.68	1.72	1.76	1.80	1.82	1.84	1.86	1.88	1.90

Pfizer Inc.

Balance Sheet

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets														
Cash & cash equivalents	1,305	1,784	1,944	416	2,853	1,043	-21346	-15034	873	7592	18190	38171	47179	56991
Short-term investments	8,525	10,437	29,125	22,316	9,837	19,434	20275	21153	22069	23025	24022	25062	26147	27279
Trade accounts receivable	8,724	7,930	11,479	10,952	11,177	11,463	10003	9998	9785	9572	9499	9568	9677	9938
Inventories	8,283	8,046	9,059	8,981	10,189	10,851	9286	9281	9084	8886	8818	8882	8983	9226
Current tax assets	3,344	3,264	4,266	3,577	3,978	3,314	3662	3660	3582	3504	3477	3503	3542	3638
Other current assets	2,600	3,438	3,820	5,017	5,299	4,253	4304	4302	4211	4119	4087	4117	4164	4277
Total current assets	32,803	35,067	59,693	51,259	43,333	50,358	26185	33360	49604	56698	68093	89302	99692	111350
Equity-method investments	17,133	16,856	16,472	11,033	11,637	217	226	236	246	257	268	280	292	305
Long-term investments	3,014	3,406	5,054	4,036	3,731	2,010	2097	2188	2283	2381	2485	2592	2704	2821
Property, plant & equipment	13,967	13,900	14,882	16,274	18,940	18,393	19,479	20,512	21,498	22,445	23,356	24,237	25,093	25,927
Identifiable intangible assets	35,370	28,471	25,146	43,370	64,900	55,411	50,573	45,857	41,732	37,956	35,127	32,637	30,447	28,519
Goodwill	58,653	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
Noncurrent deferred tax assets	2,099	2,383	3,341	6,693	3,706	8,662	12214	9701	11977	12352	13340	14792	15913	17301
Percentage of DTA	9.10%	13.53%	40.20%	100.33%	-44.63%	133.73%	41.01%	-20.57%	23.46%	3.13%	8.00%	10.89%	7.58%	8.72%
ROU assets (operating lease)	1,289	1,393	2,839	3,002	2,924	2,289	2424	2553	2675	2793	2907	3016	3123	3227
Other noncurrent assets	3,161	3,176	4,840	10,161	9,547	7,528	7,973	8,395	8,799	9,186	9,559	9,920	10,270	10,612
Total assets	167,489	154,229	181,476	197,205	226,501	213,396	189698	191329	207342	212596	223662	245305	256062	268589
Liabilities and Equity														
Short-term borrowings	16,195	2,703	2,241	2,945	10,350	6,946	9196	4176	8856	4946	8446	9946	9946	9946
Trade accounts payable	4,220	4,309	5,578	6,809	6,710	5,633	5419	5416	5301	5185	5145	5183	5242	5384
Dividends payable	2,104	2,162	2,249	2,303	2,372	2,437	2372	2292	2204	2087	1967	1845	1721	1595
Income taxes payable	980	1,049	1,266	1,587	2,349	2,910	897	86	52	-474	27	147	26	259
Accrued compensation	2,720	3,058	3,332	3,407	2,776	3,838	2948	3229	3258	3033	3080	3107	3116	3217
Deferred revenues	-	1113	3,067	2,520	2,700	1,511	1501	1500	1468	1436	1425	1436	1452	1491
Lease libailities (short-term)	269	321	449	620	527	356	427	392	348	271	230	230	230	230
Other current liabilities	11,083	10,814	12,319	21,948	20,010	19,364	19,906	20,464	21,037	21,626	22,231	22,854	23,493	24,151
Total current liabilities	37,304	25,920	42,671	42,138	47,794	42,995	42666	37555	42524	38111	42553	44748	45227	46273
Long-term debt	35,955	37,133	36,195	32,884	61,538	57,405	27802	30545	32408	32160	27765	33399	30052	31867
Pension & postretirement obligation	1,124	645	235	2,250	2,167	2,115	1904	1692	1481	1269	1058	846	635	423
Noncurrent deferred tax liabilities	5,578	4,063	349	1,023	640	2,122	2,122	2,122	2,122	2,119	2,119	2,119	2,119	2,119
Other taxes payable	12,126	11,560	11,331	9,812	8,534	6,112	3254	390	517	599	479	1458	817	2242
Lease libailities (long-term)	1,030	1,114	2,510	2,597	2,626	2,286	2421	2549	2672	2790	2903	3012	3119	3222
Other noncurrent liabilities	5,287	5,555	7,233	10,583	13,913	11,864	12,196	12,538	12,889	13,250	13,621	14,002	14,394	14,797
Total Liabilities	104,042	90,756	104,013	101,288	137,213	124,899	92364	87391	94613	90297	90497	99584	96362	100944
Common Stock	87,896	89,144	91,064	92,278	93,109	94,083	94,608	94,661	94,661	94,661	94,661	94,661	94,661	94,661
Treasury stock	-110,801	-110,988	-111,361	-113,969	-114,487	-114,763	-107,075	-99,388	-91,700	-84,012	-76,325	-68,637	-60,949	-60,949
Retained earnings	97,670	96,770	103,394	125,656	118,353	116,725	117,318	116,151	117,223	119,075	122,224	127,062	133,325	141,240
Other comprehensive income	-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
Total Pfizer Inc. shareholders' equity	63,143	63,238	77,201	95,661	89,014	88,203	97,009	103,582	112,342	121,882	132,718	145,244	159,194	167,110
Equity to noncontrolling interests	303	235	262	256	274	294	325	356	387	417	447	476	505	535
Total equity	63,447	63,473	77,462	95,916	89,288	88,497	97,334	103,938	112,729	122,299	133,165	145,720	159,700	167,645
Total liabilites and equity	167,489	154,229	181,475	197,204	226,501	213,396	189,698	191,329	207,342	212,596	223,662	245,305	256,062	268,589

Pfizer Inc.

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024
Operating Activities						
Net Income (Pre-NCI)	16,302	9,652	22,025	31,407	2,158	8,062
Discontinued operations - net of tax	-	-2,631	-434	6	-15	11
Net Income (Cont. Ops, Pre-NCI	-	7,021	22,459	31,401	2,172	8,051
Depreciation & amortization	6,010	4,777	5,191	5,064	6,290	7,013
Asset write-offs & impairments	2,953	2,049	276	550	3,408	4,242
Deferred taxes	614	-1,468	-4,293	-3,764	-3,442	-2,102
Share-based compensation exp.	718	756	1,182	872	525	877
Benefit Plan Contributions (Net)	-336	-1,790	-3,123	-1,158	-787	-12
Inventory write-offs (COVID-19)	-	-	-	1,183	6,199	_
Other adjustments, net	-1,086	-478	-1,573	758	-3,492	-2,260
Trade accounts receivable	-742	-1,249	-3,811	261	347	-109
Inventories	-1,050	-736	-1,125	592	-1,169	-854
Other assets	795	-146	-1,057	-4,506	-663	3,380
Trade accounts payable	-564	353	1,242	1,191	-300	-1,023
Other liabilities	267	2,741	18,721	-1,449	595	-3,115
Other tax accounts, net	-2,737	-1,238	-1,166	-545	-982	-1,345
Net Operating Cash Flows (Cont.)	-	10,586	32,922	29,267	8,700	12,744
Net Operating Cash Flows (Disc.)	-	3,817	-343	-	-	_
Net cash flows (operating activities)	12,588	14,403	32,580	29,267	8,700	12,744
Investing Activities						
Purchases of PPE	-2,176	-2,252	-2,711	-3,236	-3,907	-2,909
Purchases of short-term investments	-6,835	-13,805	-38,457	-36,384	-30,974	-10,133
Proceeds, Short-term Investments	9,183	11,087	27,447	44,821	39,264	4,128
Net Proceeds, Short-term Investments (≤3 Months)	6,925	920	-8,088	-483	5,174	3,136
Purchases of long-term investments	-201	-597	-1,068	-1,913	-204	-180
Proceeds, sales of LT investments	232	723	649	641	1,979	1,570
Net businesses acquisitions	-10,861	-	-	-22,997	-43,430	_
Dividends, Consumer Healthcare JV	-	-	-	3,960	-	
Other investing activities, net	205	274	-305	-192	-179	2
Net Investing Cash Flows Cont. Ops	-	-4,188	-22,534	-15,783	-32,278	2,652
Net Investing Cash Flows Disc. Ops	-	-82	-12	-	-	
Net cash flows investing activities	-3,945	-4,271	-22,546	-15,783	-32,278	2,652
Financing Activities						
Proceeds from short-term borrowing	16,455	12,352	-	3,891	4,525	8,907
Payments on short-term borrowings	-8,378	-22,197	-	-3,887	-3	-11,226
Net Proceeds from Short-term Borrowings (≤3 Months)	2,551	-4,129	-96	-222	3,161	-2,590
Proceeds from issuances of LT debt	4,942	5,222	997	-	30,831	_
Payments on long-term debt	-6,806	-4,003	-2,004	-3,298	-2,569	-2,250
Purchases of common stock	-8,865			-2,000		
Cash dividends paid	-8,043	-8,440	-8,729	-8,983	-9,247	-9,512
Other financing activities, net	-736	-869	16	-335	-631	-469
Net Fin. Cash Flows Cont. Ops	-	-21,640	-9,816	-14,834	26,066	-17,140
Exchange Rates on Cash equiv.	-32	-8	-59	-165	-40	-66
Net Change in Cash & Equivalents	125	475	159	-1,515	2,448	-1,810
Cash & Equivalents, Beg. of Period	1,225	1,350	1,825	1,983	468	2,917
Cash & Equivalents, End of Period	1,350	1,825	1,983	468	2,917	1,107

Pfizer Inc.

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Operating Activities								
Net Income (Pre-NCI)	10,083	8,002	9,887	10,198	11,016	12,219	13,147	14,296
Adjustments to reconcile net income:								
Depreciation Expense	1917	2030	2138	2241	2339	2434	2526	2615
Amortization Expense	4838	4716	4125	3776	2829	2490	2191	1928
Changes in working capital accounts:								
Change In ST investments	-841	-878	-916	-956	-997	-1040	-1085	-1132
Changes in trade accounts receivable	1460	5	212	213	74	-69	-109	-262
Change in inventories	1565	5	197	198	68	-64	-101	-243
Change in current tax assets	-348	2	78	78	27	-25	-40	-96
Change in DTA (noncurrent)	-3552	2513	-2276	-375	-988	-1453	-1121	-1388
Change in other current assets	-51	2	91	92	32	-30	-47	-113
Change in trade accounts payable	-214	-3	-115	-115	-40	37	59	142
Change in income taxes payable	-2,013	-811	-34	-526	501	120	-121	233
Change in accrued compensation	-890	281	29	-225	47	26	9	101
Change in deferred revenues	-10	-1	-32	-32	-11	10	16	39
Change in other current liabilities	542	557	573	589	606	622	640	658
Change in other tax payable	-2,858	-2,864	127	81	-120	979	-641	1,425
Net cash provided by operating activities	9627	13558	14086	15237	15384	16258	15323	18203
Investing Activities								
Change in equity method investments	-9	-10	-10	-11	-11	-12	-12	-13
Change in LT investments	-87	-91	-95	-99	-103	-108	-112	-117
Change in Property, plant & equipment (CapEx)	-3,003	-3,063	-3,124	-3,187	-3,251	-3,316	-3,382	-3,450
Change in identifiable intangible assets	0	0	0	0	0	0	0	0
Changes in goodwill	0	0	0	0	0	0	0	0
Changes in ROU assets (operating lease)	-135	-129	-123	-118	-113	-110	-107	-104
Change in noncurrent assets (other)	-445	-423	-404	-387	-373	-361	-350	-341
Net cash provided by investing activities	-3679	-3715	-3756	-3801	-3851	-3905	-3963	-4025
Financing Activities								
Changes in dividends payable	-65	-80	-89	-117	-120	-122	-124	-126
Change in short term borrowings	2,250	-5,020	4,680	-3,910	3,500	1,500	0	0
Changes in LT debt	-29603	2744	1863	-248	-4396	5634	-3347	1815
Changes in lease liabilities (ST & LT)	206	93	79	40	73	110	106	104
Changes in pension & postretirement obligations	-212	-212	-212	-212	-212	-212	-212	-212
Changes in DTL (noncurrent)	0	0	0	-3	0	0	0	0
Changes in other noncurrent liabilites	332	341	351	361	371	381	392	403
Changes in common stock	525	53	0	0	0	0	0	0
Changes in treasury stock	7,688	7,688	7,688	7,688	7,688	7,688	7,688	0
Changes in other comprehensive income	0	0	0	0	0	0	0	0
Total Dividends Paid	-9,489	-9,170	-8,815	-8,346	-7,868	-7,381	-6,885	-6,380
Changes in equity to noncontrolling interests	31	31	31	30	30	29	30	30
Net cash provided by financing activities	-28336	-3532	5577	-4717	-934	7628	-2352	-4367
Net increase (decrease) in cash	-22389	6312	15907	6719	10599	19980	9008	9812
Cash at beginning of year	1,043	-21346	-15034	873	7592	18190	38171	47179
Cash at end of year	-21346	-15034	873	7592	18190	38171	47179	56991

Pfizer Inc.

Income Statement

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues														
Product revenues	91.02%	87.07%	90.59%	91.49%	87.04%	86.52%	88.91%	87.49%	87.64%	88.02%	87.71%	87.79%	87.84%	87.78%
Alliance revenues	8.98%	12.93%	9.41%	8.51%	12.96%	13.48%	11.09%	12.51%	12.36%	11.98%	12.29%	12.21%	12.16%	12.22%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Costs and expenses														
Cost of sales	19.75%	20.74%	37.92%	34.23%	42.66%	28.70%	34.90%	35.27%	32.95%	34.39%	34.21%	33.84%	34.15%	29.36%
Selling, informational, and administrative expenses	27.73%	27.72%	15.63%	13.63%	25.25%	23.68%	19.53%	22.78%	22.00%	21.43%	22.08%	21.84%	21.78%	21.90%
Research and development expenses	16.71%	22.44%	17.01%	12.34%	18.59%	17.57%	15.47%	17.18%	16.74%	16.46%	16.80%	16.67%	16.64%	16.70%
Amortization of intangible assets	8.91%	8.20%	4.55%	3.60%	8.09%	8.50%	7.83%	7.64%	6.82%	6.39%	4.82%	4.21%	3.66%	3.14%
Depreciation Expense	2.29%	3.20%	1.83%	1.45%	2.66%	2.78%	3.10%	3.29%	3.54%	3.79%	3.99%	4.12%	4.23%	4.26%
restructuring charges and certain acquisition-related costs	1.44%	1.43%	0.99%	1.37%	5.03%	3.89%	3.05%	3.28%	2.86%	2.55%	2.38%	2.10%	1.88%	1.70%
Interest Income	0.44%	0.17%	0.04%	0.25%	2.78%	0.88%	1.48%	0.07%	0.56%	1.73%	2.28%	3.07%	4.47%	5.03%
Interest Expense	3.04%	3.46%	1.59%	1.23%	3.78%	4.97%	4.42%	2.54%	2.44%	2.96%	2.69%	2.60%	3.08%	2.77%
Other (income)/deductions --net	-14.48%	-5.25%	-9.47%	-2.72%	-10.64%	-3.86%	-5.08%	-5.08%	-5.08%	-5.08%	-5.08%	-5.08%	-5.08%	-5.08%
Income from continuing operations before provisions/(benefit) for taxes on income	34.17%	17.89%	29.91%	34.61%	1.81%	12.90%	18.31%	14.55%	18.35%	19.35%	21.06%	23.18%	24.66%	26.10%
provision/(benefit) for taxes on income	2.67%	1.14%	2.28%	3.32%	-1.91%	-0.05%	1.94%	1.54%	1.95%	2.05%	2.23%	2.46%	2.61%	2.77%
Income (loss) from continuing operations	31.49%	16.75%	27.63%	31.30%	3.71%	12.94%	16.37%	13.01%	16.41%	17.30%	18.82%	20.72%	22.04%	23.33%
Discountinued operations -- net of tax	0.01%	0.00%	-0.53%	0.01%	-0.03%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income before allocation to noncontrolling interests	31.50%	23.03%	27.10%	31.30%	3.69%	12.96%	16.37%	13.01%	16.41%	17.30%	18.82%	20.72%	22.04%	23.33%
Less: net income attributable to noncontrolling interests	-0.06%	-0.09%	-0.06%	-0.03%	-0.07%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%
Net income attributable to Pfizer Inc. common shareholders	31.45%	22.95%	27.04%	31.27%	3.62%	12.91%	16.32%	12.96%	16.36%	17.25%	18.77%	20.67%	21.99%	23.28%

Pfizer Inc.

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets														
Cash & cash equivalents	2.52%	4.26%	2.39%	0.41%	4.88%	1.68%	-34.54%	-24.34%	1.44%	12.84%	31.00%	64.58%	78.92%	92.83%
Short-term investments	16.47%	24.90%	35.83%	22.24%	16.82%	31.24%	32.81%	34.25%	36.51%	38.94%	40.94%	42.40%	43.74%	44.43%
Trade accounts receivable	16.86%	18.92%	14.12%	10.92%	19.11%	18.43%	16.19%	16.19%	16.19%	16.19%	16.19%	16.19%	16.19%	16.19%
Inventories	16.01%	19.20%	11.14%	8.95%	17.42%	17.44%	15.03%	15.03%	15.03%	15.03%	15.03%	15.03%	15.03%	15.03%
Current tax assets	6.46%	7.79%	5.25%	3.57%	6.80%	5.33%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%	5.93%
Other current assets	5.02%	8.20%	4.70%	5.00%	9.06%	6.84%	6.97%	6.97%	6.97%	6.97%	6.97%	6.97%	6.97%	6.97%
Total current assets	63.39%	83.68%	73.43%	51.09%	74.08%	80.96%	42.37%	54.01%	82.06%	95.88%	116.04%	151.09%	166.77%	181.36%
Equity-method investments	33.11%	40.22%	20.26%	11.00%	19.89%	0.35%	0.37%	0.38%	0.41%	0.43%	0.46%	0.47%	0.49%	0.50%
Long-term investments	5.82%	8.13%	6.22%	4.02%	6.38%	3.23%	3.39%	3.54%	3.78%	4.03%	4.23%	4.39%	4.52%	4.60%
Property, plant & equipment	26.99%	33.17%	18.31%	16.22%	32.38%	29.57%	31.52%	33.21%	35.56%	37.96%	39.80%	41.01%	41.98%	42.23%
Identifiable intangible assets	68.35%	67.94%	30.93%	43.23%	110.95%	89.08%	81.84%	74.25%	69.04%	64.19%	59.86%	55.22%	50.93%	46.45%
Goodwill	113.34%	118.30%	60.54%	51.21%	115.88%	110.16%	110.89%	110.95%	113.36%	115.88%	116.78%	115.94%	114.63%	111.61%
Noncurrent deferred tax assets	4.06%	5.69%	4.11%	6.67%	6.34%	13.93%	19.77%	15.71%	19.81%	20.89%	22.73%	25.03%	26.62%	28.18%
Other noncurrent assets	6.11%	7.58%	5.95%	10.13%	16.32%	12.10%	3.92%	4.13%	4.43%	4.72%	4.95%	5.10%	5.22%	5.26%
Total assets	323.65%	368.02%	223.25%	196.56%	387.21%	343.06%	12.90%	13.59%	14.56%	15.53%	16.29%	16.78%	17.18%	17.28%
Liabilities and Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Short-term borrowings	31.29%	6.45%	2.76%	2.94%	17.69%	11.17%	14.88%	6.76%	14.65%	8.36%	14.39%	16.83%	16.64%	16.20%
Trade accounts payable	8.15%	10.28%	6.86%	6.79%	11.47%	9.06%	8.77%	8.77%	8.77%	8.77%	8.77%	8.77%	8.77%	8.77%
Dividends payable	4.07%	5.16%	2.77%	2.30%	4.05%	3.92%	3.84%	3.71%	3.65%	3.53%	3.35%	3.12%	2.88%	2.60%
Income taxes payable	1.89%	2.50%	1.56%	1.58%	4.02%	4.68%	1.45%	0.14%	0.09%	-0.80%	0.05%	0.25%	0.04%	0.42%
Accrued compensation	5.26%	7.30%	4.10%	3.40%	4.75%	6.17%	4.77%	5.23%	5.39%	5.13%	5.25%	5.26%	5.21%	5.24%
Deferred revenues	–	–	3.77%	2.51%	4.62%	2.43%	2.43%	2.43%	2.43%	2.43%	2.43%	2.43%	2.43%	2.43%
Other current liabilities	21.42%	25.80%	15.15%	21.88%	34.21%	0.57%	0.69%	0.63%	0.58%	0.46%	0.39%	0.39%	0.39%	0.38%
Total current liabilities	72.09%	61.85%	52.49%	42.00%	81.70%	31.13%	32.21%	33.13%	34.80%	36.57%	37.89%	38.66%	39.30%	39.34%
Long-term debt	69.48%	88.61%	44.53%	32.78%	105.20%	69.12%	69.05%	60.81%	70.35%	64.45%	72.52%	75.71%	75.66%	75.37%
Pension & postretirement obligation	2.17%	1.54%	0.29%	2.24%	3.70%	92.29%	44.99%	49.46%	53.61%	54.38%	47.32%	56.51%	50.27%	51.90%
Noncurrent deferred tax liabilities	10.78%	9.70%	0.43%	1.02%	1.09%	3.40%	3.08%	2.74%	2.45%	2.15%	1.80%	1.43%	1.06%	0.69%
Other taxes payable	23.43%	27.58%	13.94%	9.78%	14.59%	3.41%	3.43%	3.44%	3.51%	3.58%	3.61%	3.59%	3.55%	3.45%
Other noncurrent liabilities	10.22%	13.26%	8.90%	10.55%	23.78%	9.83%	5.27%	0.63%	0.86%	1.01%	0.82%	2.47%	1.37%	3.65%
Total liabilities	201.05%	216.56%	127.96%	100.95%	234.57%	3.68%	3.92%	4.13%	4.42%	4.72%	4.95%	5.10%	5.22%	5.25%
Common Stock	169.85%	212.71%	112.03%	91.97%	159.17%	19.07%	19.74%	20.30%	21.32%	22.41%	23.21%	23.69%	24.08%	24.10%
Treasury stock	-214.11%	-264.84%	-137.00%	-113.59%	-195.72%	200.79%	149.47%	141.50%	156.52%	152.70%	154.22%	168.48%	161.20%	164.41%
Retained earnings	188.73%	230.91%	127.19%	125.24%	202.33%	151.25%	153.10%	153.27%	156.60%	160.08%	161.32%	160.15%	158.35%	154.18%
Other comprehensive income	-22.49%	-27.89%	-7.25%	-8.28%	-13.61%	-184.49%	-173.27%	-160.92%	-151.70%	-142.07%	-130.07%	-116.12%	-101.96%	-99.27%
Total Pfizer Inc. shareholders' equity	122.02%	150.90%	94.97%	95.35%	152.17%	187.65%	189.85%	188.06%	193.92%	201.36%	208.29%	214.97%	223.03%	230.05%
Equity to noncontrolling interests	0.59%	0.56%	0.32%	0.26%	0.47%	-12.61%	-12.69%	-12.70%	-12.97%	-13.26%	-13.36%	-13.27%	-13.12%	-12.77%
Total equity	122.60%	151.46%	95.29%	95.60%	152.64%	141.80%	156.99%	167.71%	185.84%	206.11%	226.17%	245.73%	266.31%	272.18%
Total liabilites and equity	323.65%	368.02%	223.25%	196.56%	387.21%	0.47%	0.53%	0.58%	0.64%	0.71%	0.76%	0.81%	0.85%	0.87%

Pfizer Inc.

Value Driver Estimation

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPLAT:														
Revenue	51750	41908	81288	100330	58496	62204	61795	61762	60449	59135	58679	59107	59779	61396
Less: Cost of Sales	10219	8692	30821	34344	24954	17851	21569	21786	19917	20334	20074	20002	20412	20915
Less: Selling, informational, and administrative expenses	14350	11615	12703	13677	14771	14730	12072	14069	13300	12675	12958	12909	13023	13447
Less: R&D	8650	9405	13829	12381	10873	10930	9557	10613	10120	9735	9859	9852	9949	10256
Less: Amortization	4610	3436	3700	3609	4733	5286	4838	4716	4125	3776	2829	2490	2191	1928
Less: Depreciation	1185	1341	1491	1455	1557	1727	1917	2030	2138	2241	2339	2434	2526	2615
Plus: implied interest on leases (beg PV operating leases*R_debt)	0	61	66	135	143	139	109	115	121	127	133	138	143	148
EBITA	12736	7480	18810	34999	1751	11819	11951	8662	10970	10501	10753	11558	11822	12384
Plus: Provision for income tax expense	1384	477	1852	3328	-1115	-28	1199	952	1176	1213	1310	1452	1562	1699
Plus: tax on restructuring charges and certain acquisition-related costs	118	64	130	220	-662	256	200	215	183	160	148	131	119	111
Plus: tax on interest expense	248	154	209	198	-497	328	290	167	156	186	167	163	195	180
Less: tax on interest income	36	8	6	40	-365	58	97	4	36	109	142	192	283	327
Less: other (income)/deductions net	-1180	-234	-1247	-437	1401	-254	-336	-423	-330	-350	-357	-344	-355	-365
Plus: tax on lease interest (m. tax rate * implied interest)	0	7	11	22	-32	15	12	12	13	13	14	15	15	16
Total adjusted tax	534	460	949	3291	-540	259	1267	918	1163	1113	1140	1225	1253	1313
Plus change in deferred taxes	614	-1468	-4293	-3764	-3442	-2102	-3,552	2,513	-2,275	-378	-988	-1,452	-1,121	-1,389
NOPLAT	12816	5553	13568	27944	-1151	9458	7132	10257	7532	9010	8626	8880	9447	9683
Invested Capital (IC):														
Normal Cash (lesser of cash on hand vs ratio)	868	703	1363	1682	981	1043	1036	1036	1014	992	984	991	1002	1029
Plus: Accounts receivable	8,724	7,930	11,479	10,952	11,177	11,463	10,003	9,998	9,785	9,572	9,499	9,568	9,677	9,938
Plus: Inventory	8,283	8,046	9,059	8,981	10,189	10,851	9,286	9,281	9,084	8,886	8,818	8,882	8,983	9,226
Plus: Current tax assets	3,344	3,264	4,266	3,577	3,978	3,314	3,662	3,660	3,582	3,504	3,477	3,503	3,542	3,638
Plus: Other current assets	2,600	3,438	3,820	5,017	5,299	4,253	4,304	4,302	4,211	4,119	4,087	4,117	4,164	4,277
Less: Accounts Payable	4,220	4,309	5,578	6,809	6,710	5,633	5,419	5,416	5,301	5,185	5,145	5,183	5,242	5,384
Less: dividends payable	2,104	2,162	2,249	2,303	2,372	2,437	2,372	2,292	2,204	2,087	1,967	1,845	1,721	1,595
Less: Income Taxes Payable	980	1,049	1,266	1,587	2,349	2,910	897	86	52	-474	27	147	26	259
Less: Accrued compensation & related items	2,720	3,058	3,332	3,407	2,776	2,437	2,372	2,292	2,204	2,087	1,967	1,845	1,721	1,595
Less: Deferred Revenues	0	0	3,067	2,520	2,700	1,511	1,501	1,500	1,468	1,436	1,425	1,436	1,452	1,491
Less: Other Taxes Payable	12,126	11,560	11,331	9,812	8,534	6,112	3,254	390	517	599	479	1,458	817	2,242
Net Operating Working Capital	**1,669**	**1,243**	**3,164**	**3,771**	**6,183**	**9,884**	**12,476**	**16,299**	**15,929**	**16,153**	**15,854**	**15,146**	**16,389**	**15,542**
Plus: Net PPE	13,967	13,900	14,882	16,274	18,940	18,393	19,479	20,512	21,498	22,445	23,356	24,237	25,093	25,927
Net Other Operating Assets														
Plus: Identifiable intangible assets	35,370	28,471	25,146	43,370	64,900	55,411	50,573	45,857	41,732	37,956	35,127	32,637	30,447	28,519
Plus: Capitalized PV of Operating Leases	0	1289	1393	2839	3002	2924	2289	2424	2553	2675	2793	2907	3016	3123
Plus: Other Operating Assets	3,161	3,176	4,840	10,161	9,547	7,528	7,973	8,395	8,799	9,186	9,559	9,920	10,270	10,612
Other Operating Liabilities														
Total IC	**54,167**	**48,079**	**49,425**	**76,415**	**102,572**	**94,140**	**92,790**	**93,488**	**90,511**	**88,416**	**86,689**	**84,847**	**85,215**	**83,723**
Free Cash Flow (FCF):														
NOPLAT	12816	5553	13568	27944	-1151	9458	7132	10257	7532	9010	8626	8880	9447	9683
Change in IC	5,624	-6,088	1,346	26,990	26,157	-8,432	-1,350	698	-2,976	-2,095	-1,726	-1,842	368	-1,492
FCF	**7192**	**11641**	**12222**	**954**	**-27308**	**17890**	**8482**	**9559**	**10508**	**11105**	**10352**	**10722**	**9080**	**11175**
Return on Invested Capital (ROIC):														
NOPLAT	12816	5553	13568	27944	-1151	9458	7132	10257	7532	9010	8626	8880	9447	9683
Beginning IC	48543	54167	48079	49425	76415	102572	94140	92790	93488	90511	88416	86689	84847	85215
ROIC	**26.40%**	**10.25%**	**28.22%**	**56.54%**	**-1.51%**	**9.22%**	**7.58%**	**11.05%**	**8.06%**	**9.95%**	**9.76%**	**10.24%**	**11.13%**	**11.36%**
Economic Profit (EP):														
Beginning IC	48,543	54,167	48,079	49,425	76,415	102,572	94,140	92,790	93,488	90,511	88,416	86,689	84,847	85,215
x (ROIC - WACC)	19.84%	3.69%	21.66%	49.97%	-8.07%	2.66%	1.01%	4.49%	1.49%	3.39%	3.19%	3.68%	4.57%	4.80%
EP	**9630**	**1997**	**10412**	**24700**	**-6167**	**2726**	**953**	**4166**	**1395**	**3069**	**2823**	**3190**	**3878**	**4090**

Pfizer Inc.

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.33%	*10-year treasury yield*
Beta	0.61	*Bloomburg Raw Beta*
Equity Risk Premium	5.50%	*Kroll current ERP reccomendation*
Cost of Equity	**7.69%**	
Cost of Debt:		
Risk-Free Rate	4.33%	*10-year treasury yield*
Implied Default Premium	0.42%	
Pre-Tax Cost of Debt	4.75%	*Pfizer 10-year bond yield*
Marginal Tax Rate	11%	
After-Tax Cost of Debt	**4.25%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	5,667,340,414	
Current Stock Price	$24.30	
MV of Equity	**137,716,372,060.20**	67.39%
Market Value of Debt:		
ST borrowing including Current Portion of LTD	6,946,000,000	
Long-Term Debt	57,405,000,000	
PV of Operating Leases	$ 2,289,000,000	
MV of Total Debt	**66,640,000,000.00**	32.61%
Market Value of the Firm	**204,356,372,060.20**	100.00%
	Estimated WACC	**6.56%**

Pfizer Inc.

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

Key Inputs:	
CV Growth of NOPLAT	2.50%
CV Year ROIC	11.36%
WACC	6.56%
Cost of Equity	7.69%

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
DCF Model:										
Free Cash Flow (FCF)	8482	9559	10508	11105	10352	10722	9080	11175		
Continuing Value (CV)								185853.2		
PV of FCF	7959.4	8417.8	8683.5	8611.8	7533.5	7321.9	5818.4	119098.0		0.0
Value of Operating Assets:	173444.3									
Non-Operating Adjustments										
Plus: short term investments	19434.0									
Plus: equity-method investments	217.0									
Less: operating lease assets	-2289.0									
Less: noncontrolling interests	-294.0									
Less: short term borrowings	-6946.0									
Less: accrued compensation	-3838.0									
Less: postretirement obligations	-2115									
Less: ESOP	-5897.4									
Less: Long Term debt	-57405.0									
Value of Equity	114310.9									
Shares Outstanding	5667.0									
Intrinsic Value of Last FYE	$ 20.17									
Implied Price as of Today	$ 20.19									
EP Model:										
Economic Profit (EP)	952.8	4166.3	1395.5	3068.9	2822.6	3190.0	3878.2	4089.6		
Continuing Value (CV)								100638.1		
PV of EP	894.1	3668.9	1153.2	2379.9	2054.0	2178.4	2485.2	64490.7		0.0
Total PV of EP	79304.3								85215.2	185853.2
Invested Capital (last FYE)	94140.0									
Value of Operating Assets:	173444.3									
Non-Operating Adjustments										
Plus: short term investments	19434.0									
Plus: equity-method investments	217.0									
Less: operating lease assets	-2289.0									
Less: noncontrolling interests	-294.0									
Less: short term borrowings	-6946.0									
Less: accrued compensation	-3838.0									
Less: postretirement obligations	-2115									
Less: ESOP	-5897.4									
Less: Long Term debt	-57405.0									
Value of Equity	114310.9									
Shares Outstanding	5667.0									
Intrinsic Value of Last FYE	$ 20.17									
Implied Price as of Today	$ 20.19									

Pfizer Inc.

Relative Valuation Models

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26
LLY	Eli Lilly & Co	$740.53	$23.68	$29.34	31.27	25.24
JNJ	Johnson & Johnson	$153.24	$10.58	$11.12	14.48	13.78
MRK	Merck & Co	$81.47	$8.97	$9.85	9.08	8.27
RHHBY	Roche Holding AG	$38.90	$2.97	$3.13	13.10	12.43
ABBV	Abbvie	$186.96	$12.30	$13.88	15.20	13.47
GSK	GSK plc	$36.53	$4.19	$4.67	8.72	7.82
NVS	Novartis AG	$110.86	$8.62	$8.97	12.86	12.36
BMY	Bristol-Myers Squibb	$55.30	$6.76	$6.15	8.18	8.99
				Average	**14.11**	**12.80**
PFE	Pfizer Inc.	$24.30	$1.83	$1.54	13.3	15.8

Implied Relative Value:

P/E (EPS25)	**$ 25.79**
P/E (EPS26)	**$ 19.65**

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	$ 1.83	$ 1.54	$ 2.02	$ 2.22	$ 2.58	$ 3.08	$ 3.59	$ 4.26		
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	8.95%									
Cost of Equity	7.69%									
Future Cash Flows										
P/E Multiple (CV Year)								13.90	<== P/E = (1-(g/ROE))/	
EPS (CV Year)								$ 4.26		
Future Stock Price								$ 59.18	<== Discount future s	
Dividends Per Share	$ 1.72	$ 1.76	$ 1.80	$ 1.82	$ 1.84	$ 1.86	$ 1.88			
Discounted Cash Flows	$ 1.60	$ 1.52	$ 1.44	$ 1.35	$ 1.27	$ 1.19	$ 1.12	$ 35.24		
Intrinsic Value as of Last FYE	$ 44.74									
Implied Price as of Today	$ 44.78									

Pfizer Inc.

Key Management Ratios

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:														
Current Ratio (Current assets/Current Liabilities)	0.88	1.35	1.40	1.22	0.91	1.17	0.61	0.89	1.17	1.49	1.60	2.00	2.20	2.41
Quick Ratio (Current assets - inventories)/Current Lia.	0.66	1.04	1.19	1.00	0.69	0.92	0.40	0.64	0.95	1.25	1.39	1.80	2.01	2.21
Cash Ratio (Cash and Equivalents/Current Liabilities)	0.03	0.07	0.05	0.01	0.06	0.02	-0.50	-0.40	0.02	0.20	0.43	0.85	1.04	1.23
Asset-Management Ratios:														
Asset Turnover Ratio (Sales/Average Assets)	0.31	0.27	0.45	0.51	0.26	0.29	0.33	0.32	0.29	0.28	0.26	0.24	0.23	0.23
Inventory Turnover Ratio (COGS/Average Inventory)	1.23	0.90	2.75	3.10	2.20	1.66	2.16	2.20	2.06	2.13	2.11	2.08	2.08	4.21
Days Inventory Outstanding (365/Inventory Turnover)	297.42	407.52	132.82	117.59	165.58	219.46	169.23	165.72	177.37	171.16	173.34	175.59	175.38	86.72
Financial Leverage Ratios:														
D/E ratio	0.82	0.63	0.50	0.37	0.81	0.73	0.38	0.33	0.37	0.30	0.27	0.30	0.25	0.25
Asset/Equity ratio	2.64	2.43	2.34	2.06	2.54	2.41	1.95	1.84	1.84	1.74	1.68	1.68	1.60	1.60
D/Assets ratio	0.31	0.26	0.21	0.18	0.32	0.30	0.20	0.18	0.20	0.17	0.16	0.18	0.16	0.16
D/Capital ratio	0.45	0.39	0.33	0.27	0.45	0.42	0.28	0.25	0.27	0.23	0.21	0.23	0.20	0.20
Profitability Ratios:														
Return on Equity (NI/Beg TSE)	26%	15%	35%	40%	2%	9%	11%	8%	10%	9%	9%	9%	9%	9%
Return on Assets (NI/Total Assets)	10%	6%	12%	16%	1%	4%	5%	4%	5%	5%	5%	5%	5%	5%
Operating Margin (Operating income/Net sales)	123%	166%	106%	85%	35%	71%	45%	62%	71%	75%	77%	81%	75%	87%
Payout Policy Ratios:														
Dividend Payout Ratio (Dividend/EPS)	49.32%	87.86%	39.80%	28.62%	431.58%	118.31%	94.11%	114.59%	89.16%	81.84%	71.42%	60.40%	52.37%	44.63%
Total Payout Ratio ((Divs. + Repurchases)/NI)	103.76%	87.81%	39.75%	34.98%	436.74%	118.48%	170.35%	210.66%	166.91%	157.22%	141.20%	123.32%	110.84%	98.41%
Retention Ratio (1 - Dividend Payout Ratio)	50.68%	12.14%	60.20%	71.38%	-331.58%	-18.31%	5.89%	-14.59%	10.84%	18.16%	28.58%	39.60%	47.63%	55.37%

Pfizer Inc.

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0	400.0
Year 2	250.0	260.0	270.0	280.0	290.0	300.0	310.0	320.0	330.0	340.0	350.0
Year 3	225.0	230.0	235.0	240.0	245.0	250.0	255.0	260.0	265.0	270.0	275.0
Year 4	175.0	180.0	185.0	190.0	195.0	200.0	205.0	210.0	215.0	220.0	225.0
Year 5	100.0	104.0	108.0	112.0	116.0	120.0	124.0	128.0	132.0	136.0	140.0
Thereafter	290.0	300.0	310.0	320.0	330.0	340.0	350.0	360.0	370.0	380.0	390.0
Total Minimum Payments	1340.0	1384.0	1428.0	1472.0	1516.0	1560.0	1604.0	1648.0	1692.0	1736.0	1780.0
Less: Cumulative Interest	195.2	201.5	207.9	214.2	220.5	226.9	233.2	239.6	245.9	252.3	258.6
PV of Minimum Payments	**1144.8**	**1182.5**	**1220.1**	**1257.8**	**1295.5**	**1333.1**	**1370.8**	**1408.4**	**1446.1**	**1483.7**	**1521.4**
Implied Interest in Year 1 Payment		**54.4**	**56.2**	**58.0**	**59.7**	**61.5**	**63.3**	**65.1**	**66.9**	**68.7**	**70.5**
Pre-Tax Cost of Debt	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Years Implied by Year 6 Payment	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Expected Obligation in Year 6 & Beyond	100	104	108	112	116	120	124	128	132	136	140
Present Value of Lease Payments											
PV of Year 1	286.4	295.9	305.5	315.0	324.6	334.1	343.7	353.2	362.8	372.3	381.9
PV of Year 2	227.8	237.0	246.1	255.2	264.3	273.4	282.5	291.6	300.8	309.9	319.0
PV of Year 3	195.8	200.1	204.5	208.8	213.2	217.5	221.9	226.2	230.6	234.9	239.3
PV of Year 4	145.4	149.5	153.7	157.8	162.0	166.1	170.3	174.4	178.6	182.7	186.9
PV of Year 5	79.3	82.5	85.6	88.8	92.0	95.2	98.3	101.5	104.7	107.8	111.0
PV of 6 & beyond	210.2	217.5	224.8	232.2	239.5	246.8	254.1	261.4	268.8	276.1	283.4
Capitalized PV of Payments	1144.8	1182.5	1220.1	1257.8	1295.5	1333.1	1370.8	1408.4	1446.1	1483.7	1521.4

Pfizer Inc.

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

Number of Options Outstanding (shares):	17,447
Average Time to Maturity (years):	1.10
Expected Annual Number of Options Exercised:	15,861
Current Average Strike Price:	$ 33.12
Cost of Equity:	7.69%
Current Stock Price:	$24.30

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	15,861	1,586	0	0	0	0	0	0	0	0
Average Strike Price:	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12	$ 33.12
Increase in Common Stock Account:	**525**	**53**	-	-	-	-	-	-	-	-
Share Repurchases ($)	7,688	7,688	7,688	7,688	7,688	7,688	7,688	7,688	0	0
Expected Price of Repurchased Shares:	$24.30	$ 24.45	$ 24.60	$ 24.75	$ 24.90	$ 25.05	$ 25.20	$ 25.35	$ 25.51	$ 25.66
Number of Shares Repurchased:	**316**	**314**	**313**	**311**	**309**	**307**	**305**	**303**	-	-
Shares Outstanding (beginning of the year)	5,667	5,366	5,054	4,741	4,430	4,122	3,815	3,510	3,206	3,206
Plus: Shares Issued Through ESOP	16	2	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	316	314	313	311	309	307	305	303	-	-
Shares Outstanding (end of the year)	**5,366**	**5,054**	**4,741**	**4,430**	**4,122**	**3,815**	**3,510**	**3,206**	**3,206**	**3,206**

Pfizer Inc.

Valuation of Options Granted under ESOP

Current Stock Price	$24.30
Risk Free Rate	4.33%
Current Dividend Yield	7.08%
Annualized St. Dev. of Stock Returns	25.40%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	17,447	33.12	1.10	$ 0.34	$ 5,897
Range 2					$ -
Range 3					$ -
Range 4					$ -
Range 5					$ -
Range 6					$ -
Range 7					$ -
Range 8					$ -
Range 9					$ -
Total	17,447	$ 33.12	1.10	$ 0.57	**$ 5,897**