



Div %	Div \$	Current Price	Current Multiple	Market Cap	Beta
4.54%	\$1.56	\$34.05	26.84	\$189.9B	0.7

Analyst Report: Pfizer, Inc.

TICKER: PFE

EXECUTIVE SUMMARY

Pfizer Inc. (Pfizer) is a research-based global biopharmaceutical company. The Company is engaged in the discovery, development and manufacture of healthcare products. Its global portfolio includes medicines and vaccines. The Company manages its commercial operations through two business segments: Pfizer Innovative Health (IH) and Pfizer Essential Health (EH). IH focuses on developing and commercializing medicines and vaccines. IH therapeutic areas include internal medicine, vaccines, oncology, inflammation and immunology, rare diseases and consumer healthcare. EH includes legacy brands, branded generics, generic sterile injectable products, biosimilars and infusion systems. EH also includes a research and development (R&D) organization, as well as its contract manufacturing business. Its brands include Prevnar 13, Xeljanz, Eliquis, Lipitor, Celebrex, Pristiq and Viagra.

Metric	InSight Score (out of 5)
Solvency Debt Service and Income	5/5
Corporate Efficacy Return on Equity, Historic Growth	4/5
Growth Revenue Growth, Cash Flow	2/5
Return of Capital Dividend Growth, Buybacks	5/5
Total Return Aggregate vs. Current P/E	3/5

COMPANY HIGHLIGHTS

InSight is expecting a 2021 earnings number that is north of \$3.25/shr. We think 2020 was a bit of an earnings setback on a trajectory of year-over-year growth for the company and the sector. At the end of 2020 sales of \$11.7B were greater than the consensus estimate by \$361.6M. We think that is emblematic of the quarters to come, and that PFE has put much of the slowdown of 2020 in its rearview.

- We think the continued emergence of variants to Covid-19 expands the new line of vaccinations for PFE. We think both the adoption and need for boosters drive more usage of the new line.
- InSight thinks the revision of the storage requirements will allow for more border adoption of the vaccine in 2021 than even in late 2020, and we anticipate \$15B in revenue this year.
- The Biden administration endorsement of the vaccine and the purchase of more than 100M doses bodes well for the wider adoption of PFE's vaccine. The administration's purchase on Feb. 11 brings +\$2B in additional revenue for a business that wasn't there a year ago.
- Generics and biosimilars will continue to erode some of the legacy lines at PFE. We are reducing the long-term outlook for Lyrica and Enbrel.
- InSight does expect strong growth in existing oncology drugs as a result of its recent consolidation in the space. Inside the oncology pipeline, there are several promising partnerships and lines that will continue to achieve patent status in 2022-2026. Amgen's acquisition (3/4/21) of Five Prime is something we earmarked as a potential for Pfizer, but should demonstrate the energy in the space.
- PFE's 26X PE is low for space (90 P/E more broadly) - while PFE routinely trades at a discount in the space we think this is too low for the earnings we expect. Growth is still costly and slow in space.
- The dividend likewise is almost twice that of the border pharmaceuticals industry. We think that the dividend is at a healthy level, but unlikely to change substantially.



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SECTOR OVERVIEW

Pfizer is in the Pharmaceuticals space in the Healthcare Index. Pfizer represents about 4.5% of the border healthcare space and is largely correlated to the index. Ownership would represent no significant stylistic break from the index but would represent a more direct exposure to the higher than average yield that PFE boasts. We like the broader healthcare sector as a whole and see the sector at the center of two major trends, both the invention and adoption of game-changing medicines and an aging population in the global north prepared to spend for premium and patent-protected labels.

IMPACT INSIGHT (ESG)

C Rating (Poor Water Impact, Low Performance, Low Risk)

Environmentally - Pfizer has a low carbon consumption footprint and has done little to mitigate it. It can best be described as a low-profile polluter. The greatest concern for Pfizer's environmental record comes in water conservation and pollution, the manufacturing of drugs is a lesser targeted, but incredibly prolific polluter of waters. Efforts must be made in the years to come, and global attention is beginning to mount surrounding these negative practices. It should be noted that few pharmaceutical companies have a positive record and that environmental negatives are unlikely to affect the company's revenue.

Socially - Two of nine of the executives at PFE are women. And four of the twelve board members are women and 2 of 12 are persons of color. These are numbers we think must improve and are even laggard to the Pharmaceutical industry. Few efforts have been made to rectify this and we are anxious to see them improve in diversity metrics. Pfizer has a history of labor disputes above peers and is another mark of concern. The company is routinely enthralled in lawsuits with its employees over intellectual rights and with consumers over "aggressive and forbidden" marketing practices. This is PFE's greatest threat in GSE terms.

Governance - There are few red flags for Pfizer's accounting and reporting practices. The company makes routing reporting and corrects errors and mistakes in valuation promptly. It is monitored by DoJ, FDA, and state and federal authorities and should be considered low risk in governance.

DISCLAIMER:

Past performance is not an indication of the future performance and should not be relied upon as such.

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