

Pfizer Inc. (PFE)

Rating: Buy

Price	Yield	Market Cap.	52-Week Range
\$23.53	7.3%	\$137.1B	\$30.43 – \$20.92

Data as of 08/04/2025

Sector	Health Care
Subsector	Biopharma & Life Sci
Investment Category	Large Cap
Price Movement	Average

Company Overview

Pfizer is one of the largest drug companies in the world. Top drugs include Ibrance, Plevnar and Enbrel. The company was founded in 1849 and is headquartered in New York, New York. Pfizer's competitors include Johnson & Johnson, Merck, and AbbVie.

Revenues International	48%
Standard & Poor's/Moody's	A+/A2
MSCI ESG Rating	BBB/Average

Dividend Outlook (1-Year): Rising

Annualized Payment	\$1.72
Last Change	2% (Dec 12, 2024)
Consec. Yrs Increased	16
Paid Since	1901
5-Yr. Trailing Growth	3%
Long-Term Growth Est.	3%
Payout Ratio ('25)	56%
Dividends Paid	Mar, Jun, Sep, Dec

Commentary: We believe dividend growth will be below earnings growth as the company focuses its spending on new product development.

Valuation & Earnings

	'24A	'25E	'26E
Earnings Per Share	3.11	3.05	3.20
P/E	7.6x	7.7x	7.4x
PEGY	0.5x	0.5x	0.5x
LT EPS Growth Est.			9%
Est. Earnings Date	November 04, 2025		

Pfizer notably benefited from sales of its COVID-19 products during the pandemic. With the pandemic fading, Pfizer's COVID-19 product sales declined and had a negative impact on its near-term earnings per share. This should change as COVID-19 product sales begin to normalize and new products potentially help growth. Eventually, we see Pfizer's earnings per share approximating our 9% growth estimate.

Annualized Total Returns	1yr	3yr	5yr
Pfizer Inc.	(17)%	(18)%	(4)%
S&P Health Care Index	(10)%	2%	6%
S&P 500 Index	20%	17%	16%

Data as of 8/4/25. Source: FactSet. Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Investment Summary

We rate Pfizer a Buy. Following multiple spinoffs, we believe Pfizer's growth will accelerate as the company is now more focused on innovative drugs and vaccines. The company has research and development (R&D) expertise and strong product diversification. We expect sales of the COVID-19 vaccine to eventually stabilize, and these sales could provide cash flow for investments in internal drug development and for debt reduction. Additionally, we believe that investors focusing too much on COVID-19 product sales may miss the underlying growth we see. The recent Seagen acquisition is one such example. Seagen participates in the rapidly growing antibody drug conjugate (i.e., ADC) space for cancer. It may take time for these products to translate into visible growth, but we believe patience will be rewarded.

Outlook

Recent Spinoffs Accelerate Growth - Through a series of recent transactions, Pfizer has become a company focused on developing innovative drugs and vaccines. We believe Pfizer will be able to grow earnings at a higher rate because of the potential for new drugs and vaccines, such as those for cancer and RSV.

Diversified Business Helps Results - Pfizer's extensive drug and vaccine business remains very diversified. Many products have over \$1 billion in annual sales. Pfizer generates significant cash flow, which we believe it will continue to use to return cash to shareholders and to pay down debt.

Strong Drug Pipeline Drives Growth - Given Pfizer's size advantages and experience, it has been successful in developing drugs. Pfizer's new products are progressing well, and its shorter-term product pipeline for cancer and others appears solid.

Valuation and Recent Performance - Pfizer trades at a price-to-earnings ratio of 7.4 times our 2026 earnings estimate, which is lower than its peer average of 11.2 times. Given our growth outlook, we view shares as attractively valued. The stock has underperformed due to fears of slowing COVID-19 sales.

Risks - The primary downside risks to our Buy rating are product failures or liabilities, early patent losses, pricing pressure from third-party payers, and legal, political and regulatory (FDA) risk, including Medicare-related drug negotiations. Lower-than-expected COVID-19 product sales are also a risk. Additionally, COVID-19 products can have notable news headline risks, which may include legal and political news items.

Key Developments

8/5/25: Pfizer reported a second-quarter earnings-per-share (EPS) result of \$0.78, which was higher than the consensus view of \$0.58. Sales were also higher than the consensus forecast. The company raised its 2025 EPS guidance range to \$2.90-\$3.10 from \$2.80-\$3.00 and includes a noncash charge of approximately \$0.20 taken next quarter related to the recent 3SBio transaction. Sales guidance of \$61 billion-\$64 billion was maintained.

Much like last quarter, and largely anticipated this quarter, results were mostly driven by effective cost control, which we expect to continue, as it is a high focus area for Pfizer. A lower-than-expected tax rate this year also helped in the EPS guidance increase. COVID-19 sales were stronger during the quarter than the consensus view. However, COVID-19 sales for 2025 remain a question, as demand is usually heavily weighted toward the second half of the year, and sales are difficult to forecast as they usually depend on the severity of the COVID-19 season. Still, it was good to see sales guidance overall maintained for the year despite COVID-19 sales uncertainty. We were also encouraged by better-than-expected sales of Padcev (cancer), as it appears the drug is gaining traction with doctors. Cancer sales overall looked good to us. Sales of Nurtec (migraine) were below the consensus view and bear watching. Our outlook is that over the next year or two Pfizer's significant cost-reducing measures along with new products in the next several years should help Pfizer return to predictable growth. We do not believe this positive outlook is reflected in the price of the shares, as evidenced by Pfizer's price-to-earnings ratio trading below its peers.

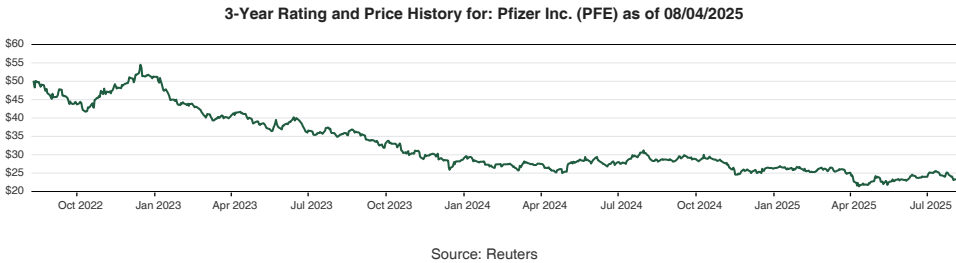
Analyst: John Boylan, CFA

Please see important disclosures and analyst certification on page 2 of the report.

Analyst Certification

I certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. John Boylan, CFA

Required Research Disclosures



August 5, 2025	BUY	HOLD	SELL
Stocks	54%	45%	0%
Investment Banking Services	4%	6%	0%

The table lists the percent of stocks we follow globally in each of our rating categories. Investment banking services indicate the percentage of those companies where the firm has acted in furtherance of a public offering of the issuer within the past 12 months.

- Initiated Coverage PRE-1994.....BUY since 10/06/01...(B) 10/06/01-
- Analysts receive compensation that is derived from revenues of Edward Jones as a whole which include, but are not limited to, investment banking services revenue.

Opinion Rating Definitions: **Buy (B)** - We believe the valuation is attractive and total return potential is above average over the next 3-5 years compared with industry peers. **Hold (H)** - We believe the stock is fairly valued and total return potential is about average over the next 3-5 years compared with industry peers or a special situation exists, such as a merger, that warrants no action. **Sell (S)** - We believe the stock is overvalued and total return potential is below average over the next 3-5 years compared with industry peers. In some cases we expect fundamentals to deteriorate considerably and/or a recovery is highly uncertain. **FYI (FYI)** - For informational purposes only; factual, no opinion. **Under Review (UR)** – Our rating, estimates, and opinion for this company are under review and should not be relied upon for making investment decisions until updated.

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- Price Movement: Above Average (AA) – This stock will likely be more volatile than the average stock in the S&P 500 Index. These companies are often growing faster than the average company and/or are in industries that are more sensitive to the economy. Average (A) – This stock will likely experience volatility similar to the average stock in the S&P 500 Index. Below Average (BA) – This stock will likely be less volatile than the average stock in the S&P 500 Index. These companies are often more mature, grow more slowly than the average company, and/or are in industries that are less sensitive to the economy.
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