

# Pfizer Inc. (PFE)

**Rating: Buy**

**Price** \$21.91 **Yield** 7.9% **Market Cap.** \$127.4B **52-Week Range** \$31.54 – \$20.92

Data as of 04/11/2025

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, Prevna 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 A/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) 58%  
 Dividends Paid Mar, Jun, Sep, Dec

**Commentary:** Pfizer's dividend was maintained despite the spinoff of Viatrix. We believe dividend growth will be below earnings growth as the company focuses its spending on new product development.

## Valuation & Earnings

	'23A	'24A	'25E
Earnings Per Share	1.84	3.11	2.95
P/E	11.9x	7.0x	7.4x
PEGY	0.7x	0.4x	0.4x
LT EPS Growth Est.			9%
Est. Earnings Date	April 29, 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.	(12)%	(22)%	(4)%
S&P Health Care Index	(1)%	1%	9%
S&P 500 Index	5%	8%	16%

Data as of 4/11/25. 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 2025 earnings estimate, which is lower than its peer average of 11.7 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

**4/14/25:** Pfizer announced that it is discontinuing a weight-loss pill program (danuglipron) after a patient in the company's dose-optimization trial suffered a liver injury while on the drug. Pfizer has other weight-loss drugs in early stages of development.

This is a disappointment but not entirely unexpected, as we have seen tolerability issues with this and other weight-loss drugs in clinical trials. This does not change our earnings estimate or long-term view, as we gave zero credit for this drug in our financial outlook. We do not believe many investors had high hopes for this drug either. On a positive note, Pfizer continues to have promising drugs in its development pipeline, including drugs for cancer. It may take a year or more to see how those drugs performed in clinical trials, but we believe patience will be rewarded. Our unchanged view is that over the next year or two Pfizer's new products along with significant cost-reducing measures 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**

3-Year Rating and Price History for: Pfizer Inc. (PFE) as of 04/11/2025



Source: Reuters

April 14, 2025	BUY	HOLD	SELL
<b>Stocks</b>	55%	45%	0%
<b>Investment Banking Services</b>	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-
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