|  |  |  |  |  |  |  |  | $\begin{aligned} & \text { RECENT } \\ & \text { PRICE } \end{aligned} \quad 35.00$ |  | $\begin{array}{\|l\|l} \hline \text { P/E } \\ \text { RATIO 24, } 3\binom{\text { Trailing: } 24.6}{\text { Median: } 15.0} \end{array}$ |  |  |  | $\begin{array}{\|l} \hline \text { RELATIVE } 1.26 \\ \text { PIE RATIO } 1.20 \end{array}$ |  | $\begin{array}{ll} \text { DIV'D } & 3.20 \% \\ \text { YLD } & 3 \% \end{array}$ |  |  | $\begin{aligned} & \text { VALUE } \\ & \text { LINE } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| TIMELINESS $\mathbf{4}$ Lowered 1/2/15 <br> SAFETY $\mathbf{1}$ Raised 4/17/09 <br> TECHNICAL 3 Lowered 3/27/15 <br> BETA $.80 \quad(1.00=$ Market)  |  |  |  | High: Low: | 38.9 22.0 | 29.2 20.3 | 28.6 22.2 | $\begin{aligned} & \hline 27.7 \\ & 22.2 \end{aligned}$ | $\begin{aligned} & 24.2 \\ & 14.3 \end{aligned}$ | $\begin{aligned} & 19.0 \\ & 11.6 \end{aligned}$ | $\begin{aligned} & \hline 20.4 \\ & 14.0 \end{aligned}$ | $\begin{array}{l\|} \hline 21.9 \\ 16.6 \end{array}$ | $\begin{aligned} & 26.1 \\ & 20.8 \end{aligned}$ | $\begin{aligned} & \hline 32.5 \\ & 25.3 \end{aligned}$ | $\begin{aligned} & \hline 33.1 \\ & 27.5 \end{aligned}$ | $\begin{aligned} & 1 \\ & 35.4 \\ & 31.0 \end{aligned}$ |  |  | Target Price 2018 2019 | Range 2020 |
|  |  |  |  | $\begin{aligned} & \text { LEGENDS } \\ & \text { 11.0x "Cash Flow" } \mathrm{p} \text { sh } \\ & \text { Optionselative Price Strength } \\ & \text { Ohaded asea indicates recession } \end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | -64 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{array}{r}64 \\ -48 \\ \hline\end{array}$ |
| 2018-20 PROJECTIONS    <br> Price    <br> High Ann'I Total   <br> Hain Return   <br> Low 35 $(+30 \%)$  <br> (Nil) $10 \%$   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\bullet$ |  |  |  | 32 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 24 |
|  |  |  |  |  |  |  |  |  |  |  |  | III |  |  |  |  |  |  |  | 20 |
|  |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  |  |  |  |  |  | -16 |
|  |  |  |  |  |  |  |  |  |  | 11 |  |  |  |  |  |  |  |  |  | 12 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  <br>  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | RETUR |  |
| $\begin{array}{llll}\text { Institutional Decisions } \\ \\ 202014 & 302014 & 402014\end{array}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | THIS VLAAITH.* |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 yr . | $\begin{array}{rrr}\text { STOCK } & \text { INDEX } \\ 10.7 & 8.2\end{array}$ | - |
| to Buy to Sell | 835 | 801 | 8778 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 3 yr . | $80.3-60.8$ |  |
| Hld's(00) | 4410516 | 4380585 | 4393112 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5 yr . | 135.9110 .1 |  |
| 1999 | 2000 | 2001 | 2002 |  |  | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | $\bigcirc$ - VAL | UE LINE PUB. LLC | 18-20 |
| 4.21 | 4.68 | 5.14 | 5.25 | 5.92 | 7.03 | 6.97 | 6.79 | 7.16 | 7.16 | 6.20 | 8.46 | 8.90 | 8.11 | 8.06 | 7.89 | 7.50 | 7.70 | Sales |  | 8.45 |
| 1.02 | 1.18 | 1.50 | 1.72 | 2.21 | 2.84 | 2.80 | 2.85 | 3.03 | 1.94 | 1.66 | 2.09 | 2.34 | 2.35 | 2.77 | 2.33 | 2.40 | 2.70 | "Cash | low" per sh | 3.35 |
| . 87 | 1.02 | 1.31 | 1.53 | 1.75 | 2.12 | 2.02 | 2.06 | 2.20 | 1.18 | 1.23 | 1.03 | 1.11 | 1.26 | 1.65 | 1.41 | 1.45 | 1.70 | Earning | $s$ per sh A G | 2.30 |
| . 31 | . 36 | . 44 | . 52 | . 60 | . 68 | . 76 | . 96 | 1.16 | 1.28 | . 80 | . 72 | . 80 | . 88 | . 96 | 1.04 | 1.12 | 1.18 | Div'ds | Decl'd per sh Ba | 1.36 |
| . 41 | . 35 | . 35 | . 29 | . 35 | . 35 | . 29 | . 29 | . 28 | . 25 | . 15 | . 19 | . 22 | . 18 | . 19 | . 19 | . 20 | . 20 | Cap'I | ending per sh | . 20 |
| 2.31 | 2.55 | 2.91 | 3.24 | 8.53 | 9.10 | 8.88 | 9.98 | 9.60 | 8.52 | 11.15 | 10.95 | 10.84 | 11.16 | 11.92 | 11.33 | 11.30 | 11.80 | Book V | alue per sh ${ }^{\text {c }}$ | 13.80 |
| 3847.0 | 6314.0 | 6277.0 | 6162.0 | 7629.0 | 7473.0 | 7361.0 | 7124.0 | 6761.0 | 6746.0 | 8070.0 | 8012.0 | 7575.0 | 7276.0 | 6399.0 | 6291.0 | 6200.00 | 6100.00 | Commo | Shs Outst'g D | 5800.00 |
| 44.3 | 40.7 | 31.8 | 22.8 | 18.2 | 15.6 | 12.7 | 12.5 | 11.5 | 16.4 | 12.8 | 16.3 | 17.6 | 18.4 | 17.6 | 21.5 | Bold figu | ures are | Avg A | 'I P/E Ratio | 17.0 |
| 2.53 | 2.65 | 1.63 | 1.25 | 1.04 | . 82 | . 68 | . 67 | . 61 | . 99 | . 85 | 1.04 | 1.10 | 1.17 | . 99 | 1.12 |  |  | Relativ | P/E Ratio | 1.05 |
| .8\% | .9\% | 1.1\% | 1.5\% | 1.9\% | 2.1\% | 3.0\% | 3.7\% | 4.6\% | 6.6\% | 5.1\% | 4.3\% | 4.1\% | 3.8\% | 3.3\% | 3.4\% |  |  | Avg An | 'I Div'd Yield | 3.5\% |
| CAPITAL STRUCTURE as of 12/31/14 Total Debt $\$ 36682$ mill. Due in 5 Yrs $\$ 18134$ mill. LT Debt $\$ 31541$ mill. LT Interest $\$ 1360$ mill. (31\% of Cap') |  |  |  |  |  | 51298 | 48371 | 48404 | 48296 | 50009 | 67809 | 67425 | 58986 | 51584 | 49605 | 46500 | 47000 | Sales | (17) | 49000 |
|  |  |  |  |  |  | 47.4\% | 49.1\% | 47.8\% | 45.9\% | 46.2\% | 45.5\% | 48.6\% | 52.2\% | 53.1\% | 49.6\% | 48.0\% | 50.0\% | Operati | g Margin | 52.0\% |
|  |  |  |  |  |  | 5576.0 | 5293.0 | 5200.0 | 5090.0 | 4757.0 | 8487.0 | 9026.0 | 7611.0 | 6410.0 | 5537.0 | 6000 | 6000 | Depre | ation (\$mill) | 6000 |
|  |  |  |  |  |  | 15001 | 14984 | 15267 | 8026.0 | 8621.0 | 8266.0 | 8697.0 | 9490.0 | 11341 | 9135 | 8990 | 10370 | Net Pro | it (\$mill) | 13340 |
|  |  |  |  |  |  | 22.5\% | 22.6\% | 21.0\% | 17.0\% | 20.3\% | 11.9\% | 31.5\% | 21.2\% | 27.4\% | 25.5\% | 26.0\% | 26.0\% | Income | Tax Rate | 26.0\% |
| Leases, Uncapitalized Annual rentals \$183.0 mill. |  |  |  |  |  | 29.2\% | 31.0\% | 31.5\% | 16.6\% | 17.2\% | 12.2\% | 12.9\% | 16.1\% | 22.0\% | 18.4\% | 19.4\% | 22.0\% | Net Pro | it Margin | 27.1\% |
|  |  |  |  |  |  | 13448 | 25560 | 25014 | 16067 | 24445 | 31859 | 29659 | 32796 | 32878 | 36071 | 35000 | 35000 | Work | Cap'l (\$mill) | 35000 |
| Pension Assets-12/14 \$21.3 bill. Oblig. \$28.9 bill. |  |  |  |  |  | 6347.0 | 5546.0 | 7314.0 | 7963.0 | 43193 | 38410 | 34931 | 31036 | 30462 | 31541 | 29000 | 28000 | Long-T | rm Debt (\$mill) | 28000 |
|  |  |  |  |  |  | 65627 | 71358 | 65010 | 57556 | 90014 | 87813 | 82190 | 81260 | 76307 | 71301 | 70000 | 72000 | Shr. Eq | uity (\$mill) | 80000 |
| Common Stock 6,128,855,392 shs. as of $2 / 20 / 15$ <br> MARKET CAP: $\$ 214$ billion (Large Cap) |  |  |  |  |  | 21.1\% | 19.8\% | 21.4\% | 12.6\% | 6.8\% | 7.1\% | 8.0\% | 9.0\% | 11.2\% | 9.5\% | 9.5\% | 11.0\% | Return | on Total Cap'l | 13.0\% |
|  |  |  |  |  |  | 22.9\% | 21.0\% | 23.5\% | 13.9\% | 9.6\% | 9.4\% | 10.6\% | 11.7\% | 14.9\% | 12.8\% | 13.0\% | 14.5\% | Return | on Shr. Equity | 16.5\% |
|  |  |  |  |  |  | 14.4\% | 11.3\% | 11.2\% | NMF | 3.4\% | 2.5\% | 3.0\% | 3.6\% | 6.2\% | 3.6\% | 3.0\% | 4.5\% | Retaine | to Com Eq | 7.0\% |
|  |  |  |  |  |  | 37\% | 46\% | 52\% | 106\% | 64\% | 74\% | 72\% | 69\% | 58\% | 72\% | 77\% | 69\% | All Div' | ds to Net Prof | 59\% |



| ANNUAL RATES | Past | Past | Est'd '12-'14 |
| :--- | ---: | :---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '18-'20 |
| Sales | $4.5 \%$ | $3.5 \%$ | $1.0 \%$ |
| "Cash Flow" | $3.0 \%$ | $-1.0 \%$ | $5.0 \%$ |
| Earnings | $-1.5 \%$ | $-6.0 \%$ | $8.0 \%$ |
| Dividends | $5.5 \%$ | $-5.0 \%$ | $6.0 \%$ |
| Book Value | $8.5 \%$ | $4.0 \%$ | $3.0 \%$ |


| Earnings Dividends Book Value |  |  |  |  | $\begin{aligned} & 8.0 \% \\ & 6.0 \% \\ & 3.0 \% \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{array}{\|l} \text { Cal- } \\ \text { endar } \end{array}$ | QUARTERLY SALES (\$ mill.) <br> Mar. 31 Jun. 30 Sep. 30 Dec. 31 |  |  |  | Full Year |
|  |  |  |  |  |  |
| 2012 | 14885 | 15057 | 13976 | 15068 | 58986 |
| 2013 | 12410 | 12973 | 12643 | 13558 | 51584 |
| 2014 | 11353 | 12773 | 12361 | 13118 | 49605 |
| 2015 | 10800 | 11700 | 11500 | 12500 | 46500 |
| 2016 | 10500 | 11500 | 12000 | 13000 | 47000 |
| Calendar | EARNINGS PER SHARE A |  |  |  | Full Year |
|  | Mar. 31 | Jun. 30 | Sep. 30 | De |  |
| 12 | 23 | . 42 | . 41 | . 20 | 1.26 |
| 2013 | . 36 | . 50 | . 39 | . 40 | 1.65 |
| 2014 | . 36 | . 45 | . 42 | . 19 | 1.41 |
| 2015 | . 35 | . 45 | . 45 | . 20 | 1.45 |
| 2016 | . 40 | . 40 | . 45 | . 45 | 1.70 |
| Calendar | QUARTERLY DIVIDENDS PAID ${ }_{\text {B }}$ |  |  |  | Full Year |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2011 | . 20 | . 20 | . 20 | . 20 | . 80 |
| 2012 | . 22 | 22 | . 22 | . 22 | 8 |
| 2013 | . 24 | . 24 | . 24 | . 24 | . 96 |
| 2014 | 26 | . 26 | . 26 | . 26 | 1.04 |
|  |  |  |  |  |  |

BUSINESS: Pfizer Inc. is a research-based, global biopharmaceutical company engaging in the discovery, development, manufacture, and sale of healthcare products. Portfolio includes medicines, vac cines, and various consumer healthcare products. Manages operations through a structure consisting of three businesses: Global In novative Pharmaceutical (GIP), Global Vaccines, Oncology, and
Pfizer inked a deal with Hospira in the first quarter. On February 5th, the New York-based drugmaker finally found a way to put its balance sheet strength to good use, entering a definitive agreement to acquire Hospira, a leading provider of injectable drugs and infusion technologies. Under the terms of the deal, Pfizer will pay $\$ 90$ a share (about $\$ 17$ billion including debt), which represented a $39 \%$ premium to HSP's preannouncement closing price. If successful, the acquisition would give Pfizer access to Hospira's attractive lineup of biosimilars and significantly enhance its Global Established Pharmaceuticals business (GEP). The transaction has been unanimously approved by the Board of Directors of both companies and is scheduled for completion in the second half of 2015. Pfizer expects the deal to be immediately accretive upon closing (\$0.10$\$ 0.12$ a share in the first full year) and projects $\$ 800$ million in annual cost savings by 2018.

## Management's 2015 guidance came in

 a bit soft. For the full year, the company expects GAAP earnings of \$1.37-\$1.52 a share and adjusted earnings of \$2.00-\$2.10Consumer Healthare (VOC), and Global Established Pharmaceutical (GEP). Top-selling products '14: Lyrica, Prevnar, Enbrel, and Celebrex. Has 78,300 employees. Dirs/Off. own less than $1 \%$ of common; BlackRock, 7.1\%; Vanguard, 5.5\% (3/15 proxy). Chrmn/CEO: Ian C. Read. Inc.: Del. Addr.: 235 East 42nd St., New York, NY 10017. Tel.: 212-733-2323. Internet: www.pizer.com
a share, on revenues of $\$ 44.5$ billion to $\$ 46.5$ billion. The guidance fell short of Wall Street's expectations largely due to foreign exchange and patent losses.
Growth in the Lyrica and Prevnar franchises should help to lighten the generic impact. Management is projecting a $\$ 3.5$ billion hit from generic erosion in 2015, stemming from patent losses on Lipitor, Viagra, and most recently Celebrex (sales of Celebrex declined $31 \%$ in the fourth quarter following a generic Iaunch in December). While this will be a significant drag on the top line, momentum in Pfizer's top two-grossing franchises, Lyrica (sales up $14 \%$ in 2014) and Prevnar ( $+14 \%$ ), should help to soften the blow. Combined, these two products now account for roughly $20 \%$ of the revenue base and should provide a nice foundation to build off of in the coming years.
The stock is ranked 4 (Below Average) for Timeliness. Based on our system, shares of PFE are pegged to underperform the market in the year ahead. However, they remain a top quality holding for investors seeking a core income play. Michad Ratty

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[^0]:     02, (7¢); '03, (\$1.21); '04, (63¢); '05, 93¢; '06, plan. (C) Incl. intang. In '14: $\$ 77.2$ bill., GAAP earnings from adjusted in 2008. 84;' 07 , ( $\$ 1.03$ ). May not sum due to change in $\$ 12.28 /$ sh. (D) In millions. (E) Pharmacia acqd.

    | Company's Financial Strength | A++ |
    | :--- | ---: |
    | Stock's Price Stability | 95 |
    | Price Growth Persistence | 45 |
    | Earnings Predictability | 65 |

