

# PFIZER INC. NYSE-PFE

RECENT PRICE **33.59** P/E RATIO **23.2** (Trailing: 23.3; Median: 16.0) RELATIVE P/E RATIO **1.23** DIV'D YLD **3.3%** **VALUE LINE**

TIMELINESS <b>4</b> Lowered 1/2/15	High: 38.9	29.2	28.6	27.7	24.2	19.0	20.4	21.9	26.1	32.5	33.1	35.5	Target Price Range
SAFETY <b>1</b> Raised 4/17/09	Low: 22.0	20.3	22.2	22.2	14.3	11.6	14.0	16.6	20.8	25.3	27.5	31.0	2018 2019 2020
TECHNICAL <b>3</b> Lowered 3/27/15	LEGENDS 11.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession												
BETA .80 (1.00 = Market)													

2018-20 PROJECTIONS			
Price	Gain	Ann'l Total	Return
High <b>45</b>	<b>(+35%)</b>	<b>10%</b>	
Low <b>35</b>	<b>(+5%)</b>	<b>4%</b>	
Insider Decisions			
A	S	O	N
to Buy	0	0	0
Options	0	2	1
to Sell	0	2	1
Institutional Decisions			
3Q2014	4Q2014	1Q2015	
to Buy	801	874	828
to Sell	766	778	888
Hlds(000)	438085	438312	448705

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE 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	<b>7.40</b>	<b>7.80</b>	Sales per sh	8.65
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	2.32	<b>2.40</b>	<b>2.70</b>	"Cash Flow" 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	<b>1.45</b>	<b>1.70</b>	Earnings per sh <sup>A G</sup>	2.30
.31	.36	.44	.52	.60	.68	.76	.96	1.16	1.28	.80	.72	.80	.88	.96	1.04	<b>1.12</b>	<b>1.18</b>	Div'ds Decl'd per sh <sup>H</sup>	1.36
.41	.35	.35	.29	.35	.35	.29	.29	.28	.25	.15	.19	.22	.18	.19	.19	<b>.20</b>	<b>.20</b>	Cap'l Spending 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	<b>11.30</b>	<b>11.80</b>	Book Value per sh <sup>C</sup>	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	<b>6200.00</b>	<b>6100.00</b>	Common Shs Outst'g <sup>D</sup>	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	<b>Bold figures are Value Line estimates</b>		Avg Ann'l 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	1.13			Relative 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 Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 3/31/15		2013	2014	3/31/15	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	
Total Debt \$35925 mill. Due in 5 Yrs \$18134 mill.		47.4%	49.1%	47.8%	45.9%	46.2%	45.5%	48.6%	53.1%	46.5%	<b>48.0%</b>	<b>50.0%</b>	51298	48371	48404	48296	50009	67809	67425	58986	
LT Debt \$29370 mill. LT Interest \$1360 mill. (30% of Cap'l)		5576.0	5293.0	5200.0	5090.0	4757.0	8487.0	9026.0	7611.0	6410.0	5537.0	<b>6000</b>	<b>6000</b>	15001	14984	15267	8026.0	8621.0	8266.0	8697.0	9490.0
Leases, Uncapitalized Annual rentals \$183.0 mill.		22.5%	22.6%	21.0%	17.0%	20.3%	11.9%	31.5%	21.2%	27.4%	25.5%	<b>26.0%</b>	<b>26.0%</b>	22.5%	22.6%	21.0%	17.0%	20.3%	11.9%	31.5%	21.2%
Pension Assets-12/14 \$21.3 bill. Oblig. \$28.9 bill.		29.2%	31.0%	31.5%	16.6%	17.2%	12.2%	12.9%	16.1%	22.0%	18.3%	<b>19.5%</b>	<b>21.8%</b>	13448	25560	25014	16067	24445	31859	29659	32796
Common Stock 6,157,669,933 shs. as of 5/4/15		6347.0	5546.0	7314.0	7963.0	43193	38410	34931	31036	30462	31541	<b>29000</b>	<b>28000</b>	65627	71358	65010	57556	90014	87813	82190	81260
MARKET CAP: \$207 billion (Large Cap)		21.1%	19.8%	21.4%	12.6%	6.8%	7.1%	8.0%	9.0%	11.2%	9.4%	<b>9.5%</b>	<b>11.0%</b>	21.1%	19.8%	21.4%	12.6%	6.8%	7.1%	8.0%	9.0%
CURRENT POSITION		22.9%	21.0%	23.5%	13.9%	9.6%	9.4%	10.6%	11.7%	14.9%	12.7%	<b>13.0%</b>	<b>14.5%</b>	14.4%	11.3%	11.2%	NMF	3.4%	2.5%	3.0%	3.6%
CASH ASSETS		37%	46%	52%	106%	64%	74%	72%	69%	58%	73%	<b>77%</b>	<b>65%</b>	37%	46%	52%	106%	64%	74%	72%	69%

**BUSINESS:** Pfizer Inc. is a research-based, global biopharmaceutical company engaging in the discovery, development, manufacture, and sale of healthcare products. Portfolio includes medicines, vaccines, and various consumer healthcare products. Manages operations through a structure consisting of three businesses: Global Innovative Pharmaceutical (GIP), Global Vaccines, Oncology, and Consumer Healthcare (VOC), and Global Established Pharmaceutical (GEP). Top-selling products '14: *Lyrica*, *Plevnar*, *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.pfizer.com

ANNUAL RATES		Past 10 Yrs	Past 5 Yrs	Est'd '12-'14
of change (per sh)				to '18-'20
Sales	3.0%	3.0%	1.5%	
"Cash Flow"	1.0%	2.5%	5.0%	
Earnings	-2.0%	-1.5%	8.0%	
Dividends	5.0%	-2.5%	6.0%	
Book Value	5.0%	3.5%	3.0%	

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	14885	15057	13976	15068	58986
2013	12410	12973	12643	13558	51584
2014	11353	12773	12361	13118	49605
2015	10864	<b>11400</b>	<b>11300</b>	<b>12436</b>	<b>46000</b>
2016	<b>10500</b>	<b>12000</b>	<b>12000</b>	<b>13000</b>	<b>47500</b>

  

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.23	.42	.41	.20	1.26
2013	.36	.50	.39	.40	1.65
2014	.36	.45	.42	.19	1.41
2015	.38	<b>.44</b>	<b>.43</b>	<b>.20</b>	<b>1.45</b>
2016	<b>.40</b>	<b>.40</b>	<b>.45</b>	<b>.45</b>	<b>1.70</b>

  

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.20	.20	.20	.20	.80
2012	.22	.22	.22	.22	.88
2013	.24	.24	.24	.24	.96
2014	.26	.26	.26	.26	1.04
2015	.28	.28	.28	.28	1.12

**Pfizer's acquisition of Hospira is on track to close by year's end.** The roughly \$17 billion deal was announced during the first quarter (February 5th) and stands to provide a much needed boost to the product portfolio. While Pfizer has seen solid growth out of its *Lyrica* and *Plevnar* franchises in recent quarters, and its oncology assets continue to impress (particularly *Ibrance*), gains continue to be largely offset by generic erosion on a few of its aging blockbusters. Assuming the Hospira transaction goes through, HSP's attractive lineup of biosimilars would provide a nice platform for future growth and another revenue stream to offset patent losses. Pfizer expects the transaction to be immediately accretive to earnings upon closing (\$0.10-\$0.12 a share in first full year) and projects \$800 million in cost savings by 2018. Investors should note that our forward-looking estimates do not yet include the potential Hospira contribution. **Management trimmed its sales and earnings guidance for 2015.** Although first-quarter results were somewhat better than anticipated, the impact of foreign exchange (primarily the weakening of the euro) is expected to remain a significant overhang over the balance of the year. In fact, management indicated that foreign exchange was solely responsible for reducing what was already viewed as soft 2015 guidance. Pfizer is now guiding for GAAP earnings of \$1.32-\$1.47 a share (previously \$1.37-\$1.52) and adjusted earnings of \$1.95-\$2.05 a share (previously \$2.00-\$2.10). Its revenue outlook was lowered from \$44.5 billion-\$46.5 billion, to \$44 billion-\$46 billion. The company is scheduled to report second-quarter results on July 28th. **The stock maintains a rank of 4 (Below Average) for Timeliness.** While momentum investors will likely find more enticing options elsewhere, the equity holds solid appeal as a low-risk income play within the pharmaceutical space. At present, Pfizer stock maintains our highest mark for Safety (1) and its 3.3% dividend yield is a healthy clip above *Value Line's* 2.1% median. Furthermore, the company's strong finances are noted by the Financial Strength rating of A++, our highest score. *Michael Ratty* July 10, 2015