

| (\$MILL.) |  |  |  |
| :---: | :---: | :---: | :---: |
| Cash Assets | 23290 | 17850 | 14560 |
| Receivables | 8176 | 8225 | 8892 |
| Inventory (LIFO) | 7513 | 6783 | 7415 |
| Other | 4825 | 6091 | 5011 |
| Current Assets | 43804 | 38949 | 35878 |
| Accts Payable | 3620 | 4536 | 3393 |
| Debt Due | 10160 | 10688 | 7680 |
| Other | 15619 | 15891 | 13791 |
| Current Liab. | 29399 | 31115 | 24864 |


| ANNUAL RATES | Past | Past | Est'd '14-'16 |
| :--- | ---: | ---: | ---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '00.22 |
| Sales | $1.5 \%$ | $1.0 \%$ | $4.0 \%$ |
| "Cash Flow" | $-3.0 \%$ | $1.0 \%$ | $6.5 \%$ |
| Earnings | $-5.0 \%$ | $2.0 \%$ | $11.0 \%$ |
| Dividends | $3.5 \%$ | $7.5 \%$ | $6.0 \%$ |
| Book Value | $1.0 \%$ | $-1.0 \%$ | $-2.5 \%$ |


$\left.\begin{array}{c|cc|c|}\hline \text { Cal- } \\ \text { endar }\end{array} \begin{array}{c}\text { QUARTERLY } \\ \text { Mar. } 31\end{array} \begin{array}{c}\text { Jun. } 30 \\ \text { SALES (\$ mill.) } \\ \text { Sep. } 30\end{array} \quad \begin{array}{c}\text { Fec. } 31\end{array}\right)$ Year | 2014 | 11353 | 12773 | 12361 | 13118 | 49605 |
| :--- | :--- | :--- | :--- | :--- | :--- | 2015 10864 11853 12087 $14047 \mid 4885$ | 2016 | 13005 | 13147 | 13045 | 13627 | 52824 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2017 | 12779 | 13100 | 13100 | 13721 | 52700 | | 2018 | 13100 | 13300 | 13600 | 14000 | 54000 |
| :--- | :--- | :--- | :--- | :--- | :--- | | $\begin{array}{c}\text { Cal- } \\ \text { endar }\end{array}$ | EARNINGS PER SHARE A |  |  |  | Full |
| :---: | :---: | :---: | :---: | ---: | ---: |
| Mar.31 | Jun.30 | Sep.30 | Dec.31 | Year |  |
| 2014 | .36 | .45 | .42 | .19 | 1.41 |
| 2015 | .38 | .42 | .34 | d.03 | 1.11 |
| 2016 | .49 | .33 | .21 | .13 | 1.17 |
| 2017 | .51 | .37 | .27 | .20 | 1.35 |
| 2018 | .45 | .45 | .40 | .25 | 1.55 | | $\begin{array}{c}\text { Cal- } \\ \text { endar }\end{array}$ | $\begin{array}{c}\text { QUARTERLY DIVIDENDS PAID } \\ \text { Mar. } 31\end{array}$ | Jun. 30 | Sep. 30 | Dec. 31 | Full |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year |  |  |  |  |  |


| 2013 | .24 | .24 | .24 | .24 | .96 |
| :--- | ---: | ---: | ---: | ---: | ---: |
| 2014 | .26 | .26 | .26 | .26 | 1.04 |
| 2015 | .28 | .28 | .28 | .28 | 1.12 |
| 2016 | .30 | .30 | .30 | .30 | 1.20 |
| 2017 | .32 | .32 |  |  |  |

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 commercial operations through two segments: Pfizer Innovative Health (IH) and Pfizer Essential Health (EH), which was previously known
Pfizer reaffirmed its 2017 outlook despite a mixed first-quarter showing. The drugmaker reported GAAP earnings of $\$ 0.51$ a share in the March period, up from $\$ 0.49$ in the comparable year-ago quarter. The bottom-line improvement was fueled largely by reduced production costs (-13\%) and, to a lesser extent, lower SG\&A (-2\%) and R\&D (1\%) outlays, partially offset by a $2 \%$ decline in sales. On an adjusted basis, which excludes one-time items and is more closely followed by Wall Street, earnings came in at $\$ 0.69$ a share versus $\$ 0.67$ in 2016. While the tally topped consensus expectations by a few pennies, the top-line result ( $\$ 12.78$ billion) came up short. Following the release, management reiterated its full-year adjusted earnings guidance of $\$ 2.50-\$ 2.60$ a share, on sales of $\$ 52$ billion- $\$ 54$ billion.
Several of the company's more mature franchises are facing pressure. Pfizer's top-grossing product Prevnar 13 saw its sales decline 8\% last quarter as its target market (older adults) appears to have reached a saturation point. Overseas generic erosion on Enbre (-20\%) and weak
domestic sales of fading blockbuster
as Established Products. Highest-grossing products '16: Prevnar, Lyrica, Enbrel, Ibrance, Lipitor, and Viagra. Has 96,500 employees. Dirs/Off. own less than $1 \%$ of common stock; BlackRock, $7.4 \%$; Vanguard, $6.6 \%$; State Street, $5.3 \%$ (3/17 proxy). Chairman/CEO: lan C. Read. Inc.: Del. Addr.: 235 East 42nd St., New York, NY 10017. Tel.: 212-733-2323. Internet: www.pfizer.com

Viagra (-17\%) represent additional nearterm overhangs. While the company's \#2 drug Lyrica posted strong sales growth in Q1 $(+12 \%)$, it will also be facing losses when its U.S. patent expires next year.
The new product cycle is encouraging, highlighted by oncology. The company will be leaning heavily on its oncology business (sales $+54 \%$ in 2016) to help fill the generic void in the coming years. Its standout breast cancer asset Ibrance has been impressive since its early-2015 launch, with sales nearly tripling last year, to $\$ 2.1$ billion. We believe this figure could reach \$3 billion in 2017.
The stock is ranked 4 (Below Average) for Timeliness. That said, we continue to view Pfizer as a solid, lower-risk income play in the large pharmaceutical space. The blue chip stock scores well for Safety (1) and Stock Price Stability (95), to go along with a below market Beta (.85). The company's Financial Strength grade (A++) is also top notch. An above-average dividend yield (3.8\%) and expectations for continued share repurchases should enhance shareholder value.
Michad Ratty
J uly 7, 2017

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[^0]:    (A) Diluted earnings (GAAP). May not sum due Includes intangibles. In '16: \$107.1 bill., GAAP earnings from adjusted in 2008.
    to change in share count. Next earnings report $\$ 17.64 /$ sh. (D) In millions. (E) Pharmacia acqd
    due early August. (B) Dividends paid in early $4 / 03$, included from 2nd qtr. (F) Wyeth acqd.
    Mar., Jun, Sep., Dec.■ Div'd reinvest. plan. (C) 10/09, included from 4th qtr. (G) Switched to

    Company's Financial Strength<br>Stock's Price Stability<br>Price Growth Persistence

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