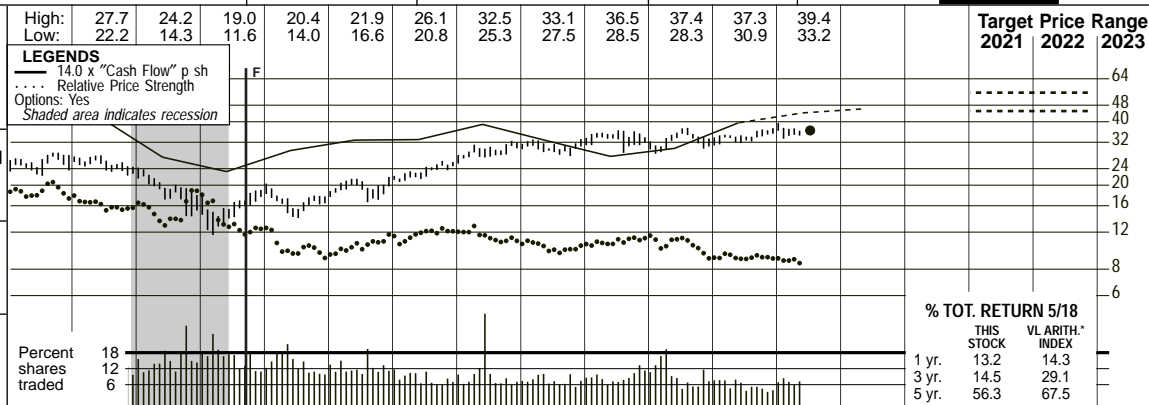


# Pfizer Inc. NYSE:PFE

RECENT PRICE **36.38** P/E RATIO **17.3** (Trailing: 20.2 Median: 18.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **3.7%** **VALUE LINE**

**TIMELINESS** 3 Lowered 5/11/18  
**SAFETY** 1 Raised 4/17/09  
**TECHNICAL** 2 Raised 6/29/18  
**BETA** .90 (1.00 = Market)



**2021-23 PROJECTIONS**

Price	55	Gain	(+50%)	Ann'l Total Return	14%
High	45	Low	(+25%)		9%

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	1	1	1	3
to Sell	3	4	0	1	2	0	4	4	0

**Institutional Decisions**

	3Q2017	4Q2017	1Q2018
to Buy	876	907	993
to Sell	947	820	1035
Hlds(000)	4627887	4249383	4168787

Percent shares traded: 18, 12, 6

% TOT. RETURN 5/18  
 THIS STOCK: 13.2, 14.3, 14.5, 56.3  
 VL ARITH. INDEX: 14.3, 29.1, 67.5

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	7.91	8.70	8.79	<b>9.40</b>	<b>9.80</b>	Sales per sh	10.90
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	1.96	2.13	2.82	<b>3.15</b>	<b>3.30</b>	"Cash Flow" per sh	3.85
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	1.11	1.17	1.73	<b>2.10</b>	<b>2.30</b>	Earnings per sh A G	2.90
.52	.60	.68	.76	.96	1.16	1.28	.80	.72	.80	.88	.96	1.04	1.12	1.20	1.28	<b>1.36</b>	<b>1.44</b>	Div'ds Decl'd per sh B	1.68
.29	.35	.35	.29	.29	.28	.25	.15	.19	.22	.18	.19	.19	.23	.30	.33	<b>.35</b>	<b>.35</b>	Cap'l Spending per sh	.35
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	10.48	9.81	11.92	<b>12.40</b>	<b>12.80</b>	Book Value per sh C	14.00
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	6175.0	6070.0	5979.0	<b>5800.0</b>	<b>5700.0</b>	Common Shs Outst'g D	5500.0
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	30.3	28.1	19.7	<b>10.0%</b>	<b>10.0%</b>	Avg Ann'l P/E Ratio	18.0
1.25	1.04	.82	.68	.67	.61	.99	.85	1.04	1.10	1.17	.99	1.13	1.53	1.47	.99	<b>3.7%</b>	<b>3.8%</b>	Relative P/E Ratio	1.00
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%	3.3%	3.7%	3.8%	<b>6.5%</b>	<b>6.3%</b>	Avg Ann'l Div'd Yield	3.2%

**CAPITAL STRUCTURE as of 3/31/18**  
 Total Debt \$40841 mill. Due in 5 Yrs \$14666 mill.  
 LT Debt \$31831 mill. LT Interest \$1270 mill.  
 (31% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$209.0 mill.

**Pension Assets-12/17** \$23.1 bill. **Oblig.** \$28.8 bill.

**Common Stock** 5,849,571,048 shs. as of 5/7/18

**MARKET CAP: \$213 billion (Large Cap)**

48296	50009	67809	67425	58986	51584	49605	48851	52824	52546	<b>54500</b>	<b>56000</b>	Sales (\$mill)	60000
45.9%	46.2%	45.5%	48.6%	52.2%	53.1%	46.5%	44.8%	44.6%	47.8%	<b>49.0%</b>	<b>50.0%</b>	Operating Margin	52.0%
5090.0	4757.0	8487.0	9026.0	7611.0	6410.0	5537.0	5157.0	5757.0	6269.0	<b>6100</b>	<b>5800</b>	Depreciation (\$mill)	5200
8026.0	8621.0	8266.0	8697.0	9490.0	11341	9088.0	6949.0	7198.0	10606	<b>12180</b>	<b>13110</b>	Net Profit (\$mill)	15950
17.0%	20.3%	11.9%	31.5%	21.2%	27.4%	25.5%	22.2%	13.4%	13.4%	<b>10.0%</b>	<b>10.0%</b>	Income Tax Rate	10.0%
16.6%	17.2%	12.2%	12.9%	16.1%	22.0%	18.3%	14.2%	13.6%	20.2%	<b>22.3%</b>	<b>23.4%</b>	Net Profit Margin	26.6%
16067	24445	31859	29659	32796	32878	36071	14405	7834.0	10714	<b>11000</b>	<b>12000</b>	Working Cap'l (\$mill)	15000
7963.0	43193	38410	34931	31036	30462	31541	28818	31398	33538	<b>31000</b>	<b>30000</b>	Long-Term Debt (\$mill)	27000
57556	90014	87813	82190	81260	76307	71301	64720	59544	71308	<b>72000</b>	<b>73000</b>	Shr. Equity (\$mill)	77000
12.6%	6.8%	7.1%	8.0%	9.0%	11.2%	9.4%	8.0%	8.6%	10.7%	<b>12.5%</b>	<b>13.5%</b>	Return on Total Cap'l	16.0%
13.9%	9.6%	9.4%	10.6%	11.7%	14.9%	12.7%	10.7%	12.1%	14.9%	<b>17.0%</b>	<b>18.0%</b>	Return on Shr. Equity	20.5%
NMF	3.4%	2.5%	3.0%	3.6%	6.2%	3.5%	NMF	NMF	4.1%	<b>6.0%</b>	<b>6.5%</b>	Retained to Com Eq	8.5%
NMF	64%	74%	72%	69%	58%	73%	NMF	NMF	72%	<b>65%</b>	<b>63%</b>	All Div'ds to Net Prof	58%

**CURRENT POSITION (SMILL.)**

	2016	2017	3/31/18
Cash Assets	17850	19992	11421
Receivables	8225	8221	9452
Inventory (LIFO)	6783	7578	8148
Other	6091	5350	5814
Current Assets	38949	41141	34835
Accts Payable	4536	4656	3879
Debt Due	10688	9953	9010
Other	15891	15818	14476
Current Liab.	31115	30427	27365

**ANNUAL RATES**

Past 10 Yrs	Past 5 Yrs	Est'd '15-'17
change (per sh)	10 Yrs	5 Yrs
Sales	2.0%	4.5%
"Cash Flow"	-2.0%	9.0%
Earnings	-4.5%	14.0%
Dividends	2.5%	6.0%
Book Value	1.0%	4.5%

**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 as Established Products. Highest-grossing products '17: *Prevnar*, *Lyrica*, *Ibrance*, *Eliquis*, *Enbrel*, *Lipitor*, and *Xeljanz*. Has 90,200 employees. Dirs/Off. own less than 1% of common stock; Black-Rock, 7.6%; Vanguard, 7.3%; State Street, 5.3% (3/18 proxy). Chairman/CEO: Ian C. Read. Inc.: Del. Addr.: 235 East 42nd St., New York, NY 10017. Tel.: 212-733-2323. Internet: www.pfizer.com

**quis (Q1 sales +35%) and a well stocked pipeline (29 late-stage programs) should provide additional support.**

**We wouldn't be surprised if management turned to M&A in the second half.** Historically, Pfizer has been an active participant on the M&A stage, but the company was relatively quiet in 2017. In our view, projected deceleration in a few key franchises (*Prevnar* and *Lyrica*) could provide some extra incentive to get back in the game. Benefits from tax reform and the potential sale of its consumer healthcare business, which some believe could fetch as much as \$20 billion, may also factor into a decision.

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	10864	11853	12087	14047	48851
2016	13005	13147	13045	13627	52824
2017	12779	12896	13168	13703	52546
2018	12906	<b>13400</b>	<b>13800</b>	<b>14394</b>	<b>54500</b>
2019	<b>13400</b>	<b>13900</b>	<b>14100</b>	<b>14600</b>	<b>56000</b>

**EARNINGS PER SHARE A**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.38	.42	.34	d.03	1.11
2016	.49	.33	.21	.13	1.17
2017	.51	.51	.47	.23	1.73
2018	.59	.55	.55	.41	2.10
2019	.65	.60	.60	.45	2.30

**Pfizer remains well positioned for growth in 2018.** The drugmaker's first-quarter share earnings (\$0.77 adjusted) beat consensus expectations by a few pennies, driven by cost cutting and continued benefits from tax reform. While sales of \$12.9 billion came up a bit short of Wall Street's \$13.1 billion target, owing to some softness in the *Ibrance* and *Xeljanz* franchises, management reaffirmed its full-year guidance of \$53.5 billion-\$55.5 billion, implying annual growth of 4% at the midpoint. It also maintained its adjusted earnings outlook of \$2.90-\$3.00 a share, which would mark double-digit improvement versus the \$2.65 earned in 2017.

**Ibrance and Xeljanz should be fine.** The cancer and rheumatoid arthritis drugs may have missed Q1 expectations, but they still posted impressive year-over-year growth of 37% and 30%, respectively. The underlying fundamentals appear to be largely intact (though competition has heated up in oncology space) and Pfizer will be leaning heavily on their continued development (combined for 10% of Q1 sales) to offset losses elsewhere in 2018 and 2019. Blood-thinner medication *Eli-*

**The stock's Timeliness rank has been downgraded to 3 (Average).** Based on our system, shares of PFE are now pegged as market performers in the year ahead. We see value here at the current P/E multiple, but the story may take a little longer to play out. For longer-term investors, our current projections suggest decent returns over the next 3 to 5 years. We continue to view Pfizer as a solid core holding in the large pharma space.

**QUARTERLY DIVIDENDS PAID B**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.26	.26	.26	.26	1.04
2015	.28	.28	.28	.28	1.12
2016	.30	.30	.30	.30	1.20
2017	.32	.32	.32	.32	1.28
2018	.34	.34			

**Michael Ratty**

July 6, 2018

(A) Diluted earnings (GAAP). May not sum due to change in share count. Excludes one-time gain of \$1.79 a share in Q4, 2017. Next earnings report due July 31st (market open). (B) Dividends paid in early Mar., Jun, Sep., Dec. Div'd reinvest. plan. (C) Includes intangibles. In '17: \$104.4 bill., \$17.46/sh. (D) In millions. (E) Pharmacia acqd. 4/03, included from 2nd qtr. (F) Wyeth acqd. 10/09, included from 4th qtr. (G) Switched to GAAP earnings from adjusted in 2008.

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**Company's Financial Strength** A++  
**Stock's Price Stability** 95  
**Price Growth Persistence** 65  
**Earnings Predictability** 60

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