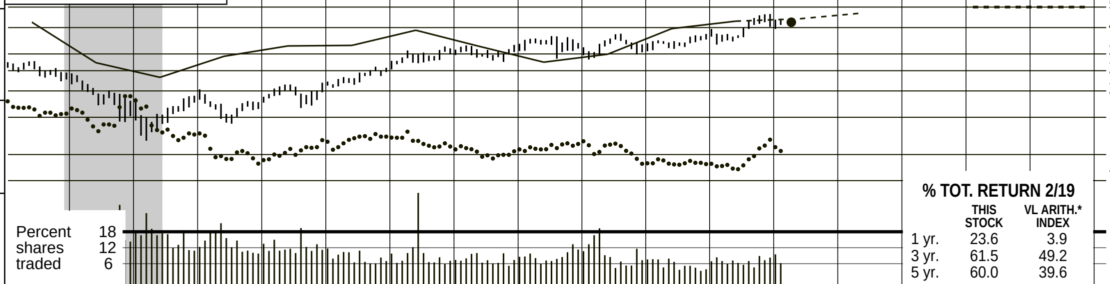
PFIZER INC. NYSE-PFE

RECENT PRICE 42.42 | P/E RATIO 26.3 (Trailing: 22.8, Median: 19.0) | RELATIVE P/E RATIO 1.54 | DIV'D YLD 3.4% | VALUE LINE 1636

TIMELINESS 3 Lowered 3/15/19
SAFETY 1 Raised 4/17/09
TECHNICAL 2 Lowered 3/29/19
BETA .90 (1.00 = Market)

High:	24.2	19.0	20.4	21.9	26.1	32.5	33.1	36.5	37.4	37.3	46.5	43.8
Low:	14.3	11.6	14.0	16.6	20.8	25.3	27.5	28.5	28.3	30.9	33.2	39.5

LEGENDS
— 14.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



Target Price Range 2022 | 2023 | 2024

2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+55%)	14%
Low	50	(+20%)	8%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	1	0	0
to Sell	1	2	2	6	0	0	0	0	0

Institutional Decisions

	2Q2018	3Q2018	4Q2018
to Buy	869	918	965
to Sell	1102	1098	1183
Hld's(000)	4140214	4112235	4103306

Percent shares traded 18 12 6

% TOT. RETURN 2/19

	THIS STOCK	VL ARITH.* INDEX
1 yr.	23.6	3.9
3 yr.	61.5	49.2
5 yr.	60.0	39.6

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	9.38	9.65	10.05	Sales per sh	11.75
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	3.07	3.15	3.35	"Cash Flow" per sh	4.05
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	1.87	2.00	2.25	Earnings per sh A G	3.00
.60	.68	.76	.96	1.16	1.28	.80	.72	.80	.88	.96	1.04	1.12	1.20	1.28	1.36	1.44	1.52	Div'ds Decl'd per sh B■	1.76
.35	.35	.29	.29	.28	.25	.15	.19	.22	.18	.19	.19	.23	.30	.33	.36	.40	.40	Cap'l Spending per sh	.45
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	11.09	10.55	10.75	Book Value per sh C	12.35
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	5717.0	5500.0	5400.0	Common Shs Outst'g D	5100.0
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	21.1	Bold figures are		Avg Ann'l P/E Ratio	19.0
1.04	.82	.68	.67	.61	.99	.85	1.04	1.10	1.17	.99	1.13	1.53	1.47	.99	1.14	Value Line		Relative P/E Ratio	1.05
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%	3.5%	estimates		Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 12/31/18
Total Debt $41740 mill. **Due in 5 Yrs** $14777 mill.
LT Debt $32909 mill. **LT Interest** $1316 mill. (34% of Cap'l)

Leases, Uncapitalized Annual rentals $300.0 mill.

Pension Assets-12/18 $21.3 bill. **Oblig.** $26.4 bill.

Common Stock 5,551,804,790 shs. as of 2/26/19

MARKET CAP: $236 billion (Large Cap)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		22-24
50009	67809	67425	58986	51584	49605	48851	52824	52546	53647	53100	54300	Sales ($mill)	60000
46.2%	45.5%	48.6%	52.2%	53.1%	46.5%	44.8%	44.6%	47.8%	49.1%	49.0%	50.0%	Operating Margin	52.0%
4757.0	8487.0	9026.0	7611.0	6410.0	5537.0	5157.0	5757.0	6269.0	6384.0	6200	6000	Depreciation ($mill)	5400
8621.0	8266.0	8697.0	9490.0	11341	9088.0	6949.0	7198.0	10606	11143	11000	12150	Net Profit ($mill)	15300
20.3%	11.9%	31.5%	21.2%	27.4%	25.5%	22.2%	13.4%	13.4%	5.9%	16.0%	16.0%	Income Tax Rate	16.0%
17.2%	12.2%	12.9%	16.1%	22.0%	18.3%	14.2%	13.6%	20.2%	20.8%	20.7%	22.4%	Net Profit Margin	25.5%
24445	31859	29659	32796	32878	36071	14405	7834.0	10714	18068	19000	20000	Working Cap'l ($mill)	20000
43193	38410	34931	31036	30462	31541	28818	31398	33538	32909	31000	30000	Long-Term Debt ($mill)	27000
90014	87813	82190	81260	76307	71301	64720	59544	71308	63407	58000	58000	Shr. Equity ($mill)	63000
6.8%	7.1%	8.0%	9.0%	11.2%	9.4%	8.0%	8.6%	10.7%	12.3%	13.0%	14.5%	Return on Total Cap'l	17.5%
9.6%	9.4%	10.6%	11.7%	14.9%	12.7%	10.7%	12.1%	14.9%	17.6%	19.0%	21.0%	Return on Shr. Equity	24.5%
3.4%	2.5%	3.0%	3.6%	6.2%	3.5%	.0%	NMF	4.1%	5.0%	5.5%	7.0%	Retained to Com Eq	10.0%
64%	74%	72%	69%	58%	73%	100%	102%	72%	72%	72%	68%	All Div'ds to Net Prof	59%

CURRENT POSITION ($MILL.)	2016	2017	12/31/18
Cash Assets	17850	19992	18833
Receivables	8225	8221	8025
Inventory (LIFO)	6783	7578	7508
Other	6091	5350	15560
Current Assets	38949	41141	49926
Accts Payable	4536	4656	4674
Debt Due	10688	9953	8831
Other	15891	15818	18353
Current Liab.	31115	30427	31858

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	2.5%	1.5%	4.5%
"Cash Flow"	.5%	1.5%	7.0%
Earnings	-1.5%	3.5%	11.0%
Dividends	1.0%	8.0%	5.5%
Book Value	1.5%	-.5%	2.0%

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	13005	13147	13045	13627	52824
2017	12779	12896	13168	13703	52546
2018	12906	13466	13298	13976	53647
2019	13000	13400	13000	13700	53100
2020	13000	13500	13600	14200	54300

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.49	.33	.21	.13	1.17
2017	.51	.51	.47	.23	1.73
2018	.59	.65	.69	d.07	1.87
2019	.58	.59	.51	.32	2.00
2020	.61	.62	.62	.40	2.25

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.28	.28	.28	.28	1.12
2016	.30	.30	.30	.30	1.20
2017	.32	.32	.32	.32	1.28
2018	.34	.34	.34	.34	1.36
2019	.36				

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 distinct business segments: Pfizer Innovative Health (IH) and Pfizer Essential Health (EH). Highest-grossing products '18: *Prevnar*, *Lyrica*, *Ibrance*, *Eliquis*, *Enbrel*, *Lipitor*, and *Xeljanz*. Has 92,400 employees. Officers and directors own less than 1% of common stock; BlackRock, 8.0%; Vanguard, 7.8%; State Street, 5.1% (3/19 proxy). Chairman: Ian C. Read. CEO: Albert Bourla. Inc.: Del. Addr.: 235 East 42nd St., New York, NY 10017. Tel.: 212-733-2323. Internet: www.pfizer.com

Pfizer kicked off 2019 with a new CEO. After eight years at the helm, Ian Read officially handed the reins over to veteran insider Albert Bourla on January 1st. Mr. Read, whose tenure as CEO was widely viewed as a success, is transitioning into the role of Executive Chairman.

The drugmaker is expected to face some headwinds in 2019. Pfizer's second highest-grossing product, *Lyrica* (9% of 2018 sales), is scheduled to lose U.S. exclusivity this June. With cheaper generics likely hitting the market, we expect to see significant sales erosion in the back half of this year and into 2020 (the nerve pain medication generated $4.6 billion in sales in 2018). While management indicated that *Lyrica* would be the last "top-selling product" to go off patent until the second half of next decade, a recent deceleration in the lucrative *Prevnar* vaccine franchise (11% of 2018 sales) and a negative impact from foreign exchange will likely put additional pressure on sales growth in 2019. For the full year, management is guiding for total sales of $52 billion-$54 billion, implying a slight pullback at the midpoint.

We are optimistic that newer products will help to restore top-line growth in 2020. Pfizer will be leaning heavily on further development of lead oncology asset *Ibrance*, which pulled in about $4.1 billion in sales in 2018 (+32% year over year). The drug's growth was particularly strong in Q4 (+58%), helped by growing demand in Europe. Rheumatoid arthritis treatment *Xeljanz* (+32%) and blood thinner medication *Eliquis* (+36%) also performed quite well last year and appear poised to be key offsets of generic pressure in 2019 and 2020. We are also encouraged with Pfizer's robust pipeline and its ability to provide meaningful contributors long term. In recent commentary, management indicated it sees opportunity for 25-30 approvals through 2022, of which roughly half have blockbuster potential.

The stock's Timeliness rank has been lowered to 3 (Average). Despite the downgrade, we continue to view PFE as a solid core holding in the large pharmaceutical space. The equity boasts an attractive dividend yield (3.4%) and strong scores for Safety and Price Stability. The company's Financial Strength grade is also top notch.

Michael Ratty *April 5, 2019*

(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 late April.
(B) Dividends paid in early Mar., Jun, Sep., Dec.■ Div'd reinvest. plan.
(C) Includes intangibles. In '18: $88.6 bill., $15.50/sh.
(D) In millions.

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	75
Earnings Predictability	60