



Exeter Student Investment Fund

Learn. Network. Invest.

Pfizer [PFE]

Guy Withinshaw



Pfizer [PFE]

- Founded 1849
- Incorporated 1952



Reasons to buy

- YOY high single digit growth on Sales growth
- Income contributions from BNT162b2 as well as 6 “projects”
- Company estimates only requires 40% of its non risk adjusted projected pipeline revenue to reach its 6% annual growth objectives.

Potential risks

- Regulatory issues from 6 new projects
- Lower than predicted margins on Covid-19 vaccine
- Purchase of Array Biopharma

Company Overview



Management team

- Chairman & CEO - Albert Bourla
- 12 members of the board
- Average tenure 6 years

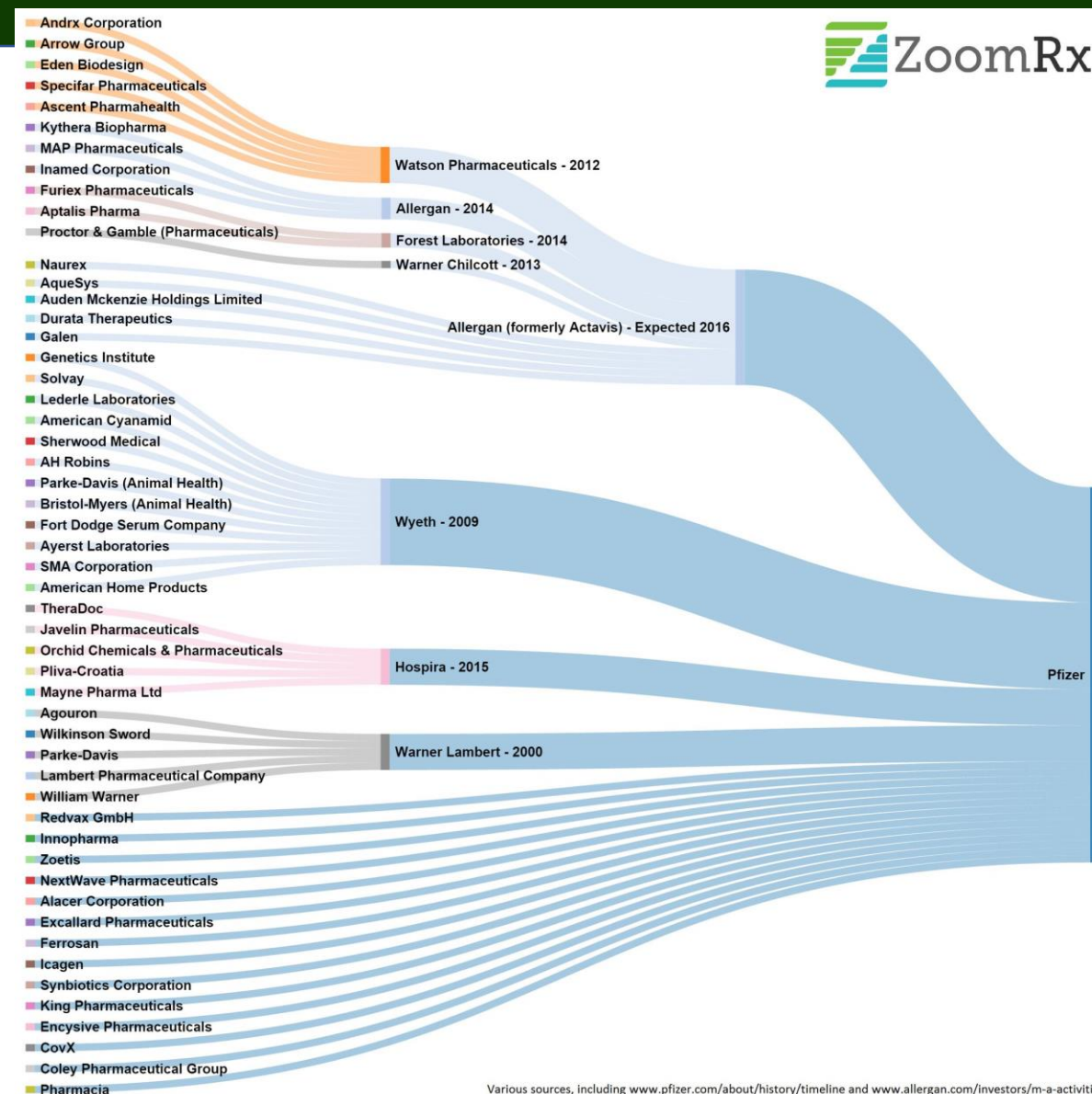
Financials

- Market cap - \$186.151B
- EBITDA - \$24.18B
- EPS - \$3.30
- Dividend Per Share - \$1.56
- Free cash flow per share - \$3.22
- Revenue growth – 47.9 %

Competitors

- GSK
- Merck & Co.
- Eli Lilly and company
- Bristol Myers squibb

Regulatory back drop



Various sources, including www.pfizer.com/about/history/timeline and www.allergan.com/investors/m-a-activities

Investment Thesis



Pfizer

Current price - \$33.49

High - \$42.56

Low – 29.01

Dividend yield – 4.54%

Beta – 0.66x

Debt to Equity - 96.4%

ROA – 4.5%

ROCE – 7.0%

PE – 26.6X – industry 28X





- The introduction of more than 20 drugs to market over the next 2 years
- Potential for reinvestment of capital generated from Pfizer Covid-19 vaccine
- President Joe Biden healthcare package, lowering the cost of prescription drugs,
- Increasing legislative ability for the importation of overseas pharma
- Asset transformation over the next year to Viartis opening u \$12 billion in capital
- Viartis provides Pfizer the ability to raise is dividend pay-outs to shareholders

DRUG	STAGE
Tanezumab <i>Osteoarthritis</i>	 PDUFA
PF-06425090 <i>C. difficile Infection</i>	 Phase 3
Abrocitinib <i>Atopic Dermatitis</i>	 PDUFA priority review
Lorlatinib <i>Anaplastic lymphoma kinase (ALK)-positive non-small cell lung cancer (NSCLC)</i>	 PDUFA priority review
20vPnC vaccine <i>Pneumococcal conjugate vaccine (18 yrs +)</i>	 PDUFA priority review
TicoVac <i>Tick-borne encephalitis (TBE) vaccine</i>	 PDUFA priority review
PF-06651600 <i>Alopecia areata</i>	 Phase 3
Vupanorsen (AKCEA-ANGPTL3-LRx) - (TRANSLATE-TIMI 70) <i>Cardiovascular (CV) risk reduction and hypertriglyceridemia</i>	 Phase 2b
Tanezumab <i>Cancer pain</i>	 Phase 3
Giroctocogene fitelparovec (SB-525) AFFINE <i>Hemophilia A</i>	 Phase 3
PF-06939926 (CIFFREO) <i>Duchenne muscular dystrophy (DMD)</i>	 Phase 3

Valuation

- Valuation
- Bull case DCF - \$41
- Bear case DCF - \$38
- EV/ revenue: 5.12X
- EV/EBITDA: 16.66X
- Bera EV/EBIT: 15.34X
- %short float 1.14%
- Historical annual earnings (5 years) 9.8%
- Forecast growth 10.8%

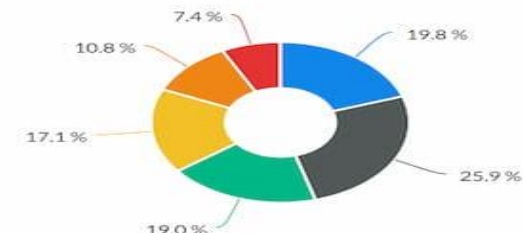
Summary

Revenue \$11.7Bil +12%	GAAP Net Income \$594Mil vs. loss of \$337Mil	GAAP EPS \$0.10 vs. loss per share of \$0.06	Non-GAAP EPS \$0.42 +14%
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Biopharmaceutical Revenue - Percent Change

Internal Medicine	+1%
Oncology	+23%
Hospital	+8%
Vaccines	+17%
Inflammation & Immunology	+1%
Rare Disease	+26%

Revenue Mix



Outlook



“Our record-breaking success at developing a vaccine against COVID-19, along with our partner BioNTech, is just one example of what we believe this new Pfizer is capable of achieving. As the world looks forward to 2021 with renewed hope for better days ahead, we also look forward with renewed confidence and resolve in our ability to fulfill our purpose, to deliver breakthroughs that change patients’ lives.”

- Albert Bourla, CEO

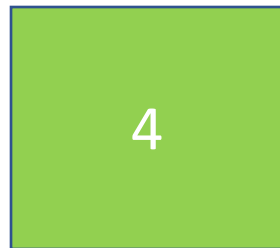
Other Highlights

Dividends Paid (FY20) \$8.4Bil	R&D expenses \$3.3Bil +22%	SI&A expenses \$3.7Bil Flat
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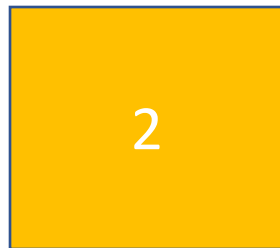
(All comparisons are on a year-over-year basis, unless otherwise stated)



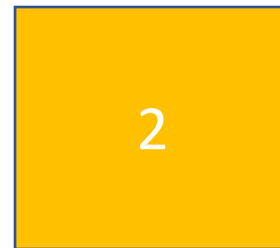
Carbon
Foot print



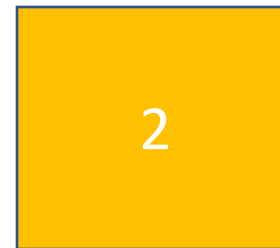
Diversity of
corporate
leadership



Water
conservation



Employee
satisfaction



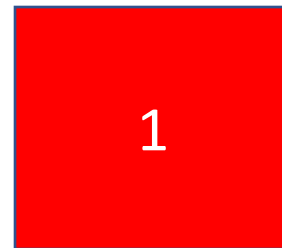
Work place
health and
safety



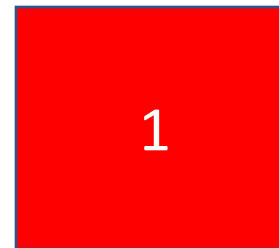
Pollution
prevention



Consumer
health &
wellness



Integrating
Corporate
Governance



Ethical
practices



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Closing Summary

Q&A