

Pfizer

Initial thoughts on 4Q23 earnings

Maintain Rating: NEUTRAL | PO: 35.00 USD | Price: 27.47 USD

4Q results mixed, ex-COVID revenue below consensus

As Pfizer gave prior FY 2023 and 2024 guidance along with closure of the Seagen acquisition ([see our note on the Seagen deal closure](#)), top- and bottom-line results were largely within expectations. That said, Pfizer reported mixed 4Q results with a revenue miss of \$14.2B (vs. cons \$14.8B) while beating on EPS at \$0.10 largely due to IPR&D adjustments (vs. cons -\$0.21). Higher revenues were driven by lower Paxlovid returns (+\$316M cons), while the ex-COVID business, performed below expectations (-\$509M) with Prevnar and Ibrance missing consensus. Separately, Abrysvo (RSV vaccine) had a solid quarter with \$515M in sales (cons: \$398M). See additional comparison of key 4Q results below (Exhibit 1). We maintain Neutral, \$35 PO.

2024 outlook maintained

Pfizer maintained overall 2024 revenue and EPS guidance: 1) total revenue \$58.5-61.5B (including ~\$5B Comirnaty, ~\$3B Paxlovid), 2) adjusted SI&A \$13.8-14.8B, 3) adjusted R&D \$11-12B, 4) effective tax rate ~15%, and 5) adjusted diluted EPS of \$2.05-2.25. In addition to 4Q results and 2024 guidance, Pfizer is providing details on the company's commercial reorganization including its oncology segment. Pfizer's call is today at 10:00am ET, (800) 456-4352; passcode is "84692."

Exhibit 1: Pfizer 4Q variance

BofA vs. Cons

\$ in millions	4Q23 Performance			4Q23 Growth		4Q23 Variance		
	4Q23	vs. cons	BofA	Cons	Q/Q	Y/Y	BofA	Cons
Prevnar	\$1,605	MISS	\$2,320	2,010	(13.4%)	(7.5%)	(715)	(405)
Ibrance	1,118	MISS	1,277	1,245	(10.1%)	(12.6%)	(159)	(127)
Eliquis	1,612	BEAT	1,593	1,566	7.6%	9.0%	19	46
Xeljanz	493	BEAT	509	437	(1.9%)	0.0%	(16)	56
Vyndaqel	961	BEAT	925	932	7.7%	41.3%	36	29
Comirnaty	5,361	MISS	4,773	5,523	310.2%	(52.7%)	588	(162)
Paxlovid	(3,135)	BEAT	(3,461)	(3,451)	NM	NM	326	316
Rev ex-C-19	12,023	MISS	13,178	12,686	2.6%	(46.7%)	(1,155)	(663)
Total Revenue	\$14,249	MISS	\$14,490	\$14,758	7.7%	(41.3%)	(\$241)	(\$509)
COGS	7,265		9,474	7,796	(18.4%)	(23.3%)	(2,209)	(531)
SG&A	4,471		3,333	3,709	39.5%	1.3%	1,138	762
R&D	2,770		3,622	4,369	3.4%	(23.3%)	(852)	(1,599)
Net Income	(3,369)		(1,636)	(1,095)	247.8%	(151.4%)	(1,733)	(2,274)
Non-GAAP EPS	\$0.10	BEAT	(\$0.28)	(\$0.21)	(158.3%)	(98.5%)	\$0.38	\$0.31
2024 Guidance								
	Low	High	Guidance	BofA	Consensus	Y/Y	BofA	Consensus
Total Revenue (\$B)	58.5	61.5	MAINTAIN	61.1	60.5	(40.2%)	(1.1)	(0.5)
Non-GAAP EPS	2.05	2.25	MAINTAIN	2.10	2.27	(67.3%)	0.05	(0.12)

Source: BofA Global Research, VisibleAlpha, Bloomberg

BofA GLOBAL RESEARCH

30 January 2024

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Stock Data

Price	27.47 USD
Price Objective	35.00 USD
Date Established	13-Dec-2023
Investment Opinion	B-2-7
52-Week Range	25.76 USD - 44.46 USD
Mkt Val (mn) / Shares Out (mn)	157,067 USD / 5,717.8
Free Float	100.0%
Average Daily Value (mn)	1325.64 USD
BofA Ticker / Exchange	PFE / NYS
Bloomberg / Reuters	PFE US / PFE.N
ROE (2023E)	8.7%
Net Dbt to Eqty (Dec-2022A)	13.7%
ESGMeter™	High

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Abbreviations:

RSV: Respiratory Syncytial Virus
NM: not material

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Timestamp: 30 January 2024 07:36AM EST

Price objective basis & risk

Pfizer (PFE)

Our \$35/share for Pfizer is based on a 50/50 blended average of our discounted cash flow (DCF) analysis and P/E multiple based on the large cap global therapeutics group. For our DCF, we use a weighted-average cost of capital (WACC) of 7% and 1% terminal growth for an intrinsic value of \$47/share. Our P/E analysis assumes a 10x multiple of our 2025 EPS estimate, which yields a \$24 intrinsic value.

Downside risks: 1) sales downside, 2) inability for pipeline to overcome patent loss of exclusivities (LOEs) after 2025, 3) M&A transactions that are perceived to be value destructive.

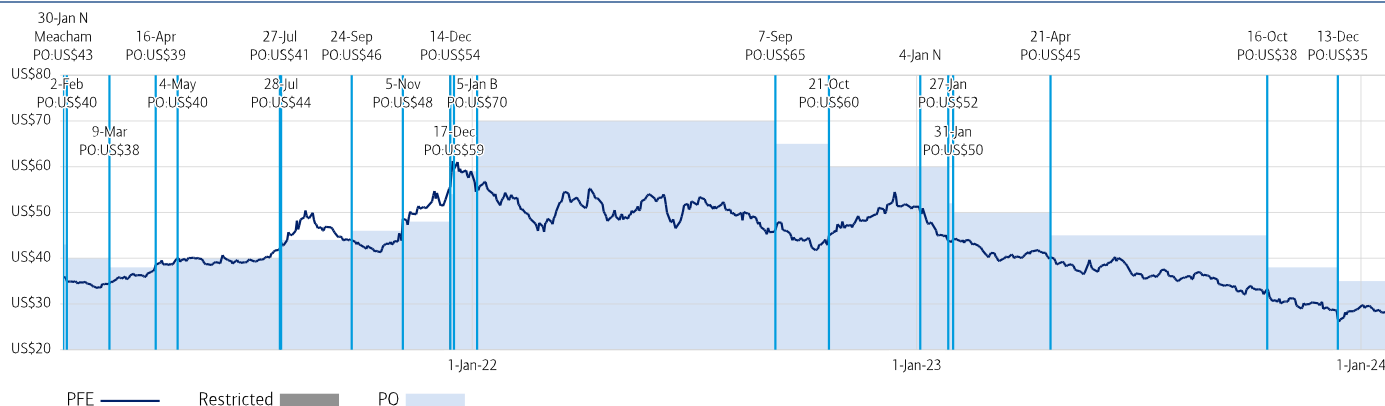
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Disclosures

Important Disclosures

Pfizer (PFE) Price Chart



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Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

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