

Pfizer Inc. (PFE US)

Obesity pipeline de-risking drives re-rating potential

Pfizer reported robust 4Q25 results, with revenue of US\$17.6bn (largely in-line with our estimate of US\$18.1bn) and adj. net income of US\$3.8bn (outperforming our estimates of US\$3.3bn). While FY25 revenue reached US\$62.6bn (-2% YoY), operational revenues excluding COVID-19 products (Comirnaty and Paxlovid) grew 6% YoY, highlighting the strength of the underlying business. FY25 adj. diluted EPS rose 4% YoY to US\$3.22, reflecting the successful execution of cost reduction initiatives. Mgmt reaffirmed their 2026 revenue guidance of US\$59.5bn–US\$62.5bn and adj. EPS of US\$2.80–\$3.00. We anticipate a catalyst-rich FY26E, featuring pivotal readouts for the long-acting GLP-1 and long-acting amylin programs, aggressive clinical progress of the obesity portfolio and PF'4404 (PD-1/VEGF), and Ph3 data for SV in 2L+ nsNSCLC and Elrexio in relapsed/refractory MM. These milestones are expected to drive a significant valuation re-rating, in our view.

■ **VESPER-3 readout validates monthly dosing differentiation.** Pfizer disclosed the topline results of its long-acting GLP-1 (PF'3944) from the Ph2b VESPER-3 study. At week 28, the medium dose (4.8mg QM, n=54) achieved a 12.3% placebo-adjusted weight loss. Modeling predicts the planned Ph3 high dose (9.6mg monthly) could achieve 15.8% weight loss at week 28, positioning it competitively against tirzepatide. The key debates were about tolerability. The discontinuation rate due to AEs was 9.3% across the full study period (4.6% for both weekly and monthly phases), with no instances of severe diarrhea and only single cases of severe nausea/vomiting. Compared to discontinuation rates of 6.2% for tirzepatide (SURMOUNT-1), 10.3% for orforglipron (ATTAIN-1), and 17.3% for MariTide (Phase 2), PF'3944's profile appears highly acceptable. Reflecting the confidence in PF'3944's safety profile, Pfizer plans to initiate a Phase 3 VESPER-6 study later this year, testing a higher 9.6 mg monthly dose. The VESPER-6 study will modify titration methods, which may further enhance tolerability. We look forward to detailed VESPER-3 data at the ADA Conference in June. Additionally, updated data for the PF'3944 and ultra-long-acting amylin (PF'3945) combination is expected within the year, marking a critical milestone.

■ **Accelerating PD-1/VEGF and ADC combination.** Pfizer is rapidly establishing a dominant oncology footprint by integrating PF'4404 (PD-1/VEGF) with its industry-leading ADC portfolio. The Ph3 program of PF'4404 is accelerating, with 1L CRC study already initiated and three additional Ph3 trials slated for FY26E. The combination of PF'4404 with ADCs, specifically Padcev, SV, and PDL1V, represents a potential therapeutic paradigm shift.

■ **Maintain BUY.** With the US\$1.5bn LOE (Loss of Exclusivity) impact for FY26E already well-discounted by the market, we believe the narrative will shift toward pipeline execution. Clinical progress within the obesity portfolio and the PF'4404 franchise will serve as the primary drivers for share price appreciation. Considering the latest price cut in the GLP-1 drug market, we revised PFE's TP from US\$36.16 to US\$35.46 (based on a 10-year DCF model with WACC of 9.95% and terminal growth of 2.0%).

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	63,627	62,579	60,737	59,278	56,650
YoY growth (%)	6.8	(1.6)	(2.9)	(2.4)	(4.4)
Net profit (US\$ mn)	8,031.0	7,771.0	10,768.9	11,399.1	11,354.5
Adjusted net profit (US\$ mn)	13,096.9	17,915.0	16,339.8	15,865.0	15,140.4
YoY growth (%)	87.0	36.8	(8.8)	(2.9)	(4.6)
P/E (x)	18.9	19.6	14.1	13.4	13.4
P/E (Adjusted) (x)	11.6	8.5	9.3	9.6	10.1
ROE (%)	9.1	8.9	12.4	12.8	12.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$35.46
(Previous TP)	US\$36.16
Up/Downside	32.4%
Current Price	US\$26.78

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Stock Data

Mkt Cap (US\$ mn)	152,190.7
Avg 3 mths t/o (US\$ mn)	1,441.6
52w High/Low (US\$)	27.37/21.59
Total Issued Shares (mn)	5683.0

Source: FactSet

Shareholding Structure

Vanguard	9.5%
Blackrock	8.8%

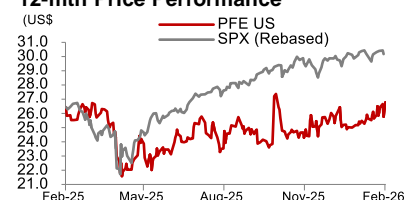
Source: BBG

Share Performance

	Absolute	Relative
1-mth	6.4%	6.2%
3-mth	8.8%	6.9%
6-mth	8.2%	-1.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (in US\$ mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	18,889	18,224	17,259	17,163	18,482	20,375	22,645	24,747	26,537	27,973
Tax rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
EBIT*(1-tax rate)	16,056	15,490	14,670	14,589	15,710	17,319	19,248	21,035	22,556	23,777
+ D&A	5,755	4,681	5,191	5,064	6,290	7,013	6,880	6,892	6,719	6,558
- Change in working capital	364	229	525	-115	-1,018	-1,551	-1,536	-1,324	-1,475	-1,184
- Capex	-3,100	-3,162	-3,225	-3,290	-3,356	-3,356	-3,356	-3,356	-3,356	-3,356
FCFF	19,075	17,239	17,161	16,248	17,626	19,425	21,237	23,247	24,445	25,796
Terminal value										330,965
Terminal growth rate										2.0%
WACC										9.95%
Cost of Equity										12.5%
Cost of Debt										5.0%
Equity Beta										0.85
Risk Free Rate										4.0%
Market Risk Premium										10.0%
Target Debt to Asset ratio										30.0%
Effective Corporate Tax Rate										20.0%
Total PV (US\$ mn)										248,001
Net debt (US\$ mn)										46,862
Minority interests (US\$ mn)										376
Equity value (US\$ mn)										201,515
# of shares (mn)										5,683
DCF per share (in US\$)										35.46

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (US\$)

		WACC				
		8.95%	9.45%	9.95%	10.45%	10.95%
Terminal growth rate	3.0%	47.25	42.78	38.96	35.65	32.77
	2.5%	44.52	40.53	37.09	34.09	31.44
	2.0%	42.18	38.59	35.46	32.71	30.27
	1.5%	40.15	36.89	34.02	31.48	29.21
	1.0%	38.38	35.39	32.74	30.38	28.27

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates: New vs Old

US\$ mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	60,737	59,278	56,650	62,554	58,907	56,220	-3%	1%	1%
Gross profit	45,735	44,162	41,751	47,228	44,769	43,008	-3%	-1%	-3%
Operating profit	18,889	17,724	16,259	20,080	18,968	18,159	-6%	-7%	-10%
Attributable net profit	10,769	11,399	11,355	12,681	12,447	12,694	-15%	-8%	-11%
EPS adjusted (US\$)	2.88	2.79	2.66	3.10	2.98	2.90	-7%	-6%	-8%
Gross margin	75.30%	74.50%	73.70%	75.50%	76.00%	76.50%	-0.20 ppt	-1.50 ppt	-2.80 ppt
Operating margin	75.30%	74.50%	73.70%	75.50%	76.00%	76.50%	-0.20 ppt	-1.50 ppt	-2.80 ppt
Net margin	17.73%	19.23%	20.04%	20.27%	21.13%	22.58%	-2.54 ppt	-1.90 ppt	-2.54 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

US\$ mn	CMBI			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	60,737	59,278	56,650	61,075	58,752	54,076	-1%	1%	5%
Gross profit	45,735	44,162	41,751	45,964	44,394	40,617	0%	-1%	3%
Operating profit	18,889	17,724	16,259	21,494	20,389	17,394	-12%	-13%	-7%
Attributable net profit	10,769	11,399	11,355	11,507	10,918	8,913	-6%	4%	27%
EPS adjusted (US\$)	2.88	2.79	2.66	2.95	2.81	2.39	-2%	-1%	11%
Gross margin	75.30%	74.50%	73.70%	75.50%	76.00%	76.50%	-0.20 ppt	-1.50 ppt	-2.80 ppt
Operating margin	75.30%	74.50%	73.70%	75.50%	76.00%	76.50%	-0.20 ppt	-1.50 ppt	-2.80 ppt
Net margin	17.73%	19.23%	20.04%	20.27%	21.13%	22.58%	-2.54 ppt	-1.90 ppt	-2.54 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	59,554	63,627	62,579	60,737	59,278	56,650
Cost of goods sold	(23,989)	(16,420)	(15,140)	(15,002)	(15,116)	(14,899)
Gross profit	35,565	47,207	47,439	45,735	44,162	41,751
SG&A expense	(14,446)	(14,617)	(13,642)	(12,876)	(12,715)	(12,293)
R&D expense	(10,679)	(10,822)	(10,437)	(10,933)	(10,818)	(10,480)
Others	(4,705)	(5,098)	1,499	(3,037)	(2,905)	(2,719)
Operating profit	5,735	16,670	24,859	18,889	17,724	16,259
Interest income	1,624	545	603	482	188	216
Interest expense	(2,209)	(3,091)	(2,681)	(2,453)	(2,052)	(1,967)
Other income/expense	2,045	563	(2,299)	0	500	1,000
Others	(6,137)	(6,664)	(12,962)	(6,554)	(5,254)	(4,454)
Pre-tax profit	7,195	14,687	20,482	16,919	16,360	15,508
Income tax	(2,327)	(2,074)	0	(1,555)	(1,666)	(1,658)
Others	3,442	2,102	266	2,000	2,000	2,000
After tax profit	2,173	8,051	7,787	10,810	11,440	11,396
Minority interest	(39)	(31)	(41)	(41)	(41)	(41)
Discontinued operations	(15)	11	25	0	0	0
Net profit	2,119	8,031	7,771	10,769	11,399	11,355
Adjusted net profit	7,005	13,097	17,915	16,340	15,865	15,140

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	43,333	50,358	40,958	43,115	45,766	48,062
Cash & equivalents	2,853	1,043	(3,377)	(803)	2,034	4,936
Receivables	11,177	11,463	11,134	10,806	10,546	10,079
Inventories	10,190	10,851	9,700	9,612	9,685	9,546
ST bank deposits	9,837	19,434	15,934	15,934	15,934	15,934
Other current assets	9,276	7,567	7,567	7,567	7,567	7,567
Non-current assets	183,168	163,038	168,308	165,016	161,959	159,126
PP&E	21,865	20,682	16,602	12,810	9,253	5,920
Deferred income tax	3,706	8,662	9,662	10,162	10,662	11,162
Intangibles	132,681	123,938	132,288	132,288	132,288	132,288
Long-term investments	15,368	2,227	2,227	2,227	2,227	2,227
Other non-current assets	9,548	7,529	7,529	7,529	7,529	7,529
Total assets	226,501	213,396	209,265	208,131	207,725	207,188
Current liabilities	47,794	42,995	43,052	43,001	43,043	42,962
Payables	6,710	5,633	5,690	5,639	5,681	5,600
Tax payable	2,349	2,910	2,910	2,910	2,910	2,910
Other current liabilities	35,959	30,614	30,614	30,614	30,614	30,614
Accrued expenses	2,776	3,838	3,838	3,838	3,838	3,838
Non-current liabilities	89,419	81,904	79,404	76,904	74,404	71,904
Long-term borrowings	64,164	59,691	57,191	54,691	52,191	49,691
Deferred income	0	0	0	0	0	0
Other non-current liabilities	25,255	22,213	22,213	22,213	22,213	22,213
Total liabilities	137,213	124,899	122,456	119,905	117,447	114,866
Share capital	93,109	94,083	94,883	95,683	96,483	97,283
Retained earnings	118,353	116,725	114,696	115,773	117,483	119,186
Other reserves	(122,448)	(122,605)	(123,105)	(123,605)	(124,105)	(124,605)
Total shareholders equity	89,014	88,203	86,474	87,851	89,861	91,864
Minority interest	274	294	335	376	417	458
Total equity and liabilities	226,501	213,396	209,265	208,131	207,725	207,188

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	2,119	8,031	7,812	10,810	11,440	11,396
Depreciation & amortization	6,290	7,013	6,880	6,892	6,719	6,558
Change in working capital	4,095	(3,331)	1,537	364	229	525
Others	(3,804)	1,031	(200)	300	300	300
Net cash from operations	8,700	12,744	16,030	18,366	18,689	18,778
Investing						
Capital expenditure	(3,907)	(2,909)	(2,800)	(3,100)	(3,162)	(3,225)
Acquisition of subsidiaries/ investments	(41,655)	1,390	(7,000)	0	0	0
Net proceeds from disposal of short-term investments	0	0	3,500	0	0	0
Others	13,284	4,171	(1,350)	0	0	0
Net cash from investing	(32,278)	2,652	(7,650)	(3,100)	(3,162)	(3,225)
Financing						
Dividend paid	(9,247)	(9,512)	(9,800)	(9,692)	(9,689)	(9,651)
Net borrowings	35,945	(7,159)	(2,500)	(2,500)	(2,500)	(2,500)
Proceeds from share issues	0	0	0	0	0	0
Others	(632)	(469)	(500)	(500)	(500)	(500)
Net cash from financing	26,066	(17,140)	(12,800)	(12,692)	(12,689)	(12,651)
Net change in cash						
Exchange difference	(40)	(66)	0	0	0	0
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(40.6%)	6.8%	(1.6%)	(2.9%)	(2.4%)	(4.4%)
Gross profit	(46.3%)	32.7%	0.5%	(3.6%)	(3.4%)	(5.5%)
Operating profit	(85.0%)	190.7%	49.1%	(24.0%)	(6.2%)	(8.3%)
Net profit	(93.2%)	279.0%	(3.2%)	38.6%	5.9%	(0.4%)
Adj. net profit	(80.3%)	87.0%	36.8%	(8.8%)	(2.9%)	(4.6%)
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	59.7%	74.2%	75.8%	75.3%	74.5%	73.7%
Operating margin	9.6%	26.2%	39.7%	31.1%	29.9%	28.7%
Adj. net profit margin	11.8%	20.6%	28.6%	26.9%	26.8%	26.7%
Return on equity (ROE)	2.3%	9.1%	8.9%	12.4%	12.8%	12.5%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.7	0.5	0.6	0.5	0.5	0.4
Current ratio (x)	0.9	1.2	1.0	1.0	1.1	1.1
Receivable turnover days	67.8	64.9	64.9	64.9	64.9	64.9
Inventory turnover days	(145.8)	(233.9)	(233.9)	(233.9)	(233.9)	(233.9)
Payable turnover days	(102.8)	(137.2)	(137.2)	(137.2)	(137.2)	(137.2)
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	70.5	18.9	19.6	14.1	13.4	13.4
P/B	1.7	1.7	1.8	1.7	1.7	1.6

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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