Pfizer (PFE US)

FUNDAMENTAL VIEW [1]

As of 28 Aug 2025

- Pfizer has ample financial resources, strong ability to de-lever, and sizeable M&A capacity at current ratings.
- Pfizer faces meaningful losses of exclusivity come the middle part of the decade. Management has guided to a ~$17 bn negative revenue impact from patent losses in 2025-30, including for drugs such as Xeljanz (2025), Eliquis (2026), Ibrance (2027), and Xtandi (2027).
- Management expects to offset this impact with growth from pipeline development (+$20 bn of revenues by 2030) and business development (+$25 bn of revenues by 2030).

RISKS & CATALYSTS

As of 28 Aug 2025

- Pfizer has been active with portfolio repositioning, executing the separations of its Consumer Healthcare and Established Brands (Upjohn) businesses in recent years. These transactions have resulted in weaker diversification and greater exposure to patent expirations.
- Due to upcoming patent losses, Pfizer has been extremely active with M&A. The company completed the $43 bn acquisition of Seagen in December 2023, which resulted in well over a turn of leverage deterioration.
- Pfizer is also exploring the sale of its hospital drugs unit. The unit was formed through the $17 bn acquisition of Hospira in 2015. We suspect that divestiture proceeds would be used primarily for business development.

CREDIT QUALITY SCORE (CQS)[2]

As of 27 Oct 2025

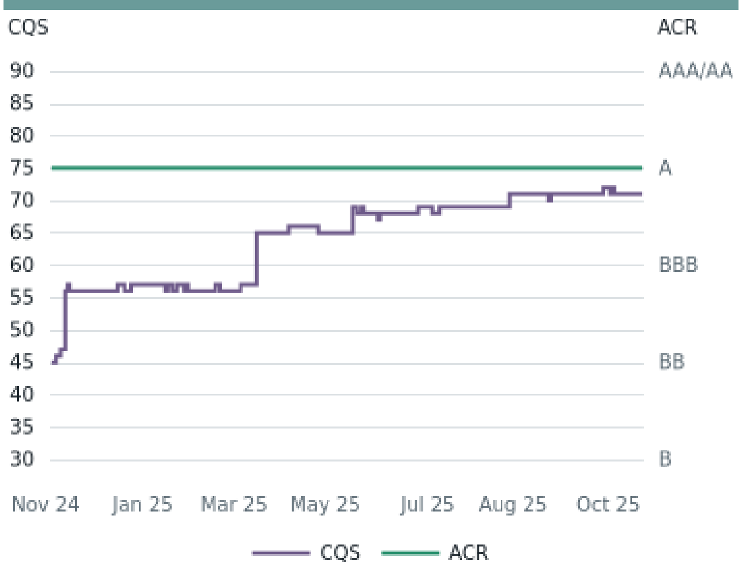
CURRENT CQS

71

CQS OUTLOOK [3]

NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)[4] VS CQS



KEY METRICS

As of 28 Aug 2025

$ MN	Y20	Y21	Y22	Y23	Y24	LTM 2Q25
Revenue	41,651	81,288	101,175	59,553	63,627	63,833
Gross Profit	33,167	50,467	66,831	34,599	45,776	46,038
R&D	(8,709)	(10,360)	(11,428)	(10,679)	(10,822)	(10,318)
SG&A	(11,597)	(12,703)	(13,677)	(14,771)	(14,730)	(13,964)
Adj. EBITDA	18,027	33,354	46,153	22,904	25,866	26,025
Total Debt	39,836	38,436	35,829	71,888	64,351	61,797
Gross Leverage	2.2x	1.2x	0.8x	3.1x	2.5x	2.4x
Interest Coverage	13.1x	26.6x	46.8x	39.2x	10.2x	11.6x

BUSINESS DESCRIPTION

As of 28 Aug 2025

- Pfizer is a research-based, global biopharma company with focuses in immunology, metabolic disease, oncology, vaccines, neuroscience, and rare disease.
- PFE has completed a number of major acquisitions and divestitures in recent years. In 2009, the company acquired Wyeth for $68 bn, increasing its size by approximately 50%. Subsequently, PFE completed the $17 bn acquisition of Hospira, ~$12 bn acquisition of Biohaven, ~$6 bn acquisition of Arena, ~$5 bn acquisition of GBT, ~$14 bn takeover of Medivation, ~$43 bn acquisition of Seagen and $6.3 bn divestiture of its remaining stake in Haleon.
- The company has also completed the sale of its Nutrition business to Nestle for $11.9 bn and the disposition of its animal health business, Zoetis. More recently, the company executed the separation of its Consumer and Upjohn businesses through distinct transactions.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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