

# Pfizer Inc.: COVID-19 Vaccine and a Brief PFE Stock Financial Analysis

By Aldi Kraja, DSc, PhD

11/14/2020

CEO of PYSTAT.com, [aldi.kraja@gmail.com](mailto:aldi.kraja@gmail.com)

*(No parts of this material can be published without giving credit to the author).*

**Mylan** N.V. ([NASDAQ:MYL](https://www.nasdaq.com/markets/stocks/nyse/nasdaq:myl)) is a global generic and specialty pharmaceuticals company, with principal executive offices in Hatfield, Hertfordshire, UK and a "Global Center" in Canonsburg, Pennsylvania, U.S. (1) **Mylan** has more than 7,500 marketed products around the world, including antiretroviral therapies on which approximately 40% of people being treated for HIV/AIDS globally depend on. **Mylan** has about 35,000 employees.

**Viatrix** is a new expected company, resulting from the merger of **Mylan** and **Upjohn**. The execution date is 11/12/2020 and final completion by 11/16/2020 (3). The premise of the merger is that **Upjohn's** global reach will accelerate the sales growth of **Mylan's** drugs. In addition to generic drugs, **Upjohn** will bring along brand-name pharmaceuticals that have generic competition, such as Lipitor, Celebrex, and Viagra. **Viatrix** will be a new global health company with a portfolio of approximately 3,000 brands and molecules and a commercial presence in 165 countries. (2) Another number given has been for a portfolio of more than 1,400 drugs. **Upjohn** has a network of approximately 11,500 coworkers. (3) Last year, **Pfizer** and **Mylan** were predicting that the annual revenue of **Viatrix** would be in the \$19 - \$20 billion range with cash flow expected to exceed \$4 billion.

The reason that I started to talk about Mylan and Viatrix is that investors that own shares of Pfizer will receive 0.12 shares of Viatrix for one share of Pfizer, or 12 shares of Viatrix when owning 100 shares (common stock) of Pfizer, as long as they own the Pfizer shares during 11/12/2020 to 11/16/2020.

Pfizer's Gross Profit declined by 1.83% in 2019, while 8.33% in 2020, both compared to 2018 (**Figure 1**). Pfizer's revenue growth will improve once the Upjohn-Mylan merger takes place. Pfizer will receive \$12 billion cash payout from the deal. Pfizer shareholders will still receive a combined dividend ( a steady dividend of about \$1.5 per share/year, -8.32B Total Cash Dividends Paid divided by Outstanding Shares of about 5.56B) (in addition to a dividend from the new entity formed by the merger). Pfizer CFO Frank D'Amelio in the Q3 conference call said that Pfizer's plans to pay debt. (4) Pfizer's Total Current Liabilities combined with Long Term Debt (**Figure 2**) stood at \$73.26 billion in 2020 compared to \$64.77B in 2019 and \$63.97B in 2018. Net Income has declined by 22% in 2020, but increased by 45.9% in 2019 compared to 2018. Thus, paying debt is particularly important for Pfizer's future. Pfizer in 2020 has increased 16% the expense for Research and Development compared to two previous years, which is reflected also in an increase of Total Operating Expenses in 2020 compared to two previous years. (**Figure 1**) The Current Ratio of Current Assets versus Current Liabilities shows not a good trend, 0.88 in 2020, while better 1.5 in 2019 and 1.35 in 2018. Special expenses are incurring for production of first batches of COVID-19 doses (the two-dose vaccine) and their cold-freeze distribution (Cash from Investing Activities, **Figure 3**). Pfizer plans to ask the Food and Drug Administration for emergency authorization later this month, after it has collected the recommended two months of safety data. By the end of the year it will have manufactured doses

to immunize 15-20 million people with priority given to health-vulnerable and first-line risk workers. Such process will proliferate in 2021.

## PFE Stock price

During the last month, the highest PFE stock price was reached on Monday (11/09/2020) at \$42.51 on the day that the German government and Pfizer notified that preliminary results from the BioNTech & Pfizer COVID-19 vaccine phase 3 trials showed more than 90% effective on COVID-19 protection (**Figure 4**). (5) This price was similar with the highest price of last year (**Figure 5**). Based on this brief analysis, Pfizer has a good financial future, thus good return on investment to the stockholders as long as they improve the Current Ratio to 2 or above, Net Income increases by COVID-19 vaccine production and sales to capture a good share of such market, and agile investments in other existing pipeline and new drugs and other disease remedies. Possible improvements can be finding solutions for transforming the COVID-19 vaccine into one dose and improving the deep freeze needed refrigeration from the factory to the destination, thus lowering costs and reaching even remote destinations. Consequently, a PFE stock price of \$40-\$45 is possible, currently half or less of BioNTech / Moderna Stock prices. Moderna, AstraZeneca, Johnson and Johnson and other pharmaceuticals will compete very soon fiercely for such COVID-19 vaccine market share. It will depend on Pfizer's management how successful this company will be in the remaining 2020 and in coming 2021 reflecting on the successful future of Pfizer and its PFE stock price.

**Figure 1.** Three years Pfizer Income Statement (Source: finviz.com)

<a href="#">income statement</a>   <a href="#">balance sheet</a>   <a href="#">cash flow</a>		TTM	12/31/2019	12/31/2018
Period End Date				
Period Length		12 Months	12 Months	12 Months
Total Revenue		48,648.00	51,750.00	53,647.00
Cost of Revenue		9,671.00	10,011.00	11,128.00
Gross Profit		38,977.00	41,739.00	42,519.00
Selling, General and Administrative		12,662.00	14,039.00	14,453.00
Research and Development		9,283.00	7,984.00	8,006.00
Unusual Expense/Income		5,345.00	-2,281.00	4,445.00
Total Operating Expense		42,178.00	33,050.00	41,432.00
Operating Income		6,470.00	18,700.00	12,215.00
Interest Income Net		2,036.00	-1,049.00	-402.00
Other Income Net				
Net Income Before Taxes		8,506.00	17,682.00	11,885.00
Provision for Income Taxes		108.00	1,706.00	1,502.00
Net Income		8,685.00	16,273.00	11,153.00
Income Avail. to Common Excl. Extraord.		8,364.00	15,948.00	10,346.00
Income Avail. to Common Incl. Extraord.		8,686.00	16,274.00	11,152.00
Diluted Average Shares		5,616.25	5,675.00	5,977.00
Diluted EPS Excl. Extraord.		1.48780	2.81022	1.73097
Diluted EPS Incl. Extraord.		1.54530	2.86767	1.86582

**Figure 2.** Three years Pfizer Balance Sheet (Source: finviz.com)

income statement | **balance sheet** | cash flow

Period End Date		12/31/2019	12/31/2018	12/31/2017
Cash and Equivalents		1,305.00	1,139.00	1,342.00
Short Term Investments		8,525.00	17,694.00	18,650.00
Cash and Short Term Investments		9,830.00	18,833.00	19,992.00
Accounts Receivable - Trade, Net		8,724.00	8,025.00	8,221.00
Total Receivables, Net		8,724.00	8,025.00	8,221.00
Total Inventory		8,283.00	7,508.00	7,578.00
Total Current Assets		32,803.00	49,926.00	41,141.00
Property, Plant And Equipment - Gross		32,069.00	29,977.00	30,037.00
Property, Plant And Equipment - Net		15,280.00	13,385.00	13,865.00
Goodwill, Net		58,653.00	53,411.00	55,952.00
Intangibles, Net		35,370.00	35,211.00	48,741.00
Long Term Investments		20,147.00	2,767.00	7,015.00
Other Long Term Assets		5,236.00	4,722.00	5,083.00
Total Assets		167,489.00	159,422.00	171,797.00
Accounts Payable		4,220.00	4,674.00	4,656.00
Accrued Expenses		2,996.00	2,397.00	2,196.00
Notes Payable/Short Term Debt		14,733.00	4,055.00	6,407.00
Current Port. of LT Debt/Capital Leases		1,462.00	4,776.00	3,546.00
Other Current liabilities		13,893.00	15,956.00	13,622.00
Total Current Liabilities		37,304.00	31,858.00	30,427.00
Long Term Debt		35,955.00	32,909.00	33,538.00

**Figure 3.** Three years Pfizer Cash Flow (Source: finviz.com)

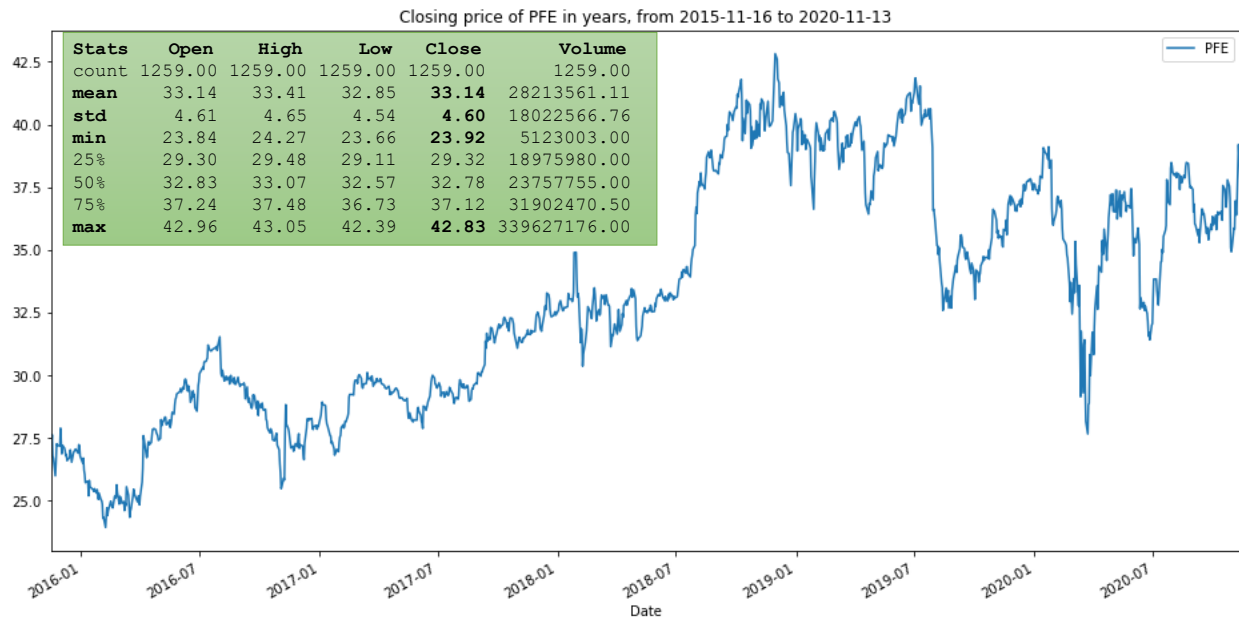
income statement | balance sheet | **cash flow**

Period End Date		TTM	12/31/2019	12/31/2018
Period Length		12 Months	12 Months	12 Months
Net Income		8,720.00	16,302.00	11,188.00
Depreciation/Depletion		5,115.00	6,010.00	6,384.00
Amortization				
Deferred Taxes		-2,050.00	614.00	-2,205.00
Non-Cash Items		2,301.00	-6,307.00	1,387.00
Changes in Working Capital		-1,538.00	-4,032.00	-927.00
Cash from Operating Activities		12,548.00	12,587.00	15,827.00
Capital Expenditures		-2,231.00	-2,594.00	-2,196.00
Other Investing Cash Flow Items		-13,203.00	-1,351.00	6,721.00
Cash from Investing Activities		-15,434.00	-3,945.00	4,525.00
Financing Cash Flow Items		-529.00	-735.00	-589.00
Total Cash Dividends Paid		-8,320.00	-8,043.00	-7,978.00
Issuance (Retirement) of Stock		297.00	-8,471.00	-10,939.00
Issuance (Retirement) of Debt		10,250.00	8,764.00	-935.00
Cash from Financing Activities		1,698.00	-8,485.00	-20,441.00
Foreign Exchange Effects		-30.00	-32.00	-116.00
Net Cash - Beginning Balance			1,225.00	1,431.00
Net Cash - Ending Balance			1,350.00	1,225.00
Net Change in Cash		-1,218.00	125.00	-205.00
Cash Interest Paid		1,638.00	1,587.00	1,311.00

**Figure 4.** A ten-day frame of PFE stock price ending at 11/13/2020. (Software ThinkOrSwim of TD Ameritrade). The PFE price is shown with every minute candlestick, where vertical black color strips highlight day trading times, while gray color highlight the afterhours trading.



**Figure 5.** Daily Close PFE stock price from the end of 2015 to the end of 2020.



**Disclaimer:** The above material has no intention, in no way to provide any advice for trading of mentioned stock(s). The written material it represents facts accumulated from references and my private opinion. For clarity, as of today, I own PFE stocks. The stock information was retrieved from Yahoo and analyzed by me in Python 3.8.5.

**References:**

1. <https://en.wikipedia.org/wiki/Mylan>
2. <https://investors.pfizer.com/investor-news/press-release-details/2020/Mylan-and-Pfizer-Announce-Appointment-of-Viatris-Chief-Financial-Officer/default.aspx>
3. <https://www.investing.com/equities/mylan-inc>
4. <https://www.fool.com/earnings/call-transcripts/2020/10/28/pfizer-pfe-q3-2020-earnings-call-transcript/>
5. <https://www.nytimes.com/2020/11/09/health/covid-vaccine-pfizer.html>