VIREO CAPITAL RESEARCH | Equity Research | Initiating Coverage | August 11, 2026

Pfizer Inc.

NYSE: PFE | Healthcare and Biotech | Large-Cap Pharmaceutical

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE
BUY	USD 34.00	USD 26.63	+27.7%

MARKET CAP	DIVIDEND YIELD	FORWARD P/E	BETA
~USD 151.5B	6.5% ($1.72/yr)	~8.5x	0.30

FY2026E REVENUE	FY2026E ADJ. EPS	Q2 2026 EX-COVID GROWTH	NEXT EARNINGS
$60.5-62.5B	$2.80-3.00	+5% operational	November 3, 2026

Report Date: August 11, 2026 | **Analyst:** Gianfranco Cacciola, Head Research Analyst | **Vireo Capital Research**

1. INVESTMENT THESIS

The market is pricing Pfizer as a COVID company in permanent decline. At 8.5x forward adjusted earnings with a 6.5% dividend yield, the stock implies that the base pharmaceutical business has no real growth ahead of it. That reading is wrong, and Q2 2026 demonstrates why. Excluding Paxlovid and Comirnaty, Pfizer's operational revenue grew 5% in the quarter. Eliquis posted $2.43 billion, up 19%. Padcev grew 23% operationally. Recently launched and acquired products delivered $3.2 billion in Q2 alone, up 18% operationally. The core business is growing even if the headlines obscure it.

Three things underpin the buy case. First, the COVID drag is nearly finished. Combined Paxlovid and Comirnaty revenue has been revised to approximately $4 billion for FY2026, down from a $5 billion prior estimate. That is already close to the floor. At some point in 2027 or 2028 the COVID headwind stops being material, and the underlying growth rate of the base business becomes visible in the reported numbers. Second, Padcev is a genuine growth asset. The perioperative bladder cancer approval alongside pembrolizumab in 2026 meaningfully expanded the addressable patient population, and the Seagen ADC platform still has commercial assets growing despite the sigvotatug vedotin Phase 3 failure. Third, $6.7 billion in cost savings through 2029 protects adjusted EPS during the revenue transition.

Long-term debt stands at $60.5 billion, and the bear case deserves to be named. The $43 billion Seagen acquisition and $8 billion Metsera deal represent aggressive capital deployment. Danuglipron, Pfizer's GLP-1 pill, was discontinued in April 2025. Sigvotatug vedotin, the ADC asset Pfizer was counting on to validate the Seagen investment, failed Phase 3 in June 2026. Patent exposure on Ibrance, Xeljanz, and eventually Eliquis and Vyndaqel will create a second revenue headwind later in the decade. This is not a low-risk name.

The valuation methodology for Pfizer is DDM-led at 60%, appropriate for a company with 64 consecutive years of dividend payments and a payout ratio of 59% of adjusted EPS. Two board members made open-market purchases totaling more than 76,000 shares at $25.46 and $25.52 on August 5, 2026. That is a signal worth noting. BUY, price target USD 34.00, representing 27.7% upside plus 6.5% dividend yield for approximately 34% total return potential. Our target sits 19% above the analyst consensus average of $28.64, making this a contrarian call on a name that most of the Street is treating as fairly valued.

KEY BULL CASE vs. BEAR CASE

KEY BULL CASE	KEY BEAR CASE

Base business ex-COVID grew 5% operationally in Q2 2026. Eliquis posted $2.43B, up 19%. Padcev grew 23%. The underlying business is healthier than the headline revenue number suggests.	COVID revenue is in freefall. Paxlovid fell 95% operationally in Q2 2026. Combined Comirnaty and Paxlovid guidance cut to $4B from $5B. The drag is not finished.
At 8.5x forward adjusted earnings with a 6.5% dividend yield, Pfizer trades well below large-cap pharma peers at 14 to 19x. The multiple implies a business in permanent decline rather than transition.	Long-term debt stands at $60.5B as of June 2026. The Seagen acquisition cost $43B. Metsera cost $8B. Capital allocation has been aggressive and the balance sheet reflects it.
Padcev received FDA approval for perioperative treatment of muscle-invasive bladder cancer alongside pembrolizumab in 2026. The bladder cancer opportunity is large and underappreciated.	Sigvotatug vedotin, the leading Seagen-derived ADC in development, failed Phase 3 in June 2026. Pfizer took a $3.8B impairment charge. The ADC pipeline lost its most important clinical candidate.
$6.7B in cost savings through 2029 supports adjusted EPS even as revenues transition. The cost realignment program is real and the savings are credible.	Danuglipron, the GLP-1 pill, was discontinued in April 2025 after a potential liver injury case. Pfizer has no path into the obesity market, the fastest-growing pharmaceutical category by revenue.

2. COMPANY OVERVIEW

Pfizer is one of the largest pharmaceutical companies in the world by revenue, headquartered in New York. It discovers, develops, manufactures, and sells medicines and vaccines across four commercial segments: Primary Care, Specialty Care, Oncology, and Hospital. A fifth unit, Pfizer CentreOne, operates as a contract manufacturing and active pharmaceutical ingredient business.

Revenue peaked at $100.3 billion in FY2022 driven entirely by COVID product sales, specifically Comirnaty and Paxlovid. The collapse from that peak to $58.5 billion in FY2023 was one of the most dramatic single-year revenue declines in large-cap pharmaceutical history. Most of it was mechanical: pandemic-era emergency purchasing contracts rolled off, the U.S. government stopped stockpiling, and infection rates fell. Non-COVID revenue was largely flat through that period. FY2024 recovered modestly to $63.6 billion as Seagen assets contributed a full year, then settled at $62.6 billion in FY2025. Pfizer is in mid-transition.

The Seagen acquisition, closed December 14, 2023 for $43 billion, is the most important strategic bet Pfizer has made this decade. It brought four commercial oncology drugs including Padcev, Adcetris, Tukysa, and Tivdak, along with a proprietary antibody-drug conjugate platform and a deep oncology clinical pipeline. Oncology revenue was $11.0 billion in FY2023, grew to $15.6 billion in FY2024, and reached $16.8 billion in FY2025 as Seagen assets matured. The segment is now the fastest-growing part of the company and the clearest signal that the Seagen bet was not wrong, even if sigvotatug vedotin's failure raised the cost of proving it.

Primary Care is in structural decline. Revenue fell from $30.8 billion in FY2023 to $26.8 billion in FY2025 as COVID products faded, and the segment carries continued exposure to biosimilar competition and loss of exclusivity on mature brands. Specialty Care grew from $16.7 billion in FY2024 to $17.6 billion in FY2025, supported by Eliquis, Vyndaqel, and Nurtec. Those franchises generate reliable cash but face their own patent horizons later in the decade.

3. INDUSTRY AND COMPETITIVE LANDSCAPE

Large-cap pharmaceuticals compete on three different things: pipeline depth, patent durability, and capital allocation discipline. Pfizer is strong on the first, mixed on the second, and still proving itself on the third following the Seagen and Metsera acquisitions.

Oncology is the most important competitive arena. At $16.8 billion in FY2025 revenue, Pfizer ranks among the top five global oncology companies. The ADC category, where Pfizer has its strongest differentiated position, is growing rapidly. Padcev's combination with pembrolizumab is now one of the standard-of-care options in bladder cancer, a large and underpenetrated indication. The perioperative approval in muscle-invasive bladder cancer, granted in 2026, opens an earlier line of treatment and meaningfully increases the addressable patient population. Adcetris is facing competitive pressure as alternatives in lymphoma expand, but Padcev and the broader platform are the story.

The GLP-1 obesity market is where Pfizer is conspicuously absent. Eli Lilly and Novo Nordisk are generating tens of billions in annual revenue from injectable GLP-1 drugs and both are racing to develop oral versions. Danuglipron was Pfizer's oral GLP-1 candidate and its discontinuation in April 2025 removed the company from the obesity market for the foreseeable future. That is a real loss. The obesity market may be the fastest-growing pharmaceutical category of this decade, and Pfizer has no near-term participation in it.

Against the peer group, Pfizer's valuation at 8.5x forward adjusted earnings is the cheapest among U.S. large-cap pharma. Bristol-Myers Squibb trades at a similar multiple for similar reasons: COVID-era acquisition debt, approaching loss of exclusivity on major drugs, and a pipeline that needs to prove itself. The market is treating them the same way. Whether Pfizer's Seagen assets and base business growth rate justify a re-rating toward the sector average of 14 to 19x is the central valuation question. We believe they do over a two-year horizon, which is the basis for the price target.

COMPARABLE COMPANY ANALYSIS

Company	Ticker	Mkt Cap	Rev (TTM)	Fwd P/E	Div Yield	Pipeline Strength
Pfizer	PFE	~$154B	~$62.1B	~8.5x	6.5%	Large; ADC via Seagen; GLP-1 exited; Eliquis and Vyndaqel near-term LOE risk
Johnson & Johnson	JNJ	~$370B	~$88B	~14x	3.2%	Strong MedTech and pharma mix; Darzalex and oncology growing
AbbVie	ABBV	~$330B	~$57B	~15x	3.6%	Humira replacement (Skyrizi, Rinvoq) ramping; Immunology and oncology
Bristol-Myers Squibb	BMY	~$150B	~$46B	~8x	4.5%	Similar valuation to PFE; Opdivo/Eliquis LOE approaching; restructuring
Eli Lilly	LLY	~$750B	~$45B	~35x	0.7%	GLP-1 dominance (Mounjaro, Zepbound); premium multiple reflects it
Merck	MRK	~$265B	~$63B	~12x	3.2%	Keytruda LOE 2028; pipeline diversification underway; solid execution

Market data as of August 11, 2026. Source: Bloomberg, company filings, Vireo Capital Research estimates. Forward multiples based on FY2026E consensus estimates.

4. FINANCIAL ANALYSIS

The headline revenue trajectory tells a misleading story. FY2022 at $100.3 billion was a COVID artifact. FY2023 at $58.5 billion was the other extreme as government purchasing dried up. The meaningful baseline is $62 to $64 billion, which is where Pfizer has settled since FY2024, and within which the Oncology and Specialty Care segments are growing while Primary Care and COVID products decline.

Q2 2026 is the clearest window yet into the base business. Total revenue came in at $15.03 billion, up 3% year over year, with adjusted EPS of $0.77. Eliquis generated $2.43 billion, beating estimates by nearly $350 million. Padcev grew 23% operationally. Vyndaqel continued its steady trajectory. The 5% operational growth excluding COVID is the number that matters. If that rate holds into FY2027 as the COVID drag diminishes, reported growth rates will start looking very different from what the past three years showed.

The GAAP income statement is distorted by acquisition accounting and impairment charges. Non-cash intangible asset impairments of $4.325 billion in H1 2026, including the $3.8 billion write-down of sigvotatug vedotin after the Phase 3 failure, produced a Q2 GAAP net loss of $248 million despite adjusted income of approximately $4.44 billion. Adjusted EPS of $0.77 in Q2 against $0.78 a year earlier shows the operating business is essentially flat, not shrinking. That $4.3 billion impairment is an accounting event, not a cash event. It reduces reported earnings but does not reduce the cash flow that supports the dividend.

The balance sheet deserves direct attention. Long-term debt stands at $60.5 billion as of June 28, 2026. Against a market cap of $154 billion, that is a significant leverage position. Pfizer generated $3.45 billion in operating cash flow in H1 2026 and paid $4.9 billion in dividends in the same period. The dividend is slightly larger than H1 operating cash flow, which is not unusual for H1 given quarterly seasonality, but it is worth monitoring. Servicing that debt while maintaining the dividend is exactly what the $6.7 billion cost realignment program through 2029 is designed to enable.

FINANCIAL SUMMARY

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E
Total Revenue (USD B)	$58.5	$63.6	$62.6	$60.5-62.5	~$64B est.
YoY Revenue Growth %	-42%	+9%	-2%	~flat	~+2-4%
Oncology Revenue (USD B)	~$11.0	~$15.6	~$16.8	~$18B est.	~$20B est.
Specialty Care Revenue (USD B)	~$14.5	~$16.7	~$17.6	~$18B est.	~$19B est.
Primary Care Revenue (USD B)	~$30.8	~$30.1	~$26.8	~$23B est.	~$22B est.
COVID Revenue (Paxlovid + Comirnaty)	~$14.0	~$8.0	~$6.0	~$4.0B	~$2.0B est.
Adj. Net Income (USD B)	~$17.5	~$10.8	~$11.4	~$16.5B	~$18B est.
Adj. EPS (Diluted, USD)	$2.58	$2.10	$2.02	$2.80-3.00	~$3.10 est.
GAAP EPS (Diluted, USD)	$0.40	$1.41	$1.06	~$0.43 H1	N/A
Dividend Per Share (USD)	$1.64	$1.68	$1.72	$1.72	$1.72 est.
Dividend Yield %	N/M	N/M	N/M	~6.5%	~6.5% est.
Adj. R&D Expense (USD B)	~$10.7	~$10.7	~$10.9	$10.5-11.5	~$11B est.
Long-Term Debt (USD B)	~$63.0	~$62.0	~$61.0	~$60.5	~$58B est.

Source: Pfizer 10-K FY2023-FY2025, Q2 2026 earnings release and 10-Q. FY2026E-FY2027E: Vireo Capital Research estimates and guidance midpoints. FY2026E Adj. EPS reflects company guidance range. GAAP EPS depressed by non-cash impairments and acquisition-related charges.

5. VALUATION

Pfizer is an income name and should be valued as one. The DDM is the primary intrinsic value method, carrying 60% of the blended target. Sixty-four consecutive years of dividend payments tell you what this business is built to do: generate reliable cash flows and return them to shareholders. A DCF anchored to today's revenue misses that entirely.

The DDM assumes a current annual dividend of $1.72 per share, a cost of equity of 8.5% derived from Pfizer's beta of 0.30, a market risk premium of 5.5%, and a risk-free rate of 4.5%, and a terminal dividend growth rate of 3.5% reflecting long-run pharmaceutical sector growth. Gordon Growth Model: $1.72 / (0.085 minus 0.035) = $34.40 per share. That implies a fair value of approximately USD 35.50 incorporating a modest near-term dividend growth premium from the cost savings program supporting cash flow.

On a comps basis, Pfizer at 8.5x forward adjusted earnings trades at the bottom of the large-cap pharma range. Applying 9.5x to FY2026E adjusted EBITDA of approximately $20 billion implies an enterprise value of $190 billion. Subtracting net debt of approximately $55 billion and dividing by shares outstanding yields approximately $32 per share. A P/E approach applying 10.5x to the FY2026E adjusted EPS midpoint of $2.90 implies approximately $30.50. The blended target of 60% DDM at $35.50, 20% EV/EBITDA at $32.00, and 20% P/E at $30.50 produces approximately $34.00, consistent with our stated price target.

Terminal growth rate sensitivity matters more here than in a standard DCF. At 3.0%, the implied fair value falls to approximately $32.00. At 4.0%, it rises to approximately $38.00. The sensitivity to this assumption is meaningful, which is why the DDM is paired with two earnings-based methods rather than standing alone. All three methods produce implied values in the $30 to $36 range, which gives us reasonable confidence in the $34.00 target.

PRICE TARGET DERIVATION

Methodology	Weight	Implied Price	Key Assumptions
DDM (Gordon Growth)	60%	**USD 35.50**	*Dividend $1.72; cost of equity 8.5% (beta 0.30, ERP 5.5%, Rf 4.5%); terminal dividend growth 3.5% reflecting long-run pharma sector growth*
EV/EBITDA Comps	20%	**USD 32.00**	*9.5x FY2026E adjusted EBITDA of ~$20B; slight premium to BMY at 8x, discount to sector average of 12x given balance sheet and COVID overhang*

P/E Comps	20%	**USD 30.50**	*10.5x FY2026E adjusted EPS midpoint of $2.90; modest premium to current 8.5x reflecting base business recovery and Padcev growth*
BLENDED PRICE TARGET	**100%**	**USD 34.00**	*+27.7% upside from $26.63 | 60% DDM / 20% EV-EBITDA / 20% P/E | 60%x$35.50 + 20%x$32.00 + 20%x$30.50 = $34.00*

6. CATALYSTS

COVID floor. Pfizer's 2026 guidance bakes in approximately $4 billion in combined Paxlovid and Comirnaty revenue, down from a $5 billion prior estimate. Whether $4 billion is close to the floor or has further to fall is the key uncertainty. Any H2 2026 quarter showing COVID revenue stabilizing removes that overhang and makes the FY2027 growth story cleaner.

Padcev label expansion and commercial execution. Perioperative MIBC approval landed in 2026, opening an earlier treatment line for bladder cancer patients. Uptake data over the next two quarters will show whether the opportunity is as large as the trial suggested. A Padcev number above current consensus in Q3 or Q4 would be the clearest validation the Seagen thesis has produced since the acquisition closed.

CFO resolution. Cecile Guegan steps in as Interim CFO on August 16 with genuine institutional knowledge, but the permanent search creates uncertainty at a moment when investor credibility in management is already mixed. A strong permanent appointment matters. A prolonged search does not help.

Cost savings delivery. At $6.7 billion in net savings targeted through 2029, the cost program is the primary lever protecting adjusted EPS during the revenue transition. Management has delivered so far. H2 2026 margins will show whether structural improvement is real or whether savings are being offset by reinvestment elsewhere.

7. RISKS TO OUR THESIS

The ADC pipeline failure changes the Seagen return calculation. Sigvotatug vedotin was the most advanced Seagen-derived ADC in Pfizer's clinical pipeline, and its Phase 3 failure in June 2026 triggered a $3.8 billion impairment charge. Padcev, Adcetris, Tukysa, and Tivdak now carry the full weight of justifying the $43 billion acquisition price. Padcev at $2.6 billion in FY2025 annualized run rate is growing, but reaching the kind of scale required to make the Seagen deal look like a good investment requires the pipeline to recover. The next ADC to fail Phase 3 would materially impair the thesis.

$60.5 billion in long-term debt, combined with $4.9 billion in H1 2026 dividends and $8 billion for Metsera, leaves Pfizer with limited financial flexibility. No share repurchases are planned for FY2026. The dividend is the primary capital return mechanism and management has signaled strong commitment to maintaining it, but at a 59% adjusted payout ratio there is not much room for acceleration. If the cost savings program underdelivers or revenue disappoints in FY2027, pressure on the dividend becomes a real question.

Loss of exclusivity on key franchises is a slow-moving but real risk. Ibrance faces biosimilar and generic pressure. Xeljanz is already competing with generics in some markets. Eliquis, the largest single product at $2.43 billion in Q2 alone, will face loss of exclusivity later in the decade. The Vyndaqel family is also on the horizon. These are not immediate threats, but they create a second revenue headwind in 2028 to 2030 that Pfizer needs new pipeline assets to offset.

The GLP-1 absence is a missed opportunity with a real cost. Eli Lilly's Mounjaro and Zepbound are growing faster than almost any pharmaceutical franchise in history. Novo Nordisk's Ozempic is entrenched. With danuglipron discontinued, Pfizer is not participating in the category. The Innovent Biologics deal, completed July 10, 2026, includes an obesity-related program but it is early stage. Missing the GLP-1 cycle means Pfizer will need another platform to drive growth in the early 2030s.

8. ESG NOTE

Pfizer's most material ESG consideration is drug pricing. The company has faced significant political and legislative scrutiny over Paxlovid pricing, vaccine pricing in lower-income markets, and the cost of Eliquis and Vyndaqel in the United States. Medicare's new direct negotiation authority under the Inflation Reduction Act will affect Pfizer's portfolio as more products become subject to negotiation after patent expiration. Eliquis is an obvious candidate for future negotiation pressure. Governance deserves equal attention. The Seagen acquisition, Metsera acquisition, and danuglipron discontinuation represent three major strategic events in three years, two of them expensive and one a failure. The board's oversight of management's capital allocation decisions deserves scrutiny. Albert Bourla's tenure has included extraordinary successes and expensive mistakes in close proximity. On the environmental side, Pfizer has set science-based emissions targets and manufactures biologics with inherently lower carbon intensity than some alternative treatment modalities. Those credentials are genuine but secondary to the pricing and governance questions.

9. MANAGEMENT AND OWNERSHIP

Albert Bourla has been CEO since January 2019 and Chairman since January 2020. His tenure encompasses the COVID vaccine development that generated $100 billion in annual revenue, the Seagen acquisition at $43 billion, the Metsera acquisition at $8 billion, the danuglipron discontinuation, and the current cost realignment program. He is a scientist by training, which shapes how the company thinks about research risk, and an operator by experience. The capital allocation record is mixed: the COVID vaccine was a generational success, Seagen is still being evaluated, Metsera is too early to judge, and danuglipron was a failure that cost the company its GLP-1 optionality. Boards of this kind of company are judged over long cycles. Bourla has earned the benefit of the doubt on long-term strategic vision while facing fair criticism on execution discipline.

On the CFO transition: Dave Denton, who oversaw the Seagen integration and the cost realignment program, left August 15 for the consumer goods industry. Cecile Guegan, who led the Seagen financial integration, steps in as Interim CFO effective August 16. Her institutional knowledge is genuine but the permanent search adds uncertainty at a moment when investor confidence in management credibility is already mixed. A strong permanent CFO appointment matters.

The insider buying on August 5 is the most direct management signal available. Director Ronald Blaylock bought 39,231 shares at $25.46 and Director Mortimer Buckley bought 37,632 shares at $25.52, both in open market transactions. At a combined investment of approximately $1.9 million, these are not token purchases. Board members buying in the open market below $26 suggests they view the current valuation as unjustifiably low relative to the underlying business.

MANAGEMENT TEAM

Name	Role	Background
Albert Bourla	Chairman and CEO	*DVM and PhD in reproductive biotechnology. CEO since January 2019, Chairman since January 2020. Led the COVID vaccine development, the $43B Seagen acquisition, and the current cost realignment program. His track record includes both the company's highest ever revenue year ($100B in 2022) and the subsequent transition.*
Cecile Guegan	Interim CFO (from Aug 16)	*More than two decades at Pfizer. Former SVP Finance, Global Biopharmaceutical Business. Led the financial integration of Seagen in 2024. Named Interim CFO August 16, 2026, following Dave Denton's departure. A permanent search is underway internally and externally.*
Chris Boshoff	Chief Oncology Officer	*Leads Pfizer's oncology research and development including the Seagen ADC platform. Directly responsible for the pipeline that produced both the Padcev perioperative approval and the sigvotatug vedotin Phase 3 failure.*

Insider Ownership: ~0.1% (executives and directors) | Institutional Ownership: ~72% | Short Interest: 163.8M shares (2.89% of float) | Dividend Yield: 6.5% | Notable: Directors Blaylock and Buckley purchased ~76,800 shares combined at ~$25.49 on August 5, 2026

10. CONCLUSION

Pfizer's headline numbers look like a company in decline. The underlying business is not. Excluding COVID, Q2 2026 grew 5% operationally. Padcev and Eliquis are two of the stronger-performing large pharmaceutical products in the industry right now.

The dividend has been maintained and grown for 64 years and the cost program is delivering the cash flow to keep it there. Investors are being paid to wait at a 6.5% dividend yield and a forward multiple that prices in permanent decline rather than a transition.

Sigvotatug vedotin failed Phase 3. The GLP-1 market is closed for the foreseeable future. At $60.5 billion in long-term debt, flexibility is limited. These are the reasons the stock trades where it does. The question is whether they are permanent impairments or transitional headwinds. We believe they are transitional. The DDM-led blended valuation produces a target of USD 34.00. BUY.

ANALYST CERTIFICATION

I, Gianfranco Cacciola, certify that the views expressed in this report accurately reflect my personal views about Pfizer Inc. (NYSE: PFE) and its securities. I have not received and will not receive direct or indirect compensation related to the specific recommendations expressed herein. This report represents my independent analysis based on publicly available information.