



# **First Quarter 2013 Earnings Teleconference**

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April 30, 2013

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## **Introduction**

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Chuck Triano  
Senior Vice President,  
Investor Relations

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# Forward-Looking Statements and Non-GAAP Financial Information

- Our discussions during this conference call will include forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ are discussed in Pfizer's 2012 Annual Report on Form 10-K/A and in our reports on Form 10-Q and Form 8-K.
- Also, the discussions during this conference call will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles. Reconciliations of those non-U.S. GAAP financial measures to the most directly comparable U.S. GAAP financial measures can be found in Pfizer's Current Report on Form 8-K dated April 30, 2013.
- These reports are available on our website at [www.pfizer.com](http://www.pfizer.com) in the "Investors—SEC Filings" section.





## Opening Remarks

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Ian Read  
Chairman and Chief Executive Officer

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# CEO Perspectives

- Started 2013 by continuing to create significant value for our shareholders
  - Completed a successful IPO of a minority interest in Zoetis and related debt offering
  - Repurchased approximately \$6.3 billion of our shares to date
- Focus on rebuilding and strengthening our innovative core is yielding results
  - Launched Eliquis in key markets and Xeljanz in the U.S.
  - Improved performance for both Xalkori and Inlyta
- Demonstrated steady improvement in the quality of our pipeline and progress advancing compounds
  - Granted Breakthrough Therapy designation in the U.S. for palbociclib
  - Announced collaboration with Merck for the development and commercialization of ertugliflozin, our investigational compound for the treatment of type 2 diabetes
- Continued to execute in a challenging and volatile environment
  - Emerging Markets grew 6% operationally in Q1 2013 despite being negatively impacted by certain events
  - Continue to expect high-single-digit operational revenue growth in Emerging Markets in 2013
- Continued to demonstrate fiscal discipline in managing our cost structure and aligning our costs with our revenue base

**We Will Continue to Stay Focused on Building a Sustainable Innovative Core**





## **Financial Review**

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Frank D'Amelio  
Executive Vice President &  
Chief Financial Officer

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# Income Statement Highlights

(\$ Millions, Except Per Share Amounts and Percentages)

|                                     | First Quarter |          |        |
|-------------------------------------|---------------|----------|--------|
|                                     | 2013          | 2012     | Change |
| Reported Revenues                   | \$13,500      | \$14,885 | (9%)   |
| Adjusted Income <sup>(1)</sup>      | 3,911         | 4,344    | (10%)  |
| Adjusted Diluted EPS <sup>(1)</sup> | 0.54          | 0.57     | (5%)   |
| Reported Net Income <sup>(2)</sup>  | 2,750         | 1,794    | 53%    |
| Reported Diluted EPS <sup>(2)</sup> | 0.38          | 0.24     | 58%    |

**Q1 2013 Reported Results Favorably Impacted Primarily by Lower Overall Costs and Other Deductions; Unfavorably Impacted Primarily by the Loss of Exclusivity of Certain Products**

<sup>(1)</sup> Adjusted Income and its components and Adjusted Diluted EPS are defined as Reported Net Income<sup>(2)</sup> and its components and Reported Diluted EPS<sup>(2)</sup>, excluding Purchase Accounting Adjustments, Acquisition-Related Costs, Discontinued Operations and Certain Significant Items. Adjusted Cost of Sales, Adjusted SI&A expenses, Adjusted R&D expenses and Adjusted Other (Income)/Deductions are components of the overall Adjusted Income measure.

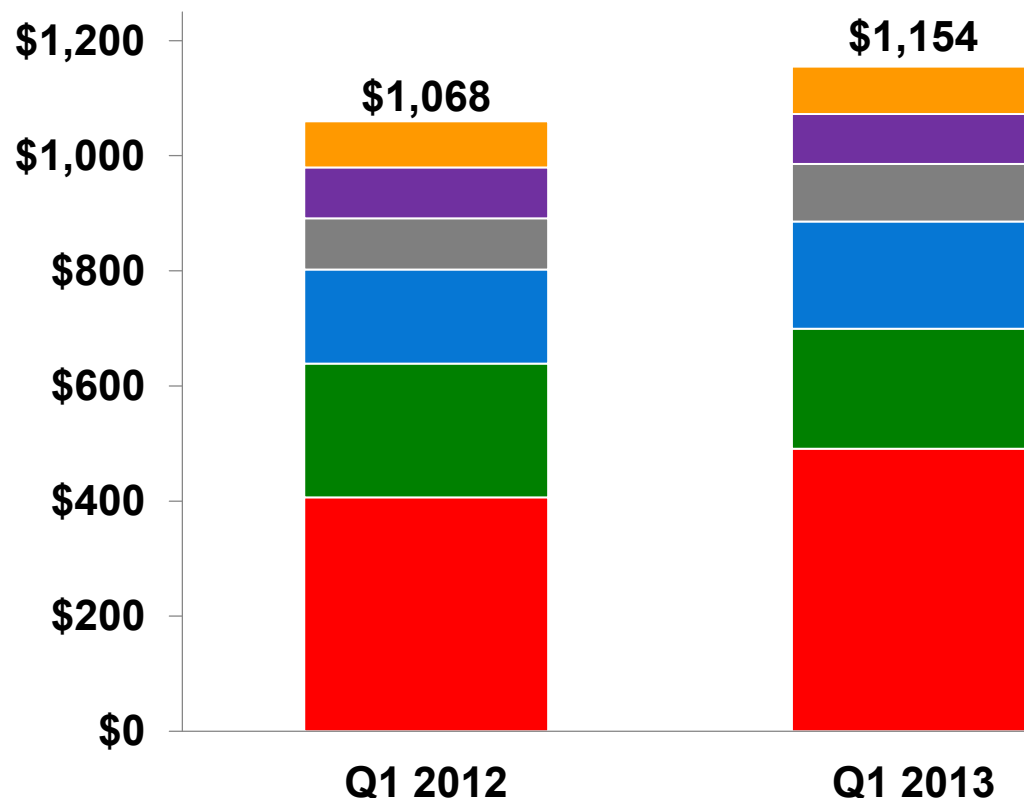
<sup>(2)</sup> Reported Net Income is defined as Net Income attributable to Pfizer Inc. Reported Diluted EPS is defined as Reported Diluted EPS attributable to Pfizer Inc. common shareholders.



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# BRIC-MT<sup>(1)</sup> Biopharmaceutical Revenue Performance

(\$ Millions, Except Percentages)



| Operational Growth / (Decline) |                     |
|--------------------------------|---------------------|
|                                | Q1 2013 vs. Q1 2012 |
| India                          | 8%                  |
| Turkey                         | (7%)                |
| Russia                         | 10%                 |
| Mexico                         | 9%                  |
| Brazil                         | 1%                  |
| China                          | 18%                 |
| <b>BRIC-MT<sup>(1)</sup></b>   | <b>9%</b>           |

**Volume Growth of 10% Partially Offset by Price Reductions of 1% vs. Q1 2012; Foreign Exchange Negatively Impacted BRIC-MT<sup>(1)</sup> Revenue by 1% vs. Q1 2012**

<sup>(1)</sup> BRIC-MT includes Brazil, Russia, India, China, Mexico and Turkey.



# Impact of Foreign Exchange on Adjusted Income<sup>(1)</sup> Components

(\$ Millions, Except Percentages)

Favorable / (Unfavorable)

|                              | First Quarter   |                 |                |                                                                                       |             |
|------------------------------|-----------------|-----------------|----------------|---------------------------------------------------------------------------------------|-------------|
|                              | 2013            | 2012            | FX Impact      |                                                                                       |             |
| <b>Revenues</b>              | <b>\$13,500</b> | <b>\$14,855</b> | <b>(\$118)</b> |    | <b>(1%)</b> |
| Cost of Sales <sup>(1)</sup> | 2,615           | 2,658           | (10)           |    | --          |
| SI&A Expenses <sup>(1)</sup> | 3,494           | 3,948           | 31             |    | 1%          |
| R&D Expenses <sup>(1)</sup>  | 1,708           | 1,756           | 3              |  | --          |
| <b>Total</b>                 | <b>\$7,817</b>  | <b>\$8,362</b>  | <b>\$24</b>    |  | <b>--</b>   |

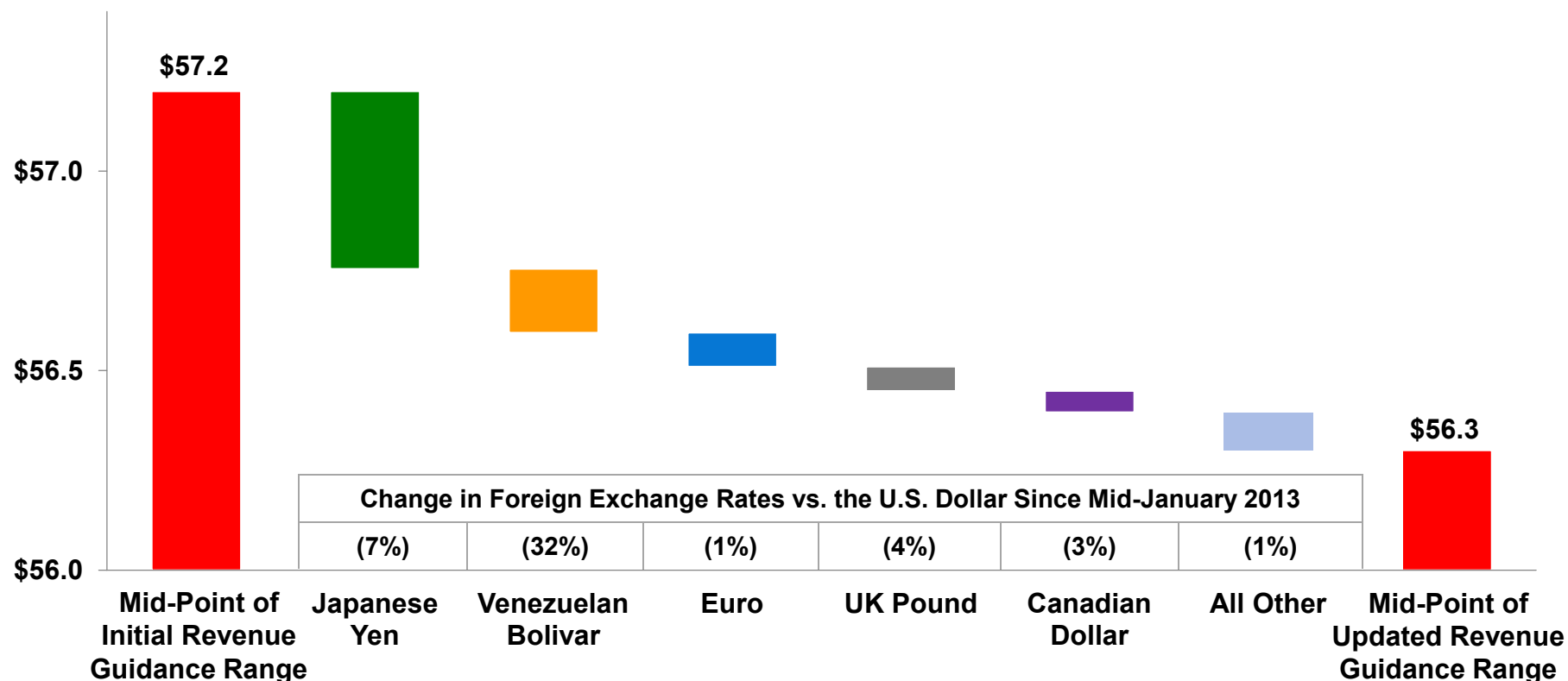
**Foreign Exchange Negatively Impacted Adjusted Diluted EPS<sup>(1)</sup>  
by ~\$0.01 Compared to the Year-Ago Quarter**

<sup>(1)</sup> See slide 7 for definition.



# Reduced 2013 Revenue Guidance Range by \$900 Million Due to the Unfavorable Impact of Foreign Exchange

(\$ Billions, Except Percentages)



**Negative Impact of the Japanese Yen Exchange Rate Change vs. the U.S. Dollar Since Mid-January 2013 Accounts for Approximately Half of the \$900 Million Reduction in 2013 Revenue Guidance Range**



# 2013 Financial Guidance<sup>(1)(2)</sup>

|                                                          |                                                                        |
|----------------------------------------------------------|------------------------------------------------------------------------|
| Reported Revenues                                        | \$55.3 to \$57.3 Billion<br><i>Previously \$56.2 to \$58.2 Billion</i> |
| Adjusted Cost of Sales <sup>(3)</sup> as a % of Revenues | 19.0% to 20.0%                                                         |
| Adjusted SI&A Expenses <sup>(3)</sup>                    | \$15.6 to \$16.6 Billion                                               |
| Adjusted R&D Expenses <sup>(3)</sup>                     | \$6.5 to \$7.0 Billion                                                 |
| Adjusted Other (Income) / Deductions <sup>(3)</sup>      | ~\$900 Million                                                         |
| Effective Tax Rate on Adjusted Income <sup>(3)</sup>     | ~28.0%                                                                 |
| Reported Diluted EPS <sup>(3)</sup>                      | \$1.44 to \$1.59<br><i>Previously \$1.50 to \$1.65</i>                 |
| Adjusted Diluted EPS <sup>(3)</sup>                      | \$2.14 to \$2.24<br><i>Previously \$2.20 to \$2.30</i>                 |

## Updated Guidance Reflects the Negative Impact of Foreign Exchange Since Mid-January 2013 and the Zoetis IPO

<sup>(1)</sup> At exchange rates that reflect a blend of the actual exchange rates in effect during the first three months of 2013 and the mid-April 2013 exchange rates for the remainder of the year. <sup>(2)</sup> Does not assume the completion of any business development transactions not completed as of March 31, 2013, including any one-time upfront payments associated with such transactions, and excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of March 31, 2013. Includes benefit of a full-year contribution from Zoetis except that earnings attributable to the 19.8% divested interest have been excluded from Adjusted<sup>(3)</sup> and Reported<sup>(3)</sup> Diluted EPS guidance effective February 7, 2013. Reported Diluted EPS<sup>(3)</sup> guidance includes the gain associated with the transfer of certain product rights to the Pfizer-Hisun joint venture and an asset impairment charge, both recorded in first-quarter 2013. <sup>(3)</sup> See Slide 7 for definition.



# Key Takeaways

- ✓ Results reflect product losses of exclusivity in various geographies and anticipated volatility in Emerging Markets
  - Continue to expect high-single-digit operational revenue growth in Emerging Markets during 2013
  - Continue to mitigate the earnings impact of product LOEs with expense discipline and share repurchases
- ✓ Completed an IPO of a 19.8% interest in Zoetis and a related debt offering
  - Resulted in ~\$6.0 billion of proceeds
- ✓ Updated financial guidance to reflect the negative impact of foreign exchange rate changes since mid-January 2013 as well as the impact of the Zoetis IPO
- ✓ Launched Xeljanz and Eliquis in the U.S. during Q1; also launched Eliquis in several major developed EU markets and Japan
- ✓ Excited about the potential of our mid-to-late stage pipeline
- ✓ Continued to create shareholder value through prudent capital allocation
  - Repurchased ~\$6.3 billion, or ~227 million shares, to date in 2013
  - ~\$5.5 billion of authorization remaining under our current repurchase program

**Remain Committed to Delivering Attractive Shareholder Returns in 2013 and Beyond**





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## **Q&A Session**

April 30, 2013

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