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OVERVIEW:

Company Summary

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Christopher Schott *JPMorgan Chase & Co - Analyst*

PRESENTATION

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Good morning, everybody. I'm Chris Schott from JPMorgan, and it's my pleasure to be hosting this fireside chat with Albert Bourla, Chairman and CEO of Pfizer. Albert, Happy New Year. Great to be speaking with you again today. I know you want to make some opening remarks, then we'll jump into the discussion from there.

So over to you.

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Of course. If you can advance the slide. I wanted to say, first of all, that 2025 was for Pfizer, a good year. We had a good financial performance. We have three consecutive earnings that we beat both revenues and profitability. And we were able to improve margins by taking out $5.6 billion of OpEx between '24 and '25.

Now I don't know many companies that they can do $5.6 billion of cost in '24 and '25 and have four in '24 and three in '25 consecutive quarters that you are beating expectations. I think that's a testament to the company is good when it comes to execution. The other thing that was very good in '25 was that we were able to resolve certain uncertainties that were depressing our multiples.

The first one was tariffs, MFN, I think that's for the entire industry. I think it is pretty much behind us. Of course, we need to be alert that things can change, but I think that has been settled. The second one that was specific for Pfizer was the COVID and the impact that that can have in our profitability. What if you have a significant reduction of COVID, is it going to kill your EPS? We did have a significant reduction in COVID. And I will remind you, '24, we had $11 billion approximately COVID revenues, and we gave guidance that will be around $6.5 billion this year, so a significant decline.

It was a very small, slow COVID year, year 2025. And despite that, we were able to exceed expectations and raise on EPS, which shows that we have been able, by doing other things, growing other parts of the business and taking out cost, make the COVID less relevant for our business, almost now irrelevant. And the third uncertainty was that after we didn't do well with our oral GLP-1s, everybody was wondering, so what is Pfizer's strategy in obesity? Where are you?

And I think the acquisition of Metsera and then following that, our oral GLP-1 from a Chinese company, they have positioned us now into a very competitive position to do the year. But all of that was, of course, in '25. Now if there is anything that I want this room to keep from '25 is this company knows how to execute.

Let's go now to '26. And it is custom that every time I'm here with you every year, I present what will be the focus of the year for Pfizer. And these are the four priorities that we are going to do. Of course, maximize the value of key transactions. When I speak about key transactions, there were three that account for 80% of all the investments that we did. This is Seagen, this is Biohaven with NURTEC, and this is Metsera. We are going to make sure that the in line products will grow way much faster and that their pipelines will accelerate their development.

Of course, the second is deliver on critical R&D milestones. I will show in a moment that this year is going to be very rich in catalysts for Pfizer, and I will go through each one of them. We need to make sure that we deliver on them. Of course, we invest to maximize post-'28

growth. We have entered the LOE period, '26, '27 and '28 is for Pfizer, the LOE period. And we want to make sure that as we go out of that period, we have industry-leading growth on the topline.

And last but not least, it is to scale AI across our business. AI was a significant contributor in our ability to take out $5.6 billion of cost plus even more in manufacturing if you count. And now I think we are ready to scale it up to levels across the entire organization.

And I would like to finish with a slide that speaks about the anticipated catalysts. On regulatory decisions, I will just point out the PADCEV. There are two approvals that we expect. One already was granted months ahead of schedule because of the strength of the data. And the other one, the 304, will be granted hopefully this year. The reason why I mentioned it is because it's more than doubling the addressable population of PADCEV.

Right now, the current indications are for approximately 19,000 patients. With the new one, we are adding other 22,000, so it's significant. Now in terms of data readouts, ELREXFIO, the second Phase 3 study that is a serious now population is coming up hopefully in the first half.

LITFULO, it is a new indication for vitiligo. Again, it is atopic dermatitis. If we get it, we will be able to compete in the vitiligo. Lyme disease. Everybody is expecting this vaccine. It is a disease that it's important gets more and more significant and a disease that there is no vaccine so far to prevent it, so we cross our fingers that the results will be good.

The mevrometostat, this is the follow-on basically on XTANDI. This is a study that we will read out. It is in combination with XTANDI, and we try to show better results than XTANDI alone. It's very important because XTANDI next year will be off patent.

And we want to be able to promote in this area new solutions because we have a very capable field force. And there are two products that can do that. The one is this one, and the other one, it is TALZENNA, talazoparib, that again, it is in combination with XTANDI. The fact that XTANDI goes off patent makes quite easy the access of these products because the cost is less.

I think the most important of all, SV. SV, it is our Seagen entry to the lung cancer basically, an ADC. We have studies running right now. The one that we expect readout this year, it is the second line in monotherapy. And we have also for next year, a first-line lung cancer in combination with KEYTRUDA.

And last but not least, everybody is expecting what happens with Metsera portfolio and when are we going to show data. There are two significant data readouts of Metsera. The first one is the results of the monthly program. Right now, we expect to be able to release data from the monthly program this year. We -- I remind you what the study is about. It is weekly step up the dose for four months, and then you start the patients in a monthly.

And when we release the data, we -- all patients, we hope that we will have data for all of them at least four months in a monthly, so eight months trial, and some will be at six months. So it's an important. And also, that also will dictate our Phase 3 study and program. The other one, it is about the ultra-long-acting amylin and GLP-1.

We have already presented -- Metsera presented already data from the amylin monotherapy weekly. The data was stellar. They had 8.4% placebo-adjusted weight loss at 36 days with amylin, 36 days, 8.4% reduction on placebo adjusted, and very good tolerability with amylin because we know that the Achilles heel of the GLP-1s is the tolerability. Now what we are going to see are data in combination with the GLP-1 that I'm very excited about them. So these are on the readouts.

But of course, it's a year that we are investing. So we anticipate this year to initiate 20-plus pivotal Phase 3 studies. I'll start with the Metsera, the ultra-long-acting GLP-1. We expect to initiate 10 Phase 3 studies this year, 10 Phase 3 studies this year.

One actually was initiated the last week of December, the first of the 10. And I think that also is very impressive. Just four, five weeks after the closing of a very controversial acquisition, we were able to do such a good work in integrating and working with the Metsera team that we were able to launch their Phase 3 ahead of their initial expectations that was for basically the first quarter of this year. So I'm very excited

about that. Equally, for the other acquisitions that we have done, the VEGF, we are expecting to start four Phase 3 studies: one in colorectal, one in endometrial, one in lung cancer, and the last one will be in bladder cancer, but in combination with PADCEV, so it is the first one that we test this molecule together with an ADC, and we are very excited about it.

NURTEC, we expect to start two studies. I will speak about one, but I think it's quite important. It is use of NURTEC for chronic migraine. Chronic migraine, it is defined as at least 15 migraine episodes in the month. And for those people who will start the regimen that there will be daily dosing of NURTEC so that they will prevent those episodes.

LITFULO and HYMPAVZI, we go to moderate hemophilia and alopecia areata. PADCEV, very important study, that one for PADCEV that we're initiating. As you know, PADCEV had stellar results, double survival rate in multiple settings. But the muscle invasive bladder cancer, usually, most of the patients, they really need to have a cystectomy. That's a horrible operation, and that creates horrible quality of life.

So for the first time now, we'll try to see if in these patients, we can spare the cystectomy by using PADCEV. Imagine if that's positive, as all the previous studies of PADCEV, how that will change the lives of these patients.

PCV25, we expect to start a Phase 3 this year. And in SV, we have already two studies that are running. One will have readout this year, the other next year, and we start a third one for all comers.

Very exciting. So I don't want to hear again, there are no catalysts for Pfizer stock because sometimes you say it, all right? And I hope that we'll have all a good year.

QUESTIONS AND ANSWERS

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah, absolutely. Maybe start the conversation, and you laid this out nicely. Pfizer has been through a period of significant change in the last few years. As you mentioned, the portfolio has evolved beyond COVID. We've had a pipeline that's maturing as you just laid out.

We've got a new commercial structure. Your confidence today that you've got the portfolio and the pipeline to manage through this patent cycle and then to kind of exit the patent cycle with a healthy growth rate. Can you just talk about where that stands today versus a year or two ago?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

I'm highly, highly confident on that. And it is, first of all, because we are preparing for it for many years. As I said, we invested $80 billion cumulative in acquiring growth basically. And three of them, it is the three that we are putting a lot of emphasis. You need to know that in '25, the new business development -- new introductions, business development or new launches probably will end up because we are going to give our final results in a month at the zip code of $10 billion, $10 billion acquisition with a double-digit growth.

In '26, we expect to continue having double-digit growth of this portfolio and the years to come. So that, as it's going up, is offsetting basically the LOEs. Now fully, probably not. But for example, this year, it is the first year that we have $1.5 billion of LOEs. Our growth from these products will more than offset the LOEs because if you see the guidance that we gave, $62 billion approximately '25 and $61 billion the midpoint of '26, that includes $1.5 billion of COVID reduction, right?

$11 billion in '24, $6.5 billion in '25, and we took stance to derisk the COVID projections by putting $5 billion this year. It could be even worse COVID or even better COVID period from a health perspective, which means we can do less. But if it is like '25, we can do $1.5 billion more. If it is like the previous years, the upside is very significant. But excluding COVID, LOE or not LOE, doesn't matter, the business is growing in '26.

In '27, we have a bigger challenge to face because it is not $1.5 billion, it's $4.5 billion. But I still think that with the growth of this portfolio, we will have set big time. And in '28 probably will be the year that we will have a modest decline. And then we will enter into a leading industry growth.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah. Perfect. Maybe just digging into those topics a little bit more. We're fresh off the '26 guidance call. Can you just elaborate a little bit more on how you approached expectation setting just given the uncertainty around COVID balanced against this, obviously, very healthy growth portfolio you're talking about?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

COVID is the one that is the most challenging for us to predict. And that's why we took the stance that we are going to derisk it. We reduced projections by $1.5 billion. It is really a derisking exercise. It's not that we calculated anything from the $6.5 billion that we will make to $5 billion.

So with that aspect that we think is derisked, although you never know. And hopefully, we could have an upside. But again, you never know. On the remaining of the business, we are much more confident in our ability to predict it. And we stand by what we said, and hopefully, we can deliver more.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Maybe a similar question. Looking past '26, we obviously have some of these well-telegraphed LOEs. What do I think about for that top and bottom line growth profile as we look out to '27, '28 as you're still kind of in this transition period?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yes. All our effort in '26, '27, '28, it is to maintain as much the revenues to a reasonable level, so not to go down more than 3%, 4% in '28 and even less in the other years. But there will be a modest decline probably in '26, '27, '28. We went through all the measures that we have taken to improve our margins to at least come to a floor EPS that will help us go through that period. Following '28, '29, '30, '31 and '32, we calculate our projections are for industry-leading exponential growth in the revenues.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

And can you elaborate a little bit more in terms of what you have to assume within the portfolio to get to that reacceleration? And maybe as part of that, what would you highlight in terms of the bigger disconnects of when you look at your forecast versus what the Street is kind of expecting in that return to growth period?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yes. I take out COVID because already we derisked it. But I think that NURTEC, I don't think that the Street is incorporating new indications that are coming for NURTEC. There is one Phase 3 study that is already running and will read out, I think, next year. And that's for menstrual migraines. And that's a significant part of the business, and I believe we will be the first.

And the second one is the one that I just spoke that we are going to initiate for chronic, so daily treatment so that chronic -- prevention of chronic migraine. So that's -- NURTEC is one. SV, there is a very big disconnect with what we think that could be and what the Street now

is forecasting. Probably the Street without seeing Phase 3 data, they don't put much. So the catalyst is this year, the first one. And the second one is next year. So that's a significant, I think, gap also.

And I will mention another one, ELREXFIO. And ELREXFIO for multiple myeloma, we have much higher expectations, and those are driven by the Phase 3 studies that are running that are constantly increasing the population that it is addressable.

I will finish that the Street hasn't factored at all probably or very little, still the Metsera portfolio and haven't factored also the VEGF. So it's quite significant.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah. Maybe digging into Metsera. Obviously, you made a big push into the space with the deal late last year. Can you just maybe to start the conversation, frame your high-level views of how you see the obesity market kind of broadly speaking, playing out over the next few years? And what's going to take for Pfizer to be competitive in that landscape?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yes. I think the market will grow very fast. I believe it will be $150 billion by year 2030. Right now is duopoly with one of the players scoring higher wins, more wins than the other. But there is a lot of others that are entering.

Compared to when we did the business case of Metsera, there were two things that changed in my -- in our estimations. One, it is we saw some more data, which some of them you will see, and we are very, very confident. The second is that we saw Lilly and Novo sales, and we saw how big is the cash market for this indication, which in our projections, we didn't have that. We had a very small cash market, which means that outside the US, very little business, and inside the US, part of the business.

Now we know it's 30%, right? It's huge. It's like Viagra. That's exactly the same characteristics. When we launched Viagra, we were surprised how it was the first medicine that people were willing to pay out of pocket to get the medicine, irrelevant if it was covered or not by the system. So the same is with that.

Metsera is giving us highly differentiated portfolio. The portfolio of long-acting, I think, but you will see the data, could make huge difference. The amylin and GLP-1, long-acting again, ultra-long-acting, monthly, right, not weekly, ultra-long acting. Both of them, I think they can -- our projections is with the base of the data that we have seen, that it could be best-in-class that we will have best-in-class tolerability profile and best-in-class placebo-adjusted weight loss.

Very early, but this is where the data are pointing us when we try to model them. And it's not only right that, right? So Metsera has also an oral portfolio, amylin and GLP-1 and GIPR as a peptide. And all of that are in the clinic right now.

And also, I'm very excited about these combinations, amylin, GLP-1, and GIPR, what we can do in terms of reducing tolerability, improving weight loss. Of course, we have also our own GIPR, which is an oral molecule. Metsera is a peptide. The oral, small molecule, the reason why we bought GLP-1 oral from China is to be able to try and combine it. So market will be big.

You need differentiated products. You need significant marketing capabilities because that's a consumer-driven market. It's not to a bigger extent than anything else. It's not the payers that will define it, plays to the strengths of Pfizer.

Metsera portfolio is excellent, highly differentiated, but the commercial capabilities of Pfizer, I think, is what can make a difference vis-a-vis the leader in this industry, which is Lilly and is a wonderful company.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah. On Vesper-3, I know that's later this year, just your level of confidence that these assets you acquired that the monthly dosing is going to be an attractive profile. I mean, just elaborate a little bit more on what you been --

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Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

You never know with when the box opens and -- but we are very confident. And this is why we plan to initiate the Phase 3, and we will present the Phase 2 data on the monthly and probably in a big conference as usual. But I'm very confident. I'm also very -- I have seen some data on the amylin and GLP-1 combination. I can't speak about them right now because we are accumulating more patients and more time, but they are very encouraging. Very encouraging.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Okay. Good to hear. Maybe last question is timelines for these assets.

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

I hope to launch in '28. And if anything, we'll try to be at the earlier rather than at the later of '28. And there we go. And we hope that based on our commercial muscle, we will not have a traditional ramp-up as we launch, but we have a much more steep hockey stick ramp-up to the maximum market share that we will achieve.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah. And then maybe just last question on this. Amylin, sounds like you're very excited about that combo. Is there anything that Pfizer can do to further accelerate development timelines given --

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Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yeah. And as I said, Pfizer already, we initiated the Phase 3 this year, Seagen's plans were for next year. I mean, '25, Metsera's plans were for 2026. And I think that's the combination of the Metsera people and Pfizer people that they are working right now immediately like if they were together for the last 10 years. Actually, a lot of them were ex-Pfizer people, so that helped.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

They have been working together. Maybe just moving beyond obesity. You mentioned SV and that kind of interesting asset coming from Seagen. Can you just speak to the overall opportunity you see for that one? And what gives you confidence in that mechanism based on the data we've seen so far?

So because you highlight, it's one that has very significant peak sales potential. I think the Street still is not giving you a ton of credit for it. So maybe just help level set your level of conviction in that profile.

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I mean, the level of conviction comes from the Phase 2 data that we have seen and we have presented, and they are very, very good. I'm sure you have seen them, right? So right now, we have two studies running in both in non-small cell lung cancer. And one that we will have readouts now, it is monotherapy in second line. And the one that will come next year is first line in combination with KEYTRUDA.

This is a $60 billion lung cancer market, right? It's a huge market. And so far, if we were able with the SV, which has the same payload like PADCEV reproduce the synergistic effects together with PD-1, the synergistic effect of this payload, which is the vedotin in lung cancer, that will be a significant blockbuster. Now the whole thing is blinded. We have done everything we could to make sure that the study will be successful.

And we have very good Phase 2 data. We need to see the Phase 3.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

And to the extent the second-line data is positive, how direct of a read would you view that as we think about the first-line study reporting out in '27?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

I think we'll increase our confidence in the first line, but the first line will read out anyway. So we'll see.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Soon enough. Staying on oncology, your VEGF PD-1 bispecific. I think we're all trying to get our hands around it, very exciting market, how the individual companies are going to differentiate from one another? So when you think about the asset you selected, how you're developing it, how do you think about differentiating from the others who are kind of going after the same target?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

First of all, we believe that our molecule is differentiated because it has two arms with both VEGF and PD-L1, unlike the other antibodies that they have one arm with PD-L1, one with VEGF. So by itself, we think that's why we saw better, encouraging, noncomparable, of course, results. But we do think that the molecule is differentiated.

But beyond the molecule, what it is extremely important, it is the development program that you will do and also what will be the combinations that you will try to bring into the market. I think the development, we start very aggressively because we really believe in this molecule with four Phase 3 studies now. And one of them is testing the hypothesis with PADCEV, right?

We have seen that Padcev created tremendous results with KEYTRUDA, double survival rate. It's not a trivial thing, double the survival rate. We believe that the PD-L1/VEGF, they work better than PD-1s. So if we can repeat now that, we can have transformational results.

So again, the studies are running. The assets are good. Our ability to execute is very good, and we will see.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah, yeah, absolutely. Maybe last one on the oncology portfolio, breast cancer. You've got a number of assets you've been working on there. What's the latest in terms of what you're most excited about and the timelines of when we can expect those assets?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Clearly, our CDK4, it is the one that excites me the most. It is a huge opportunity for a mega blockbuster, right? We are testing the CDK4 right now in metastatic breast cancer against the standard of care basically in combination with aromatase inhibitors. So we have IBRANCE or the Lilly or the Novartis product. And against -- together with aromatase inhibitor against our CDK4.

We have seen data on the earlier phases that makes us believe that we will have way better results. The reasons are because CDK4 is very selective to the breast cancer cells and less on the bone marrow cells, which is the CDK6 mostly that creates all the side effects. As a result, this product can be dosed constantly. I remind you that IBRANCE is dosed three weeks and then there is one week of treatment holiday, a break, exactly because you need to deal with the toxicity. That molecule is constant.

That by itself will improve the efficacy. But also the fact that it has such a good tolerability and very favorable side effects profile is the big opportunities to position it in earlier phases. That imagine in early breast cancer is a huge opportunity, particularly for women that they are doing the surgery. And 30% of them approximately will metastasize, but 70% will not. So -- but the 30% is very tough.

If they metastasize is a very big problem. It's life-threatening. And people -- physicians would like to have something that if proven that they can reduce this 30%. But it's very challenging to give something that has neutropenia for five years, if you create that side effects will be even more detrimental sometimes for the health of the individual rather than preventing the 30% chances. That one has an ideal profile.

So I think it's very good. That's why we take it in first line. And we have the KAT6 that is going to be in second and third line. So we have a very good life cycle to replace IBRANCE that will go off patent in '27.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Yeah. And just latest on timelines that we can think about for those two assets?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

CDK4, I think, we expect the readout next year. Yeah, next year.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Okay. Perfect. PADCEV, I think you mentioned obviously a big expansion of the market you're going after. How far along, I guess, in the growth cycle are we with this asset from what we've seen? So how do we think about the next few years of --

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Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Next few years, we think that will grow. That will grow. First of all, we have, I'd say, very good penetration right now, but still, there is a lot of room to increase the use of PADCEV versus other treatments. It is impressive clinical data that is driving that. It's our job to make sure that even community oncologists, they realize the benefit and start using it. So that's one wave.

But then there are the new indications. And I think those also could play, particularly the two indications that one was approved and the other will be approved, as I said, more than doubling the population that can be used. So that will be a significant driver of growth. And then we are going into the cystectomy, so bladder sparing experiment that, if it is positive, again, will be a significant advancement.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

A couple of different legs up for those numbers from here. Maybe last one on the in-line portfolio. Tafamidis franchise, I know we've got some increased competition. Just how should we think about that in the US the next few years? Is that still a growth franchise? Or is that more kind of maintaining the business being more of?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

I would say growth in international. In the US, I would say, stability or modest growth as competition is coming. Still, the market is growing. So we are -- of course, they are taking some of the market share, but we will continue that. And it is only until '28, right?

'28 is going off patent. But overall, I think we will have a growth on the tafamidis, mostly in the international and less so in the US this year.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Okay. Maybe just a couple of questions on MFN. So obviously --

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Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

By the way, I have the International and US heads of Pfizer sitting here. They are taking notes of our expectations.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

MFN, I know policy risk was a big discussion point for the sector last year. And I think the deal you struck in September, I think, really lifted that overhang for the sector. Just where we sit today, can you talk a little bit about what went into that deal and Pfizer's ability kind of to manage through these new kind of agreements?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Yes. I think there will be an impact that is already incorporated in our projections. We gave $2.8 to $3, right, as EPS. That includes that. That includes the reduction in COVID.

That includes the LOE, and that includes $0.22 of investments in Metsera and 3SBio, the VEGF, that were not last year, right? So all of that are there. And still, we will deliver $2.8 to $3 and even better.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

When I think about MFN world where some of your newer launches, there's going to be more globally flat prices in major markets. I'm just trying to get my hands around what does that mean for international sales? Is that neutral? Is it positive? Is it negative?

Is it too early to tell as you think about?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

I believe it will be positive. But of course, it's a bold move, right? Why I say that? First of all, it is eight countries outside the US that are affected by MFN. The other 100 countries is business as usual, and we are launching our products, and we continue doing the business.

In those eight countries, which are the high-income countries, already one of them, which is UK, we saw that they already signed a deal with the US government that they will increase significantly the spend in innovative medicines. I will tell you that they are reducing their clawback from something like 22% to 15%, so it's a significant reduction.

Then they commit that they will -- right now, they spend 0.28% of GDP in innovative medicine, 0.28%. They committed that they will raise that to 0.6% in a decade, which is double. But even more importantly, they will raise that to 0.32% next year. So you see the first country already are adjusting for the entire portfolio. Now when it comes to new product pricing, which is really what is affected here, they increased the -- usually, they calculate prices based on the quality, what is the value of the quality.

They increased significantly 25%, the value of the quality, so which should resonate to 25% higher valuations of the prices. I'm in constant discussions with the leaders of France, Germany, you name it. And they all understand that, first of all, this is a sector that is very strategic and Europe missed the train, and they now need to come back because it's all about China and the US. And the second, they understand that with a new system, unless if they pay, they won't see the products launched in their countries. The whole Europe will have it except the six countries that are in MFN.

I don't think that can be achievable. So I think we will see better price.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great. And maybe last minute or so here. BD, obviously, you've done a lot in the pipeline. Can you talk about what are the priorities for you at this point as we think about capital deployment for the next year or two?

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Capital deployment, dividend, we are committed to maintain the dividend, right? Right now, we never say no to buybacks, but it's not in our plan to do buybacks. In terms of investments, it's R&D investments are going to go higher this year and will continue going higher. And so -- and also, we will invest this year and the years to come quite a bit in the new launches and the business development. So those assets that I said they are already $10 billion, growing double digit will accelerate their growth.

So this is how we see business. And then, of course, business development. We have right now with all of that included, a firepower that we can use. We said that it is around $6 billion for this year. And maybe we use it, maybe not, if we find the right opportunity.

But there are opportunities right now, and I think we can use it.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Excellent. Well, I think we're out of time. Thank you so much for the comments. Appreciate it.

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Thank you very much.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Thank you very much.

Albert Bourla - *Pfizer Inc - Chairman of the Board, Chief Executive Officer*

Thank you.