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PFE.N - Q1 2026 Pfizer Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good day, everyone, and welcome to Pfizer's first quarter 2026 earnings conference call. Today's call is being recorded.

At this time, I would like to turn the call over to Francesca DeMartino, Chief Investor Relations Officer and Senior Vice President. Please go ahead, ma'am.

Francesca DeMartino - Pfizer Inc - Senior Vice President, Chief Investor Relations Officer

Good morning and welcome to Pfizer's earnings call. I'm Francesca DeMartino, Chief Investor Relations Officer. On behalf of the Pfizer team, thank you for joining us. This call is being made available via audio webcast at pfizer.com.

Earlier this morning, we released our results for the first quarter 2026 via press release that is available on our website at pfizer.com. I'm joined today by Dr. Albert Bourla, our Chairman and CEO; and Dave Denton, our CFO. Albert and Dave have some prepared remarks, and we will then open the call for questions. Members of our leadership team will be available for the Q&A session.

Before we get started, I want to remind you that we will be making forward-looking statements and discussing certain GAAP financial measures. I encourage you to read the disclaimers in our slide presentation, the press release we issued this morning, and the disclosures in our SEC filings, which are all available on the IR site on pfizer.com.

Forward-looking statements on the call are subject to substantial risks and uncertainties speak only as of the call's original date, and we undertake no obligation to update or revise any of the statements.

With that, I will turn the call over to Albert.

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

Thank you, Francesca. Good morning, everyone. Thank you for joining our call. It's a wonderful day here in New York.

We've had a strong start to the year. Our business continues to perform well, and we are making strategic progress. One of our great strengths is the ability to execute. And we are delivering on our financial commitments while we also invest to strengthen Pfizer for future growth and impact.

In the first quarter, we exceeded expectations for both total revenues and adjusted diluted earnings per share. We have made progress so far this year in delivering our 2026 critical R&D milestones including three positive Phase 3 readouts and encouraging mid stage readouts for both approved and investigational medicines.

We are keeping pace with our robust agenda of approximately 20 planned pivotal study starts this year. We also had two significant legal developments that improved our growth profile post-2028 and of course, our cash flow outlook. Our recent settlement agreements resolving infringement of patent related to VYNDAMAX have the potential to change the growth profile of the company significantly post-2028. This gives us greater confidence that starting in 2029 and we will enter a five-year period of high single-digit revenue CAGR.

Additionally, we view the recent Belgian court ruling regarding COMIRNATY contracts with EU member countries as a positive for future EPS and cash flow. The improved visibility into our cash flow provides is a positive for our longer-term capital allocation priorities including, of course, our ability to preserve and support the dividend.

As we look to the rest of the year, we are clearly focused on our most impactful opportunities to create value for patients and our shareholders. We previously served our strategic priorities for 2026, and I will walk you through the progress we are making on those fronts. Our launched and acquired products had a tremendous start to the year with 22% growth. Three of our business development transactions represent about [80%] (corrected by company after the call) of the invested capital in the recent years, and they are all progressing very well.

Oncology represents our most advanced and concentrated area of research and commercial focus and our Seagen acquisition is a central reason one. Since beginning the -- since bringing the company to Pfizer, we have transformed our oncology organization, unifying our team expanding our commercial portfolio and advancing a leading ADC platform. The 20% year-over-year operational revenue growth in the quarter of our Seagen products shows that we have made good progress in deepening our presence within the Oncology community.

We continue to strengthen physician engagement and drive greater recognition of the clinical value performance. We are also executing with focus to maximize the value of our Metsera acquisition. This underpins the strategy intended to position Pfizer as the leader in the next generation of obesity therapies.

We intend to advance 10 Phase 3 studies this year, and we are targeting a first approval in 2028 from a portfolio that includes ultra-long acting peptides with the potential, if successful, developed and approved for competitive efficacy and tolerability with a differentiated monthly maintenance dosing schedule.

The success we have achieved within Nurtec since our Biohaven acquisition shows the power of our leading field force and commercial capabilities have worked. Nurtec contributed in the first quarter with 41% operational growth, driven by robust, robust demand and for both acute and preventive migraine treatments.

We continue to see a meaningful growth opportunity in the oral CGRP class of medicines for patients with migraine. Of course, 2026 is a pivotal year for R&D, and I'm pleased with our early progress this quarter. While we have a large active pipeline, we rely on a rigorous and disciplined approach to focus resources where we see the greatest potential. We are targeting approximately 20 pivotal study starts, 8 key data readouts, and 4 regulatory decisions this year.

Our critical R&D milestones reinforce how we are concentrating investment in key areas such as oncology, metabolic disease, and vaccines, where we have existing commercial infrastructure, scientific expertise, and significant opportunity for competitive differentiation. Roughly half are anticipated key data readouts and regulatory decision in 2026 are expected to come from oncology where we are advancing multiple programs across areas such as breast, genitourinary, thoracic, gastrointestinal and blood cancers.

During the quarter, we presented notable EV-304 study findings for PADCEV at ASCO GU. The results show that PADCEV + pembrolizumab reduces the risk of recurrence or death by nearly 50% in patients with cisplatin-eligible muscle invasive bladder cancer. Combined with the recent compelling data from the EV-303 trial, this highlights the potential for this regimen to become the new standard of care patients with muscle invasive bladder cancer regardless of cisplatin visibility.

Bladder cancer is diagnosed in more than 600,000 patients each year globally, including an estimated 85,000 in the US. MIBC represents approximately 30% of all these bladder cancer cases. The positive top line results we shared last week from the Phase 3 MagnetisMM-5 study of ELREXFIO represent a meaningful step towards our goal of reaching more patients earlier in the course of their disease.

In this study, ELREXFIO significantly improved progression-free survival for double-class exposed patients with relapsed or refractory multiple myeloma, who received at least one prior line treatment. This is a significant opportunity to address patient needs.

Multiple myeloma and aggressive and currently incurable blood cancer is the second most common type of blood cancer worldwide with over 36,000 new cases each year in the United States, and over 187,000 new cases globally.

During the quarter, we also served randomized Phase 2 data for atirmociclib, our potential first-in-class cDK4 inhibitor in patients with HER-2 negative breast cancer who received prior CDK4/6 inhibitor phase 3. These data suggest that atirmociclib, has the potential to differentiate from the CDK4/6 inhibitor class with improved data center ability, reinforcing our confidence in the molecule.

Looking ahead, we remain focused on accelerating this investigational medicines development in first-line and early breast cancer, where it may provide even greater impact for patients. We view this as an important opportunity to deliver a next-generation backbone therapy building on Pfizer's long commitment to patients with breast cancer.

In vaccines, we have been working with regulators on the pathway for expanding coverage through our next-generation pneumococcal conjugate vaccine to extend our leadership in this competitive space. Yesterday, we initiated our Phase 3 program for our 25 valent pediatric vaccine candidate with increased valency and next-generation serotype 3 technology.

I am also pleased to provide an update on our strategy in the adult market. We have decided to advance directly to our fifth-generation adult vaccine candidate. And today, I am proud to share for the first time, that it includes coverage for 35 serotypes. We believe this gives us the strongest opportunity to maintain our current market leadership in the adult market over the long term, and we expect to enter clinical development this year.

In I&I, we announced a positive readout in March from a Phase 2 trial of tilrekimig, our investigational trispecific antibody, in atopic dermatitis. We intend to advance a broad clinical development program for this investigational medicine, which was discovered in-house at Pfizer and is currently being evaluated in atopic dermatitis and also in asthma and COPD. We remain on track with our commitment and our continued focus on what matters most, maximizing the long-term value of our pipeline for patients and shareholders.

We're investing with strategic discipline and focus to build a foundation supporting our aim of high single-digit five-year revenue CAGR. It's vital that our R&D organization has the resources to advance our robust Pipeline, including both internally discovered programs and

opportunities we've added through strategic moves such as our acquisition of Metsera and our in-licensing agreements with 3SBio and YaoPharma.

Our commercial teams are leaders in translating scientific progress into real-world impact. We're furthering investment to provide them with capabilities, technology and support helping our medicines reach the right patients at the right time so we can deliver sustained value. We also remain deeply committed to our shareholders. We intend to maintain and, over time, grow our dividend as we continue to de-lever and build long-term value.

Embedding the use of artificial intelligence across our company is a key strategic priority, and we're driving continued progress in R&D, commercial, manufacturing and core enterprise functions. We're empowering our colleagues to accelerate innovation by pairing frontier AI tools tailored to function and role with comprehensive and continuously updated training. One of the areas where we see the most substantial promise is the discovery, development and delivery of new medicines and vaccines.

Leveraging the power of AI to compress timelines and improve decision-making is central to our innovation strategy. We are embedding AI into each functional line in R&D. Pfizer has a vast repository of small and large molecule, translational, and clinical data and AI is creating the opportunity to unlock insights that could drive a significant impact on how we discover and develop medicines and vaccines.

So with that now, I will turn it over to Dave to speak about the financial performance of the company.

David Denton - Pfizer Inc - Executive Vice President, Chief Financial Officer

Great. Thank you, Albert, and good morning.

Let me begin by highlighting that our strong first-quarter performance reflects the continued disciplined execution across our strategic priorities, and importantly, continued progress in repositioning the company for sustainable growth. We are making targeted investments today to drive revenue growth later in the decade and beyond.

Looking ahead, Pfizer is entering a new phase. Our launched and acquired products, combined with a strengthening pipeline, are positioning the company with the ability to deliver growth toward the end of the decade. While we remain focused on managing near-term LOE headwinds, we are actively building the foundation for durable long-term value creation.

And with that as context, I'll review our first-quarter results, discuss our capital allocation priorities, and conclude with an update on our 2026 guidance, which we are reaffirming today.

In the first quarter of 2026, revenues were \$14.5 billion, exceeding our expectations and representing an operational increase of 2%. Excluding our COVID products, the underlying business delivered approximately 7% operational revenue growth, reflecting solid demand across key brands and continued strong commercial execution.

On the bottom line, first-quarter reported diluted EPS was \$0.47, and adjusted diluted EPS was \$0.75, also exceeding our expectations. In addition to our strong revenue, this outperformance also reflects our on-going commitment to managing our cost base and to drive productivity across the organization.

Our results this quarter demonstrate the effectiveness of our refined commercial strategy. We saw solid contributions across our product portfolio, primarily driven by Padcev, Eliquis, Nurtec, Lorbrena and the Vyndaqel family, each reflecting focused execution in our key therapeutic areas. Our launched and acquired products delivered \$3.1 billion in first-quarter revenues and grew approximately 22% operationally. These results demonstrate the early impact of our portfolio transition and investment strategy.

We continue to invest behind these product groups to support their growth trajectories, which we expect will enable the company to partially offset upcoming LOE headwinds over the next several years.

Adjusted gross margin for the first quarter was approximately 76%, primarily the result of product mix during the quarter and on-going cost control measures. I do want to note, accrued royalty expense was higher in the quarter and dampening gross margin compared to first-quarter of last year. With that said, strong cost management across our manufacturing footprint remains a top priority.

As a reminder, over the past several years, our adjusted gross margins have generally remained in the mid-to-upper-70s when excluding Comirnaty, which has a 50%-50% profit split with our partner BioNTech. We continue to expect approximately \$700 million in savings from our Phase 1 of our manufacturing optimization program this year with approximately \$175 million realized in this quarter.

Total Adjusted operating expenses were \$5.5 billion for the first quarter of 2026, an increase of 4% operationally versus the first quarter last year. And now looking at the components, adjusted S&A expenses decreased 5% operationally, primarily reflecting lower marketing and promotional spending on various products from more targeted investments and ongoing productivity improvements, as well as lower spending in corporate enabling functions.

Adjusted R&D expenses increased 11% operationally, primarily driven by an increase in spending in certain oncology and obesity product candidates. First quarter 2026 adjusted operating margin was strong at 38% and above pre-pandemic levels demonstrating effective cost management as well as revenue performance. We have already made meaningful progress on our productivity initiatives and remain on track to deliver the majority of the anticipated \$7.2 billion in total net cost savings by the end of 2026. And looking ahead, we will continue to identify opportunities to further enhance efficiencies while prioritizing investments that support future growth.

Turning to the bottom line, Q1 reported diluted earnings per share was \$0.47 and our adjusted diluted EPS was \$0.75, which benefited from our strong non-COVID revenue and efficient operating structure.

Now with that, let me now turn to capital allocation strategy. Our strategy is designed to enhance long-term shareholder value while preserving flexibility. It includes reinvesting in the business at appropriate returns, maintaining and over time growing our dividend, and preserving optionality for future value-enhancing actions, including share repurchases.

In Q1, we invested \$2.5 billion in internal R&D, returned \$2.4 billion to shareholders via our quarterly dividend, and our completed business development activity was minimal. We closed on the sale of our stake in ViiV in the second quarter providing us with approximately \$1.65 billion in net proceeds, after taxes and customary closing costs. Our BD capacity, when including the ViiV proceeds, is approximately \$7 billion.

First quarter 2026 operating cash flow was \$2.6 billion and leverage ended the quarter at 2.8x. And as just a reminder, given the LOE headwinds over the next few years, we expect leverage to remain around current levels, or slightly higher, through this transition period. I will also mention that we made our final TCJA repatriation tax payment of approximately \$2.6 billion in April.

Based on our performance to date and continued execution, we are reaffirming our full-year 2026 guidance today. We continue to expect total company revenues in the range of \$59.5 to \$62.5 billion and adjusted diluted EPS in the range of \$2.80 to \$3.00 a share. This outlook reflects our expectation of strong contributions across our product portfolio, adjusted gross margins in the mid-70% range, disciplined cost management, and continued investment to support growth by the end of the decade.

As a reminder, sustained low disease levels of COVID will likely continue to weigh on Paxlovid utilization over the next several months. And additionally, our plan assumes the majority of Comirnaty sales will occur towards the end of the year and consistent with the vaccination season. And as always, we will continue to monitor currency fluctuations as the year progresses.

In closing, over the next several years, our focus remains on investing in key assets while managing upcoming LOE events, primarily from this year through 2028. As we look toward the end of the decade, growth is expected to be driven by our advancing R&D pipeline, and the continued progress of our launched and acquired products.

Following the Vyndamax settlement, we now have a clear line-of-sight to a high single-digit five-year revenue CAGR post-2028. Furthermore, this event combined with our legal win in the Belgian court regarding EU Comirnaty will enhance our cash flow post-2028. We continue to position Pfizer for durable, long-term growth and shareholder value creation.

And with that, I'll turn the call back to Albert to begin the Q&A session.

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

Thanks, Dave. Nice quarter. Now operator please assemble the queue.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Vamil Divan, Guggenheim.

Vamil Divan - Guggenheim Securities LLC - Equity Analyst

Great. I'll keep it to one. I think a lot of focus on the upcoming ADA meeting. I'm just curious if you can just kind of clarify exactly what we should expect to see, I know we'll obviously see VESPER-3, but any other data that we should expect to see from Pfizer perspective? I think in typical hosting an investor event in conjunction with the meeting. So curious if there's any other details you can share around that?

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

So Chris, the question is for you, how much of the data you're going to disclose in the ADA?

Chris Boshoff - Pfizer Inc - Chief Scientific Officer & President, Research & Development

And thank you very much for the question. It's obviously a very important program. We're excited with the progress and since the close of Metsera. As you know, we had exceptional execution, not only the clinical development, but also on the commercial development side and as well as CMC and on the pharmaceutical sciences as well as the devices.

Detailed Phase 3 -- detailed data from VESPER-3 will be shared. The top line data we presented last time, I think 4Q '25 earnings. Data from VESPER-1, the open-label extension will be shared as well as data from VESPER-2, which is weekly berobenatide, our new name for our GLP-1 with or without titration in participants with type 2 diabetes will be shared. We will not share yet at ADA any data on amylin mono. We expect 24 weeks monotherapy and 28 weeks combination with the amylin and GLP-1 that will be shared in the second half of this year.

Operator

Dave Risinger, Leerink Partners.

David Risinger - *Leerink Partners LLC - Analyst*

Yes. So my questions are on your oncology read outs this year that could move the needle for the company. Could you comment on your expectations for SV, MEVRO pivotal readouts this year? And then separately, if you could just please provide an update on your restructuring of corporate strategy and business development operations at the company?

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

Thank you very much, Dave. Let me take the second one and then Chris will address the SV and the MEVRO. We did some changes in our organizational structure that are aligned with our constant effort to simplify. We have reduced the members of my executive team by four over the next couple of years -- the last two years.

So the business development moved under Chris Boshoff because most of the business development are right now related with R&D pipeline and choices. We see significant improvement in any friction that could exist and how smooth things could work by doing that.

We also moved the commercial development, which is all the commercial strategies that were sitting in that the group into the global marketing of the organization. And that creates also a significant amount of synergies by having global and the new products, global market dealing with new products, and with our own products. That went under Aamir.

Alexandre took over the responsibility to manage the portfolio management team. He is the new chair, and he is focusing on prioritizing the pipeline. And then the strategy group moved to my chief of staff, so in the Office of the CEO, where I can have also a better supervision. So this is the change that happened into our organization. And we feel that they are consistent with everything we were planning, which is simplification of our business. Chris.

Chris Boshoff - *Pfizer Inc - Chief Scientific Officer & President, Research & Development*

Thank you very much. So to start with SV, an important program for us. And Integrin Beta-6 is a highly differentiated target overexpressing 90% of lung cancers and little expression in normal tissue in the lung. And we were encouraged by the first-line data with -- I mean the Phase 1 data, which we shared, albeit a single-arm experience with a median overall survival of approximately 16.3 months.

The second line study, just a reminder is focused on non-squamous based on the signals we've seen and Phase 3 study against docetaxel. The study is statistically powered should it be positive for overall survival. It will also be clinically meaningful. Just a reminder, we also have an ongoing Phase 3 trial in the TPS high, TPS more than 50 and data will be shared at ASCO from the Phase 1 experience. This is pembro versus pembro plus SV.

A reminder that last year, we shared data for that combination of PD-L1 high, handful of patients, but everyone responded in that population, so it was a 100% response rate in a small population. And for mevrmetostat, again, an important differentiated, highly specific differentiated EZH2. The first study that will read out is MEVPRO-1, which is in patients post abiraterone, a significant unmet need and of enzalutamide versus -- sorry, enzalutamide plus EZH2 versus physician's choice of enzalutamide or docetaxel. And that should read out middle or second half of this year.

Operator

Chris Schott, JPMorgan.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Maybe just two for me. First, maybe for Dave or the broader team. I know you typically don't raise guidance with 1Q, but it does seem like a very solid start to the year from a revenue perspective. Can you just talk generally about the business trends versus your expectations and just how you're thinking about the year progressing from here?

And the second question for me was on BD capacity. You mentioned \$7 billion. I guess just given the VYNDAMAX clarity, could the company look at larger transactions if the right deal were to present and sell? Or is the focus still much more on the internal pipeline and maybe smaller tuck-ins from here?

David Denton - *Pfizer Inc - Executive Vice President, Chief Financial Officer*

Yes. Chris, Dave here. Thank you. Yes, I think to your first question, company is off to a really solid start in Q1. If you look kind of up and down and across the board from a product perspective, we exceeded expectations on top line and bottom line and really strong cost control and cost management and very disciplined execution. So yes, setting ourselves up really well for delivery for the balance of the year.

As you well know, Chris, I have a philosophy of not really adjusting in Q1. I think as you well know, if you look at our COVID franchise, it will always be back half weighted because of the seasonality of the (technical difficulty) and so we are, if anything, have derisked delivery on that without raising guidance.

So absent that, we probably would be raising guidance, how is that? So again, strong performance. Secondly, as I said, we do have \$7 billion in BD capacity. Obviously, this development from a legal perspective actually gives us more confidence in our cash flow delivery over the next several years. And we constantly look at BD and understand what is appropriate strategically to do from a BD perspective to support the needs of the company and to deliver long-term value.

Operator

Kerry Holford, Berenberg.

Kerry Holford - *Joh Berenberg Gossler & Co KG - Analyst*

Just on COMIRNATY, I wonder if you can just talk a little bit more about the vaccination rates you're expecting this year within the US and international regions. And then just coming back to the international region. Can you talk a little bit more about the [inaudible] European contracts reminder of those existing phase payments. And in the context of that recent Belgian court decision, the two items that together, how should we think about the evolution of ex-US sales for that vaccine?

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

Okay. Let's start with international, and then we move to with Alexandre and then Aamir will speak about the origination rates in the year.

Alexandre de Germay - *Pfizer Inc - Chief International Commercial Officer, Executive Vice President*

Good question. Just to put context, the decline that you see in Q1 on COMIRNATY has nothing to do with vaccination. It's really the effect of last year. We shipped our last contract -- elements of our contract with the UK. So we don't have that contract anymore in 2026, and that's why you have the reduction. But it hasn't really talked about the vaccination rate. Actually, we went through the vaccinations numbers in Europe in 2025 and mostly stable versus 2024.

Of course, you have differences, for instance, in brands, the vaccination rate is around 25% of the other adults. In Spain, it's going to be around 35%. But those rates are stable, and we see governments will need to continue to invest and increase awareness of their older and at-risk population to get vaccination. In 2026, we will work with those government across the European Union to actually continue to execute our contract the same way we did in previous years.

Now with regard to the legal case and the court judgment on April 1, 2026. The court judgment is very clear, and we've started to work with the governments in Poland and Romania to actually execute the judgment, and we're discussing the best path forward to implement that judgement.

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

Thank you Alexandre. So Aamir, what about the US?

Aamir Malik - Pfizer Inc - Chief US Commercial Officer, Executive Vice President

Vaccination rates in the US, obviously, it's very different for every segment. In COVID, with COMIRNATY, there was a narrowing of the label. So we did see a shrinking of the market a bit. In the case of RSV, we always see now going past our third season with a tougher to activate adult population but growing on the maternal space, and there's population dynamics with PREVNAR both in peds and adults.

So we see ups and downs in the vaccination rates as a result of those dynamics. But what I feel very good and very confident about is the way that we're executing in that market. So if you look at every single one of our vaccines, we have market-leading positions. ABRYSCO is more than 60%, COMIRNATY, more than 60%, PREVNAR peds now at 84% and PREVNAR adult even after many months of competition from Merck holding share steady at 70%. So I feel very good about the way that we're executing in a slightly turbulent market.

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

Thank you for the confidence Aamir. I share it with you.

Operator

Umer Raffat, Evercore ISI.

Umer Raffat - Evercore Inc - Equity Analyst

And I appreciate some of the comments you made around maintaining the dividend. I just thought I would approach it from two different angles, if I may. First, I guess, what's the likelihood that Pfizer entertains a transformative M&A in near or medium term, which could end up impacting dividend as we've seen in history?

And then secondly, Albert, I guess, how are you personally, but also the Board thinking about your tenure at Pfizer and how it ties to dividend integrity beyond?

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

Look, we never say never. And we always look at every business -- possible business combination for M&A. If you are asking me, if right now, we think that we are going to go for something very big, a big merger? No, we think that right now, in the next years, it is the time to execute on AI transformation of these organizations. And that requires not the disruption of mega merger.

So I would say that we are open to everything, and we are looking at encourage shareholder value, but it is not right now very high in our list to find something like that. The second question, how I see my tenure, I see it like continuing. And I said multiple times that I was very proud of what we were able to achieve with COVID. But then if you're spoiled with this feeling of satisfaction, you want to do it again. So I'm planning to do it again. And hopefully, with the cancer, obesity and vaccines this time.

Operator

Asad Haider, Goldman Sachs.

Asad Haider - Goldman Sachs Group Inc - Analyst

Albert, just going back to last December's guidance call, you highlighted \$17 billion of annual revenue impacted by LOEs by 2030 and now with the tafamidis patent settlement extending back to mid-2031, your comments that you are aiming to achieve high single-digit five-year revenue growth starting in 2029. Just if you could double-click on that a little bit more, just looking at the pipeline in the current BD aperture that you just described, just level set us on any updated thoughts on bridging the gap around how we should be thinking about the levers to drive this growth against the stacked LOEs?

And then just related, embedded in this high single-digit CAGR, what are the assumptions around your base business such as COVID and the current oncology products?

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

Yes, it is easier to forecast the base business because it's constant. So that it is following the normal trends that we expect based on product by product. The LOEs also are easy to predict because they have the certainty of occurrence. Right now, you're right, with this 2.5 years delay of the LOE of a product that is \$6 billion-plus. It is providing significant, as you can understand, opportunity for cash flows, EPS, and changes the growth profile.

That's why we spoke now because with this uncertainty going about our projections about the growth profile, which we said it is starting in '29. It's a five-year high single-digit CAGR. How that is built is built with the current portfolio, with the decline through the LOEs, and with the additions of pipeline that they are heavily risk-adjusted. So it's not that we are having binary events. So the pipeline are multiple, as you know.

We have a series of readouts right now that will affect the revenues in the '29. And so I think when -- I feel confident about that because when it is a large number of pipeline assets is risk adjusted, statistic usually work and those that we will fail, will fail and both of them will succeed. But the risk adjustment takes into consideration about that.

So very confident about the growth trajectory of the company starting in '29. And I'm also very confident that we navigate the LOEs as you saw right now, very well started already this year, the LOEs. I also want to emphasize that always the strategy for LOEs was new and acquired products to do well because they were launched and acquired to offset the LOEs. They are growing 22% this year.

They are already on a \$3.1 billion in the quarter. If you without saying that that's the guidance, but if you multiply it by 4, just to give you, we are talking about over \$12 billion this year and growing. And the \$17 billion of LOEs now after Vynda, they are more 14 to 15 rather than \$17 billion. So I think it looks good. Thank you.

Operator

Evan Seigerman, BMO Capital Markets.

Evan Seigerman - *Bank of Montreal - Analyst*

I really want to touch on capital deployment, specifically when it comes to share repurchases. Dave, I know that that's been a method that you've wanted to employ now with clarity on Vyndamax and the CAGR post 2028. What other -- what else do you need to see to potentially start buying back shares, especially at these levels?

David Denton - *Pfizer Inc - Executive Vice President, Chief Financial Officer*

Yes, Evan, great question. We always look at our capital allocation strategy and balance between the three options that we have. At the moment, our focus is really on investing in our R&D platform and in business development to drive long-term value. With the development in these court cases, that does give us a bit more confidence in our cash flow over time.

So you'll see us the capital allocation share repurchase lever will come back into greater consideration going forward. So great question. Something we always work at, and we're always looking to do what's best for the company and shareholders long term.

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

Thank you, Dave. Very clear. Next question, please.

Operator

Courtney Breen, Bernstein.

Courtney Breen - *Sanford C Bernstein & Co LLC - Equity Analyst*

I just wanted to probe a little bit more on Sigvotatug vedotin and positioning in that frontline setting all comers relative to the Symbiotic-Lung-01 study that you've already started with the PD-1 VEGF. I also note that you've got kind of a Phase 1/2 running combining these two assets. And can you help us contextualize that new Phase 3 all comers that you intend to start this year for SV first line? And how that may be positioned relative to Symbiotic-Lung-01?

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

All right, Chris.

Chris Boshoff - *Pfizer Inc - Chief Scientific Officer & President, Research & Development*

Thank you very much for the question. Lung cancer is obviously a very significant unmet need and having a number of shots on goal now with a very differentiated portfolio gives us confidence that we can continue to play important role in lung cancer beyond just in the targeted therapies like lorlatinib. For SV, we are very encouraged by the data we've seen for the combination of pembrolizumab plus SV in the PD-L1 high population, where we previously showed in a small number of small code of patients that they all responded in the PD-L1 high to that combination.

So the Phase 3 study that's ongoing for pembrolizumab versus pembrolizumab plus SV. That study is recruiting well in the first-line setting and we're confident for the readout for that study. And ongoing also is the second line study, which is against Docetaxel and which was encouraged by the previous data we've seen, albeit in a single-arm experience with a median overall survival of 16.3 months. So that study should read out mid-year. That's Docetaxel versus SV second-line powered for, obviously, for overall survival.

And if it's positive as I said earlier, it will be clinically meaningful. And then ongoing studies being planned also for the broader population in combination with chemo plus pembrolizumab, and we will share some of the data at later this year for the early data for that combination.

In terms of 4404, at ASCO, we will share the Phase 2 data of 4404-monotherapy in first-line PD-1 expressing non-small cell lung cancer. As you know, we recently shared data at AACR, where we repeated the preclinical and early data generated by 3SBio in China.

So we're really confident that this is a differentiated molecule. And the binding against VEGF is -- we've shown at AACR is better -- is higher affinity ability than what's seen with bevacizumab, or that's seen with competitor VEGF/PD-1 molecules. So confident in the molecule. We'll share more data later this year with a broad program starting, including in combination with chemo and just a reminder, ASCO will also share data and with 4401-plus chemo in first-line advanced recurrent endometrial cancer, another program that we plan to start a Phase 3 program in.

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

Thank you, Chris.

Operator

Louise Chen, Scotiabank.

Louise Chen - Scotiabank GBM - Analyst

I want to ask you which key products do you think will drive the reacceleration of your growth in 2029 and beyond? And then regarding the international obesity opportunity, just curious what you learned from the launch of your GLP-1 in China?

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

Alexandre, let's start with you again at this time because the obesity international has, of course, the Lilly numbers have surprised how big the international market is. And then also to speak about key products that will drive your growth in '29. And then, Aamir, US key products that will drive growth in '29.

Alexandre de Germay - Pfizer Inc - Chief International Commercial Officer, Executive Vice President

So a good question on the ecnoglutide launch in China. Of course, it's very, very early days. We really launched the product Monday last week. So I mean it's only a week, so I can't really talk to you about the penetration of ecnoglutide in China. But what is really interesting is actually the incidence of chronic weight in China is quite high, 15% of the Chinese population. And considering the size of the China population, that makes it one of the larger market for chronic weight management.

And that's the reason why we decided on March and February to structurally do this collaboration with Sciwind Bioscience for the commercialization of ecnoglutide in China, and since then, we got the approval and commercialize these assets. Ecnoglutide has a very interesting profile. And actually, it's demonstrating in a placebo-controlled study, a 15.1% weight loss at 48 weeks, which is in part was the best GLP-1. With this bias mechanism of action of GLP-1, we think that we have -- we are bringing to market a very effective asset with a good tolerability profile.

And of course, we're going to leverage our very strong primary care capabilities in China that puts Pfizer China as one of the leading in primary care. So it's a combination of a very attractive clinical profile, plus our knowledge in this area. Well, we believe matters a leader in

this category. And we are not coming very late into the market because remember, Eli Lilly introduced their asset in the beginning of last year.

So it's not like we're coming many years after the introduction of those assets. So as I said, I'm very optimistic, both due to the profile of this asset and the capability that we have developed in China.

Now when it comes into the growth engine of the international. There are -- I just want to step back one second. If you look at the quarter and the fact that our non-COVID primary care group double-digit growth. We delivered \$2 billion this quarter. Remember, we closed last year with a double-digit growth on primary care.

Now if you look at the specialty care, about \$1.5 billion this quarter, we're delivering a double-digit growth again. That was on the back of a double-digit growth last year. And there are assets in those different areas that will continue to power our growth.

If I come back to primary care, our vaccines are growing very strongly. And the reason why we are growing very strongly on vaccine is because both on pneumococcal and on RSV, we have a large population. If you look at -- as you know, in pneumococcal, this is a very -- it's a very large population and two-third of our vaccine business come from pediatrics. And of course, we have a large pediatric population to continue to grow.

So both in maternal immunization and pneumococcal. So the vaccines have a potential to grow in pediatric and in adults. Of course, a big growth at the end of the decade will come from the Metsera asset in chronic weight management because there are two elements of that. One, it's an underserved category with a large epidemic across the world, right? In some of the emerging markets, we have a very high prevalence in Saudi, in Brazil, and Mexico of obesity and our presence in those markets will -- with a strong primary care will allow us to actually tap this potential.

But also it is a cash market, which also is a big advantage in Europe and Japan and other developed markets where right after the approval, we can introduce those products which is not the case today in many of our categories because it takes a lot of time for reimbursement negotiation with the payer. So you see we have an in-line asset that will continue to power the growth, and we are bringing assets like the Metsera that will go straight to market. And of course, the oncology asset will come, but it will take longer for reimbursement negotiation.

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

Thank you, Alexandre. Aamir now excite us for US.

Aamir Malik - Pfizer Inc - Chief US Commercial Officer, Executive Vice President

Louise, thanks for the question. There's many things that give us confidence about driving growth in the US in '29. If you take the first category, we have products that are on the market today that have a lot of upside to them. You think about PADCEV, all of our recent growth has been primarily driven by Ia/mUC. We're at the high 50% penetration there.

And we've got lots of upside in MIDC, 303 and 304. So there's a lot of headroom for growth there. Secondly, you look at products like Nurtec, we've got a lot of tailwind behind us now, but only 60% of people who write a triptan have yet to write an oral CGRP. So there's a lot of headroom for growth, and we're executing really well against that.

Second, you look at some of our existing large franchises. We have a lot of confidence in what's going to happen with Vynda. Now with 2.5 years of additional exclusivity gives us the opportunity to invest and to continue to grow diagnosis and we are doing a great job defending our existing patient base as well as ensuring that it is the choice, the top choice for new patient starts. And so we think we have a lot of momentum on franchises like that as well.

And then just to complement what Alexandre was saying. If I think about new areas of growth, we talked a lot about the oncology assets already, but obviously, we're very excited about what we have to bring to the market in obesity.

The assets speak for themselves, but what I'm particularly excited about is the fact that we have unique capabilities as a company to win in this area, both in terms of our ability to activate consumers and patients in very different ways as well as our legacy in this space and the fact that almost 60% of physicians who are going to write these products, we already touch today through a combination of our field forces. So those combinations are just some examples of what gives us confidence to grow in '29 and beyond.

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

Thank you, Aamir. And thank you, everyone, for your attention. Our strong performance in the quarter reflects the impact of our continued focus and disciplined execution. We are engaging with precision to maximize the value of our commercial portfolio, and we are seeing the results in our financial performance.

In R&D, we are making meaningful progress with a robust slate of critical milestones ahead in 2026 that we believe will further demonstrate the strength and breadth of our pipeline. I want to thank my Pfizer team. I believe we have the best team Pfizer ever had. They are dedicated to our purpose, continue to deliver and embrace our commitment to creating long-term value for patients and for our shareholders.

Thank you for joining the call today and thank you for your interest in Pfizer. We look forward to sharing further updates as we execute our priorities throughout the year.

Operator

Thank you. This brings us to the end of today's meeting. We appreciate your time and participation. You may now disconnect.

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