Pfizer Inc.(PFE)

$36.30 (As of 04/01/21)

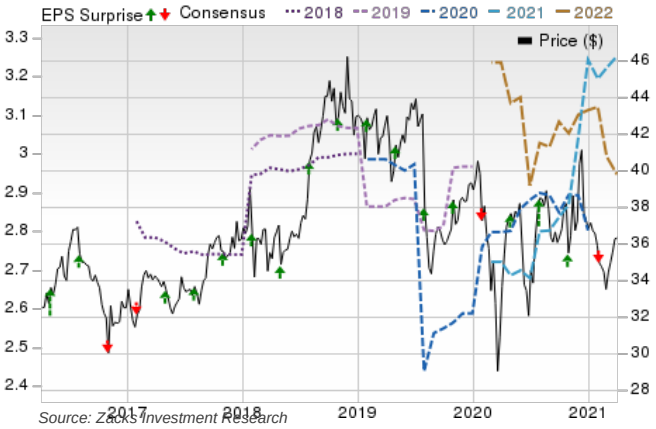
Price Target (6-12 Months): **$38.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/30/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: A | Growth: D | Momentum: D	

Summary

The Consumer Healthcare joint venture with Glaxo and the merger of Upjohn unit with Mylan has made Pfizer a smaller company with a diversified portfolio of innovative drugs and vaccines. The smaller Pfizer should see better revenue growth. Pfizer expects strong growth of key brands like Ibrance, Inlyta and Eliquis to drive sales. Its COVID-19 vaccine candidate, developed in record time, is now approved for emergency use in several countries. Pfizer boasts a sustainable pipeline with multiple late-stage pipeline programs that can drive growth. However, currency headwinds and pricing pressure are key top-line headwinds. Meanwhile, its Upjohn unit was a cash rich business and its divestiture will reduce the company's cash flow. Shares have underperformed the industry this year so far.

Price, Consensus & Surprise

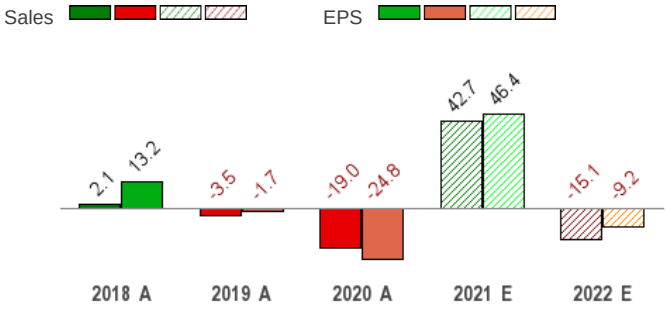


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$43.08 - $31.61**
20-Day Average Volume (Shares)	**27,369,516**
Market Cap	**$202.5 B**
Year-To-Date Price Change	**-1.4%**
Beta	**0.72**
Dividend / Dividend Yield	**$1.56 / 4.3%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Bottom 6% (238 out of 253)**
Last EPS Surprise	**-8.7%**
Last Sales Surprise	**6.1%**
EPS F1 Estimate 4-Week Change	**0.9%**
Expected Report Date	**05/04/2021**
Earnings ESP	**0.0%**
P/E TTM	**13.4**
P/E F1	**11.2**
PEG F1	**1.6**
P/S TTM	**4.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	11,789 E	11,897 E	12,071 E	12,758 E	50,810 E
2021	13,416 E	14,371 E	14,931 E	15,650 E	59,817 E
2020	12,028 A	11,801 A	12,131 A	11,684 A	41,908 A

EPS Estimates

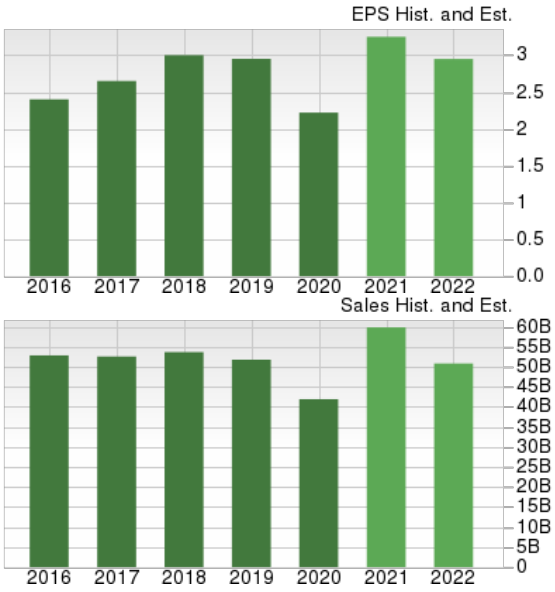
	Q1	Q2	Q3	Q4	Annual*
2022					$2.95 E
2021	$0.83 E	$0.84 E	$0.88 E	$0.72 E	$3.25 E
2020	$0.80 A	$0.78 A	$0.72 A	$0.42 A	$2.22 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 04/01/2021. The report's text and the analyst-provided price target are as of 04/05/2021.

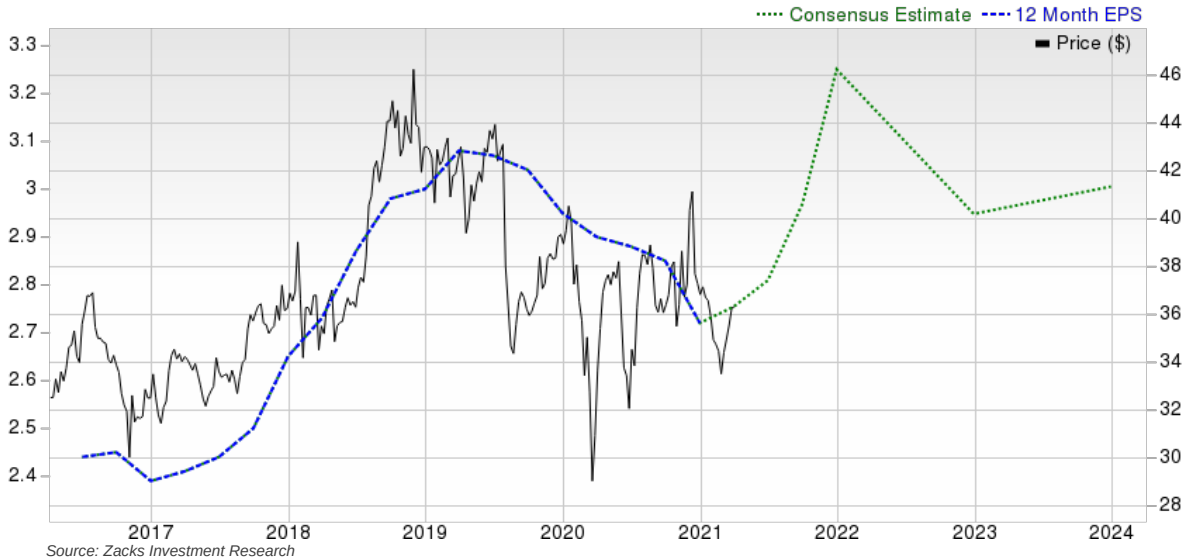
Overview

With eight blockbuster products in its portfolio, New York-based, Pfizer, Inc. boasts a sustainable pipeline with multiple late-stage programs that can drive growth. Pfizer markets a wide range of drugs and vaccines. Its business comprises six business units — Oncology, Inflammation & Immunology, Rare Disease, Hospital, Vaccines and Internal Medicine. In July 2019, Pfizer announced a definitive agreement to spin-off its Upjohn unit, its off-patent branded and generic established medicines business, and combine it with generic drugmaker Mylan to create a new generic pharmaceutical company to be called Viatris. The transaction closed in November 2020. The Consumer Healthcare (CHC) segment, an over-the-counter (OTC) medicines business, was merged with Glaxo's unit in July 2019 to form a new joint venture (JV). Pfizer owns a stake of 32% in the JV and Glaxo owns the remaining 68%.



The Consumer Healthcare joint venture with Glaxo and the merger of Upjohn unit with Mylan has made Pfizer a smaller company with a diversified portfolio of innovative drugs and vaccines. The smaller Pfizer should see better revenue growth. However, its Upjohn unit was a cash rich business and its divestiture will reduce the company's cash flow. Pfizer's acquisition strategy has evolved from making huge acquisitions to buying early to mid-stage opportunities, which cost much less than the massive deals. Its key acquisitions include cancer-focused biotech Array BioPharma in July 2019, cancer-focused biopharma company, Medivation in September 2016, Anacor in June 2016, sterile injectable drugs and biosimilars manufacturer, Hospira in September 2015, King Pharmaceuticals in February 2011 and Wyeth in October 2009.

Worldwide sales were $41.9 billion in 2020 (up 3%). Oncology accounts for 26% of total revenues. Vaccine accounted for 15.7%, and Internal Medicine 21.4%. The Inflammation & Immunology franchise accounted for 11%, Rare Disease 7% and the Hospital sub-segment accounted for 19% of 2020 revenues.



Source: Zacks Investment Research

Reasons To Buy:

The Consumer Healthcare JV with Glaxo and merger of Upjohn unit with Mylan has made Pfizer a smaller company with a diversified portfolio of innovative drugs and vaccines

- **Acquisitions to Boost Growth & Pipeline:** Pfizer's October 2009 acquisition of Wyeth helped the company become more diversified with a stronger presence in emerging markets. Wyeth's large biologics platform, strong presence in vaccines, and significant consumer products businesses has been beneficial for Pfizer. Pfizer realized synergies of more than $4 billion from the Wyeth acquisition.

  The September 2015 Hospira acquisition has significantly expanded Pfizer's sterile injectable and biosimilar capabilities. The acquisition provided Pfizer with Hospira's lucrative biosimilar portfolio of both marketed and pipeline assets.

  In 2016, the company spent approximately $40 billion on acquisitions, which enhanced the company's growth potential by expanding its footprint in the highest-growth therapeutic areas. The Bamboo Therapeutics acquisition (August 2016) complemented Pfizer's rare disease portfolio and enhanced its leadership position in gene therapy. The September 2016 acquisition of cancer-focused biopharma company, Medivation added cancer treatments, Xtandi, and Talzenna to Pfizer's portfolio, which further strengthened its cancer franchise.

  In addition to acquisitions, Pfizer is looking to drive growth through licensing deals and collaborative agreements. Key collaboration agreements include the development and commercialization of Eliquis with Bristol-Myers Squibb, Xtandi with Astellas, COVID-19 Vaccine with BioNTech, Orgovyx (relugolix) with Myovant, and Bavencio with Merck KGaA.

- **New Drugs to Drive Growth:** Pfizer gained FDA approval for several innovative cancer medicines like Daurismo, Lorbrena, Vizimpro, Talzenna, Besponsa, and Mylotarg in 2017/2018, which can boost its oncology sales. Braftovi plus Mektovi, which Pfizer acquired following its acquisition of Array BioPharma in 2019, was launched as a treatment for BRAF-mutant melanoma, in 2018. Meanwhile, the combination therapy is being investigated in over 30 studies across several solid tumor indications.

  Meanwhile, Vyndaqel and Vyndamax, two oral formulations of tafamidis to treat transthyretin cardiomyopathy (TTR-CM), were approved and launched in the United States in 2019 and are already contributing to sales growth. Pfizer and partner BioNTech have successfully developed a vaccine for COVID-19 in record time, which is now approved for emergency/temporary use in more than 50 countries worldwide.

  Pfizer is also working on expanding the labels of approved products like Ibrance, Xeljanz, Xalkori and Eliquis. Xeljanz was approved in the United States for new indications, psoriatic arthritis in December 2017 and ulcerative colitis in May 2018. An application seeking approval of Xeljanz for ankylosing spondylitis (AS) is under review with the FDA with a decision expected in the second quarter of 2021. Pfizer is exploring the possibility of expanding Ibrance into recurrent and subsequent early breast cancer.

- **Deep Pipeline to Drive Long-Term Growth:** Pfizer has committed significant number of resources toward the development of treatments in the fields of oncology, internal medicine, rare diseases, immunology, inflammation, vaccines and hospital. In fact, its phase III success rate, on a five-year rolling average, has improved from 70% to 85%.

  A key candidate in the oncology pipeline is Bavencio (avelumab), which is being evaluated for different types of cancer while being already approved for Merkel cell carcinoma and in combination with Inlyta for first-line treatment of advanced kidney cancer. Though approved for these two small indications currently, Bavencio can be a key long-term growth driver for Pfizer if it gains label expansion approvals. Avelumab is being evaluated in various studies as a single agent as well as in various combinations with Pfizer/Merck KGaA's approved and investigational oncology therapies.

  Interesting non-oncology pipeline candidates include abrocitinib/PF-04965842 (JAK selective inhibitor for atomic dermatitis – under priority review in United States and EU; FDA's decision expected in April 2021), ritlecitinib/PF-06651600 (JAK3 inhibitor for severe alopecia areata – phase III, ulcerative colitis and vitiligo – phase II), PF-06482077 (20-valent pneumococcal conjugate vaccine – under priority review in the United States (FDA's decision expected in June 2021) and EU), tanezumab (osteoarthritis pain – under review in the United States), somatrogon (children with growth hormone deficiency – under review in the United States [FDA's decision expected in October 2021] and EU), PF-06928316 (respiratory syncytial virus (RSV) vaccine candidate - phase III), PF-06939926 (gene therapy for Duchenne muscular dystrophy - phase III), fidanacogene elaparvovec/PF-06838435 (gene therapy for hemophilia B – phase III), marstacimab (severe hemophilia A and B – phase III) and giroctocogene fitelparvovec (gene therapy for hemophilia A – phase III).

  Pfizer looks well positioned to deliver several potential new breakthrough innovative medicines in the next five years, which can drive long-term growth.

- **Growing Biosimilar Portfolio:** Pfizer launched Inflectra, its first biosimilar version of Remicade in November 2016. Inflectra was the first biosimilar monoclonal antibody available in the United States and its sales are growing in certain U.S. channels as well as in developed Europe. In Europe and United States, Pfizer markets biosimilar versions of Amgen's drugs Neupogen (Nivestym) and Epogen (Retacrit). Gradually, Pfizer is venturing into the oncology biosimilars space. Biosimilar versions of Roche's cancer drugs Herceptin (trade name: Trazimera), Avastin (Zirabev) and Rituxan (Ruxience) and AbbVie's Humira (Abrilada) were approved by the FDA in 2019. Zirabev, Trazimera and Ruxience were launched in the United States in early 2020. Abrilada will be launched in 2023 per a settlement with AbbVie. In 2020, Pfizer gained approval for Nyvepria, a biosimilar version of Amgen's drug Neulasta in the United States and EU. Biosimilar versions of Herceptin, Avastin and Rituxan are also approved in the EU. Pfizer is evaluating several biosimilar molecules in various stages of development.

- **Cost-Cutting Initiatives& Shareholder Returns:** With several new product launches lined up for the next few years, Pfizer will need to make investments in new market creation activities. Pfizer is taking steps to simplify the organization, increase spans of control and reduce organizational layers to reduce bureaucracy and expedite decision making.

In 2017/2018, Pfizer undertook more cost-reduction/productivity initiatives, which generated cost savings of approximately $1.6 billion in the three-year period 2017-2019. In 2020, Pfizer transformed into a more focused company with CHC JV and Upjohn transactions. Actions in this regard are expected to result in cost savings of about $1.0 billion to be achieved over the three-year period 2020-2022.

Pfizer is also looking to reward shareholders through share buybacks and dividends. The company returned about $16.9 billion to shareholders in the form of dividends and share buybacks in 2019, $20.2 billion in 2018 and 12.7 billion in 2017.

▲ **Favorable Debt Profile:** Pfizer has $37.1 billion in long-term debt and $2.7 billion in short-term debt as of Dec 31, 2020. Its cash of $12.2 billion is sufficient to meet its short-term debt obligations. As of Dec 31, 2020, the company's debt to total capital stands at 36.9%, which is lower than 43.2% as of Sep 30 2020. A lower ratio indicates lower financial risk. The company carries an A2 rating from Moody's (as of Dec 31, 2020) for its long-term debt, which indicates low credit risk. For its short-term debt (commercial paper) Moody's has assigned a P-1 rating, which means the company has high ability to repay short term debt. Overall, Pfizer is in good financial health.

Reasons To Sell:

Currency headwinds and pricing pressure are top-line headwinds.

- **Shares Underperforming Industry:** Pfizer's shares have lost 1.4% this year so far compared with the industry's decrease of 0.4%.

- **Generics Remain a Headwind:** We are concerned about the patent expiration faced by several products in Pfizer's portfolio over the next few years. Chantix lost exclusivity in United States in November 2020 while Sutent will lose the same in 2021. Meanwhile, many companies are seeking approval for generic versions of other key products like Ibrance and Xeljanz. Generic competition not only puts pressure on the company's pricing, it will also impact gross margins. Loss of exclusivities (LOEs) is expected to hurt 2021 sales by $1.0 billion.

- **Rising Competition in Immuno-Oncology Market:** Although Pfizer is among the major players in immunotherapy, there are several other companies, big as well as small, looking to develop and bring immunotherapy treatments to market. Rising competition in the immuno-oncology market is a significant concern.

  In the breast cancer market, competition for Ibrance has increased with launches for Eli Lilly's Verzenio and Novartis' Kisqali. Xtandi faces competition from J&J's new prostate cancer drug Erleada as well as generic versions of Zytiga.

- **Pipeline Setbacks:** Pfizer has faced high profile pipeline failures in the central nervous system (CNS) category including insomnia drug Indiplon and antipsychotic asenapine. Pfizer's CNS franchise has been significantly impacted by the loss of exclusivity on Zoloft and the failure of these two candidates. The category remains a significant need for Pfizer, which we believe was part of the interest in Wyeth. Pfizer's other high-profile pipeline failures include bapineuzumab IV for Alzheimer's disease, torcetrapib for high cholesterol, dalbavancin (Zeven), an antibiotic for the treatment of skin infections, inhaled insulin drug Exubera, Sutent for liver cancer, melanoma candidate tremelimumab, bococizumab (a PCSK9 inhibitor for the treatment of elevated cholesterol) and OTC Lipitor.

- **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. While many of the company's drugs face pricing pressure in the United States, in many markets outside the United States, government-mandated pricing actions have led to lowering of generic and patented drug prices. All these factors are creating pressure on sales and profits of pharma companies. Also changes in the U.S. healthcare system as part of the health care reforms could further create pricing pressure.

  This pricing pressure is expected to continue and hurt the top line in the future quarters.

Last Earnings Report

Pfizer Q4 Earnings Miss, Sales Beat, 2021 View Upbeat

Quarter Ending	12/2020
Report Date	Feb 02, 2021
Sales Surprise	6.11%
EPS Surprise	-8.70%
Quarterly EPS	0.42
Annual EPS (TTM)	2.72

Pfizer's fourth-quarter results were mixed as it missed estimates for earnings while beating the same for sales. Pfizer's financial outlook for 2021 was quite upbeat.

Pfizer reported fourth-quarter 2020 adjusted earnings per share of 42 cents, which missed the Zacks Consensus Estimate of 46 cents. Earnings however rose 14% year over year.

Revenues came in $11.68 billion, which beat the Zacks Consensus Estimate of $11.01 billion. Sales rose 12% from the year-ago quarter on a reported basis and 11% on an operational basis.

The fourth quarter of 2020 results marked the first quarterly result for the "New Pfizer". Pfizer's Biopharma unit became the "New Pfizer" following the separation of the Upjohn unit.

Higher sales of brands like Eliquis, Ibrance, Inlyta, Prevnar 13/Prevenar 13, Vyndaqel/Vyndamax and Xeljanz and higher biosimilars revenues drove sales growth. Importantly, Pfizer and partner BioNTech's COVID-19 vaccine, BNT162b2 contributed $154 million in sales in the fourth quarter. Weaker sales of Chantix in the United States and Enbrel internationally partially offset the increase.

Excluding sales of BNT162b2, revenues grew 9% operationally

International revenues rose 9% to $5.8 billion. On an operational basis, international sales rose 7% in the quarter. U.S. revenues rose 15% to $5.9 billion.

Adjusted selling, informational and administrative (SI&A) expenses declined 2% (operationally) in the quarter to $3.58 billion due to the exclusion of Consumer Health costs and lower selling expenses due to the pandemic. Adjusted R&D expenses rose 24% to $3.07 billion due to costs related to development of COVID-19 vaccines.

Segment Discussion

Oncology revenues increased 21% (on an operational basis) to $3.02 billion. Vaccine revenues rose 16% to $2.0 billion. Internal Medicine rose 1% to $2.3 billion. The Inflammation & Immunology franchise was flat at $1.3 billion. The portfolio of Rare Disease rose 24% to $865 million. Hospital sub-segment's sales rose 7% to $2.2 billion.

Ibrance revenues rose 11% year over year to $1.43 billion driven by strong CDK class market penetration.

Inlyta revenues were $228 million in the quarter, up 41% driven mainly by growth in the United States and developed Europe, following FDA approvals in 2019 for the combination use of Inlyta in first-line treatment of advanced renal cell carcinoma patients.

Global Prevnar 13/Prevenar 13 revenues rose 10% to $1.75 billion due to higher sales in developed Europe and the United States. Prevnar 13 revenues rose 11% in the United States due to the favorable timing of government purchases for the pediatric indication, which offset the negative impact of the revised Advisory Committee on Immunization Practices (ACIP) recommendations in 2019 (shared decision making) for the adult indication. Prevenar 13 revenues rose 10% in international markets driven by increased adult uptake.

Enbrel revenues declined 18% to $345 million in key European markets, Japan and Brazil due to continued biosimilar competition.

Eliquis alliance revenues and direct sales rose 14% to $1.26 billion driven by continued increased adoption in nonvalvular atrial fibrillation as well as oral anticoagulant market share gains in the emerging markets, developed Europe and United States. However, lower prices, increased impact from the Medicare donut hole, and unfavorable channel mix hurt Eliquis' U.S. sales in the fourth quarter. Xalkori sales declined 9% to $135 million. Xtandi recorded alliance revenues of $283 million in the quarter, up 16% year over year. Sutent sales declined 13% to $203 million. Chantix sales declined 33% to $191 million in the quarter due to loss of exclusivity in November 2020 and decline in patient visits due to COVID-19.

Xeljanz sales rose 14% to $696 million driven by growth in both the United States and international developed markets.

Importantly, new drug Vyndaqel/Vyndamax recorded sales of $429 million in the quarter compared with $351 million in the previous quarter driven by growing demand.

Braftovi and Mektovi, which Pfizer acquired following its acquisition of Array BioPharma in 2019, recorded sales of $45 million and $39 million, respectively in the fourth quarter of 2020.
Total biosimilar revenues were $525 million, up 86% year over year driven by new oncology biosimilars (Trazimera, Zirabev and Ruxience) as well as continued growth from Retacrit (a biosimilar of Epogen and Procrit) in the United States. Retacrit recorded $108 million of revenues in the quarter compared with $102 million in the previous quarter. Inflectra/Remsima recorded sales of $188 million globally, up 4% year over year.

Sterile injectables global revenues rose 11% operationally to $1.49 billion.

Regarding its COVID-19 vaccine, Pfizer said on the call that in addition to achieving its commitment for 2020, it has supplied 65 million doses globally as on Jan 31. It expects to deliver 200 million doses to the United States by the end of May. By the end of 2021, Pfizer believes it can deliver at least 2 billion doses in total.

2020 Results

Full-year 2020 sales rose 2% to $41.9 billion, missing the Zacks Consensus Estimate of $43.95 billion and also falling slightly short of the guided range of $40.8 billion to $42.4 billion for the “New Pfizer”. Sales rose 3% on an operational basis.

Adjusted earnings for 2020 were $2.22 per share which also missed the Zacks Consensus Estimate of $2.31 and fell short of the guided range of $2.28-$2.38 for the “New Pfizer”. Earnings were up 16% year over year.

2021 Guidance

Pfizer raised its previously issued earnings guidance for 2021 while providing financial guidance for adjusted revenues and other items. Pfizer expects continued recovery in macroeconomic and healthcare activity throughout 2021 as vaccinations continue.

Revenues are expected in the range of $59.4 billion to $61.4 billion, indicating growth of 44% from 2020 levels. The revenue guidance includes approximately $15 billion in sales from BNT162b2. Excluding BNT162b2, total revenues in 2021 are expected to be in the range of $44.4 billion to $46.4 billion, reflecting operational growth of 6% from 2020 levels, in line with its long-term revenue CAGR.

Adjusted earnings per share guidance was raised to a range of $3.10-$3.20 from the prior expectation of $3.00-$3.10 (guided on Jan 12) driven by higher BNT162 revenue contribution. The earnings guidance indicates 42% increase over 2020 actual results. Excluding BNT162b2, EPS is expected to be $2.50-$2.60 in 2021, reflecting operational growth of 11% from 2020 levels.

Foreign exchange is expected to benefit 2021 revenues by 3% and EPS by 4%.

Research and development expense is expected in the range of $9.2-$9.7 billion. SI&A spending is expected in the range of $11.0-$12.0 billion. Adjusted tax rate is expected to be approximately 15% in 2021. The company does not expect to make any share repurchases in 2021.

Recent News

Six Months COVID-19 Vaccine Data – Apr 1

Pfizer and BioNTech announced updated topline data from analysis of 927 confirmed symptomatic cases of COVID-19 observed in a pivotal phase III study. The data demonstrated high vaccine efficacy observed through up to six months following a second dose. The data showed that the vaccine was 91.3% effective against COVID-19, measured seven days through up to six months after the second dose. The vaccine was 95.3% effective in preventing severe disease, as defined by the FDA. The vaccine also demonstrated high efficacy against the variant prevalent in South Africa.

COVID-19 Vaccine 100% Effective in Teens – Mar 31

Pfizer and BioNTech announced that BNT162b2, was 100% effective in preventing COVID-19 in adolescents aged 12-15 years old. Moreover, in the pivotal phase III study (n-2,260), the candidate demonstrated robust antibody levels, exceeding those in participants aged 16-25 years old in another study. The vaccine was also well tolerated. In the study, 18 participants were infected with COVID-19, all in the placebo group and none in the BNT162b2 vaccinated group.

Pfizer/BioNTech will soon file the data from the study in adolescents to seek expansion of its Emergency Use Authorization (EUA) and EU Conditional Marketing Authorization to allow use of BNT162b2 in this younger patient population.

The companies also provided an update on the phase I/II/III study in children 6 months to 11 years old, which is evaluating the vaccine in three age groups: children aged 5 to 11 years, 2 to 5 years, and 6 months to 2 years. The cohort evaluating 5- to 11-year-old children started dosing last week. Pfizer & BioNTech plan to begin dosing in the 2- to 5-year-old cohort next week.

EMA Approves New Storage Option for Comirnaty – Mar 26

Pfizer/BioNTech announced that European Medicines Agency has approved storage of its COVID-19 vaccine at refrigerator/freezer temperatures of -25°C to -15°C (-13°F to 5°F) for a total of two weeks as an alternative or complement to storage in an ultra-low temperature freezer. The present label states that the vaccine must be stored in an ultra-cold freezer at temperatures between -80ºC and -60ºC (-112ºF to 76ºF).

The approval was based on data submitted by Pfizer which demonstrated the stability at these temperatures in standard pharmaceutical freezers. The new storage option should make the distribution and supply of the vaccine more stable.

FDA Panel Votes Against Tanezumab – Mar 25

Pfizer announced that the FDA's Joint Arthritis Advisory Committee and Drug Safety and Risk Management Advisory Committee have voted against their investigational candidate, tanezumab, which was being developed for the treatment of adult patients with moderate-to-severe osteoarthritis ("OA") pain, for whom use of other analgesics is ineffective or not appropriate.

Per the press release, there was a single voting question focused on whether tanezumab's benefits outweigh its risks. The FDA committee voted one in favor and 19 against tanezumab, as the candidate's risk profile outweighs its benefits for addressing the given indication.

The committee's discussions were based on the Biologics License Application ("BLA") for tanezumab, which is currently under review in the United States. The BLA included data from 20 clinical studies, including three late-stage studies, which evaluated tanezumab in patients with moderate-to-severe OA.

Data on Relugolix for Uterine Fibroids Positive – Mar 24

Pfizer and partner Myovant Sciences announced positive data from a late-stage study evaluating relugolix combination therapy (relugolix 40 mg plus estradiol 1 mg and norethindrone acetate 0.5 mg) for the treatment of uterine fibroids in women.

Data from the study showed that 78.4% of women who continued treatment with the relugolix combination therapy achieved the sustained responder rate through week 76 as compared to 15.1% of women who discontinued relugolix combination therapy and initiated placebo – the primary endpoint on the study.

The study also achieved all three key secondary endpoints– sustained responder rate at two years, time to relapse of heavy menstrual bleeding and amenorrhea rate. Moreover, 69.8% of women who continued treatment with relugolix combination therapy remained responders through week 104, while 88.3% of women who discontinued treatment relapsed with heavy menstrual bleeding. Relugolix combination therapy is currently under review in the United States for the treatment of uterine fibroids in women. A decision from the FDA is expected by Jun 1, 2021.

Begins Clinical Study on COVID-19 Antiviral Pill – Mar 23

Pfizer announced initiation of a phase I study on its investigational, novel oral antiviral therapeutic, PF-07321332, to treat COVID-19. The study is being conducted in the United States.

The phase I study is a randomized, double-blind, placebo-controlled, single- and multiple-dose escalation study to evaluate the safety, tolerability and pharmacokinetics of PF-07321332. The phase I study progressed to multiple ascending doses after completing the dosing of single ascending doses in healthy adults.

PF-07321332 is a protease inhibitor designed to prevent viruses from replicating in cells. The candidate has shown anti-viral activity against SARS-CoV-2, the virus that causes COVID-19, as well as activity against other coronaviruses in in-vitro studies conducted to date. This means it has the potential to be used for treating COVID-19.

Pfizer has designed the oral candidate in such a way that it can be given at the first sign of infection without the patient requiring hospitalization or critical. Most medicines that have received emergency approval for treating COVID-19 can usually be prescribed to treat hospitalized patients or those with severe infection or patient at high risk of progressing to severe disease.

Meanwhile. Pfizer's intravenous antiviral protease inhibitor, PF-07304814, is being evaluated in a phase Ib multi-dose study as a treatment option for hospitalized COVID-19 patients.

Real World Data on COVID-19 Vaccine – Mar 11

Pfizer announced that real world data gathered by the Israel Ministry of Health showed that its COVID-19 vaccine dramatically lowers COVID-19 disease incidence rates observed in individuals fully vaccinated. Meanwhile the data suggested that the vaccine prevented asymptomatic SARS-CoV-2 infection.

Lyme Disease Vaccine Candidate Enters Phase II – Mar 8

Pfizer and its partner Valneva announced the initiation of a phase II study for their jointly developed vaccine candidate for Lyme disease, an infectious disease caused by the Borrelia bacterium, which is spread by ticks.

The phase II study (VLA15-221) on the multivalent protein subunit vaccine, VLA15, will include 600 healthy participants, both adult and pediatric subjects (5-17 year). This is the first study on a Lyme disease vaccine candidate to include a pediatric patient population and is also the only candidate in clinical development at present. The study will evaluate VLA15 at two different schedules (Month 0-2-6 or Month 0-6) receiving the selected dose of 180µg.

Pfizer announced the collaboration with Valneva to co-develop and commercialize VLA15 in April last year. Per the deal, the first dose in the above phase II study has triggered a milestone payment of $10 million from Pfizer to Valneva.

Valuation

Pfizer's shares are down 1.4% in the year-to-date period but up 5.0% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 0.4% while that in the sector are up 1.0%, in the year-to-date period. Over the past year, stocks in the sub-industry and sector are up 11.3% and 18.1%, respectively.

The S&P 500 Index is up 7.3% in the year-to-date period and 53.5% in the past year.

The stock is currently trading at 11.45X forward 12-month earnings per share which compares with 13.82X for the Zacks sub-industry, 22.95X for the Zacks sector and 22.67X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.69X and as low as 10.25X, with a 5-year median of 13.22X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $38 price target reflects 12.0X forward 12-month earnings per share.

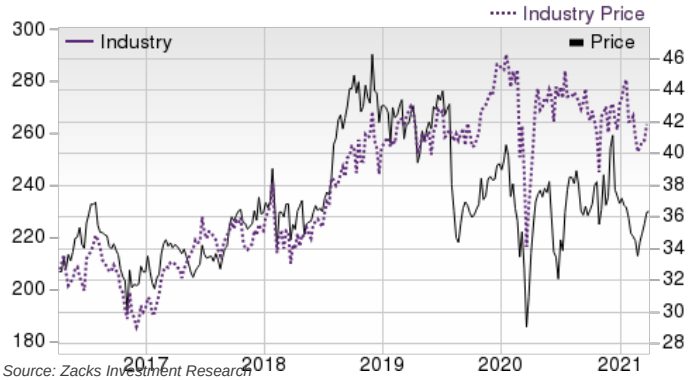
The table below shows summary valuation data for PFE.

Valuation Multiples - PFE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11.45	13.82	22.95	22.67
	5-Year High	15.69	16.62	22.95	23.83
	5-Year Low	10.25	13.18	15.88	15.3
	5-Year Median	13.22	15.04	19.24	17.95
P/S F12M	Current	3.55	4.4	2.74	4.64
	5-Year High	4.96	4.85	3.18	4.64
	5-Year Low	3.21	3.88	2.27	3.21
	5-Year Median	4.03	4.42	2.81	3.7
P/B TTM	Current	3.19	5.49	4.02	6.79
	5-Year High	4.12	7.37	5.12	6.79
	5-Year Low	2.49	3.99	3.03	3.84
	5-Year Median	3.3	5.41	4.36	4.98

As of 4/1/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 6% (238 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	3
Eli Lilly and Company **(LLY)**	Neutral	3
Merck & Co., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	4
Sanofi **(SNY)**	Neutral	3
Bayer Aktiengesellschaft **(BAYRY)**	Underperform	5
GlaxoSmithKline plc **(GSK)**	Underperform	5

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Large Cap Pharmaceuticals

	PFE	X Industry	S&P 500	Industry Peers ABBV	GSK	SNY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	5	3
VGM Score	C	-	-	B	B	B
Market Cap	202.47 B	177.64 B	29.69 B	191.52 B	96.45 B	124.29 B
# of Analysts	7	3	13	8	6	5
Dividend Yield	4.30%	2.45%	1.34%	4.79%	6.93%	2.38%
Value Score	A	-	-	A	A	A
Cash/Price	0.06	0.06	0.06	0.05	0.08	0.13
EV/EBITDA	18.53	16.65	16.59	21.45	9.01	6.41
PEG F1	1.64	1.90	2.35	1.81	3.31	1.72
P/B	3.18	5.10	3.95	14.63	3.61	1.71
P/CF	11.67	11.05	16.66	7.90	9.25	9.81
P/E F1	11.17	13.32	21.87	8.68	12.89	13.28
P/S TTM	4.25	4.12	3.39	4.18	2.20	3.02
Earnings Yield	8.95%	7.51%	4.49%	11.52%	7.76%	7.54%
Debt/Equity	0.59	0.65	0.66	5.92	1.13	0.31
Cash Flow ($/share)	3.11	3.67	6.78	13.74	3.87	5.03
Growth Score	D	-	-	C	C	B
Historical EPS Growth (3-5 Years)	5.24%	5.22%	9.39%	21.40%	5.19%	1.81%
Projected EPS Growth (F1/F0)	46.40%	8.92%	15.29%	18.37%	-6.77%	10.93%
Current Cash Flow Growth	-23.28%	3.67%	0.44%	58.71%	-3.54%	-24.27%
Historical Cash Flow Growth (3-5 Years)	-1.79%	6.26%	7.37%	25.16%	5.21%	-0.44%
Current Ratio	1.35	1.16	1.39	0.84	0.91	1.75
Debt/Capital	36.91%	39.31%	41.26%	85.55%	52.96%	23.82%
Net Margin	20.18%	16.69%	10.59%	10.08%	16.69%	17.45%
Return on Equity	23.73%	34.02%	14.86%	199.21%	28.50%	23.62%
Sales/Assets	0.28	0.43	0.51	0.34	0.42	0.64
Projected Sales Growth (F1/F0)	24.50%	9.23%	7.36%	21.88%	5.21%	11.37%
Momentum Score	D	-	-	B	D	F
Daily Price Change	0.19%	0.14%	0.97%	0.28%	0.36%	-0.20%
1-Week Price Change	2.03%	-0.02%	2.12%	2.48%	0.11%	-0.58%
4-Week Price Change	6.14%	3.79%	6.95%	2.72%	4.49%	7.54%
12-Week Price Change	-2.05%	-2.38%	8.07%	1.70%	-5.91%	2.64%
52-Week Price Change	10.44%	11.81%	67.38%	44.44%	-4.99%	13.44%
20-Day Average Volume (Shares)	27,369,516	3,012,109	2,332,946	7,410,116	5,189,650	1,452,037
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.01%	0.00%	-0.32%
EPS F1 Estimate 4-Week Change	0.89%	0.00%	0.00%	0.01%	-0.30%	-0.64%
EPS F1 Estimate 12-Week Change	0.24%	-0.20%	2.24%	2.76%	-9.16%	-1.01%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	-0.06%	0.88%	0.00%

Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

Value Score	A
Growth Score	D
Momentum Score	D
VGM Score	C

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.