

Analysis of Pfizer Inc. under COVID-19

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Abstract: *Pfizer, a global pharmaceutical company, and the spearhead for a COVID-19 vaccine, is situated to grow in the future, through short-term vaccine rollout and long-term development of other pharmaceutical products and markets with its leading position in the pharmaceutical market. Pfizer stock has ample opportunity to grow in the future, both in the short and long term.*

Keywords: *Pfizer; COVID-19, Vaccine, Pharmaceuticals, mRNA Vaccine, Company analysis*

1. Introduction

Pfizer Inc is one of the leading pharmaceutical drugs companies with annual sales of about 50 billion USD [1]. While it has focused on healthcare products and chemicals, currently it focuses more on the development and sales of pharmaceutical drugs and vaccines. Currently, it has 27 drugs in phase 3 or above [2]. While it is a company based in the USA, about 50% of its sales come from international sales, with newly emerging markets as a big contributor [3]. Some of its direct competitors are Johnson & Johnson, Sanofi, and Merck & Co. It is also one of major vaccine providers for COVID, and is currently supplying vaccines worldwide, after gaining emergency use approval by the FDA [4] and approval by governments around the globe.

2. Macro Analysis

In the global market, the demand for pharmaceuticals is likely to grow in the future. The increased destruction and intrusion into natural habitats is highly likely to cause more zoonotic pandemic outbreaks in the future [5], as demonstrated by SARS and COVID-19, happening within 20 years. Pfizer, as a company dedicated to helping humanity through these times of strife, will bring new vaccines and drugs designed to combat these diseases, saving a great deal of lives that would have otherwise been lost. Furthermore, as countries develop and average life expectancy and quality of life increases, the world demand for medicine and pharmaceuticals will increase, also supplemented by the increasing average age of humans. The US pharma market is currently the largest in the world, accounting for about 40% of all global pharmaceutical sales and is likely to grow in the due to increased life expectancy and the increasing average age [6]. Other markets, such as the ones in China and Europe, follow similar trends. The COVID pandemic has also prompted citizens to focus more on their healthcare and shifted the focus from technology to healthcare. The overall demand for pharmaceuticals is likely to grow, and Pfizer, being one of the leading companies in the sector, can reap the benefits.

Pfizer's vaccine is a mRNA vaccine, which is composed of mRNA strands that are translated into surface proteins on the virus, producing an immune response, different from the traditional antigen virus, which uses a weakened or dead form of the antigen to produce an immune response. This technology was pioneered in the 1990s and proved to be applicable in the mid-2000s, and the COVID-19 vaccine is the first time in which such technology is turned into reality [7].

The mRNA vaccine has revolutionized the vaccine market. Before this, there were no approved RNA vaccines for medical use in humans, and Pfizer's approval means the first of its kind, opening the door for next-generation vaccines. It will not necessarily overtake the traditional vaccine, as it has its drawbacks such as the need to be stored in very low temperatures [8], but rather complement the vaccine market, offering scientists new choices when developing vaccines. The mRNA vaccine is the fastest to develop. All scientists need to know is the sequence of the surface protein of the virus in order to develop a vaccine, which can be done in weeks or months. In contrast, traditional live vaccines take much longer, as their process is much more complicated and involves many more steps. Furthermore, live vaccines require handling dangerous pathogens and expose these pathogens to humans, putting developers at risk,

and in some patients with weakened immune systems, might result in a real infection. In contrast, an mRNA vaccine only works with RNA strands, not the actual virus, thus not exposing anyone to the dangerous pathogen [9]. The mRNA vaccine developed by Pfizer and other biotech companies is a revolutionary first step in the vaccine market.

3. Micro Analysis

Apart from the short-term development of a vaccine, Pfizer is an excellent company in the pharmaceuticals sector. It has the highest net income in the healthcare sector with 16 billion USD, fourth highest total revenue with 51 billion USD, and the third highest total market value in its sector, signaling that it is the leading company with high profit margins, ensuring stability and future growth [10]. Pfizer has the highest total revenue, net income, and market share in the pharmaceuticals sector. As the leading pharmaceuticals company in the global market with operations all across the globe, Pfizer is able to benefit from regional growth and upswings and maintain profit even during times of crises in other places.

The demand for Pfizer's drug stems from the increased supply for drugs to maintain chronic diseases as the populace ages. The average life expectancy all around the world is expected to rise in all parts of the world, which will increase demand for drugs which mitigates the effects of chronic diseases or sustains the health of individuals. Pfizer is definitely able to profit from this trend and be one of the main suppliers for new patented drugs or old rebranded drugs. Its PE ratio is 23.58, compared with a sector median of 28.58 signaling that the stock is currently slightly undervalued by investors. Its ROE and ROA place 7th and 8th in its sector, both above the average of the healthcare sector [10]. Due to the nature of the pharmaceutical sector of fluctuating returns, the ROE and ROA of Pfizer has had its ups and lows throughout the years, staying within the range of 10-35% [11,12]. Pfizer's liquidity ratios, an important factor in the measurement of the company's financial situation, especially in companies that are heavy on R&D, are relatively high, with a quick ratio of 1.13 and a total debt to equity of 0.76 [13]. In comparison, Astrazeneca has a quick ratio of 0.77 [14], Johnson and Johnson has a quick ratio of 1.24 (it has other products in healthcare, not only pharmaceutical drugs) [15], and GlaxoSmithKline has a quick ratio of 0.61 [16]. The Company has had many blockbuster drugs in the past, such as Prevnar (used to prevent pneumococcal infection), Viagra (used to treat erectile dysfunction), and Lipitor (used to reduce LDL cholesterol levels), and even though the patents on many of those drugs are expiring soon or has already expired, Pfizer is constantly pursuing new drugs and rebranding old ones [17]. Apart from these blockbuster drugs, Pfizer also has other drugs which perform well in the market, especially when there are no direct competitors. Its current strength lies in its emergency approval of a COVID vaccine for use. The Pfizer vaccine has already been approved worldwide, such as in the US, UK, and UK, and it has had very promising Phase 3 interim results with more than 90% efficacy and no major safety concerns [18]. The vaccine is currently being distributed and administered worldwide. Therefore, as a big pharmaceutical company with lots of patented drugs, the company could anticipate a stable stream of income, and will gradually increase as the company develops new drugs, and could surge with the potentially successful COVID-19 vaccine in the near future.

Pfizer's R&D is the top of its field. It spends 8.65 billion USD, or 16.7% of its total revenue on R&D. While the percentage of which Pfizer invests in its R&D is average, it is the fifth highest in total R&D spending [19]. The speed of which the COVID-19 vaccine is being developed is an example of Pfizer's R&D. The focus is now all on Pfizer's COVID-19 vaccine, which is a milestone for not only Pfizer, but marks a return to perhaps life before COVID for the rest of us. The vaccine has the potential to save millions of lives and make its positive mark on the globe.

4. Conclusion

Pfizer is situated to grow in the future with its newly developed mRNA vaccine and its ability to capture new emerging markets in developing nations. Its leading position enables it to respond rapidly and faster than others: in times of crisis and in times of opportunity. All in all, investors should be confident in the long-term potential of Pfizer.

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