

# Pfizer Updates 2015 Financial Guidance Solely to Include Hospira Operations In Financial Results From September 3, 2015 Through Year-End 2015

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Raises 2015 Financial Guidance(1) Ranges for Reported Revenues(2) by \$1.5 Billion and Adjusted Diluted EPS(3) by \$0.03 Solely Due to the Inclusion of Legacy Hospira Operations in Pfizer's Financial Results Lowers 2015 Financial Guidance(1) Range for Reported Diluted EPS(2) by \$0.09 Reflecting Inclusion of Legacy Hospira Operations More than Offset by Anticipated Negative Impacts of Associated Purchase Accounting Adjustments as well as Restructuring and Other Acquisition-Related Costs

Pfizer Inc. (NYSE:PFE) announced updates to certain components of its 2015 financial guidance(1) solely to reflect the impact of the recently completed acquisition of Hospira, Inc. (Hospira).

On September 3, 2015, Pfizer completed the acquisition of Hospira. Pfizer's fiscal year-end for international subsidiaries is November 30, 2015, and Pfizer's fiscal year-end for U.S. subsidiaries is December 31, 2015. Consequently, Pfizer's 2015 financial results will include approximately three months of legacy Hospira international operations and approximately four months of legacy Hospira U.S. operations.

Financial results for Pfizer's third-quarter 2015 and nine-months ended September 27, 2015 will reflect approximately one month of legacy Hospira U.S. operations but will not include financial results from legacy Hospira international operations.

## **2015 FINANCIAL GUIDANCE(1)**

The ranges for certain components of Pfizer's 2015 financial guidance(1) were updated solely to reflect the inclusion of legacy Hospira operations in Pfizer's financial results from September 3, 2015 through fiscal year-end 2015. These updates do not reflect any recent changes in foreign exchange rates since mid-July 2015 or any operational factors other than the inclusion of legacy Hospira operations.

Pfizer intends to provide a comprehensive update to all of its 2015 financial guidance(1) components, including to reflect the impact of legacy Hospira operations on other financial guidance(1) components, when Pfizer's third-quarter 2015 financial results are announced on October 27, 2015.

The ranges for certain components of Pfizer's 2015 financial guidance(1) have been updated as set forth below:

Reported Revenues(2)	\$46.5 to \$47.5 billion (previously \$45.0 to \$46.0 billion)
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Reported Diluted EPS(2)	\$1.29 to \$1.38 (previously \$1.38 to \$1.47)
Adjusted Diluted EPS(3)	\$2.04 to \$2.10 (previously \$2.01 to \$2.07)

A reconciliation of certain components of Pfizer's 2015 financial guidance(1) provided on July 28, 2015 to Pfizer's current 2015 financial guidance(1) is below.

	2015 Financial Guidance (1)  Provided on July 28, 2015	Anticipated Impact of Legacy Hospira Operations  from September 3, 2015	2015 Financial Guidance (1)
Reported Revenues(2)	\$45.0 to \$46.0 billion	\$1.5 billion	\$46.5 to \$47.5 billion
Reported Diluted EPS (2)	\$1.38 to \$1.47	(\$0.09)	\$1.29 to \$1.38
Adjusted Diluted EPS (3)	\$2.01 to \$2.07	\$0.03	\$2.04 to \$2.10

**For additional details, see footnotes below and the attached disclosure notice.**

(1) The 2015 financial guidance reflects the following:

- Does not assume the completion of any business development transactions not completed as of June 28, 2015, including any one-time upfront payments associated with such transactions, except for the completion of the Hospira acquisition on September 3, 2015.
- Excludes the potential effects of the resolution of litigation-related matters not substantially resolved as of June 28, 2015.
- Exchange rates assumed for legacy Pfizer financial guidance updated on July 28, 2015 are a blend of the actual exchange rates in effect through second-quarter 2015 and the mid-July 2015 exchange rates for the remainder of the year. Exchange rates assumed for projected legacy Hospira operations are from mid-September 2015. Excludes the impact of a potential devaluation of the Venezuelan bolivar.
- Guidance for legacy Pfizer reported revenues(2) reflects the anticipated negative impact of \$3.4 billion due to recent and expected generic competition for certain products that have recently lost or are anticipated to soon lose patent protection.
- Guidance for legacy Pfizer reported revenues(2) also reflects the anticipated negative impact of \$3.3 billion as a result of unfavorable changes in essentially all foreign exchange rates relative to the U.S. dollar through mid-July 2015 compared to foreign exchange rates from 2014. The anticipated negative impact on legacy Pfizer reported(2) and adjusted(3) diluted EPS resulting from unfavorable changes in foreign exchange rates through mid-July 2015 compared to foreign exchange rates from 2014 is approximately \$0.19.

- Guidance for reported(2) and adjusted(3) diluted EPS assumes diluted weighted-average shares outstanding of approximately 6.25 billion shares.
- Reconciliation of the 2015 Adjusted income(3) and Adjusted diluted EPS(3) guidance to the 2015 Reported net income(2) attributable to Pfizer Inc. and Reported diluted EPS(2) attributable to Pfizer Inc. common shareholders guidance. Some amounts below may not add due to rounding:

(\$ in billions, except per share amounts)

Income/(Expense)	Net Income	Diluted EPS
Adjusted income/diluted EPS(3) guidance	\$12.9 - \$13.3	\$2.04 - \$2.10
Purchase accounting impacts of transactions completed as of September 27, 2015	(3.0)	(0.48)
Restructuring, implementation and other acquisition-related costs	(1.1) - (1.3)	(0.17) - (0.20)
Business and legal entity alignment costs	(0.3)	(0.05)
Certain other items incurred through June 28, 2015	(0.2)	(0.03)
Reported net income attributable to Pfizer Inc./diluted EPS(2) guidance	\$8.2 - \$8.8	\$1.29 - \$1.38

(2) Reported revenues is defined as revenues in accordance with U.S. generally accepted accounting principles (GAAP). Reported net income is defined as net income attributable to Pfizer Inc. in accordance with U.S. GAAP. Reported diluted earnings per share (EPS) is defined as reported diluted EPS attributable to Pfizer Inc. common shareholders in accordance with U.S. GAAP.

(3) Adjusted income and its components and Adjusted diluted EPS are defined as reported U.S. GAAP net income(2) and its components and reported diluted EPS(2) excluding purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items. Adjusted revenues, Adjusted cost of sales, Adjusted selling, informational and administrative (SI&A) expenses, Adjusted research and development (R&D) expenses and Adjusted other (income)/deductions are income statement line items prepared on the same basis as, and therefore components of, the overall Adjusted income measure. As described under *Adjusted income* in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of Pfizer's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2015, management uses Adjusted income, among other factors, to set performance goals and to measure the performance of the overall company. We believe that investors' understanding of our performance is enhanced by disclosing this measure. The Adjusted income and its components and Adjusted diluted EPS measures are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS.

**DISCLOSURE NOTICE:** The information contained in this release is as of September 30, 2015. We assume no obligation to update forward-looking statements contained in this release as a result of new information or future events or developments.

This release contains forward-looking statements about our anticipated future operating and financial performance, business plans and prospects and our recent acquisition of Hospira, among other things, that involve substantial risks and uncertainties. You can identify these statements by the fact that they use future dates or use words such as "will," "may," "could," "likely," "ongoing," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast," "goal," "objective," "aim" and other words and terms of similar meaning. Among the factors that could cause actual results to differ materially from past results and

future plans and projected future results are the following:

- the outcome of research and development activities, including, without limitation, the ability to meet anticipated clinical trial commencement and completion dates, regulatory submission and approval dates, and launch dates for product candidates, as well as the possibility of unfavorable clinical trial results, including unfavorable new clinical data and additional analyses of existing clinical data;
- decisions by regulatory authorities regarding whether and when to approve our drug applications, which will depend on the assessment by such regulatory authorities of the benefit-risk profile suggested by the totality of the efficacy and safety information submitted; and decisions by regulatory authorities regarding labeling, ingredients and other matters that could affect the availability or commercial potential of our products;
- the speed with which regulatory authorizations, pricing approvals and product launches may be achieved;
- the outcome of post-approval clinical trials, which could result in the loss of marketing approval for a product or changes in the labeling for, and/or increased or new concerns about the safety or efficacy of, a product that could affect its availability or commercial potential;
- risks associated with interim data, including the risk that final results of studies for which interim data have been provided and/or additional clinical trials may be different from (including less favorable than) the interim data results and may not support further clinical development of the applicable product candidate or indication;
- the success of external business-development activities, including the ability to satisfy the conditions to closing of announced transactions in the anticipated timeframe or at all;
- competitive developments, including the impact on our competitive position of new product entrants, in-line branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by our in-line drugs and drug candidates;
- the implementation by the FDA of an abbreviated legal pathway to approve biosimilar products, which could subject our biologic products to competition from biosimilar products in the U.S., with attendant competitive pressures, after the expiration of any applicable exclusivity period and patent rights;
- the ability to meet generic and branded competition after the loss of patent protection for our products or competitor products;
- the ability to successfully market both new and existing products domestically and internationally;
- difficulties or delays in manufacturing;
- trade buying patterns;
- the impact of existing and future legislation and regulatory provisions on product exclusivity;
- trends toward managed care and healthcare cost containment;
- the impact of any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs or changes in the tax treatment of employer-sponsored health insurance that may be implemented, and/or any significant additional taxes or fees that may be imposed on the pharmaceutical industry as part of any broad deficit-reduction effort;
- the impact of U.S. healthcare legislation enacted in 2010-the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act-and of any modification or repeal of any of the provisions thereof;
- U.S. federal or state legislation or regulatory action affecting, among other things, pharmaceutical product pricing, reimbursement or access, including under Medicaid, Medicare and other publicly funded or subsidized health programs; the importation of prescription drugs from outside the U.S. at prices that are regulated by governments of various foreign countries; direct-to-consumer advertising and interactions with healthcare professionals; and the use of comparative effectiveness methodologies that could be implemented in a manner that focuses primarily on the cost differences and minimizes the therapeutic differences among pharmaceutical products and restricts access to innovative medicines; as well as pricing pressures as a result of highly competitive insurance markets;

- legislation or regulatory action in markets outside the U.S. affecting pharmaceutical product pricing, reimbursement or access, including, in particular, continued government-mandated price reductions for certain biopharmaceutical products and government-imposed access restrictions in certain countries;
- the exposure of our operations outside the U.S. to possible capital and exchange controls, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, as well as political unrest and unstable governments and legal systems;
- contingencies related to actual or alleged environmental contamination;
- claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates;
- any significant breakdown, infiltration or interruption of our information technology systems and infrastructure;
- legal defense costs, insurance expenses, settlement costs, the risk of an adverse decision or settlement and the adequacy of reserves related to product liability, patent protection, government investigations, consumer, commercial, securities, antitrust, environmental and tax issues, ongoing efforts to explore various means for resolving asbestos litigation, and other legal proceedings;
- our ability to protect our patents and other intellectual property, both domestically and internationally;
- interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates;
- governmental laws and regulations affecting domestic and foreign operations, including, without limitation, tax obligations and changes affecting the tax treatment by the U.S. of income earned outside the U.S. that may result from pending and possible future proposals;
- any significant issues involving our largest wholesaler customers, which account for a substantial portion of our revenues;
- the possible impact of the increased presence of counterfeit medicines in the pharmaceutical supply chain on our revenues and on patient confidence in the integrity of our medicines;
- any significant issues that may arise related to the outsourcing of certain operational and staff functions to third parties, including with regard to quality, timeliness and compliance with applicable legal requirements and industry standards;
- any significant issues that may arise related to our joint ventures and other third-party business arrangements;
- changes in U.S. generally accepted accounting principles;
- uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on us, our customers, suppliers and lenders and counterparties to our foreign-exchange and interest-rate agreements of challenging global economic conditions and recent and possible future changes in global financial markets; and the related risk that our allowance for doubtful accounts may not be adequate;
- any changes in business, political and economic conditions due to actual or threatened terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas;
- growth in costs and expenses;
- changes in our product, segment and geographic mix;
- the impact of purchase accounting adjustments, acquisition-related costs, discontinued operations and certain significant items;
- the impact of acquisitions, divestitures, restructurings, internal reorganizations, product recalls and withdrawals and other unusual items, including our ability to realize the projected benefits of our cost-reduction and productivity initiatives, including those related to our research and development organization, and of the internal separation of our commercial operations into our new operating structure; and

- risks and uncertainties related to our recent acquisition of Hospira, including, among other things, the ability to realize the anticipated benefits of the acquisition of Hospira, including the possibility that expected synergies will not be realized or will not be realized within the expected time frame; the risk that the businesses will not be integrated successfully; disruption from the transaction making it more difficult to maintain business and operational relationships; significant transaction costs; and unknown liabilities.

A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in our subsequent reports on Form 10-Q, in each case including in the sections thereof captioned “Forward-Looking Information and Factors That May Affect Future Results” and “Item 1A. Risk Factors”, and in our subsequent reports on Form 8-K.

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