Pfizer Logo

Pfizer to Organize for Future Growth

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New Hospital Business unit created within Innovative Medicines to focus on significant role of hospitals in healthcare systems

Pfizer Inc. (NYSE:PFE) today announced it will organize the company into three businesses: a science-based Innovative Medicines business which will now include biosimilars and a new hospital business unit for anti-infectives and sterile injectables; an off-patent branded and generic Established Medicines business operating with substantial autonomy within Pfizer and a Consumer Healthcare business. These changes will be effective at the beginning of the company's 2019 fiscal year.

"This new structure represents a natural evolution of these businesses given the ongoing strength of our in-market products and our late-stage pipeline and the expected significant reduction in the impact of patent protection losses post-2020 following the loss of exclusivity for Lyrica in the U.S which is expected to occur in or after December 2018. As we transition to a period post-2020 where we expect a higher and more sustained revenue growth profile we see this new structure better positioning each business to achieve its growth potential," said Ian Read, Pfizer Chairman and Chief Executive Officer.

The Innovative Medicines business will include all of the current Pfizer Innovative Health business units as well as a new Hospital Medicines business unit that will commercialize Pfizer's global portfolio of sterile injectable and anti-infective medicines, allowing for better focus and customer centricity. Pfizer will also incorporate its biosimilar portfolio into its Oncology and Inflammation & Immunology business units. These units possess significant therapeutic area expertise in the medical, commercial and patient experience domains and will provide a strong commercialization platform for these medicines.

The growth fundamentals for the Innovative Medicines business are strong with an aging population that is leading to increasing demand for new innovative medicines and quickly advancing biological science that is delivering breakthrough solutions. With a robust portfolio of growing in-market products, a new wave of expected launches starting in 2020, and a strong pipeline, Pfizer believes it is well positioned for growth in this business.

The Established Medicines business will include the majority of Pfizer's off-patent solid oral dose legacy brands, including Lyrica, Lipitor, Norvasc and Viagra, and certain generic medicines. This business will operate in all regions of the world. To allow this business to act with speed and flexibility, it will have distinct and fully-dedicated manufacturing, marketing, regulatory and with some exceptions enabling functions which will enhance its autonomy and position it to operate as a true stand-alone business within Pfizer.

Following the impact of the expected loss of exclusivity of Lyrica in the U.S. in or after December 2018, Pfizer expects that the Established Medicines business has the potential to generate sustainable modest revenue growth. Urbanization and the rise of the middle class in emerging markets, particularly in Asia, are providing additional access opportunities and generating significant demand for branded and generic established medicines. As a

leading pharmaceutical company in Asia and particularly in China, Pfizer believes it is well positioned to be a leader in this significant and rapidly growing market.

“Delivering critical medicines to patients all over the globe remains the compass for all we do at Pfizer, and this design gives us a sharper focus on diverse patients in diverse markets,” said Albert Bourla, Pfizer Chief Operating Officer. “In addition, the structure will enable the Established Medicines business to optimize its distinct growth opportunities, while also providing the future flexibility to access opportunities that enhance value.”

The Consumer Healthcare (PCH) business will include all of Pfizer’s over-the-counter medicines. It will continue to operate relatively autonomously with dedicated manufacturing and regulatory capabilities.

While the fundamentals for growth are strong in the PCH business, they differ from the two prescription medicine businesses. Trends in consumerism and an increased focus on staying healthy are causing consumers to seek easily accessible health and wellness solutions. With a strong portfolio of global brands that span health and wellness, the company believes this business is well positioned to continue its growth. Pfizer continues to evaluate strategic alternatives for this business and expects to make a decision in 2018.

These changes in Pfizer’s organizational structure are not expected to impact current capital allocation priorities or Full-Year 2018 financial guidance. Based on 2017 actual results, the Innovative Medicines business (including Consumer Healthcare) is expected to comprise approximately three-quarters of Pfizer’s revenues, while the Established Medicines business is expected to comprise approximately one quarter. Pfizer will provide financial reporting to reflect this reorganization beginning with the issuance of first quarter 2019 earnings.

When these changes are effective John Young and Angela Hwang will lead Pfizer’s Innovative Medicines business and will continue to report to Albert Bourla.

John Young, Group President, will be responsible for the Internal Medicine, Oncology (including biosimilars), and Rare Disease business units. In addition, he will manage Pfizer’s innovative medicines portfolio across all emerging markets.

Angela Hwang, Group President, will be responsible for the Inflammation and Immunology (including biosimilars), Vaccines, and Hospital Medicines business units. In addition, she will oversee Pfizer’s Consumer Healthcare business.

The Established Medicines business will be led by Michael Goettler, who will become a member of Pfizer’s executive leadership team reporting to Albert Bourla. Mr. Goettler has 23 years of industry experience and joined the company in 2009, as part of the Wyeth acquisition; he joined Wyeth in 2007. At Pfizer, he has held a number of senior leader roles with increasing responsibility across multiple therapeutic areas, including primary and specialty care. Mr. Goettler has extensive commercial leadership experience and has lived and worked in multiple markets and regions, in both Asia/Pacific and Europe. He ran the Rare Disease Business Unit at Pfizer and initiated the company’s commercial move into gene therapy. He is currently the Global President of Pfizer Inflammation & Immunology. Mr. Goettler holds an MBA from the University of Texas at Austin and graduated from the Koblenz School of Corporate Management in Germany.

DISCLOSURE NOTICE: The information contained in this release is as of July 11, 2018. Pfizer assumes no obligation to update forward-looking statements contained in this release as the result of new information or future events or developments.

This release contains forward-looking information about, among other things, Pfizer, its expected growth profile, its plans to organize the company into a new structure consisting of three businesses and the anticipated performance of those businesses, including their potential benefits, that involves substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Risks and uncertainties include, among other things, risks related to the ability to realize the anticipated benefits of the organization of the company into the new structure, including the possibility that the expected benefits from the new structure will not be realized or will not be realized within the expected time period; the risk that the businesses will not be organized into the new structure successfully; the potential for disruption from the organization of the company into the new structure and diversion of management's attention from other aspects of our business as a result of the organization into the new structure; significant transaction costs; other business effects, including the effects of industry, market, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; future business combinations or disposals; the uncertainties inherent in research and development, including the ability to meet anticipated trial commencement and completion dates and regulatory submission dates, as well as the possibility of unfavorable clinical trial results, including unfavorable new clinical data and additional analyses of existing clinical data; whether and when any drug applications may be filed in any jurisdictions for any pipeline assets or new indications for marketed products; whether and when regulatory authorities may approve any such applications, which will depend on its assessment of the benefit-risk profile suggested by the totality of the efficacy and safety information submitted and, if approved, whether they will be commercially successful; decisions by regulatory authorities regarding labeling and other matters that could affect the availability or commercial potential of the company's pipeline assets or marketed products; competitive developments; risks and uncertainties related to our evaluation of strategic alternatives for our Consumer Healthcare business, including, among other things, the ability to realize the anticipated benefits of any strategic alternatives we may pursue for our Consumer Healthcare business, the potential for disruption to our business and diversion of management's attention from other aspects of our business, the possibility that such strategic alternatives will not be completed on terms that are advantageous to Pfizer, the possibility that we may be unable to realize a higher value for our Consumer Healthcare business through strategic alternatives, and unknown liabilities.

A further description of risks and uncertainties can be found in Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in its subsequent reports on Form 10-Q, including in the sections thereof captioned "Risk Factors" and "Forward-Looking Information and Factors That May Affect Future Results", as well as in its subsequent reports on Form 8-K, all of which are filed with the U.S. Securities and Exchange Commission and available at www.sec.gov and www.pfizer.com .



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