

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

EVENT DATE/TIME: JANUARY 06, 2022 / 3:00PM GMT

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

CORPORATE PARTICIPANTS

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*
Christopher J. Stevo *Pfizer Inc. - Senior VP & Chief IR Officer*

CONFERENCE CALL PARTICIPANTS

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

PRESENTATION

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Good morning, everybody. Hello, and welcome. Happy new year to 2022. My name is Chris Shibutani. I'm a member of the Goldman Sachs healthcare team. Thank you so much for joining us for this 14th edition of CEOs Unscripted.

We are very pleased to have Pfizer join us this morning. Dr. Albert Bourla, CEO. Albert, thank you so much for joining us.

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Hi there. Thank you very much, Chris, for having me. Happy new year to you and to everyone.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Excellent. We'd like to begin the presentation with the forward-looking statements commentary from the Chief of Investor Relations and Senior Vice President, Chris Stevo. Chris, please go ahead.

Christopher J. Stevo *Pfizer Inc. - Senior VP & Chief IR Officer*

Thanks, Chris. Happy new year. So we're going to be making some forward-looking statements during this fireside chat, and these statements are only valid as of today, and we undertake no obligation to update them in the future. If you have more -- sorry, if you have more questions or more -- want to look into our forward-looking statements more, you can see our SEC Forms 10-Q and 10-K on file with the SEC. Thank you.

QUESTIONS AND ANSWERS

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Terrific. And with that, to kick off from the green room, we were having a brief discussion before, Albert. We really appreciate you returning and getting right back into action here as we start this new year.

2021 was really a tremendous year in so many respects for the world, for Pfizer, for you. Congratulations. The CNN Business folks chose you as, I think, a special award to acknowledge your -- the execution of your company and your role as a CEO. Quite a bit of competition that was out there. I think Elon Musk was in there, the Goldman Sachs CEO. So quite a notoriety. And it's interesting, too, because I think pharma, as an industry, has often been at this interface, right, in terms of perception and sentiment. And I think that so much of what you were able to execute with your team really brought the industry right to the front page and whatnot. So your thoughts about this acknowledgment and particularly from the pivotal role that you play as CEO of Pfizer and at this moment for the industry? What did the award mean to you?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

It's a very humbling experience to be able to be recognized by CNN. The CEO of the Year is clearly something that is not unnoticeable. But I think it makes me very proud. It makes me very proud also of people of Pfizer because we all know how this works, right? It is basically my people that make me look good. And the glory comes to me as a symbol, but I think it goes down immediately to them, sort of what they were able to achieve. So a very humbling experience. I thank CNN very much for that.

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

In your own personal background, you were trained as a veterinarian. You certainly are a global citizen of the world. Just a little bit while we have this fireside conversation to get to know you as we have this exchange, tell me a little bit about what you think your own personal background in your journey that you bring to bear as CEO.

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Look, I mean who we are clearly defines the way we think. Our experiences, our past defines the way that we see the future. And that is not an exception for me. There are a few things that clearly also are making it different than other people in the way that I see things.

On the professional, let me try to pick up some on the professional and maybe some of the personal, let's say, aspect. On the professional, I've been 28 years with the company. About 17 of these years were with a very small division of the company. It was a rounding error within Pfizer, the Animal Health Group. But it gave me the opportunity to understand very well Pfizer, but also to understand how to act without the resources of Pfizer. And we have very, very different mentality in this small group. We were way more customer focused because we're small. We were way more nimble. We were making decisions way faster. So that helped me when I came and start understanding the business of the pharma to be able to see in a way that the others couldn't because they were doing it all these years and I was doing it very different. So that's clearly something that helped me.

The other thing is that within the company, I relocated me and my family 9 times, 9 different cities or 5 different countries. That also is not very common. It's rather unique. That gave me the opportunity to understand the different cultures, to understand how to be able to do business in different environments. And when I say do business, it's managing people of different environments, so that's clearly very different than things that others were having.

So those are 2, for example, things that clearly are different for me. On the personal level, again, I come from humble beginnings. And first of all, I'm a scientist. And that could go also to the professional. We didn't have a scientist as a CEO in the company. I'm not doing the science. Science is very complicated for me now. But it's -- I understand it. I understand what the language that the people are doing science speak and that helps me.

I come also from the humble beginnings of a small country. Greece, a rounding error, very big in contributing to the global civilization. But with the -- in current modern terms, it's a very small country. And I was even a minority within the country, which I'm Jewish in a country that is predominantly Christians, Orthodox Christians. So that taught me how to be able to fight for nothing is given to you because of who you are. You need actually to prove more than others because of who you are. So I think those are some of the aspects that make me who I am.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Yes. No, I appreciate your insights. I think that context often gets run through, and I think it's really valuable for people to appreciate that given the profile, the opportunity that you've had there.

So here we are at the start of 2022. Can you talk to us, maybe just broad based, what are your top priorities? Maybe if you can name sort of the top 3 priorities for you now as we get forward into 2022 as CEO?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Yes, clearly. Look, COVID clearly, it is the #1 priority. It is the #1, let's say, thing right now for the world and it is the #1 thing by definition for Pfizer. We have, let's say, so very big part of our revenues over there, but the world is really waiting for solutions. And we have positioned ourselves as the leading company for providing solutions with us being the leading vaccine company and now the leading treatment company. Clearly, this is #1 priority, how to be able to stay always ahead of the virus in everything we do, in multiple different fashions. So that's, by default, #1 priority.

The #2 priority is the strategic direction and the execution about that of the company. Capital allocation, for example. Clearly, the company is a very different company right now. We never thought that within 3 years, we will reach \$80 billion. I was preaching that we

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

will be able to reach by 2030 \$80 billion but not by 2021. And clearly, we will grow next year. We can debate, and we will give you our guidance when time comes, in a month approximately, but clearly, we will grow next year from how things are looking right now.

And that, in the middle of a world that is rapidly changing, particularly the health care, that creates a lot of questions. What is the best way to invest an enormous amount of capital that we are blessed to have right now? So that's clearly my #2 priority.

And I would say the #3 priority, this last year happened something very unique. The pharma sector, the life science sector, and with Pfizer clearly being the leader, created a tremendous goodwill with people. It created a dramatic uplift in reputation for the sector and for the company internally and externally. We have the higher level of engagements in corporate levels that anyone has ever seen. And our employees have been very proud to be part of Pfizer. And in the world, our position is early because we are very influential, people are asking us, are talking to us and they admire us to a very high extent. I know that this is a great position to be, but I know that it's very easy to go down. So it's clearly what is my #3 priority is to make sure that we maintain this brand equity. We are a household name right now to the names also of the billions of people to maintain it and even grow it to higher levels.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

No. I think those 3 priorities are very logical here. And I think I'll take advantage of the fact that the nature of this fireside chat conversation that we're having is less meant to be sort of day-to-day productive. Your IR team did an excellent job of doing such a robust review of COVID. I think we'll inevitably have to cover those topics. But I perhaps want to prioritize more your emphasis of #2 and #3 and thinking about strategy and the capital allocation and whatnot. And I think investors tend to think about the coming decade kind of in 2 parts, in part because from now through 2025, previously, you and your team have given commentary about what you were thinking about in terms of where the growth could be.

Now some of this commentary was happening over a year ago. And amid so much change with COVID, so things have changed. But you've talked about being able to generate that kind of mid-single-digit top line growth with that baseline business. And naturally, so much has presented in terms of opportunities for capital allocation business development. And I think that's especially relevant when people think about the second half of the decade, the '25 to '30. It's objectively clear that the company has some loss of exclusivity exposures, et cetera. And you and your team have been very explicit about how you're planning to address that through business development and whatnot.

So with that growth, framing all of those things, what do you see as the key building blocks to achieving the perhaps more intermediate term, now to '25, that kind of mid-single-digit top line growth? And we're really thinking more about that base business, right? Because COVID is obviously part of the totality but stands a little bit separately. So if we were to think about that base business to a certain extent, what are the key ingredients to getting that growth to happen?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

It's true that the Street is, let's say, dividing into 2 periods here, all the way to '25 and '26 to '30. We do the same because, clearly, there are -- '26 is a year that we start seeing loss of exclusivity for different products, one every year basically, all the way to '30.

Now also, I don't think there is a big disconnect in expectations between what we have publicly stated and what the Street, let's say, confirms or believes when it comes to the first part all the way to '25. We spoke about 6% excluding, let's say, the vaccine and business development. And the Street is almost there. They're between 5% and 6% somewhere, a little bit ahead of 6%. All the others, I think, it's 5.5% or 5%, something like that. So it's not that we are materially different than that. Clearly, with the COVID treatment now, that will be way higher and will exceed it.

Now -- but on the second half also, it's clearly when we are assessing the impact of the LOEs, where is the difference? It is that we -- our internal projections for this period is having a very big difference, Delta, with what are the external projections about the period of '25, '30. But other than that, the magnitude, we agree that this is a period where products are losing exclusivity.

So how to be able not to cover the gap but to maintain the growth because, I repeat, this is for me the goal. The goal is not to cover the gap. It's to maintain this above 5%, 6% growth all the way to '30. And to do that, there are 2 ways. One, it is the organic way and the

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

other is to bring external science into our own machine, speaking about that fundamental traditional R&D-based business that we are having. And we are very well positioned from both.

One, it is that the number of products that are in exclusivity is the same, but the percentage that they represent in terms of total revenue is way smaller now after the COVID experience, right? So it's really almost half of what it used to be, because almost we are aiming to double here what we were doing for vaccine, doubling the business that we had before COVID if you had treatment and vaccines and other things that we are thinking about COVID. So that percentage is way smaller.

The second is that our organic machine is producing and is producing faster than everybody expects because of the -- and more than everybody expects.

And the third is that we are going to invest, as always said, in this capital in future products, in many projects that will become medicines in the '25, '26 period of time so that they will give us the growth that we are expecting all the way to the '30.

So strategically, I think we are all clear. Maybe some people will have now a question on our ability to execute, and I'm saying, watch us.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Let's talk about the overall shape of Pfizer, excluding the COVID business. The last time I was an analyst covering this over a decade ago, Hank McKinnell was in your seat. There was talk about how the Animal Health business absolutely had to be part of the Human Health business. And then subsequently, we saw that Zoetis spun out. How do you feel about the current portfolio? Is there potential for more divestitures and reshaping of that base business that you see right now? I know so much of it is a function of what's happening with dynamic markets. But what's your mindset?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

I mean the mindset is that right now, our mission, it is breakthroughs that change patient lives. This is a very specific statement, speaks about change patients' lives, which means the impact that innovation should bring needs to be dramatic, not incremental, and breakthroughs, which means that we are looking for new science to do it.

I think that all the divestments that we have done have already created a company that it is now very much 100% aligned into this mission. Yes, we divested maybe a product here and there, but this is not what we are looking right now, neither to divest. Actually, we are looking how each one of these business units that we have, 6 business units, will create a dramatically higher value than what anybody else is expecting. And the way to do it, it is through breakthroughs, needs to be through significant innovation at research and commercial level that save patients' lives. And this is how I see the future, getting more rather than divesting more.

Clearly, there would be corrections, right, here and there. So that -- and don't forget that we already have a very big part of the Consumer health care of GSK with a 32% share that is ongoing right now. But that is clearly something that's not strategic for us. But eventually, when we IPO or when the business becomes public, we will exit.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Right. Okay. Let's drill down into some of those individual business segments and probably foremost, based upon recent decisions and actions that the company has taken, let's talk about the Immunology & Inflammation business, I&I. Obviously, a recent acquisition there and a great opportunity for your -- I'm going to get his titles incorrect, the business development head, Aamir Malik, who was very articulate in his scripted comments in talking about what the capital allocation priorities were. There was a very elegant statement that talked about building on the internal business.

But within I&I, in particular, as we look across the broader industry landscape, amongst your competitors or houses, so to speak, there are some corporate entities that have broader portfolios than you guys have. And do you feel that that's sort of one of the table stakes from a competitive standpoint that you need to think about broadening that portfolio? I think the Arena acquisition recently announced is an example, I think, of continuing to build upon that. But where do you feel in terms of the journey of getting to a leading I&I platform there?

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

Yes. It's not that we didn't have diversification, but clearly, we'll benefit from more. And that's why we did this -- the Arena acquisition. We also -- it was clear that within our current portfolio pipeline, we were heavily skewed towards the JAK inhibitor.

Our strategy with JAKs was very different than the strategy of other companies, but we're basically selecting one JAK and was developing for all indications. We had a strategy to select for every indication a separate JAK. So we had more costly program. But potentially for every indication, better risk-benefit assessment, better risk safety, efficacy balance, which is what I think will play well in the current environment with drugs, where you are really looking for a robust risk-benefit balances to be able to see prescription of your medicine. So I think that was a good thing.

Clearly, we are having other molecules and now we are also entering into a significant acquisition, but also we'll diversify even more. And in our hands, I believe, that this molecule will be even more powerful than the scientific potential of the molecule because we know how to develop in these areas, molecules, because we have such a long history with I&I with -- from the Enbrel, there's Xeljanz, now the new JAKs that are coming and also, we could commercialize them. So I think it's a natural fit and plays exactly what we were looking for, something that according to the Street, will give, let's say, a few hundred million dollars of revenues in the '25 and then a few billion dollars revenues in the '30. So that's exactly what we are looking so that we can increase the growth in that period.

Chris Shibutani Goldman Sachs Group, Inc., Research Division - Research Analyst

I think as a smaller company, there is a need to really prioritize the development of the asset that Arena had. Do you see in Pfizer's hands that there's potential to expand further beyond? I mean if we think about the mechanism of S1P modulation, historically, it's something that had been introduced, developed and commercialized for multiple sclerosis, for instance. The Arena approach was very much focused on inflammatory bowel disease indications and it also outlines some additional ones. Maybe talk to what you feel that in Pfizer's hands, is there a view to expanding that and perhaps maybe we don't appreciate that as much because we think of that asset as being -- previously as outlined by Arena?

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

Clearly, when it comes to Pfizer's hands, an additional reason it is that we can liberate more potential, it is the ability that we have to do multiple things. We have the resources. So if science is there, resources will not be an issue for us to be able to do multiple development programs. If science is not there, we're not going to do it just because we acquired. All of that have been very carefully, of course, considered before we made the acquisition. And we gave probabilities of success. Every single one of the potential opportunities that we have, we are going to experiment. And when there is value, be sure that we will find it and reveal it.

Chris Shibutani Goldman Sachs Group, Inc., Research Division - Research Analyst

Oncology, let's talk about that business unit. There's also been some recent activity there. I think, again, I'm making reference to some of Aamir's comments. How do you feel about sizing of the opportunities there? And currently, when we look at the landscape, certainly of the publicly available companies within the oncology space, it's quite vast there. What's your appetite in terms of thinking about number of deals, size, what the menu looks like in Pfizer's eyes?

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

It's indifferent, it is -- the size of the deals. What it is relevant, it is breakthrough science. We don't want to go -- I mean it could be 1 or 2 outliers for tactical reasons. But strategically, we don't want to develop -- to devote capital in things that there are not serious innovation that can have potential to change patients' lives.

And clearly, we have a legacy team that has produced a significant amount of new molecules and have been commercialized very successfully those molecules.

Just to remind you that I remember in -- I took over the Oncology in 2014, and I remember that was less than \$2 billion, the revenue in '14. It is 5x, 6x more right now almost. And so the commercial success of Pfizer Oncology was very good.

Right now, we complement that with changes that we have done in our research portfolio and leadership but also complement that with

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

acquisitions. You mentioned the Trillium acquisition that is giving us the most promising, I believe, immunotherapy for hematological malignancies.

As we all know, the success of immuno-oncology was limited to other areas but not to blood cancers. With Arvinas, we are playing in our robustness of our, let's say, the prostate cancer. So we are having -- actually, breast cancer. We are having significant, let's say, expansion opportunities in an area that it is very hot, as you said.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. Maybe I'll talk one more business unit just as a transition to COVID discussion and that's the vaccines platform. Really, it's a business that's quite robust for you. You have a number of things that are coming up in the pipeline there. It's a business that I think -- I'd be curious to know whether you feel like everything that the company has gone through with the regulators and commercially with COVID, is that something that's leverageable to some of the other vaccines that you have in development, whether it's just being able to have some commercial competitive strength or to take into account some of the speed with which that you've done the development?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Clearly, it helps a lot. Clearly, it helps a lot because we have created not only goodwill with governments and regulators and scientific bodies, because we bonded in our efforts all these, let's say, 2 years to find solutions to a major public health crisis. And that has created dramatic goodwill. I think the collaborations that we had with all of them was, at large, very, very, very positive.

But -- and also, let's not forget the goodwill that we have created and the brand equity that we have created with billions of people. People are trusting the Pfizer vaccines. And I think that trust will also play a significant role in other vaccines that will come.

But it's not that we need it. Of course, it helps tremendously. But before COVID, our vaccines team was one of the best in the industry. It's not by chance that we were able to do what we did with the COVID vaccine. And they were on line to produce dramatic -- to produce dramatic results in terms of bringing new vaccines into the market. And right now, we are looking for a very robust short-term action. Not that long-term portfolio, we'll see that. Hopefully, we'll be successful. We don't know, but we are waiting for the data. RSV, again, we don't know, but we're very optimistic that we'll be very successful.

With the work on flu and other RNA vaccines that are happening right now, like the zoster, we just announced an agreement with them.

With Lyme disease vaccines with Group B vaccines, a tremendous, tremendous portfolio of products that they are expected to produce results and pivotal readouts in months. So I'm very optimistic about the future this year.

And it is very important because from a commercial point of view, vaccines are durable revenue. They are not subject to [generics] (corrected by the company after the call). They are not subject to competitive entrants of, let's say, low-scale players. They are requiring significant, significant capabilities to be able to do it. And that gives us a way clear -- we see the science way higher multiples to the revenues that are coming and profits from vaccines than from a small molecule.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Right. So clearly, this has put you in a position of strength. We talked about the vaccines business in the COVID. Can you comment about how you feel about business development, the environment right now? Maybe perhaps comment on where you see valuations and if there are particular areas of interest that you're more keen towards versus others?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Valuations, they fluctuate. There are some things that they are unique, valuable, and over there, the valuations are very, very high. And...

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Even at current levels, the SVI, where it is, valuations are very, very high. I think I can hear the eyes rolling in some of the folks who are in the investment community, but you feel still that valuations are high or...

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

For the good assets, they are. That's the thing. Look, there is a big disconnect, first of all, between what boards are expecting and what market is telling them. So there is, from one hand, a reluctance to transact for some of them. And the second one, it is that the good assets, the assets that they have high-quality data already generated, they remain very high in terms of price. Very high.

Now the -- it's way different, the situation, when the data has not confirmed the quality of the assets. And this is where I see most of the opportunities right now. But for us, I used multiple times this example. But many times, people will come and will tell me, we need to buy this company. And typically, I ask always, so what is the cost? And they tell me, the stock price is \$30. And I said, how much was 6 months ago? And they tell me it was \$12. So why we didn't move 6 months ago? Because we didn't have enough data.

But this is where the value is, to be able to select with our own expertise by looking at due diligence and blinded data and trying to understand the trends, by having expertise in the class and how it behaves, into identifying things before they are proven and then be able to get them and get them in enough big numbers so statistics will work. And that's the essence, I think, of our business development. We don't want something that necessarily is very expensive because we'll launch next year because already, we have the people that started that. We have things that we'll launch in 3, 4 years. So the people that started doesn't have to be launched as we did, for example, with Arena where the people started didn't launch and we took a bet.

Clearly, if the study is not successful, I think we have a problem. It's sizable but will not take us down. But if the study is successful, we had the fantastic opportunity because we were able to see it and pay before the study is successful.

So these are the things that I think will make a difference between the successful and the not successful business development opportunity. Your ability to see things early enough and being right more than the average of success of these aspects.

Chris Shibutani Goldman Sachs Group, Inc., Research Division - Research Analyst

And to the extent that it's competitive, I would posit that you guys are in a position to be a little bit more of risk taking, more aggressive. You can be, both in terms of just financial capacity, as well as the things that we talked about, the durability of some of the businesses, vaccines, we project is going to be a more significant portion of the business. Is that a fair framework to think about Pfizer now versus, say, 2 years ago? Can be more?

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

Very fair. Very fair. I'm not happy necessarily with our track record of risk-taking profile that we have. I think we play it way too safe than we should. I don't think that we should be reckless. I think we should be very good stewards of our capital because it's not unlimited even if it is a lot. But I think that no one has made money by investing in savings accounts. When we should be able to find the right assets, get enough of them, some will fail, some will not. But if you get enough of them, statistically, it will work. So it's not binary, the result. And then I think you can model it. And always, when we model it, we are coming way more, way -- not just marginally better, way more profitable investments when we do this thing. Take risk.

Chris Shibutani Goldman Sachs Group, Inc., Research Division - Research Analyst

Well said, and I think we have one of our quotes from this discussion. No one's made money in savings accounts. So Aamir had talked about both in terms of looking at -- I'm just making sure that I get his commentary correct, compelling later-stage assets for top line growth for later in the decade as well as accessing medical breakthroughs in earlier stages of development. So Arena is a very good example in your opinion of where things are at. We have Phase 2 data, Phase 3 cards about to turn over. Has it turned over yet? That's a pretty good signature for the kind of things that you guys will be looking at and thinking about possibly pulling the trigger on and doing?

Albert Bourla Pfizer Inc. - Chairman of the Board & CEO

Yes. Yes. And it falls into this category of access. But also, we are looking for earlier even than that in terms of technologies, technologies that we can master and create platform.

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Right now, one of the most important things that can create sustainable R&D productivity is to have capabilities and IP in platforms that can be leveraged for multiple things. RNA is one example for example. And there are multiple other platforms like that. And this is also something that we are very, very serious about.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Great transition over towards the COVID discussion. Obviously, you have a successful partnership with BioNTech there, and you made some announcements about being able to pursue things with shingles as well. Is there an understanding that you have the opportunity to pursue mRNA-based opportunities separate from BioNTech? How do you see that moving forward? And what -- remind us what exactly are the capabilities that you have? Or do you feel like you need to do more?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Yes. Look, our partnership with BioNTech is not just a very good partnership. It is the best partnership we ever had, I think. And I think the same for us, that we have a very long history from their side, but we have a very long history of having partners, not only because if you judge it by the results, of course, that was transformational, actually for both companies. But also when I see it from the quality of the scientific, commercial and leadership interactions between the 2 partners.

So clearly, for us, it is a very valuable partner. And to the degree that they want us, and I think they do, and we want them, and I think they know that we do, we will continue exploring opportunities one at a time. Right now, we have 3, and we will continue working with them.

Now that being said, they are working on mRNA a lot with also oncology and they have other interests as well. And we are also having, let's say, developed a very big expertise. We don't need to be doing everything together with BioNTech. But right now, in our infectious disease portfolio, clearly, we are doing a lot of things together with them.

Now RNA is not only about infectious diseases, which is the low-hanging fruit. It's about oncology. It is about rare diseases. And eventually, it is about also internal medicine. And these are areas that we seriously have analyzed over the past several months. We did very specific planning of our capabilities and where we need to expand and to have plans. We can't disclose that right now because nothing has been, let's say, at a level that can be disclosed. But we are having very high ambitions about leveraging our expertise in development, manufacturing, early research of RNA to be able to create a very durable franchise of an RNA platform that can create different things in partnership or without.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And beyond the infectious disease realm, are there particular...

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

And beyond the infectious disease realm. Exactly.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

What's at the top of your mind in terms of other therapeutic disease category areas, either for the mRNA platform or business development? Can you throw out a couple of disease areas that you think, yes?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

I spoke -- I think, rare diseases, I think oncology and also, down the road, internal medicines are 3 areas. That it could become very, very much impacted transformationally by this technology, and this is where we are aiming right now.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And then the same question about the...

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Without de-prioritizing the infectious diseases that clearly is the low-hanging fruit.

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Sure. And then separate from mRNA, the questions that I'm getting asked, people, again on the business development front, therapeutic categories that your eyes light up that would be of particular interest?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

We have 6 right now. But clearly, we have a very high level of expertise which will allow us to make selections for business development by making fewer mistakes. That's very important, right?

So right now, we can easily go and do higher perceived risk deals in the oncology because I have the people that will find out and tell us what is worth taking the risk or not in vaccines; in rare diseases; in immuno-inflammation; in internal medicine, particularly in cardiovascular or metabolic diseases; and in anti-infectives; antivirals, right? So these are, let's say, the 6 areas. In those, we are planning to be very active.

Clearly, to enter other areas that we are not right now a presence, if any, you need to do it by building also or rebuilding some expertise, for example, in the neuroscience which is an area that many people are asking. It's not that we will do it by getting 1 or 2 molecule slices. If we have to go back, we need to do it with something bigger.

But this is the 6 that we have right now are the areas that we are going to deploy the capital and we think that they have enough potential so that we can make enough bets.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. Let's switch to COVID focus. So obviously, we've had Omicron take over the world in the last month. Do you expect another variant of concern?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Nobody knows, but it is very few people that think there will not be another one. Let me put it this way. There are few things that we know, I think, about the -- at least, let's say, virus among the many things that we don't know yet. But there are few things that we know, which are relevant to, I'm sure, the questions of our investors how to see, let's say, the durability of our revenues, et cetera.

One is that the virus will not go away and can stick for a decade, right? It's endemic everywhere, has the ability to create variants so will be living, one way or another, together with mankind, humankind, for the years to come, I think. That's something that nobody knows with certainty. But this is, I think, the big majority of scientists and key opinion leaders will tell you that they believe. That's one.

The second that we know, it is when it comes to vaccines because it's not necessarily applicable to treatments, right? But right now, both natural infection or vaccine protection, they are not very durable. We know with all variants so far, and we are about to find out also with Omicron that the immune responses, the immune protection that the vaccine or the natural infection causes, they are lasting few months. So that's why I had made before the prediction that we will need a 3-dose series and then an annual revaccination to maintain good levels of immunity.

That's clearly is a challenge right now because as we see the introduction of new variants, are introducing the concept of a fourth and then also, they are reducing in many cases, the concept, that we need sooner than 1 year. I don't know how that would end up. And still, I think that the most likely scenario would be annual vaccination, but I think that will be for the years to come.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

The logistics of getting an Omicron-specific vaccine, and obviously, development is very brisk, but unpredictability about what the natural history of that course will be, do you think that we will end up needing or having an Omicron-specific, variant-specific vaccine?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

I think we will have. The question is if we will use it or not. We are moving full speed in developing an Omicron vaccine. Based -- I haven't seen data of testing this vaccine right now. But based on everything we have seen in testing other variants that they are not in circulation

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

right now of our vaccines and knowing how we construct this new Omicron vaccine, I think there will be very high probability that we will have a very effective Omicron vaccine within the timeline that we spoke, by March. And we will go into the clinic I think this month maybe or next month in winter.

So now the question would be if we will need in April. But what I know is that we are very confident, as much as we can be, that it will be very effective, that we will have it by April and that we will be able to produce it massively into the billions, if needed, this year rather than into the millions.

So -- but eventually seeing what will be the best way after we see how the whole thing emerged, already I'm seeing different variants have first started emerging, and they're not even in years.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

So if we think about the primary series with an interval of about a month and then 6 months later for the third dose, the booster, companies are already talking about a fourth dose. We're starting to see data. There was a presentation yesterday from the ACIP that talked about kind of the diminution of one of the markers which was the neutralizing antibody titers 4 months after the booster. So if we had to contemplate when a fourth dose might come up, what's your point of view? I know you already previously said something about annual boosters, but what's the timing in your mind of that fourth dose?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Still, if we were -- if it wasn't for Omicron, I would still say that if it was for Delta, that we would go into the annual revaccination. For the 4 months, the presence of Delta, I think it would be longer of -- the real-word protection of that.

What complicates situation is Omicron and this is something that makes us wonder if we need a fourth dose earlier or not. Because there is also Omicron, that many countries decided and gave the third dose, not at 6 months but at 3. Actually, even the U.S. moved it from 6 months to 5 months just, I think, a week ago or so. So many other countries are doing it at 3 months. That's only going to change dramatically, the landscape.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

With PAXLOVID, you guys have been particularly attentive to updating the community and the world about sort of what your manufacturing capacity is. And it's changed even from -- at the end of December, when you had that analyst meeting on the 17th, it's continued to increase. What are the key gating factors for determining what the actual supply can be from a manufacturing standpoint?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

The manufacturing of PAXLOVID is not a challenging one. It's a new molecule and always a challenge. But this is something that we can handle way better in terms of taking that challenges than the manufacturing of mRNA, for example, technology. That's very, very, very difficult. You need -- very few places in the world can make it.

With PAXLOVID, it's not that it is technically challenging. It is that takes time particularly for the API to synthesize, so the chemistry takes months. It is not -- you cannot do it in weeks. You need months. So theoretically, we can increase to levels that -- basically, to meet the demand, whether it will be the global demand, but we can't do it instantly. We need to have the planning, let's say, of 9 months before because if your API will take 6 months, and then until you make all the final formulation and then packaging, all these control stakes, let's say, will take you to this level of activity.

The only reason why we started just a month after the approval to sending products around the world right now is because we started way back into the year to produce at risk. And so 9 months ago, we started and this is why we have that right now.

Also, this is the reason why we're able from the 50 million to go to 80 million and then to 120 million treatments by the end of the year. Because by the end of the year, we still have 12 months, so you can plan and we made the decision 2 months ago. So we still -- we'll have, say in the second half, significant quantities.

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

I think there will be higher, clearly, demand than offer, than supply, in the first quarter and partly in the second. And they are coming to levels that I think we can fulfill the demand globally.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. I know that Frank has been on with us, but getting questions about what kind of margin profile is for PAXLOVID. Can you comment there, small molecule? Should we think about that type of range in terms of the margin profile for PAXLOVID?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

I would say nobody should see this as anything different. It is not easy. It's not cheap to make. It's quite expensive. But also, it has, let's say, a good price. Prices have been made public one way or another, and we are gaining the full benefit. It's 100% ours. It's not -- we do not have, let's say, significant royalties or ordered to sell the split. So the margins would be good.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And then what kind of cash inflows might you be able to see this year 2022 from these COVID opportunities, in particular from PAXLOVID as your comment there?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Yes. We will provide the guidance but I'm not ready now to -- I wish I could give you a preview of that. But I already said that we will grow next year. Keep in mind, and everybody knows, that we are very careful when we give guidance. Careful means that when it comes to particularly unknown, high-impact products, and there are 2 very high-impact products, which is the vaccine and PAXLOVID, they are in the billions and we don't have a history of that, we always provide contracts signed, not discussions, not order that has not been accepted and signed, orders signed. So when it comes to the day that we will provide our guidance, we will tell you a number that will tell us this is how much we have already signatures in terms of orders. And then clearly, we are growing from that every quarter.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

One final question, and it touches upon something that you commented about earlier and, in essence, some of the goodwill that all of this activity and productivity has generated for the industry. If I think about the industry perception, the typical headlines focus on drug pricing and whatnot. There's kind of tension points there, right, traditionally in terms of thinking about that. We've also seen the legislation make some progress. Is there any guiding thought that you would like to share with us in terms of how we should think about drug pricing and that as a question, as a theme, will be like going forward? What is your level of concern? Any thoughts on that there?

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

I think there is a reality right now that prices are going down. In the first 3 quarters that we reported in last year, both in U.S. and globally, we had minus 5% as percentage of price driven, right? And the 6% that we were reporting, 6.5% I think, in the first 9 months, was because we had 5% reduction in price and then 11% increase in volumes that gave us, let's say, the 6%. I don't think that this trend will change dramatically. Now there is a little bit of inflation, price pressure that is coming. But I don't think that this will change.

Now there is a fundamental question in the eyes of many if there is going to be a onetime correction in the U.S. because of COVID coverage, and everybody is wondering is this going to be a new registration, but I don't know. It would take, we'll say, 30% of the profits of the pharma and then create a new base, et cetera, et cetera.

I think this is what keeps the DRG index and that keeps the entire industry overall undervalued. This uncertainty is not normal, that the pharmaceutical sector is trading half the multiple of the S&P is completely abnormal, right? And I think there is because that's one of the main reasons is this uncertainty that the investors are seeing in what will happen with drug price. I think that in that asset, that is welcome solution and something that will, let's say, resolve some of the big issues that we are facing in terms of -- particularly in the U.S., with drug pricing that will allow us to be able to call it a day, to say now this is the new environment for the next decade, so that will allow the biotech industry to flex. I think that's the -- that's what I think it is the given right now. And in all my discussions in Washington and with the political parties from both sides of the aisle, it's around that. We need a solution. We don't say we don't want the solution. But the solution, it has to do with the out-of-pocket amount that Americans need to pay right now. This is what's driving this crazy.

JANUARY 06, 2022 / 3:00PM GMT, Pfizer Inc at Goldman Sachs Healthcare CEOs Unscripted Conference: A View from the Top (Virtual)

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Got it. Well, we're out of time. Albert, thank you so much. We really appreciate your generosity with time, your freedom with your commentary, the insights, we really appreciate it. So all the best to you, your team in 2022. Thank you so much.

Albert Bourla *Pfizer Inc. - Chairman of the Board & CEO*

Thank you, Chris. The same well wishes to you and your team.

Chris Shibutani *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Thanks.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Briefs are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT BRIEFS REFLECTS REFINITIV'S SUBJECTIVE CONDENSED PARAPHRASE OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT BRIEF. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2022 Refinitiv. All Rights Reserved.