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EDITED TRANSCRIPT

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OVERVIEW:

Company Summary

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PRESENTATION

Terence Flynn - *Morgan Stanley & Co. LLC - Analyst*

(audio in progress) www.morganstanley.com/researchdisclosures. Very pleased to be hosting Pfizer this morning, CFO, Dave Denton. I'm Terence Flynn from the US biopharma team. So Dave, appreciate you taking time to be with us this soon after summer. I know it's a rude awakening to go right back into the thick of it, but really appreciate the time today. So thank you for being here.

Dave Denton - *Pfizer Inc - EVP & CFO*

Yes. Thank you for hosting us. Happy to be here.

Terence Flynn - *Morgan Stanley & Co. LLC - Analyst*

Great. I don't know if you want to start any prepared remarks.

Dave Denton - *Pfizer Inc - EVP & CFO*

Yes. Just real quickly, just to kind of frame things up. As you know, 2023 was a bit of a disappointing year coming off of the COVID high and disappointing results from COVID. '24 is a year of, we call it, a year of execution. We've been very focused on making sure we deliver on our commitments from a financial standpoint.

We've initiated a couple of different cost improvement programs, I'll say, rightsizing the organization for growth, and importantly, giving ourselves the very focus from an execution perspective, making sure that we're investing for the long term, we're investing and executing against the Seagen acquisition, and investing and executing against our new product launches around the world.

So I think we're very pleased with our performance. We have a lot of work still to go. As you know, the back half of the year is a very important time for us as the vaccination season gets rolling. We're also -- well, I'm sure we'll talk about it today in the midst of a bit of a wave of COVID at the moment, and you're seeing, one, our utilization of Paxlovid increase steadily as it has, as infection rates grow.

And importantly, in Q3, we've actually had a commitment to deliver about 1 million doses of Paxlovid from the national stockpile here in the US. We've actually completed that recently in Q3. So that's also a good development in our business as we think about the back half of this year.

QUESTIONS AND ANSWERS

Terence Flynn - *Morgan Stanley & Co. LLC - Analyst*

Okay, great. One clarification. So that's an incremental 1 million doses to the stockpile?

Dave Denton - Pfizer Inc - EVP & CFO

That's correct. That is we had a commitment to deliver 1 million, and they were all delivered essentially, materially all in Q3.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. Maybe just to step back, obviously, you mentioned this, you're focused on delivering on your commitments in 2024, given the 2023 dynamics. One question we get frequently now is how you're thinking about 2025. I know you're not going to provide guidance today. But just from a framework perspective, you took a very conservative approach in 2024. As we look back, I mean, your initial guidance was \$2.05 to \$2.25. And then you recently upgraded that to \$2.45 to \$2.65. So again, maybe talk about some of those elements of upside surprises this year and then the framework top down as you think about 2025.

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I think, importantly, as we go into 2025, as we think about guidance, kind of the philosophy of giving guidance is to create a reasonable plan that we feel confident at a fairly high percentage level that we can achieve. Having said that, there clearly are components of our business that are less predictable, particularly the COVID franchise. If you look this year and you look at our guidance this year, our non-COVID business, we've been pretty much spot-on from a guidance perspective.

We've been very -- the tolerance level in our expectation has been pretty tight. What has not been so tight is the expectation around our COVID franchise. And that likely is going to continue a bit in the future. I will say, the more quarters and seasons we get under our belt with COVID, the more stability, we believe, in our ability to predict, with some degree of certainty what that utilization might be.

So you would imagine going into next year, we'll have the same philosophy, we'll probably be a little -- we'll be able to predict with a little bit more certainty around the COVID franchise, but there will still be variability around that franchise compared to the rest of our business.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. Maybe one other before we come to the COGS and gross margin side. I would love your perspective on the impact of Part D redesign in 2025. That's another question that we've been fielding for a lot of companies. Our math suggests low single-digit impact, so pretty de minimis for Pfizer. But again, do you generally agree with that assessment? And then the second is, aside from COVID, any other variables or dynamics that we need to think about on the revenue side for 2025?

Dave Denton - Pfizer Inc - EVP & CFO

Yes, I probably won't comment specifically on that number. The only reason I say that is I will come back or we will come back when we give guidance, and there will be a series of puts and takes as we think about our guidance for 2025. This will be one such element that we will factor into our guidance next year. I do think, in general, it's not a dramatic effect on the business. So I concur with that.

But there are, as you know, both with Medicare and the IRA, there are things that are constructive to our business model and there are things that are dilutive to our business model. And that's true across all of pharma, and so there will be a considerable amount of puts and takes.

And that will be dictated a bit around the different indications and drugs that you have in the different classes in your market share. So there's a ton of moving parts, there's a lot of complexities in modeling that. As we think about putting our total program together, our budget together for '25, that will be an element that we'll come back and share with everybody.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Appreciate that. The COGS improvement program that you had, it's multiphased. You provided some details around the first phase of this. And I think that's been another area of conservatism, at least based on our math for this year. So maybe just -- could you elaborate as we think about how that phasing is going to occur back half of this year into '25 and '26?

Dave Denton - Pfizer Inc - EVP & CFO

Yes, so maybe let me step back and just give you an indication around what we're doing in this program. We have announced, to your point, Phase 1, which we call operational efficiencies. It's really about streamlining our programs and infrastructure within our manufacturing assets globally.

The second and third phase are centered around, I'll say, rightsizing and emphasizing our product portfolio, i.e., pushing in products that have higher margin and are more impactful globally, and maybe reducing our emphasis on products that aren't so impactful and maybe carry lower margin over time.

And the third piece of this is really stepping back and more completely understanding the footprint that we have globally for manufacturing and understand all the ways in which we consolidate lines across the globe from a production standpoint. There are ways to shift production to be more efficient.

And those -- actually, the implementation of those and the realization of those savings take multiple years typically because there's a big regulatory hurdle, there's a big technical hurdle of moving those production sites around. So you'll see that beginning to come to shape at least in '25 and '26. I will say that as we think about the first phase, we're well underway, that you wouldn't think of -- you should not count on much improvements in '24. You should see the improvements of the first phase to begin to take hold in '25 and beyond.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Got it. And I guess, as you think about getting back to those pre-pandemic operating margins, obviously, the COGS is a piece of that. But then R&D and SG&A are the other two components. And so there's, at the same time, though, a number of investments that Pfizer is making for some of your new product launches.

Obviously, you have the Seattle pipeline, ADCs that you want to continue to progress, as well as other internal programs. So maybe just as you think about the puts and takes on the non-COGS side of it, what are some of the key variables that we should keep in mind for 2025?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I do believe that through our margin improvement effort, I think we've got a good handle on our path forward to improve our gross margin performance over time. We've announced a \$4 billion cost takeout in SI&A and R&D. That is largely within our line of sight to deliver this year. So we're well underway. We feel like we can basically check the box on that being complete. And we have work to do to realize that where we're largely done.

I do believe given -- we set this improvement target as a way to, I'll say, rationalize our business model given the sustainable revenue within our business going forward. So we feel like we're kind of at the appropriate level of SI&A and R&D materially as we cycle into the next several years. That does allow us to fund new products that we're launching or have launched recently.

It allows us to fund incremental investments within the Seagen portfolio and importantly allows us to take the Seagen portfolio and commercialize it globally. So we feel like we have the right base. Clearly, there's going to be a reallocation of those resources, both from an R&D perspective and SI&A perspective to make sure we put our dollars to the highest and most productive use as we think about investments going forward.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, so it sounds like steady-state R&D and SG&A, kind of steady state on an absolute dollar basis now.

Dave Denton - Pfizer Inc - EVP & CFO

I think that's the best way to think about it. Listen, I'm sure they will ebb and flow year over year a bit. So don't hold me exactly to that number. But I wouldn't think of a material change in those numbers as we think about it.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, so then any margin improvement is coming at the cost of goods line. And obviously, leverage is depending on the top line.

Dave Denton - Pfizer Inc - EVP & CFO

That's correct. I think, at the end of the day, if we start just very deliberately improving our sales momentum, that obviously, in and of itself, will improve our margin flow-through. Then on top of that, as we improve our gross margin yield, that will further enhance and accelerate the margin rate improvement at the bottom line.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Understood. If, let's say, again -- sometimes product cycles don't deliver at the level of expectations, and they come in below expectations. Would you have willingness to be more flexible in some of those costs in that sense to preserve margins? Or do you think it's more likely kind of costs are going to fund the business longer term and so you're more willing to take kind of a hit on the margin side? How do you think of that trade-off there?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Generally speaking, we take cost out. I mean, I think if we had an investment that we thought that was really critical strategically that we could not afford to take out, we might hold on that. But I think, in the grand scheme of things, there's enough pockets of SI&A and R&D that we can flex to cover, I'll say, minor shortfalls or deviations in our plan. And we will work aggressively to do that.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Understood. The other topic I want to touch on is capital allocation. And so obviously, your focus now on paying down some of the Seagen debt. You talked about getting back to sub 3.25 times on a gross basis from a leverage perspective. On our numbers, you'll be there by the end of this year. Do you think that's generally a fair assessment? Are there other things that we need to think about in terms of pacing of that deleveraging?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I think that's an aggressive expectation. I don't think we will be there by the end of this year. This will be a multi-year facet to get us to that leverage target. Keep in mind, one thing that I know that -- we've talked about it, but I'm not sure everybody appreciates, particularly as it relates to Paxlovid, when we renegotiated our arrangement with the federal government, we gave them a credit for doses that they currently had in their possession.

That credit is now what they're using to buy Paxlovid with for Medicare and Medicaid in the uninsured population and the stockpile. That comes as a reduction of their credit, but it comes with no cash. So because of that, the cash conversion in '24 is pretty anemic compared to past years. We will cycle through most of that in '24. When you get to '25, there will be Medicaid. We'll still have -- can bleed out that credit a bit. But largely, the cash conversion this year has dampened because of that.

And so you're not seeing the paydown in debt as aggressively as you might expect or might model. We get back to a more normal cadence of that in '25 and '26. And so you should see that begin to accelerate and allow us to both pay down debt and importantly grow our way out of our leverage ratio and get to that 3.25 times target.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, so more kind of a '26 timeframe here.

Dave Denton - Pfizer Inc - EVP & CFO

Yes. And I think if I look at our plan and I think about how we're tracking towards our plan from a paydown perspective and leverage perspective, we're largely on plan, if not maybe a little ahead, which is good.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. Let's fast forward, assuming you achieve that leverage target kind of like you said, '26 timeframe. How do you prioritize then use of cash at that point?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Listen, I think we want to get to more balanced. Between the dividend and investments in the business as well as share repurchase, we want to be much more balanced than we are today. We've clearly over-indexed, rightly so, into investments in the business and business development activity over the past several years.

I will say that I'm a big proponent of share repurchase. I think that's a really efficient way to return value to shareholders. So I will naturally lean into that. At the same time, when we're at those levels, there's always a question of share repurchase versus business development. Business development is for the long term.

And you need to strategically make sure that you don't starve that, but at the same token, you're realistic around, okay, we need to invest for the long term, but the same token, people in this room and listening to this webcast, they have near-term needs as well. And we need to make sure that we deliver on the near term as well as the long term. So there's a good balance from that perspective.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. And as you think about business development, obviously, Pfizer has been one of the more active companies here when you think of Seattle Genetics and some of the prior deals. And you've got some targets out there. So as you think about that type of deals, therapeutic area, just any color. I know this is a couple of years out, given you're deleveraging, but how do you think about those kinds of areas you want to fill into as well as size of opportunities?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I think, as you know, the market is so dynamic. It's almost hard to predict right now two years out what that might look like. Obviously, what you've seen us do most recently is lean into deals that are with companies that have late-stage products or even products that are on the market today. Those tend to be a bit more derisked, obviously, as you think about that financially.

But importantly, they actually tend to be a lot more expensive. So I think what will be important for us when we get to that area is to understand and have a good mix of early stage investments from a business development perspective, supplemented with late-stage products to accelerate and improve our sales forecast as we think about not just through the end of the decade, but beyond the end of the decade from that perspective.

So listen, we'll see when we get there. We'll see what the balance sheet can withstand as well, because that will dictate a bit of it as well. And I think, importantly, we are in a bunch of therapeutic areas. So we have a lot of, I'll say, white space in which we can play in. So it will be a matter of kind of what's most strategically important to us at that time, what's our level of knowledge of the space, and our understanding of, I'll say, derisking the science when we look at some of these companies from a business development perspective, and then what the balance sheet could withstand.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Yes, okay. That makes sense. So again, to summarize, it sounds like you'd prefer to lean in maybe more on some of the less-derisked assets and more kind of development stage, so you have more of a split of derisked assets and more development stage as opposed to more post-derisked assets?

Dave Denton - Pfizer Inc - EVP & CFO

Yes, I think that's right. I think you need to have -- we've leaned more to late stage. I think you need to have a mix of both. I really do believe that.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Understood. Maybe just -- I know it's a dynamic market, but just would love your perspective right now on kind of -- what you're seeing out there right now from maybe like mid-cap biotech side. Is this a buyer's market? Obviously, it's been a tough capital raising environment, but what are you seeing in terms of that side, maybe even the partnership side as well?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. No, I still think it's a seller's market, quite honestly. We're obviously not active in the space right now, given our constraints we just talked about. But good assets are expensive and good assets yield high price points. And I think that has always been the case. I think it would be more so now the case given the patent cliff that many in my industry are facing over the next several years. So I think the demand for good assets is high, and if you have one of those good assets, you can demand a pretty aggressive price for it.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. The other piece, you touched on this a little bit, is just dividend growth. So it looks like low single digit is kind of where you're shaking out now over the last few years. I think pre-COVID, you were mid single digit. So is low single digit kind of the right cadence that we should think about here on the dividend growth side?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I'd say, generically, yes, because I'm not going to give you specifics for the next year or so. But just given, again, the focus on deleveraging, that's kind of number-one priority as I think about the balance sheet. Let's get ourselves delevered. Then that gives me optionality from a business model perspective to invest more aggressively in business development if I wanted to do that.

So with that, we will do everything we can to delever in the most rapid pace possible. At the same time, I realize how important the dividend is, and continuing to fund and grow the dividend will be a top priority for us. So with that said, we're probably on the lower end of that spectrum versus the higher end of that spectrum in the short term.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Understood. And again, as you think about the outer years, like some of those puts and takes, maybe just talk about anything else that we should think about as we get into the back half of the decade. Because sometimes we get that question of how secure is the dividend if some of these new product cycles don't materialize to that level of expectations.

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Listen, the dividend -- sustaining and growing the dividend is number-one priority for us. So it's still secure from that perspective. And let me just take a step back because I think everybody gets -- I get this question a lot. If you really think about our business, we made a bunch of investments over the past two years. Those investments were largely focused on securing growth in the back half of the decade.

What they weren't focused on was securing growth in the near term. So what we have is -- I keep saying we have a little bit of an air pocket right now. Once we get to the back half of the decade, we have -- our launches of about 18 or 19 products will begin to take hold more rapidly. We made investments in Seagen as a good example and Biohaven and GBT, all of which have bigger growth aspirations in the '25 to '30 timeframe.

And so if you look at our LOEs during that time, we have, I don't know, \$17 billion roughly of LOEs in that timeframe. Our business development activity alone is -- we've modeled at \$20 billion. So I think just the net of those two should imply a bit of growth in the back half of the decade. Then you couple on top of that just any performance coming out of our pipeline and our new product launches.

And so I feel like the back half of the decade, from a growth perspective, I can almost check the box. We feel like we're good at it. What we have to do right now is get our balance sheet in line so that it gives us more optionality to grow later in the decade and get our cost structure and our margin profile improved back to where it should be.

And that's the effort we have underway. And we're doing that in an environment where COVID has been up and down and somewhat erratic. And so we've been careful as we came into '24 around that franchise. And we'll continue to be careful to make sure that we don't, I'll say, overinvest but appropriately invest around potential outcomes around those few products.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Yes. Okay, great. Maybe just in the last part of the talk, I want to focus on some of the pipeline -- recently launched products, pipeline products. You talked a little bit about the vaccine business here on the COVID side. Maybe just -- the error bars, as we all know, are very wide around COVID and vaccinations. I mean, we looked to Australia recently as kind of a proxy. Volumes there are down, I think, like 40% on a year-over-year basis.

As you think about that program in the US to kind of continue to activate vaccinations, you talked about the wave we're going through right now, how are you thinking about that? And again, I know the error bars are wide, but I mean just at a high level, what should we think about going in the back half?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Listen, I think what's important to think about is, let's take a big step back and think about what's happened just year to date in the COVID business and particularly within -- we'll take vaccines first. Vaccine rates, and I'll use US, because this is the major market. US vaccination rates are actually still very low, single digits, but running a bit ahead of our plan. So this is through -- year to date, vaccination rates, we expect it to be very, very low.

We've only recently received approval for the new strain of the vaccine. It is now out in the market today or within the last several days. The program is just now getting launched. I do think the fact that COVID, the wave that we're experiencing now, has put COVID back on, I'll say, the front page again. So I think this is now top of mind with both consumers and patients and healthcare professionals.

We'll supplement that on top with some direct-to-consumer marketing and efforts as we make sure that we have awareness. You're seeing also the federal government get behind a bit of their campaign for vaccination. So we're optimistic about the back half of this year. It's not without its challenges, but I think we've set a reasonable target.

Importantly, ex-US, we do have contracts, particularly with the European community, for delivery of vaccines. Those are largely locked contractually. So that takes away some of the risk for our delivery in Q3 and Q4 vaccines. So I feel like we're off to a good start. We will need to execute at a high level. I think we executed at a very high level in a very short window here to make sure that vaccination -- the vaccine is out in the channel today, so it's largely available. And now we just have to grind it out.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Have you talked about, I mean, market share in the US, how you expect that to play out? I mean, obviously, you have an advantage ex-US. I think US was more 55%, 50%, roughly, last year. Is that a good baseline, or do you think you can kind of improve upon that in the US?

Dave Denton - Pfizer Inc - EVP & CFO

Well, we're obviously looking to maximize the heck out of that for sure. But realistically speaking, the channel is dictated by the number of doors you're in from a retail space perspective and a drugstore perspective. I think we've done a nice job of partnering with those companies to give the best service level possible, to work to enhance their business model as best as possible and support their business needs. And we're working hard to capture, I'd say, more than our fair share of that. But we won't know until the end of the year.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. One kind of corollary question is the COVID-flu combination vaccine. You recently had an update there. You missed non-inferiority on the B strain. You hit on the A strain. You have, I think, a next-gen version also that you're working on. But maybe just talk to us about kind of next steps. And then where does this fit in in terms of kind of the longer-term vaccine franchise here?

Dave Denton - Pfizer Inc - EVP & CFO

Yes, obviously disappointed that we missed one of the three end points. At the moment, we're kind of taking and digesting all that information. The vaccine team is going back and working diligently to understand and develop a path forward, both internally and importantly with the government agencies to understand the best path for us. I do think, at the end of the day, a combo could be very productive in the space.

But keep in mind, there's also going to always be a need for a mono vaccine, particularly if you think of -- let's think about the over-65 population who's at risk. Many people suggest that they should have two vaccines. So obviously, there will be one combo and one mono. So the mono market

will still be an important market and something that we'll invest behind to make sure that we can meet the needs of, I'll say, the global needs for vaccines.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Any insights in terms of when we might have visibility from you guys on kind of next steps?

Dave Denton - Pfizer Inc - EVP & CFO

I don't know exactly that date, but it's going to be a few months. It's going to take us a while to just really frame that up and think about it. And understand, this was never -- by the way, the combo piece on our side was never really near term. This is a multi-year impact. So it's probably not something we should be impacting, obviously, '24 or '25. It's more past that.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. The other one on the vaccine side that I know is in focus is RSV. Obviously, you guys and GSK have been one of the leaders here in terms of developing this market. And so as you think about this season, I think one of the big questions is how much of a bolus was there last year? How many new people will come and get activated? And then what's the reboosting frequency look like? And so I know they're some of those crystal-ball questions. But maybe just help us think through those dynamics here as we head into the second RSV season.

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Listen, I -- clearly, there was a bolus of patients that got vaccinated. I'm not sure that we and GSK together completed all the vaccination of that bolus of patients that could have gotten vaccinated. So I think there's still pent-up potential for vaccinations out there. And then I think -- so we will work hard to make sure that people understand this market, healthcare professionals understand it. And we do direct-to-consumer marketing to make sure that patients can understand and ask the right questions from that perspective.

As we think about revaccination rate, we're working with ACIP and others to figure out what is the appropriate revaccination rate required to make sure that you as a patient are covered. And so more to come. That timeline is still -- we don't technically control that timeline. So we're kind of -- we'll be waiting for others to opine on that as well.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. Do you think -- I mean, another company has speculated that maybe the February ACIP might be the appropriate time, because then you have another season worth of data. Does that feel about right or is it likely more into '25?

Dave Denton - Pfizer Inc - EVP & CFO

That probably feels right, but I can't guarantee that. I don't want to set an expectation that I can't control, so maybe.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. And maybe, obviously, you guys are in a unique position. You have multiple vaccines here. Any just synergies that you're able to leverage through the season that we should think about as we think about some of the other competitors that are trying to kind of come into this market?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I think about -- I'll call them synergies. It's more about how we partner with the channel participants. Are there ways in which we can partner differently with the CVS, Walgreens, Rite Aids, et cetera, of the world to make sure that we're meeting their everyday needs and that they're productive at getting these vaccines to their patients and their customers, and just making sure that we can partner in a very holistic manner. I think that's the benefit of having a multiple-product portfolio and lean into this channel.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay. And then before we get to danuglipron, I want to make sure we have some time there. Just the one, there was some data yesterday from a competitor to Plevinar 20. So again, I know this isn't directly in your wheelhouse, but putting on your R&D hat, just as we think about that franchise, I know you guys have an effort to continue to advance a next-gen version as well. So maybe just any takeaways from that data set? I know it's early, but as you think about the Plevinar franchise?

Dave Denton - Pfizer Inc - EVP & CFO

No, listen, I think we have a nice franchise. We know it's facing competitive threats, not just from that -- ultimately from that competitor, but from others. We've been well established in the marketplace. We have, as you said, a big portfolio of vaccines, which helps us to understand the needs of both patients and the healthcare professionals and the channels.

It's great for patients that we're now getting coverage for more indications there. So that's a good development. They're a ways away. So listen, as you well know, we've talked about it publicly. We're investing heavily to come up with the next-gen Plevinar. We will continue to do that. So we're not sitting still. We welcome competition, and we'll aggressively work to enhance our product and defend our share.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Okay, great. Just in the last few minutes, danuglipron, maybe just remind us. You've come up with a once-a-day formulation now. You're doing some dose-optimization work. I think we're going to get that early next year. What are you hoping to see from that study to then make a big Phase 3 investment? Because it seems like given the scope and range of those trials, that would be a fairly large R&D program. So what do you need to see to be confident to make that investment?

Dave Denton - Pfizer Inc - EVP & CFO

Yes, I probably won't go into the specifics of that. But clearly, we have a very targeted program that we're working on for the next several months to understand the dose optimization. We're excited about this program, but it's not -- we want to make sure that the data is going to guide us on how best to go forward.

And I think what we're doing is we're being smart about making sure that we're investing in phases and steps and not getting ahead of ourselves and making sure that we're going to get ultimately the best product to market, assuming that we don't run into any hurdles along the way.

And obviously, when we get to that next stage gate, we'll be back to the public markets, making sure they understand what we're doing, what the data proves and shows, and then where we're going to lean in and how we're going to design the next phase of the clinical trial.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Yes. A question we get is if the data don't meet your expectations, is obesity a category that Pfizer is committed to over the longer term because of the size of the opportunity, some of the history at Pfizer. How do you think about that?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. Committed is a hard word. I would say that we have several assets in the clinic today that are in this space. If, God forbid, something happened to danuglipron, we have other assets we're investing behind, and we wouldn't stop those. So from that standpoint, yes, we are committed.

But we constantly monitor the market. We understand -- we look at our clinic and what's happening in that. And we will make the best decision for patients and the best decision economically when we get to those stage gates. And if there happens to be another product that's more impactful, that's better served from a patient perspective and a financial investment perspective, we will do that as well.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Yes. Okay. Maybe just last one here is on the Seattle integration. So obviously, we talked about the deleveraging aspect. But maybe just high level, how has the integration gone at the company? And then anything from your seat that you think is underappreciated by the Street still about this deal?

Dave Denton - Pfizer Inc - EVP & CFO

Yes. I would say, integration has gone very well. Keep in mind, I want to asterisk that because integration, mostly from a clinical perspective, was don't touch anything. Let's just make sure we take the best of everything and put them together. And so we've done a nice job of allowing Seagen to integrate with Pfizer without losing a step from a clinical perspective and a research perspective.

The harder integration, I'd say harder, more work, is really more on the back-office operations side, whether it be finance and compliance and all those kinds of technical components that's still underway. Those are things that will improve the efficiency and allow us to drive some synergies but they're not -- they should not and would not impact the delivery of product coming out of their portfolio.

And I think, in general, I think the market kind of gets it for the most part from a Seagen perspective. I will say probably what's underappreciated is the fact of just their breadth of products that they have in the pipeline and the potential for them collectively to really be meaningful growth drivers over the back half of the decade. So I don't know that there's one specific product I'd look to, but it's really the holistic portfolio of products that they're working against.

I think it's really exciting, and I think we're really excited to see them come forward. And I think actually using, leveraging their technology and supplementing it with the Pfizer portfolio of oncology products and research really is going to allow us to accelerate the pace of clinical trials. The breadth of clinical trials, moving from maybe late-stage to earlier-stage design programs to be able to invest a bit more capital against them, to get them to market even sooner, I think, will be important over time. And so we're excited about that.

Terence Flynn - Morgan Stanley & Co. LLC - Analyst

Great. Well, I think we're up against time. But thanks so much for taking the time.

Dave Denton - Pfizer Inc - EVP & CFO

Great. No, thank you. Nice seeing you. Thank you.

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