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Pfizer shares downgraded because Viagra patent is expiring later this year



- Credit Suisse lowers its rating for Pfizer to neutral from outperform.
- The firm believes the drugmaker will suffer from the patent expirations of its key drugs such as Viagra and Lyrica in the next 18 months.
- The shares underperformed the market in the previous 12 months.

Tae Kim | @firstadopter

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John Greim | LightRocket | Getty Images

Viagra pill

It has been a rough year for [Pfizer](#) shareholders. Now a big Wall Street firm is giving up on its bullish stance for the stock due to upcoming expirations of patents for two key drugs.

Credit Suisse lowered its rating for Pfizer to neutral from outperform Thursday. After the note, the stock was down less than 1 percent in the premarket.

Pfizer "is facing two meaningful patent expirations over the next 18 months (Viagra, Lyrica) that will pose a further headwind to both top and bottom-line growth," analyst Vamil Divan wrote in a note to clients. "We have been long-time supporters of the PFE story and see opportunities for upside over the long-term, but see more limited drivers of upside over the next 6-12 months."

The drugmaker underperformed the market in the previous 12 months with its shares down 8 percent through Wednesday compared with the S&P 500's 14 percent return.



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Divan decreased his price target for Pfizer to \$36 from \$38, representing just 7 percent upside from Wednesday's close.

In reducing his 2018 Pfizer earnings per share forecast to \$2.71 from \$2.78, the analyst noted that the company will lose its U.S. patent exclusivity for the Viagra male impotency treatment in December and for Lyrica in 2018. He also pointed out that the two drugs accounted for over \$4.2 billion in domestic sales last year. Lyrica is used for treating nerve damage from diabetes and shingles.

"Further M&A/business development will likely be pursued, but small to midsized deals may not be significant enough to move the needle, while it appears other factors may need to be sorted out before PFE will be ready to pursue a larger deal," he wrote.

Pfizer did not immediately respond to a request for comment.

— *CNBC's Michael Bloom contributed to this story.*

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Investing Journalist



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