

January 2025

Company Analysis Chart

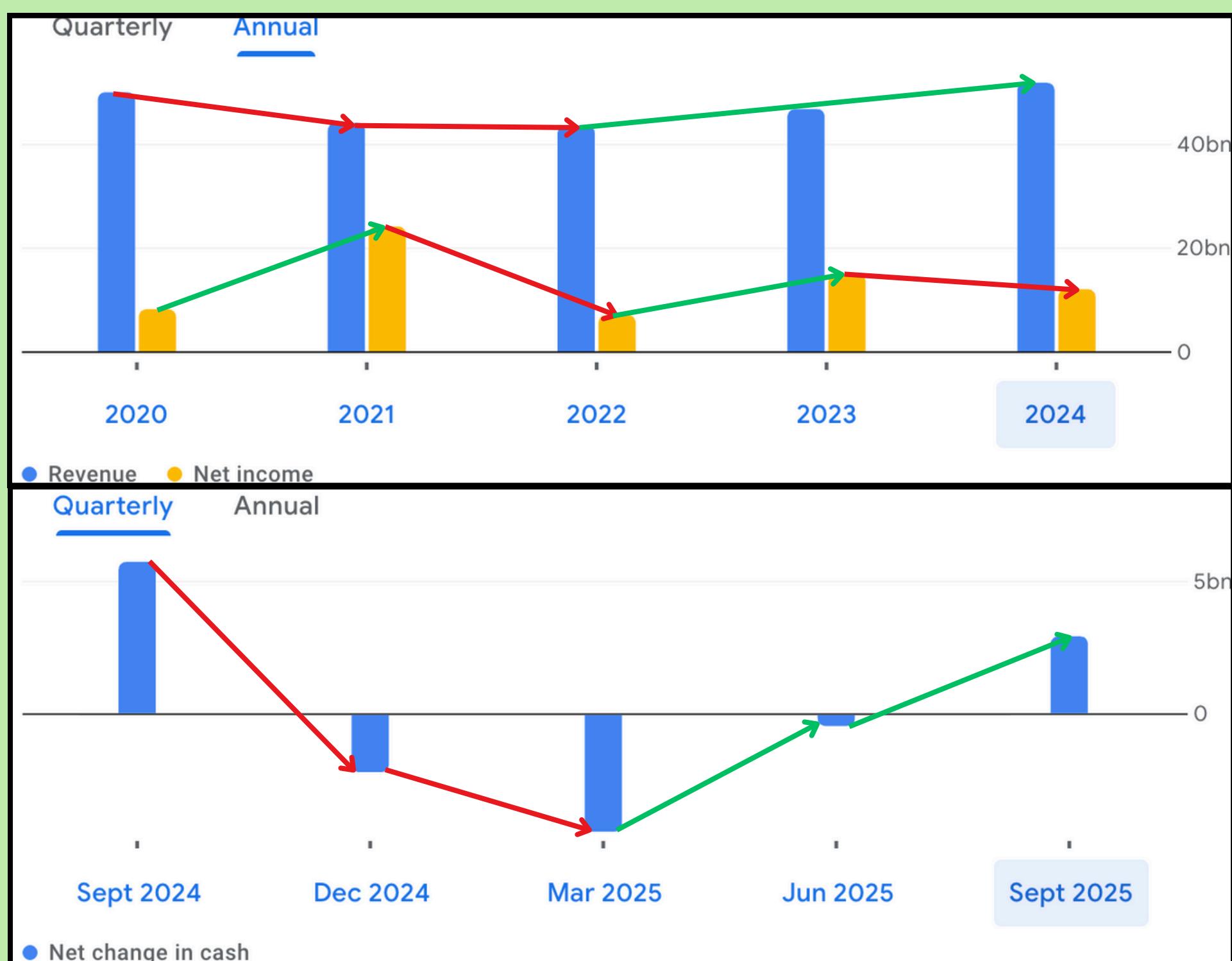
Edition 7: Pharmaceutical Titans



Researched & Written by Vasav Gupta

Novartis

Ticker: NVS | Sector: Healthcare | Industry: Pharmaceuticals



Metric	Value
Market Cap	\$295.94 Billion
Trailing year (June 25) Revenue	\$56.4 Billion
Q1-Q3 2025 Revenue	\$41.196 Billion
P/E Ratio	19.03
Average Industry P/E	~ 30.8
Dividend Yield	2.87%

Recent Performance Highlights

- Novartis started 2025 with double-digit net sales growth (~15% cc) and margin expansion.
- Q2 saw double-digit sales growth (~11% cc) and expansion of core operating margin (~42%).
- Positive study results (e.g., Pluvicto Phase III) added to momentum.

Analyst Takeaway: Novartis has evidently continued growth in FY25. With new development projects underway, increased cash flow, and increased revenue, investors can expect continued growth in the coming quarters. Further, the under-average P/E signals that the company may be potentially undervalued. Leadership seems prominent, and global management also seems steady. The stock recently touched its year high, meaning it may be best to wait sometime for short-sighted investors looking to simply book profit. For long-horizon investors, Novartis would make a strong investment due to strong growth fundamentals.

Recent Headlines

- The company reached an agreement with the US government aimed at lowering drug prices while maintaining investment in innovation and manufacturing.
- Novartis announced plans to build a new flagship manufacturing hub in North Carolina, expanding end-to-end drug production and supporting its US supply chain.

Leadership

Chief Executive Officer: Vasant Narasimhan

Chief Medical Officer: Shreeram Aradhya

President, US: Victor Bulto



Rating: Buy | Hold | Sell

Merck & Co Inc

Ticker: MRK | **Sector:** Healthcare | **Industry:** Pharmaceuticals

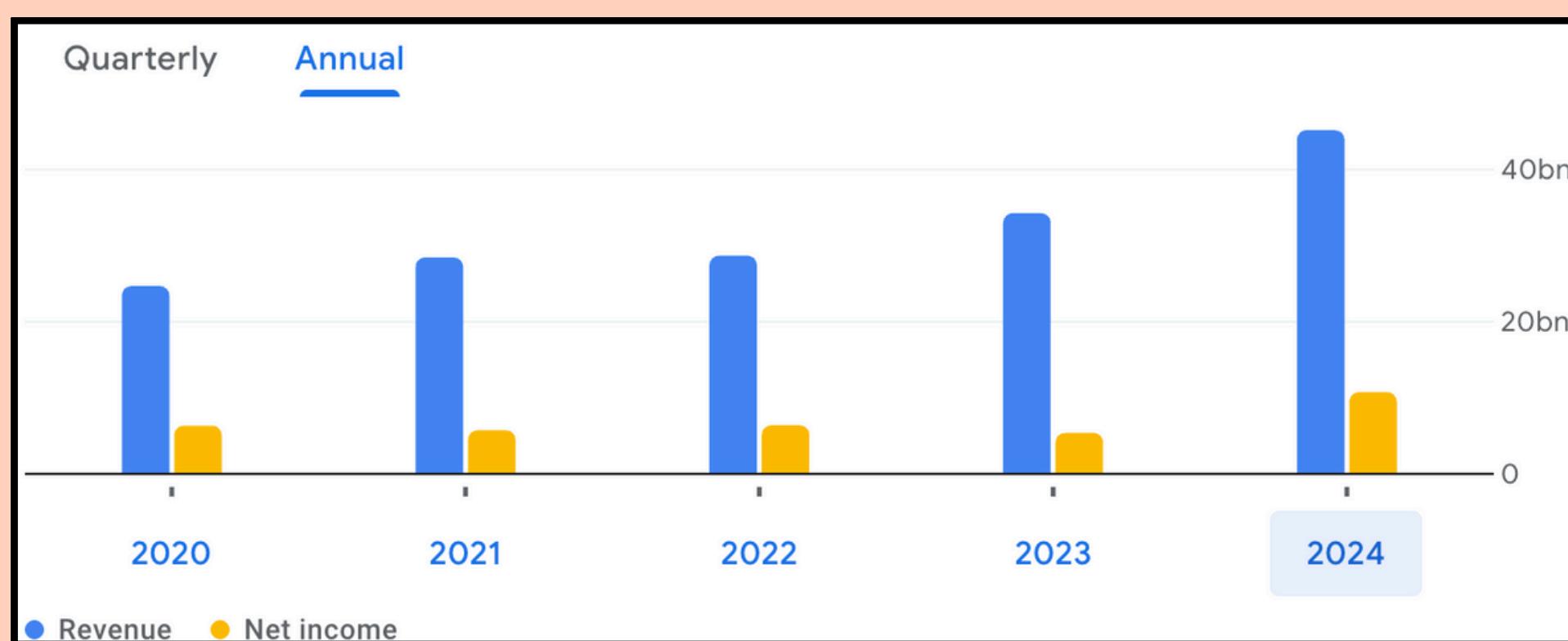
Strengths	Weaknesses
Merck's cancer immunotherapy Keytruda is one of the top-selling drugs globally, driving a significant portion of revenue and market leadership in oncology.	A large share of revenue is concentrated in a few blockbusters, especially Keytruda — exposing Merck to risk if these products lose exclusivity or market share.
Merck has an extensive worldwide sales and distribution network that supports product reach across major markets.	Substantial investment in R&D is necessary but costly, and integrating acquisitions effectively can also be resource - intensive
Opportunities	Threats
Growing healthcare demand in markets like India, Latin America, and expanded indications for existing drugs offer room for future revenue growth.	Global regulatory scrutiny and healthcare pricing reforms (e.g., Medicare drug pricing negotiations) could compress pricing and profitability.
Targeted acquisitions (like Verona Pharma) and biotech collaborations can diversify the pipeline and fill revenue gaps.	Merck faces strong competition from Pfizer, Roche, Novartis, and other large pharma players across key therapeutic areas.

Analyst's Takeaway: Merck's investment profile reflects a balance between durable cash-flow generation and rising medium-term uncertainty. While Keytruda continues to deliver exceptional revenue growth and supports strong margins, the company's earnings concentration around this single asset elevates downside risk as patent cliffs approach and competitive immuno-oncology pipelines mature. Ongoing R&D investment and targeted acquisitions improve long-term optionality, but near-term returns are constrained by integration risk, elevated costs, and increasing pricing pressure from global regulators. At current valuation levels, Merck appears fairly priced relative to its growth visibility, justifying a Hold as investors await clearer evidence of sustainable post-Keytruda earnings diversification.

Eli Lilly & Co.

Ticker: LLY | Sector: Healthcare | Industry: Pharmaceuticals

Investment Thesis: Eli Lilly is well-positioned for sustained above-market growth driven by category-leading obesity and diabetes franchises, a deep late-stage pipeline, and expanding manufacturing scale, supporting long-term revenue growth and margin expansion despite near-term valuation premium.



Recent Headlines

- The company announced ~20% price reductions on Mounjaro & Zepbound for the Canadian market, extending recent U.S. pricing cuts aimed at affordability.
- Recently became the first healthcare/pharma company to reach a \$1 trillion market cap, driven by incretin drug sales

Leadership

Chief Executive Officer: David Ricks

Chief Scientific & Product Officer: Daniel Skovronsky

Chief People Officer: Eric Dozier



Metric

Value

Market Cap	\$994.61 billion
FY25 Total Revenue	\$59.42 billion (TTM)
Dividend Yield	0.66%
Net Income	\$18.41 billion (TTM)
P/E Ratio	51.52
Average Industry P/E	~ 30.8

Recent Performance Highlights

- Orforglipron (oral GLP-1):** Positive weight-loss maintenance trial results and supportive phase 3 data.
- Q3 2025:** Revenue surged ~54% year-over-year to ~\$17.6B, driven by strong demand for Mounjaro and Zepbound

Analyst Takeaway: Eli Lilly's fundamentals indicate sustained above-market growth driven by its obesity and diabetes franchises. FY25 revenue is projected at \$59.42B (TTM), with net income at \$18.41B, reflecting strong margin expansion. The company's P/E ratio of 51.52 is elevated versus the industry average of ~30.8, suggesting that the stock is trading at a premium due to high growth expectations.

Recent operational highlights support this growth thesis: Q3 2025 revenue surged ~54% year-over-year to ~\$17.6B, primarily fueled by Mounjaro and Zepbound sales. Additionally, Orforglipron's positive weight-loss maintenance trial results strengthen the late-stage pipeline, providing further long-term upside potential. The recent \$1 trillion market capitalization milestone underscores investor confidence in Eli Lilly's market-leading position in incretin drug sales.

Rating: Buy | Hold | Sell

Ticker: PFE | Sector: Healthcare | Industry: Pharmaceuticals



Metric	Value
Market Cap	\$144.77 Billion
Trailing Year Revenue	\$62.8 Billion
Trailing Year Income	\$9.8 Billion
Dividend Yield	6.85%
P/E Ratio	14.59
Average Industry P/E	~ 30.8

Recent Headlines

- Q3 2025 results showed solid earnings and guided 2025 EPS higher, reflecting good cost management and diversification beyond COVID products.
- Pfizer projected a weaker 2026 outlook, with adjusted EPS and revenue guidance below Wall Street expectations.

Recent Performance Highlights

- Revenue was around \$16.7B in FY25 Q3, slightly below some estimates but generally firm given industry conditions.
- Pfizer affirmed its dividend, with a quarterly payout of ~\$0.43 — translating to an attractive ~6.9% dividend yield.

Analyst Takeaway: Despite Pfizer's optically attractive valuation and high dividend yield, the underlying fundamentals suggest limited upside and rising risk, supporting a Sell rating. While the stock trades at a P/E of 14.6, well below the industry average (~30.8), this discount appears justified rather than opportunistic. Trailing revenue (\$62.8B) and income (\$9.8B) remain well below pandemic-era peaks, and recent growth has been uneven, with FY25 Q3 revenue coming in slightly below expectations.

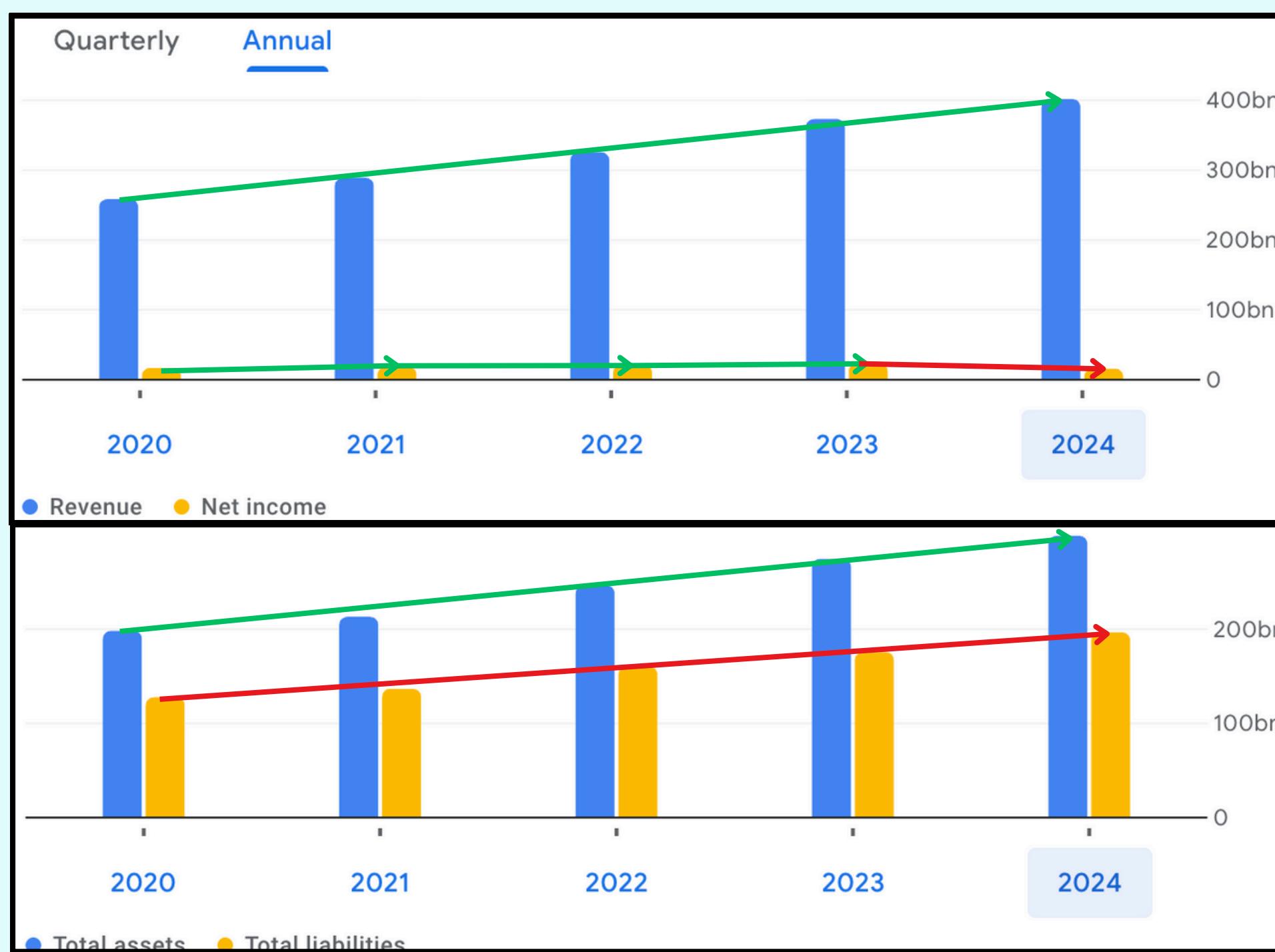
More importantly, management has guided to a weaker 2026 outlook, with adjusted EPS and revenue projections below Wall Street expectations. This signals that post-COVID normalization pressures, patent expirations, and slower pipeline monetization are likely to continue weighing on earnings power. Although cost discipline has supported near-term EPS, this is not a durable growth driver.



Rating: Buy | Hold | Sell

United Healthcare

Ticker: UNH | Sector: Healthcare | Industry: Healthcare Plans



Metric	Value
Market Cap	\$294.54 Billion
TTM Fiscal Year 2025 Revenue	≈ \$435 Billion
TTM Fiscal Year 2025 Income	≈ \$17.6 billion
P/E Ratio	≈ 17.4
Forward P/E	≈ 19
Average Industry P/E	13

Leadership

Chief Executive Officer: Andrew Witty
Chief Financial Officer: John Rex
Executive Chairman: Stephen Hemsley

Analyst Takeaway: UnitedHealth remains the clear scale leader in managed care, supported by consistent revenue growth, diversified earnings streams across UnitedHealthcare and Optum, and strong positioning in government-sponsored plans. However, near-term fundamentals are clouded by elevated medical cost trends, operational restructuring within Optum, and management's characterization of 2025 as a transition year. At roughly 17–19x earnings, the stock trades at a premium to the industry despite compressed margin visibility and heightened regulatory scrutiny across Medicare Advantage and pharmacy benefit management. While long-term growth drivers remain intact, the current risk-reward profile appears balanced, warranting a Hold until operational clarity improves and margin normalization becomes more evident.

Recent Performance Highlights

- UnitedHealth reported strong revenue growth in Q3 2025, with revenues of ~\$113.2 billion, up ~12% year-over-year.
- UnitedHealthcare segment saw ~16% revenue growth driven by Medicare & Retirement and Community & State enrollment, serving over 50 million members.

Recent Headlines

- UnitedHealth announced significant operational changes following external audits of Optum and pharmacy benefit operations, aiming to standardize processes and enhance automation.
- Executives confirmed that 2025 is a “transition year” with ongoing repositioning efforts.



Rating: Buy | Hold | Sell