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Pfizer reaps hundreds of millions in profits from covid vaccine

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Last year, racing to develop a vaccine in record time, Pfizer made a big decision: Unlike several rival manufacturers, which vowed to forgo profits on their shots during the Covid-19 pandemic, Pfizer planned to profit on its vaccine.

On Tuesday, the company announced just how much money the shot is generating.

The vaccine brought in \$3.5 billion in revenue in the first three months of this year, nearly a quarter of its total revenue, Pfizer reported. The vaccine was, far and away, Pfizer's biggest source of revenue.

The company did not disclose the profits it derived from the vaccine, but it reiterated its previous prediction that its profit margins on the vaccine would be in the high 20 percent range. That would translate into roughly \$900 million in pretax vaccine profits in the first quarter.

Pfizer has been widely credited with developing an unproven technology that has saved an untold number of lives.

But the company's vaccine is disproportionately reaching the world's rich — an outcome, so far at least, at odds with its chief executive's pledge to ensure that poorer countries "have the same access as the rest of the world" to a vaccine that is highly effective at preventing Covid-19.

As of mid-April, wealthy countries had secured more than 87 percent of the more than 700 million doses of Covid-19 vaccines dispensed worldwide, while poor countries had received only 0.2 percent, according to the World Health Organization. In wealthy countries, roughly one in four people has received a vaccine. In poor countries, the figure is one in 500.

Pfizer has said it is committed to making its vaccine accessible globally. It announced on Tuesday that it had shipped 430 million doses to 91 countries or territories. A Pfizer spokeswoman, Sharon Castillo, would not say how many of those doses have gone to poor countries, where Pfizer has said it is not profiting on vaccine sales.

The World Health Organization figures make clear that Pfizer has provided minimal help to the world's poorest countries.

The company pledged to contribute up to 40 million doses to Covax, a multilateral partnership aimed at supplying vaccines to poor countries. That represents less than 2 percent of the 2.5 billion doses that Pfizer and its development partner, BioNTech, aim to produce this year.



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Since deliveries began in February, roughly 960,000 doses of Pfizer's vaccine have been shipped to middle- and low-income countries receiving vaccines through Covax, according to a spokesman for the public-private health partnership known as Gavi. Deliveries are expected to accelerate in the coming weeks.

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The doses that Pfizer pledged to Covax are "a drop in the ocean," said Clare Wenham, a health policy expert at the London School of Economics.

Johnson & Johnson and AstraZeneca both vowed to sell their vaccines on a nonprofit basis during the pandemic. Moderna, which has never made a profit and has no other products on the market, decided to sell its vaccine at a profit.

Unlike Moderna's vaccine, Pfizer's shot is not crucial to the company's bottom line. Last year, Pfizer earned \$9.6 billion in profits, before the Covid vaccine had any discernible impact on its results.

Pfizer frequently points out that it opted not to take federal funds proffered by the Trump administration under Operation Warp Speed, the initiative that promoted the rapid development of Covid-19 vaccines.

But BioNTech received substantial support from the German government in developing their joint vaccine. And taxpayer-funded research aided both companies: The National Institutes of Health patented technology that helped make Pfizer's and



Moderna's so-called messenger RNA vaccines possible. BioNTech has a licensing agreement with the N.I.H., and Pfizer is piggybacking on that license.

Pfizer has kept the profitability of its vaccine sales opaque. The United States, for example, is paying \$19.50 for each Pfizer dose. Israel agreed to pay Pfizer about \$30 per dose, according to multiple media reports.

In some cases, such as when the European Union recently agreed to buy additional Pfizer doses, the company isn't disclosing its prices.

headshot

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The pricing for the United States was in line with the cost of seasonal flu vaccines and much less expensive than vaccines for conditions like shingles, which can run into several hundred dollars.

"That price point does not seem offensive, even if you don't spend a lot of time thinking about prescription drugs," said Stacie Dusetzina, an associate professor of health policy at Vanderbilt University Medical Center. "Just thinking about any prescription you'd fill, you'd be hard-pressed to find pretty much anything for \$20."

But the fact that Pfizer appears to have earned something like \$900 million in pretax profits from its vaccine — coupled with its comparatively small sales to poor countries — suggests that profits have trumped other considerations. That could undercut the company's embrace of loftier principles.

"At Pfizer, we believe that every person deserves to be seen, heard and cared for," the chief executive, Albert Bourla, said in January as the company announced it would join Covax. "We share the mission of Covax and are proud to work together so that developing countries have the same access as the rest of the world."

But the company seems to have prioritized higher-priced sales.

"Despite all the talk about Covax, they have been far more interested in bilateral deals, because that's where they make their money," said Richard Kozul-Wright, director of the division on globalization and development strategies at the United Nations Conference on Trade and Development in Geneva. "It's one of the great public relations triumphs of recent corporate history."

Pfizer's defenders dispute that. The rapid development of highly effective



vaccines is a once-in-a-generation scientific breakthrough with huge dividends for the entire world.

“What the industry has done here has been so dramatic and so tremendous,” said John LaMattina, a senior partner at the biotech firm PureTech Health who previously spent 30 years at Pfizer, including as head of research and development. “It’s all being forgotten relatively quickly now.”

Multiple factors explain the inequitable nature of Pfizer’s vaccine distribution.

The shot, which must be stored and transported at very low temperatures, is less practical for hard-to-reach parts of the world than other shots, like those from AstraZeneca and Johnson & Johnson, that can simply be refrigerated. Some poor countries were initially not hit hard by the virus, and so their governments had less urgency to place orders for the Pfizer vaccine, to the extent that they could afford to pay for the shots.

“Not everyone was interested in the vaccine or prepared to take steps; thus, conversations continue, including working with Covax beyond their initial order of 40 million doses,” said Ms. Castillo, the Pfizer spokeswoman.

In India, where the virus is raging out of control, Pfizer’s vaccine is not being used. The company applied for emergency authorization there but withdrew the application in February because India’s drug regulator was not willing to waive a requirement that it run a local clinical trial. At the time, India’s coronavirus case numbers were manageable and vaccines being made locally were thought to be sufficient.

Pfizer and India’s government have since resumed talks. On Monday, Mr. Bourla said the company would donate more than \$70 million worth of medicine to India and is trying to fast-track the vaccine authorization.

Pfizer has publicly promised to run its company not solely for the enrichment of shareholders, but for the betterment of society.

Mr. Bourla, who earned \$21 million last year, was among the 181 heads of major companies who signed a Business Roundtable pledge in 2019 to focus on serving an array of “stakeholders,” including workers, suppliers and local communities — not only investors.

The financial figures that Pfizer reported on Tuesday understate how much money the vaccine is generating. Pfizer splits its vaccine revenue with BioNTech, which will report its own first-quarter results next week. BioNTech said in March that it had locked in revenue of nearly 10 billion euros, or about \$11.8 billion, based on



vaccine orders at the time.

The vaccine is expected to keep generating significant revenue for Pfizer and BioNTech, especially because people are likely to need regular booster shots. Pfizer said on Tuesday that it expects its vaccine to generate \$26 billion in revenue this year, up from its previous estimate of \$15 billion. The company has been signing supply deals with governments for more shots to be delivered in the next few years, including options for Canada as far out as 2024.

“We believe that a durable demand for our Covid-19 vaccine — similar to that of the flu vaccines — is a likely outcome,” Mr. Bourla told analysts on Tuesday.

That could ultimately make the vaccine one of the best-selling pharmaceutical products ever. Pfizer’s cholesterol medicine, Lipitor, currently ranks No. 1, having brought in about \$125 billion over 15 years.

Vaccine developers have been trying to play down the financial upside.

Last week, when AstraZeneca reported its vaccine revenue, it said that the vaccine effort had slightly dented its overall profits.

Frank D’Amelio, Pfizer’s chief financial officer, said on the call with analysts on Tuesday that he didn’t want to discuss details about the vaccine’s pricing.

Companies are eager not to be seen as profiting from the pandemic, especially as pressure mounts on the Biden administration to relax protections on intellectual property and allow poor countries to produce more affordable versions of the vaccines. Pfizer and other pharmaceutical companies have staunchly opposed such proposals.

A group of developing countries led by South Africa and India has proposed to the World Trade Organization that intellectual-property protections be loosened on coronavirus vaccines during the pandemic.

The proposal is intended to pressure pharmaceutical companies to ensure access to vaccines for developing countries, perhaps by offering discounted prices or by partnering with other companies to increase capacity.

“It could just be an incentive for companies to come forward and collaborate,” Mustaqeem De Gama, councilor at the South African mission to the W.T.O. in Geneva, said in an interview late last year. “But if left to the choice of companies, usually companies will refuse to collaborate and share what knowledge they have.”

Rebecca Robbins joined The Times in 2020 as a business reporter focused



on covering Covid-19 vaccines. She has been reporting on health and medicine since 2015. More about Rebecca Robbins

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