[Name of the Writer]

[Name of Instructor]

BUSINESS FINANCE

[Date]

**Company Name And Ticker Symbol:**
Company Name: Pfizer Inc. New York City, New York USA.

Ticker Symbol: NYSE: PFE

**K-10 Report:** <https://investors.pfizer.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=12571561>

**Company Website:** <https://www.pfizer.com/>

**Industry name and NAICS Code:** Pharmaceutical Preparation and Manufacturing. Code: 325412

**Debt Utilization Ratios:** According to the Pfizer.com (2019, N.p), the Annual report of the company for the year 2017. The total Assets of the company were $ 171,797 million, while the total debts were $ 100,141. The total equity of the company was $ 71656 million, and the total earning before interests and tax were $ 12305 million. The total interest paid in the financial year 2017 were $ 47.

|  |  |  |  |
| --- | --- | --- | --- |
| For the year 2017 (In Millions) |  |  |  |
| Debt Ratio (Total Liabilities / Total Assets) |  | 100141/171797= |  0.592  |
|  |
|  |
| Equity Ratio (Total Equity / Total Assets) |  | = 71656/ 171797 =  |  0.408 |  |
|  |
|  |
| Times Interest Earned EBIT/ Interest Exp) |  |  12305/47= 261.8 |  |
|  |

Pfizer Inc. is the market leading company operating around the globe. The company is highly profitable with an excellent management team. The Debt ratio of the company is 59.2 percent which shows the company's equity financing is almost 40 percent while equity financing is 60 percent. The higher debt has both advantages and disadvantages. It could cause bankruptcy to the company. However, its benefit is a lower cost of debt financing as compared to equity financing. The Equity ratio shows that the company has lower equity than its assets. The 40.8 percent indicates that the company's equity financing is more economical than its assets, so the company has more debt financing. The company has the advantage in tax payment, and the cost of equity is always higher than debt (Muritala & Taiwo, 2018, p.117). The more top time to equity ratio indicates that the company can pay its interest obligations due to higher earnings than the interest expense.

References

Muritala, Taiwo Adewale. "An empirical analysis of capital structure on firms’ performance in Nigeria." *IJAME* (2018). Vol. 1: 116:124

#### "Form 10-K." Sec.gov. N. p., 2019. Web. 18 Feb. 2019.

#### Pfizer.com. N. p., 2019. Web. 18 Feb. 2019.