Eli Lilly & Company (LLY)

$1,076.98 (Stock Price as of 12/24/2025)

Price Target (6-12 Months): **$1,125.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/11/24) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: C
	Value: C | Growth: A | Momentum: F	

Summary

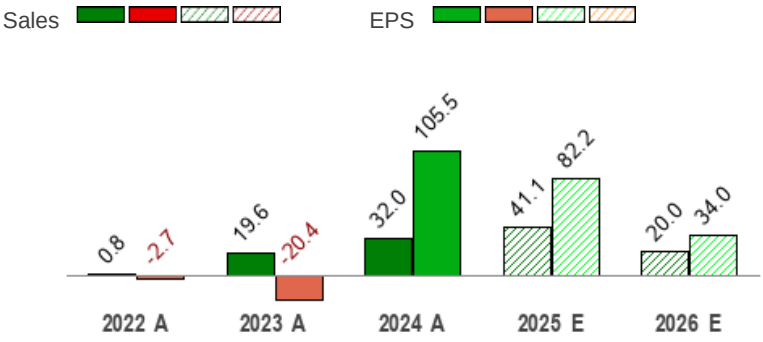
Demand for Lilly's popular GLP-1 drugs, Mounjaro and Zepbound, remains strong, making them the company's key top-line drivers. Launches of these drugs in new international markets and improved supply from ramped-up production have led to strong year-to-date sales in 2025. Lilly's other new drugs like Kisunla, Omvoh and Jaypirca are also contributing to its top-line growth. Lilly is also making rapid pipeline progress in obesity and diabetes with an oral GLP-1 obesity pill, orforglipron, expected to be launched next year. Declining sales of Trulicity, rising pricing pressure on some drugs and potential competition in the GLP-1 diabetes/obesity market are some top-line headwinds. The stock has outperformed the industry in the past one year.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$1,111.99 - $623.78**
20 Day Average Volume (sh)	**3,260,402**
Market Cap	**$1,013.1 B**
YTD Price Change	**38.8%**
Beta	**0.37**
Dividend / Div Yld	**$6.92 / 0.6%**
Industry	**Large Cap Pharmaceuticals**
Zacks Industry Rank	**Bottom 33% (161 out of 243)**
Last EPS Surprise	**16.6%**
Last Sales Surprise	**9.9%**
EPS F1 Est- 4 week change	**-0.6%**
Expected Report Date	**02/05/2026**
Earnings ESP	**-3.0%**
P/E TTM	**48.7**
P/E F1	**45.5**
PEG F1	**0.8**
P/S TTM	**17.1**

Sales and EPS Growth Rates (Y/Y %)(2)



Sales Estimates (millions of $)(2)

	Q1	Q2	Q3	Q4	Annual*
2026	16,855 E	18,798 E	20,085 E	20,513 E	76,250 E
2025	12,729 A	15,558 A	17,601 A	17,659 E	63,546 E
2024	8,768 A	11,303 A	11,439 A	13,533 A	45,043 A

EPS Estimates(2)

	Q1	Q2	Q3	Q4	Annual*
2026	6.61 E	7.94 E	8.84 E	8.34 E	31.73 E
2025	3.34 A	6.31 A	7.02 A	7.00 E	23.67 E
2024	2.58 A	3.92 A	1.18 A	5.32 A	12.99 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/24/2025.
(2) The report's text, the analyst-provided estimates, and the price target are as of 12/22/2025.

Overview

Indianapolis, IN-based Eli Lilly and Company, one of the world's largest pharmaceutical companies, boasts a diversified product profile, including a solid lineup of new successful drugs. It also has a dependable pipeline in areas like obesity, diabetes and Alzheimer's.

As of 12/22/2025

Its pharmaceutical product categories are neuroscience (Cymbalta, Emgality and others), cardiometabolic health (Mounjaro, Zepbound, Trulicity and others), oncology (Alimta, Cyramza, Verzenio and others), immunology (Taltz, Omvoh and Olumiant and others) and others (Cialis and others).

Lilly's key acquisitions include Hypnion (a neuroscience drug discovery company focused on sleep disorders), CoLucid Pharmaceuticals (which added Reyvow for acute migraine), Loxo Oncology (added cancer drugs Retevmo and Jaypirca), Dermira (added atopic dermatitis drug Ebglyss/lebrikizumab), Akouos (expanded efforts in genetic medicines), DICE Therapeutics (strengthened immunology pipeline) and Morphic Therapeutics (added oral integrin therapies for treating serious chronic diseases).

Lilly has collaboration agreements with several companies, including Incyte (Olumiant), Boehringer Ingelheim (diabetes) and Roche (Ebglyss) among others.

Lilly divested its Elanco animal health unit as an independent publicly traded company - Elanco Animal Health Incorporated - via an initial public offering (IPO) of a minority stake in 2018. Elanco Animal Health started trading with the ticker symbol ELAN on NYSE on Sept. 20, 2018. Lilly divested the remaining 80.2% stake in the new company through a "tax-efficient transaction" in March 2019.

Lilly's 2024 revenues increased 32% to $45.04 billion. Among the key drugs, Mounjaro accounted for around 25.6% of Lilly's 2024 revenues, Trulicity 11.7%, Verzenio 12.4%, Zepbound 10.9% and Taltz and Jardiance accounted for slightly more than 7% each of the total revenues.

As of 12/24/2025

Reasons To Buy:

> Lilly has seen unparalleled success with its GLP-1 drugs, Mounjaro and Zepbound. Despite a short time on the market, they have become key top-line drivers, with demand remaining strong.

- **Key Products Target a Wide Range of Therapeutic Areas:** Lilly boasts a wide range of products that serve a vast number of therapeutic areas. The company focuses primarily on cardiometabolic health, neuroscience, oncology and immunology, which are all high growth areas and represent significant commercial potential.

  Lilly has a strong portfolio of medicines to treat diabetes and other cardiometabolic diseases and its cardiometabolic business is its most successful business, particularly with the success of its tirzepatide medicines, Mounjaro and Zepbound. Our estimates for Lilly's total cardiometabolic portfolio suggest a CAGR of around 32.4% over the next three years.

- **Mounjaro & Zepbound: Key Top-Line Drivers:** Mounjaro and Zepbound include the same compound tirzepatide, a dual GIP and GLP-1 receptor agonist (GIP/GLP-1 RA). The GLP-1 segment is a very important class of drugs for multiple cardiometabolic diseases and is gaining significant popularity. Mounjaro was approved in May 2022 for type II diabetes. Zepbound was launched in November 2023 for patients with obesity or overweight with weight-related comorbidities. Despite such a short time on the market, Mounjaro and Zepbound have become key top-line drivers for Lilly, with demand rising rapidly. Mounjaro and Zepbound generated combined sales of $16.5 billion in 2024, accounting for around 36% of the company's total revenues.

  Year to date, the drugs generated combined sales of $24.8 billion, comprising around 54% of the company's total revenues. Launches of Mounjaro and Zepbound in new international markets and improved supply from ramped-up production in the United States have led to strong sales growth in 2025. The positive trend is expected to continue in 2026.

  In the United States. Mounjaro is the market leader in new prescriptions within type II diabetes incretin analogs while Zepbound also holds a leading market share in the anti-obesity market.

  Approvals for new indications can also drive sales of Mounjaro and Zepbound higher. In late December, the FDA approved Zepbound for its second indication, moderate-to-severe obstructive sleep apnea (OSA) in adults with obesity. Based on positive data from a phase III cardiovascular outcome study, Lilly plans to submit global regulatory applications to support a label cardiovascular indication by the end of 2025. Lilly is also conducting a phase III study for tirzepatide for type I diabetes. Lilly has also submitted an application for tirzepatide for pediatric and adolescent type II diabetes in the United States and EU. Tirzepatide is also being evaluated in a phase II study for the treatment of metabolic dysfunction-associated steatotic liver disease (MASLD).

  In 2025, Lilly launched additional Zepbound lower-priced vial doses and offered new savings for self-pay patients to boost sales. Lilly is also expanding its incretin production capability.

  Our estimates for Mounjaro and Zepbound suggest a CAGR of 44.6% and 73.7%, respectively, over the next three years.

  Lilly's share price has risen 34.6% in the past year, outperforming the industry's increase of 15.2%

- **New Drugs Can Drive Sales Growth:** Other than Mounjaro and Zepbound, Lilly has gained approvals for some other new drugs in the past couple of years. Omvoh/mirikizumab was approved for its first inflammatory bowel disease (IBD) indication, ulcerative colitis, in the United States, Europe and Japan in 2023 and for its second IBD condition, Crohn's disease, in the United States, Europe and Japan in 2025. Lilly's BTK inhibitor Jaypirca was approved for mantle cell lymphoma in the United States in January 2023 and for the second indication, chronic lymphocytic leukemia, in December. Ebglyss (lebrikizumab) was approved for treating moderate-to-severe atopic dermatitis in the European Union in 2023 and in the United States and Japan in 2024. Kisunla (donanemab) was approved for treating early symptomatic Alzheimer's disease ("AD") in the United States, Japan, Great Britain and China in 2024 and in the EU in 2025. Inluriyo/imlunestrant was approved for treating ER+HER2-metastic breast cancer in the United States in September 2025 while it is under review in the EU.

  Lilly expects its new drugs Mounjaro, Omvoh, Zepbound, Ebglyss, Kisunla and Jaypirca, along with expanded approvals of existing drugs, to continue to drive its top line in 2026.

  Meanwhile, its successful drugs are also being evaluated for additional indications/label expansions. Jardiance was approved for chronic heart failure in people with reduced left ventricular ejection fraction (LVEF) and for heart failure with preserved LVEF indication in 2021/2022. It was approved for chronic kidney disease indication in 2023. Ebglyss is being studied in phase III for perennial allergens and CRSwNP. Jaypirca (pirtobrutinib) is also being studied in earlier lines of therapy to enable broader use for the approved indications of CLL and MCL.

- **Working on Building Its Pipeline:** Lilly has been working on building its pipeline and has a wide range of compounds in different stages of development.

  Lilly's key areas of focus are obesity & diabetes, immunology, neuroscience and oncology. Notable pipeline candidates include insulin Efsitora Alfa/basal insulin-Fc (type II diabetes – under review in the United States and EU), Inluriyo/imlunestrant (adjuvant breast cancer – phase III), retatrutide (GGG tri-agonist) (obesity, obstructive sleep apnea, knee osteoarthritis, chronic low back pain and type II diabetes - phase III), orforglipron (oral GLP-1 for obesity, type II diabetes, obstructive sleep apnea, osteoarthritis pain of the knee, stress urinary incontinence and hypertension - phase III), olomorasib (KRASG12C-mutant non-small cell lung cancer – phase III), lepodisiran (atherosclerotic cardiovascular disease - phase III), brenipatide (GIP/GLP-1 dual agonist for alcohol use disorder - phase III) and donanemab (preclinical Alzheimer's disease - phase III).

- **Lilly's Broad Obesity Pipeline:** Lilly is investing broadly in obesity and has several new molecules currently in clinical development with a

range of oral and injectable medications with different mechanisms of action. This includes two late-stage candidates, orforglipron, a once-daily oral GLP-1 small molecule, and retatrutide, a GGG tri-agonist and some mid-stage candidates, bimagrumab, eloralintide and mazdutide.

Lilly has announced positive data across six studies on orforglipron in obesity and type II diabetes. An oral pill like orforglipron has the potential to be a more convenient alternative to injectable treatments like Zepbound and Novo Nordisk's Wegovy. Lilly plans to file regulatory applications for orforglipron in obesity later this year, setting up the timeline for a potential launch next year. For the type II diabetes indication, Lilly plans to file regulatory applications in the first half of 2026.

Lilly's triple-acting incretin, retatrutide (which combines GLP-1, GIP and glucagon), delivered significant weight loss with substantial relief from osteoarthritis pain in a phase III study in patients with obesity and knee osteoarthritis pain. Lilly expects data readouts from three phase III studies on retatrutide for treating obesity in the second half of 2026.

▲ **Favorable Debt Profile:** As of Sept. 30, 2025, the company had $42.5 in total debt (long-term debt + current debt) and $9.9 billion in cash plus short-term investments. The cash is more than sufficient to meet the company's short-term debt of $1.6 billion, which will accrue in the next 12 months.

Its debt-to-total capital ratio was 63.2% as of Sept 30, 2025, which is lower than 69.2% as of June 30, 2025. A lower ratio indicates lower financial risk.

The company carries an Aa3 rating from Moody's for its long-term debt, which indicates very low credit risk. For its short-term debt (commercial paper), Moody's has assigned a P-1 rating, which means the company has a high ability to repay. S&P Global has an A+ rating for Lilly's long-term debt and A-1 for short-term debt.

Reasons To Sell:

> Declining sales of Trulicity, rising pricing pressure on some drugs and potential competition in the GLP-1 diabetes/obesity market are some top-line headwinds

- **Intense Competition:** In addition to generic threats, Lilly's products already face intense competition in the market from both large pharma companies as well as small and mid-sized companies. Novo Nordisk's Ozempic/semaglutide is posing strong competition to Lilly's key growth drivers, Mounjaro, and Trulicity. Novo Nordisk's weight loss drug, Wegovy (semaglutide) poses competition to Mounjaro and Zepbound. Lilly is seeing pricing pressure across all its diabetes products, mainly Trulicity. President Trump has also suggested potential steep price cuts for GLP-1 drugs.

  Competition in the obesity market is heating up. Several companies like Amgen, Structure Therapeutics and Viking Therapeutics are making rapid progress with GLP-1-based candidates in their clinical pipeline at advanced stages of development. These can pose strong competition to Mounjaro/Zepbound in the future. Others like Roche, Merck and AbbVie are also looking to enter the obesity space by in-licensing obesity candidates from smaller biotechs, which could threaten Novo Nordisk and Eli Lilly's dominance in the market. Pfizer is looking to buy obesity drugmaker Metsera to gain a foothold in the obesity space.

  Novo Nordisk, Lilly, Structure Therapeutics and Viking Therapeutics are racing to introduce oral weight-loss pills, as Wegovy and Zepbound are both injectable drugs. Novo Nordisk has already filed a new drug application (NDA) for an oral version of Wegovy and also has several next-generation candidates in its obesity pipeline, like CagriSema (a combination of semaglutide and cagrilintide) and an oral pill, amycretin (a dual GLP-1 and amylin receptor agonist). The FDA is expected to decide on the Wegovy oral formulation NDA later this year.

  Meanwhile, cancer drugs like Alimta and Cyramza are being impacted by competition from immuno-oncology agents in the United States.

- **Pricing Pressure:** Rising pricing pressure in the United States, mainly on key drug, Trulicity, and price cuts in some international markets, like China, Japan and Europe, are hurting Lilly's top-line growth. Prices are declining in the United States mainly due to lower realized prices for insulins, primarily due to changes to estimates for rebates and discounts. Lilly's U.S. net price has declined every year since 2021. In 2025, Lilly expects mid-to high-single-digit percentage price decline, including U.S. Part D changes.

  Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. Changes to the U.S. health care system as part of health care reform and increased purchasing power of Medicare, Medicaid, and private sector beneficiaries have contributed to pricing pressure. While many of the company's drugs face pricing pressure in the United States, in many markets outside the United States, government-mandated pricing actions have led to lowering of generic and patented drug prices. In 2022, in the United States, Congress passed the Inflation Reduction Act, which made significant changes to how drugs are covered and paid for under Medicare, including penalties for significant increases in the prices of drugs. Among other measures, the IRA requires the U.S. Department of Health and Human Services (HHS) to effectively set prices for certain single-source drugs and biologics reimbursed under Medicare Part B and Part D. In August 2023, the HHS selected Jardiance as one of the first 10 medicines subject to government-set prices effective in 2026. Jardiance is proposed to be sold at a discount of around 66% below its 2023 list price. More of Lilly's products are expected to be selected in future years. All these factors are creating pressure on the sales and profits of pharma companies. These pricing pressures are expected to continue and hurt the top line in future quarters.

  Trump is trying to implement the Most Favored Nation (MFN) pricing policy. The goal of this proposed policy is to ensure that U.S. consumers pay the same price for some prescription drugs as some selected comparably developed nations. Such a policy, if implemented, can hurt prices and reimbursement of some of the company's drugs.

- **Macroeconomic Headwinds:** Uncertain macroeconomic conditions, including the risk of inflation, a slowing labor market and instability in the financial system, along with escalating geopolitical tensions in various parts of the world, have increased broader economic woes.

  Uncertainty around tariffs and trade protection measures in the United States remains. President Trump has threatened to impose a 100% tariff on pharmaceutical imports unless a company builds pharmaceutical plants in the United States. Trump's repeated threats to impose tariffs on pharmaceutical imports are aimed at pushing American pharma companies to shift pharmaceutical production back to the United States, primarily from European and Asian countries.

- **Generic Threat to Key Products:** Several of Lilly's products like Cialis, Zyprexa, Cymbalta, Evista, Axiron, Effient and Gemzar are facing declining sales due to generic competition. Lilly lost exclusivity for Forteo in August 2019, making way for generic competition. Alimta's vitamin regimen patent expired worldwide in June 2021 and generics were launched in Europe and Japan. In the United States, generics were launched following the loss of patent and pediatric exclusivity in May 2022. Alimta sales are declining rapidly now with multi-source generic entrants, following the loss of patent exclusivity in major markets, including the United States. Patent challenges are ongoing for Emgality.

- **Pipeline Setbacks:** Lilly has had its share of development and regulatory setbacks. In June 2018, Lilly discontinued two late-stage studies on Alzheimer's disease candidate, lanabecestat on recommendation of the independent data monitoring committee (IDMC).

  In early 2018, Lartruvo, which had won conditional approval in 2016, failed to improve survival in patients with advanced soft tissue sarcoma in a late-stage confirmatory study, ANNOUNCE. With ANNOUNCE failing to confirm clinical benefit, Lilly stopped promoting Lartruvo, which sharply hurt sales of the drug in 2019.

  The 12.4% weight loss achieved with the highest 36 mg dose of Lilly's oral GLP-1 candidate, orforglipron, in the ATTAIN-1 study fell short of investor expectations. Investors were probably expecting orforglipron to match Wegovy's average weight loss in a range of 13-15% or even

exceed that percentage. Patient discontinuation rates in the study were also considered high. Many investors feel that the potential market for this drug is now less than previously expected.

Last Earnings Report

Q3 Earnings & Sales Beat

FY Quarter Ending	12/31/2024
Earnings Reporting Date	**Oct 30, 2025**
Sales Surprise	**9.91%**
EPS Surprise	**16.61%**
Quarterly EPS	**7.02**
Annual EPS (TTM)	**21.99**

Lilly reported third-quarter 2025 adjusted earnings per share ("EPS") of $7.02, which beat the Zacks Consensus Estimate of $6.02 per share. In the year-ago quarter, Lilly recorded earnings of $1.18 per share. Adjusted EPS included acquired IPR&D charges of 71 cents in the third quarter, primarily related to the acquisition of SiteOne Therapeutics, compared to $3.08 per share in the year-ago quarter.

Revenues of $17.60 billion rose 54% year over year, driven by robust uptake of Mounjaro and Zepbound. Total revenues beat the Zacks Consensus Estimate of $16.01 billion.

Third-quarter revenues included some one-time revenues like a $200.0 million sales-based milestone payment for Jardiance and $180.0 million of revenues associated with the divestiture of the rights to Cialis in some ex-U.S. markets.

Higher volumes of drugs like Mounjaro, Zepbound and Verzenio were partially offset by lower sales of Trulicity. Lilly's new products also contributed to sales growth.

In the reported quarter, net realized prices declined 10%, while volumes rose 62%.

While U.S. revenues rose 45% to $11.30 billion, ex-U.S. revenues rose 74% to $6.30 billion.

Mounjaro and Zepbound Sales Outperform

Mounjaro recorded sales of $6.52 billion during the quarter, up 109% year over year. The reported sales figure beat the Zacks Consensus Estimate of $5.48 billion as well as our model estimate $5.33 billion.

Mounjaro sales rose 49% to $355 billion in the United States, driven by increased demand, partially offset by lower pricing. International sales were $2.97 billion compared with $728.0 million in the year-ago quarter, benefiting from launches in new markets.

Zepbound recorded sales of $3.59 billion in the quarter, up 185% year over year, driven by increased demand, partially offset by lower pricing. Zepbound revenues beat the Zacks Consensus Estimate of $3.45 billion as well as our model estimate of $3.46 billion.

Launches of Mounjaro and Zepbound in new international markets and improved supply from ramped-up production in the United States have led to strong sales growth in 2025

In the United States. Mounjaro is the market leader within type II diabetes incretin analogs and gained 4% more market share in the third quarter compared to the second quarter. Its total prescriptions grew by over 60% in the third quarter.

In international markets, Mounjaro's performance has been robust, which was the key driver of the significant growth in the third quarter. However, ex U.S. revenues included some inventory stocking from markets with recent launches including China, Brazil, Mexico and India. Mounjaro is now launched in all major ex-U.S. markets and is gaining significant share in most major markets. Lilly is also seeing increased out-of-pocket use of Mounjaro for obesity in ex-U.S. markets despite limited reimbursement, suggesting high demand for weight loss drugs. Approximately 75% of Mounjaro revenues outside the United States is coming from people with obesity with 25% coming from the type II diabetes indication.

In the third quarter, Zepbound's total U.S. prescriptions in the branded anti-obesity market declined by approximately 2 percentage points compared to the second quarter due to disruption from the formulary changes made by CVS Caremark. Effective July 1, CVS Caremark, a major pharmacy benefit manager, began excluding Zepbound from its preferred drug list while retaining NVO's obesity drug, Wegovy

However, on the conference call, Lilly mentioned that Zepbound's performance has improved and is back to second-quarter levels. Zepbound exited the third quarter with 71% share of new prescriptions.

Key Drugs' Sales Numbers

Trulicity generated revenues worth $1.05 billion, down 19% year over year. Sales of Trulicity were in line with the Zacks Consensus Estimate and slightly beat our estimate of $1.04 billion.

Sales of Trulicity are being hurt due to competitive dynamics, including patient switches to Mounjaro and lower realized prices.

Jardiance sales rose 40% to $959 million. Jardiance beat the Zacks Consensus Estimate of $687.0 million as well as our model estimate of $630.6 million.

Taltz brought in sales of $901.5 million, up 2% year over year. Taltz missed the Zacks Consensus Estimate of $919.0 million as well as our model estimate of $911.5 million.

Verzenio generated sales of $1.47 billion in the reported quarter, up 7% year over year, as higher volume in the United States and outside the United States was offset by lower pricing in the United States. Verzenio sales missed the Zacks Consensus Estimate of $1.58 billion as well as our model estimate of $1.64 billion. U.S. prescriptions for Verzenio grew 3% year over year in the quarter, while international volume grew 14%.

Emgality generated revenues of $175.7 million in the quarter, down 13% year over year. Olumiant (baricitinib) generated sales of $268.9 million, up 7% on a year-over-year basis.

Cyramza's revenues of $245.5 million were up 4% year over year.

Among the established products, Humalog sales rose 12% to $599.1 million. Humulin sales declined 15% to $176.6 million.

Among the newer drugs, Jaypirca recorded $142.9 million in sales, up 76% year over year. Omvoh and Ebglyss recorded sales of $64.9 million and $127.1 million, respectively, in the quarter, compared with $74.8 million and $86.8 million in the previous quarter.

Sales of the new Alzheimer's drug Kisunla were $70.4 million in the third quarter compared with $48.6 million in the previous quarter, as the new drug continues to increase market share versus the competition. Kisunla was approved in Europe in September. Lilly expects launches to begin in the fourth quarter and continue throughout 2026.

Gross Margin & Operating Income

Adjusted gross margin was 83.6%, up 1.4 percentage points year over year, driven by a favorable product mix, partially offset by lower realized prices.

Marketing, selling and administrative expenses increased 31% to $2.74 billion to support the launch of new products and indications. R&D expense increased 27% to $3.47 billion in the quarter due to higher costs for early and late-stage pipeline portfolios.

Adjusted performance margin, which is gross margin less R&D, marketing, selling and administrative expenses, was 48.3%, up more than 8 percentage points year over year, driven by revenue growth.

The adjusted effective tax rate was 17.7%, compared with 37.6% in the year-ago quarter.

2025 Guidance

Lilly raised its sales as well as earnings expectations for 2025 for the second time this year, backed by a strong performance year to date, mainly driven by the robust growth of Mounjaro and Zepbound and currency tailwinds.

The company increased its 2025 full-year revenue and EPS guidance. In 2025, Lilly expects to record revenues of $63.0 billion to $63.5 billion, up from its prior expectation of $60.0 billion to $62.0 billion.

The earnings per share guidance was also increased from a range of $21.75 to $23.00 to $23.00 to $23.70.

Lilly said its earnings guidance was based on the tariffs already in place and does not reflect any impact from potential tariffs on pharmaceutical imports or any other change in trade policies.

The company provides guidance for a new ratio (Gross Margin - OPEX)/Revenue), which represents margin after subtracting R&D costs and marketing and administrative costs from gross margin and dividing that figure by revenues. This ratio is expected to be in the range of 45.0% to 46.0% versus the prior expectation of 43.0% and 44.5% in 2025.

Adjusted other income is expected to be in the range of $600 to $700 million of expenses due to higher interest costs. The adjusted tax rate is expected to be approximately 17%.

Recent News

Orforglipron Maintains Weight Loss After Switch From Injections in Phase III Study – Dec 18

Eli Lilly announced that its once-daily oral GLP-1 drug orforglipron met all primary and key secondary endpoints in the phase III ATTAIN-MAINTAIN study, helping patients maintain weight loss after switching from injectable therapies Wegovy or Zepbound.

In the study, adults with obesity or overweight who had first lost weight on Wegovy or Zepbound and then switched to once-daily orforglipron were able to maintain nearly all of their prior weight reduction over 52 weeks, significantly outperforming placebo. Patients previously treated with Wegovy regained just 0.9 kg on average, while those switching from Zepbound maintained weight with a 5.0 kg difference versus baseline, highlighting orforglipron's effectiveness as a maintenance therapy.

Placebo-treated patients, by contrast, experienced substantial weight regain within six months. The safety profile was consistent with earlier studies, with mostly mild-to-moderate gastrointestinal side effects and low discontinuation rates. No liver safety concerns were observed. Lilly has submitted orforglipron to the FDA for obesity.

Retatrutide Phase III Study Meets Goals – Dec. 11

Lilly announced that a late-stage study evaluating retatrutide in adults with obesity or overweight and knee osteoarthritis (OA), and without diabetes, met all primary and key secondary endpoints.

This study, called TRIUMPH-4, evaluated two doses (9 mg and 12 mg) of the drug for 68 weeks against placebo.

Ei Lilly reported results using two approaches — an efficacy estimand, which reflects outcomes in patients who stayed on treatment throughout the study period, and a treatment-regimen estimand, which incorporates data from patients who discontinued treatment.

Under the efficacy estimand, Eli Lilly reported that patients on the 12 mg dose lost an average of 28.7% of their body weight, while those on the 9 mg dose lost 26.4%. In comparison, patients on placebo lost 2.1% of their body weight. For the other co-primary endpoint of improvement in knee pain, retatrutide achieved a reduction of 74-76% across both doses compared with the 40.3% reported in the placebo group.

Concerning the treatment-regimen estimand, patients on the 12 mg dose lost an average of 23.7% of their body weight, while the 9 mg dose generated a 20% reduction. In comparison, patients on placebo achieved a 4.6% reduction. For the other endpoint, both retatrutide doses delivered a 62-67% reduction in knee pain compared with 35.1% in the placebo arm.

However, patients treated with retatrutide also reported higher rates of adverse effects than the placebo group. Most common symptoms included nausea, constipation, vomiting and dysesthesia, which led to higher dropouts in the study.

Eli Lilly reported that the discontinuation rates due to adverse events stood at 12.2% for the 9 mg drug dose and 18.2% for the 12 mg dose compared to 4.0% in the placebo group.

The TRIUMPH-4 is the first of the eight late-stage studies evaluating retatrutide across various cardiometabolic indications, including obesity with at least one weight-related medical problem, type II diabetes, sleep apnea and chronic low back pain. Data from the remaining seven studies are expected throughout next year.

Completes Acquisition of Adverum After Tender Offer – Dec 9

Lilly announced that it has completed its previously announced acquisition of Adverum Biotechnologies after a tender offer that secured about 64% of Adverum's outstanding shares, clearing the conditions for the deal. Lilly said the transaction strengthens its gene therapy capabilities, particularly in developing treatments for age-related conditions such as vision loss.

First-Quarter 2026 Dividend – Dec 8

Lilly's board of directors announced a quarterly dividend of $1.73 per share for the first quarter of 2026. The dividend will be paid out on March 10, 2026, to shareholders of record at the close of business on Feb 13.

Jaypirca Shows Non-Inferior Response Versus Imbruvica in Phase 3 CLL Study – Dec 7

Lilly announced data from the phase III BRUIN CLL-314 study evaluating Jaypirca (pirtobrutinib) versus AbbVie and J&J's Imbruvica in patients with chronic lymphocytic leukemia or small lymphocytic lymphoma (CLL/SLL) who were treatment-naïve or were BTK inhibitor-naïve.

The study met its primary endpoint by demonstrating non-inferiority of Jaypirca to Imbruvica (ibrutinib) on overall response rate. Jaypirca achieved a higher response rate of 87.0% compared with 78.5% for Imbruvica in the intent-to-treat population.

While progression-free survival data were not yet mature, results trended in favor of Jaypirca, including a 43% reduction in the risk of disease progression or death overall and a 76% reduction in treatment-naïve patients, the subgroup with the longest follow-up. The safety profile was generally consistent with prior studies, with lower rates of atrial fibrillation and hypertension compared with Imbruvica, supporting further evaluation of Jaypirca earlier in the treatment setting.

The results were presented at the 2025 ASH meeting and published in the Journal of Clinical Oncology.

FDA Approves Expanded Use of Jaypirca for Relapsed or Refractory CLL/SLL – Dec 3

Lilly announced that the FDA has approved an expanded indication for Jaypirca (pirtobrutinib) to treat adults with relapsed or refractory chronic lymphocytic leukemia or small lymphocytic lymphoma (CLL/SLL) who have previously received a covalent BTK inhibitor. The decision is based on data from the phase III BRUIN CLL-321 study. The expanded approval represents a substantial increase in the number of CLL/SLL patients who may benefit from Jaypirca and aligns with the patient population endorsed by the NCCN Clinical Practice Guidelines in Oncology. The label expansion allows physicians to use Jaypirca directly after a covalent BTK inhibitor. The decision also converts the December 2023 accelerated approval for later-line CLL/SLL to a traditional approval.

Lowers Prices of Zepbound Vials – Dec 1

Lilly announced that it has lowered the price of single-dose vials of Zepbound (tirzepatide), purchased through the direct-to-consumer (DTC) platform LillyDirect.

Starting this month, self-paying patients with a valid prescription can access the lowest dose (i.e., 2.5 mg) — recommended only as a starter dose — at $299 per month, down from the previous $349. These patients can get the 5 mg dose at $349 per month and all other doses (7.5 mg, 10 mg, 12.5 mg and 15 mg) at $449 per month, all down from the previous price of $499 per month.

Valuation

Lilly's shares are up 39.0% in the past six months and 34.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 15.2% while those in the sector are up 4.2% over the trailing 12-month period. Over the past six months, the Zacks sub-industry is up 20.4% while the sector is up 13.0%.

The S&P 500 Index is up 16.0% in the past six months and 16.2% in the past year.

The stock is currently trading at 32.11X forward 12-month earnings per share which compares to 17.27X for the Zacks sub-industry, 21.03X for the Zacks sector and 23.28X for the S&P 500 Inde

Over the past five years, the stock has traded as high as 93.2X and as low as 20.55, with a 5-year median of 34.54X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $1125.00 price target reflects 33.7X forward 12-month earnings per share.

The table below shows summary valuation data for LLY.

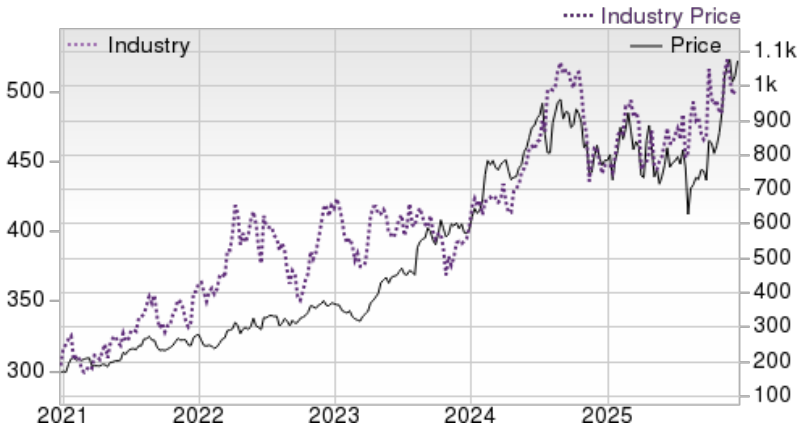
Valuation Multiples - LLY

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	32.11	17.27	21.03	23.28
	5-Year High	93.2	20.8	23.6	23.78
	5-Year Low	20.55	13.09	17.86	15.73
	5-Year Median	34.54	16.07	20.66	21.22
P/S F12M	Current	13	7.29	2.16	5.25
	5-Year High	18.7	8.1	3.41	5.5
	5-Year Low	5.77	4.64	2.02	3.83
	5-Year Median	11.1	6.14	2.65	5.05
P/B TTM	Current	42.47	7.97	3.99	8.48
	5-Year High	69.23	10.98	6.08	9.17
	5-Year Low	24.39	5.56	3.57	6.6
	5-Year Median	36.76	7.97	4.53	8.05

As of 12/19/2025 *Source: Zacks Investment Research*

Industry Analysis(1)

Zacks Industry Rank: Bottom 33% (161 out of 243)



Top Peers (1)

Company (Ticker)	Rec	Rank
AbbVie Inc. **(ABBV)**	Neutral	3
AstraZeneca PLC **(AZN)**	Neutral	3
Bayer Aktiengesellsc...**(BAYRY)**	Neutral	3
Merck & Co., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Sanofi **(SNY)**	Neutral	3
Novo Nordisk A/S **(NVO)**	Underperform	4

Industry Comparison(1)

Industry: Large Cap Pharmaceuticals | Industry Peers

	LLY	X Industry	S&P 500	AZN	NVO	NVS
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	4	3
VGM Score	C	-	-	B	B	B
Market Cap	1,013.11 B	260.71 B	39.09 B	285.77 B	230.44 B	293.90 B
# of Analysts	10	4.5	22	7	5	6
Dividend Yield	0.56%	1.87%	1.4%	1.10%	1.59%	1.87%
Value Score	C	-	-	B	B	B
Cash/Price	0.01	0.04	0.04	0.03	0.03	0.03
EV/EBITDA	72.27	11.94	14.63	17.66	10.68	14.78
PEG Ratio	0.81	1.64	2.22	1.71	NA	1.97
Price/Book (P/B)	42.48	5.65	3.33	6.22	8.66	6.57
Price/Cash Flow (P/CF)	75.28	13.00	15.32	14.64	13.23	13.00
P/E (F1)	45.60	14.45	19.84	20.06	14.45	15.69
Price/Sales (P/S)	17.05	4.50	3.13	4.92	4.93	5.41
Earnings Yield	2.22%	6.92%	5.03%	4.98%	6.92%	6.38%
Debt/Equity	1.71	0.52	0.56	0.54	0.52	0.50
Cash Flow ($/share)	14.23	5.33	8.98	6.30	3.90	10.70
Growth Score	A	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	14.30%	1.54%	8.16%	16.75%	25.63%	8.79%
Proj. EPS Growth (F1/F0)	82.22%	14.44%	8.50%	11.68%	8.84%	13.57%
Curr. Cash Flow Growth	86.65%	-3.04%	6.86%	16.68%	28.92%	-3.71%
Hist. Cash Flow Growth (3-5 yrs)	14.72%	4.00%	7.48%	18.63%	21.10%	4.10%
Current Ratio	1.55	1.13	1.18	0.88	0.78	0.88
Debt/Capital	63.15%	38.14%	38.01%	34.95%	34.42%	33.55%
Net Margin	30.99%	26.88%	12.78%	16.17%	32.76%	26.49%
Return on Equity	109.52%	36.97%	17.00%	32.89%	73.50%	41.21%
Sales/Assets	0.62	0.46	0.53	0.53	0.64	0.53
Proj. Sales Growth (F1/F0)	41.10%	7.36%	5.83%	8.90%	13.80%	8.10%
Momentum Score	F	-	-	D	F	D
Daily Price Chg	-0.45%	0.39%	0.46%	0.64%	7.30%	1.65%
1 Week Price Chg	4.28%	-1.03%	1.61%	1.70%	-4.17%	2.63%
4 Week Price Chg	-3.45%	-0.59%	2.13%	-1.18%	9.67%	6.81%
12 Week Price Chg	40.45%	8.49%	3.31%	20.10%	-6.99%	8.49%
52 Week Price Chg	34.68%	27.11%	14.40%	38.97%	-40.93%	41.46%
20 Day Average Volume	3,260,402	3,260,402	2,805,434	5,480,650	15,544,176	1,635,682
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.57%	0.00%	0.00%	-0.12%	-0.22%	0.04%
(F1) EPS Est 12 week change	3.45%	-0.33%	0.67%	0.72%	-7.26%	-0.47%
(Q1) EPS Est Mthly Chg	-0.27%	-0.04%	0.00%	-2.97%	-1.10%	0.17%

Analyst Earnings Model[2]

Eli Lilly and Company (LLY)

In $MM, except per share data

FY Ends December 31st	2020A FY Dec-20	2021A FY Dec-21	2022A FY Dec-22	2023A FY Dec-23	2024A FY Dec-24	2025E 1QA 31-Mar-25	2025E 2QA 30-Jun-25	2025E 3QA 30-Sept-25	2025E 4QE 31-Dec-25	2025E FY Dec-25	2026E 1QE 31-Mar-26	2026E 2QE 30-Jun-26	2026E 3QE 30-Sept-26	2026E 4QE 31-Dec-26	2026E FY Dec-26	2027E FY Dec-27
Income Statement																
Total Revenues	**$24,539.8**	**$28,318.4**	**$28,541.4**	**$34,124.1**	**$45,042.7**	**$12,728.5**	**$15,557.7**	**$17,600.8**	**$17,658.7**	**$63,545.7**	**$16,854.6**	**$18,797.7**	**$20,084.8**	**$20,513.0**	**$76,250.1**	**$89,762.3**
Cost of Sales, Non-GAAP	$5,068.1	$6,404.0	$6,055.7	$6,576.0	$7,865.1	$2,101.2	$2,326.0	$2,889.1	$3,030.0	$10,346.3	$3,785.2	$3,072.6	$3,232.5	$3,284.9	$13,375.2	$14,612.7
Cost of Sales, GAAP	$5,483.3	$7,312.8	$6,629.8	$7,082.2	$8,418.3	$2,224.2	$2,447.8	$3,008.3	$3,022.4	$10,702.7	$3,885.6	$3,167.2	$3,319.5	$3,361.3	$13,733.7	$15,540.2
Gross Profit, Non-GAAP	**$19,471.7**	**$21,914.4**	**$22,485.7**	**$27,548.1**	**$37,177.6**	**$10,627.3**	**$13,231.7**	**$14,711.7**	**$14,628.7**	**$53,199.4**	**$13,069.4**	**$15,725.1**	**$16,852.3**	**$17,228.0**	**$62,874.9**	**$75,149.6**
Gross Profit, GAAP	**$19,056.5**	**$21,005.6**	**$21,911.6**	**$27,041.9**	**$36,624.4**	**$10,504.3**	**$13,109.9**	**$14,592.5**	**$14,636.3**	**$52,843.0**	**$12,969.0**	**$15,630.5**	**$16,765.3**	**$17,151.6**	**$62,516.4**	**$74,222.1**
Research & Development	$6,085.7	$6,930.7	$7,190.8	$9,313.4	$10,990.6	$2,733.7	$3,336.1	$3,465.7	$3,843.4	$13,378.9	$3,063.9	$3,868.2	$4,059.2	$4,496.8	$15,488.1	$16,519.0
Marketing, Selling & Administrative	$6,121.2	$6,431.6	$6,440.4	$7,403.1	$8,593.8	$2,468.8	$2,753.0	$2,740.7	$3,065.5	$11,028.0	$2,814.0	$3,207.0	$3,194.5	$3,684.1	$12,899.6	$14,011.1
Acquired In-Process Research & Development	$660.4	$970.1	$908.5	$3,799.8	$3,280.4	$1,571.7	$153.8	$655.7	$0.0	$2,381.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Asset Impairment, Restructuring & Other Special Charges	$131.2	$316.1	$244.6	$67.7	$860.6	$35.0	$0.0	$364.9	$0.0	$399.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Operating Expenses	**$12,998.5**	**$14,648.5**	**$14,784.3**	**$20,584.0**	**$23,725.4**	**$6,809.2**	**$6,242.9**	**$7,227.0**	**$6,908.9**	**$27,188.0**	**$5,877.9**	**$7,075.1**	**$7,253.7**	**$8,180.9**	**$28,387.7**	**$30,530.1**
Depreciation & Amortization	$1,323.9	$1,547.6	$1,522.5	$1,527.3	$1,766.6	$462.8	$478.5	$470.0	$572.3	$1,983.6	$531.9	$570.6	$607.7	$638.9	$2,349.1	$2,760.9
Operating Income (Loss), Non-GAAP	**$6,604.4**	**$7,582.0**	**$7,946.0**	**$7,031.8**	**$14,312.8**	**$3,853.1**	**$6,989.0**	**$7,849.5**	**$7,719.8**	**$26,411.4**	**$7,191.5**	**$8,650.0**	**$9,598.6**	**$9,047.1**	**$34,487.2**	**$44,619.5**
Operating Income (Loss), GAAP	**$6,058.0**	**$6,357.1**	**$7,127.3**	**$6,457.9**	**$12,899.0**	**$3,695.1**	**$6,867.0**	**$7,365.4**	**$7,727.4**	**$25,654.9**	**$7,091.1**	**$8,555.4**	**$9,511.6**	**$8,970.7**	**$34,128.7**	**$43,692.0**
Interest Expense, Net, Non-GAAP	$326.6	$314.4	$268.8	$312.3	$605.4	$195.4	$209.0	$114.7	$232.4	$751.5	$153.6	$160.8	$147.4	$154.7	$616.5	$575.7
Interest Expense, Net, GAAP	$326.6	$314.4	$268.8	$312.3	$605.4	$195.4	$209.0	$114.7	$232.4	$751.5	$153.6	$160.8	$147.4	$154.7	$616.5	$575.7
Other Expense (Income), Non-GAAP	($175.8)	($340.0)	($333.8)	($433.8)	($425.4)	($108.4)	($19.9)	$66.4	$6.6	($55.3)	($15.4)	$18.6	$31.3	$20.6	$55.1	$150.4
Other Expense (Income), GAAP	($1,498.5)	($112.8)	$52.1	($409.0)	($386.8)	$43.6	($118.4)	$18.4	($1.5)	($57.9)	($13.6)	($35.0)	($8.6)	($16.3)	($73.5)	($16.3)
Other Expense (Income), Net, Non-GAAP	$150.8	($25.6)	($65.0)	($121.5)	$180.0	$87.0	$189.0	$181.1	$239.0	$696.1	$138.3	$179.4	$178.6	$175.3	$671.6	$726.1
Other Expense (Income), Net, GAAP	($1,171.9)	$201.6	$320.9	($96.7)	$218.6	$239.0	$90.6	$133.1	$230.9	$693.6	$140.0	$125.8	$138.8	$138.4	$543.0	$559.4
Pre-Tax Income, Non-GAAP	**$7,114.0**	**$7,607.6**	**$8,011.0**	**$7,153.3**	**$14,132.8**	**$3,766.1**	**$6,799.8**	**$7,668.4**	**$7,480.8**	**$25,715.1**	**$7,053.3**	**$8,470.5**	**$9,420.0**	**$8,871.9**	**$33,815.6**	**$43,893.4**
Pre-Tax Income, GAAP	**$7,229.9**	**$6,155.5**	**$6,806.4**	**$6,554.6**	**$12,680.4**	**$3,456.1**	**$6,776.4**	**$7,232.3**	**$7,496.5**	**$24,961.3**	**$6,951.0**	**$8,429.6**	**$9,372.8**	**$8,832.3**	**$33,585.7**	**$43,132.6**
Income Tax, Non-GAAP	$923.0	$873.9	$824.6	$1,440.8	$2,386.3	$761.7	$1,120.5	$1,356.5	$1,196.9	$4,435.6	$1,128.5	$1,355.3	$1,507.2	$1,419.5	$5,410.5	$7,022.9
Income Tax, GAAP	$1,036.2	$573.8	$561.6	$1,314.2	$2,090.4	$696.8	$1,115.9	$1,649.9	$1,274.4	$4,737.0	$1,181.7	$1,433.0	$1,593.4	$1,501.5	$5,709.6	$7,332.5
Tax Rate, Non-GAAP	13.0%	11.5%	10.3%	20.1%	16.9%	20.2%	16.5%	17.7%	16.0%	17.2%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Tax Rate, GAAP	14.3%	9.3%	8.3%	20.1%	16.5%	20.2%	16.5%	22.8%	17.0%	19.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Net Income, Non-GAAP	**$6,191.0**	**$6,733.7**	**$7,186.4**	**$5,712.5**	**$11,746.5**	**$3,004.4**	**$5,679.3**	**$6,311.9**	**$6,283.9**	**$21,279.5**	**$5,924.7**	**$7,115.3**	**$7,912.8**	**$7,452.4**	**$28,405.1**	**$36,870.4**
Net Income, GAAP	**$6,193.7**	**$5,581.7**	**$6,244.8**	**$5,240.4**	**$10,590.0**	**$2,759.3**	**$5,660.5**	**$5,582.5**	**$6,222.1**	**$20,224.4**	**$5,769.4**	**$6,996.5**	**$7,779.4**	**$7,330.8**	**$27,876.1**	**$35,800.1**
Diluted Shares Outstanding	912.5	911.7	904.6	903.3	904.1	900.6	899.8	898.8	897.8	899.2	896.8	895.8	894.8	893.7	895.3	891.2
EPS, Non-GAAP	**$6.78**	**$7.39**	**$7.94**	**$6.32**	**$12.99**	**$3.34**	**$6.31**	**$7.02**	**$7.00**	**$23.67**	**$6.61**	**$7.94**	**$8.84**	**$8.34**	**$31.73**	**$41.37**
EPS, GAAP	**$6.79**	**$6.12**	**$6.90**	**$5.80**	**$11.71**	**$3.06**	**$6.29**	**$6.21**	**$6.93**	**$22.49**	**$6.43**	**$7.81**	**$8.69**	**$8.20**	**$31.14**	**$40.17**
Dividend Per Share	$2.96	$3.40	$3.92	$4.52	$5.20	$1.50	$1.50	$1.50	$1.50	$6.00	$1.73	$1.73	$1.73	$1.73	$6.91	$7.96

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	A
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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