

Eli
Lilly

NYSE: LLY





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Executive Summary





Executive Summary

1 Products with double digit sales growth within diabetes and oncology segments

JARDIANCE, Growth Product

- Improve blood sugar levels for those with type 2 diabetes
- Recently approved for children 10 years and older
- U.S. market leader with U.S. TRx growth of over 12% in Q2 2023 v. Q2 2022

VERZENIO, Growth Product

- Prescription used in combination with hormone therapy to treat breast cancer
- U.S. TRx growth of over 12% in Q2 2023 v. Q2 2022
- Strong uptake in adjuvant breast cancer indication

2 Developed first new class of diabetes drugs to be approved in a decade

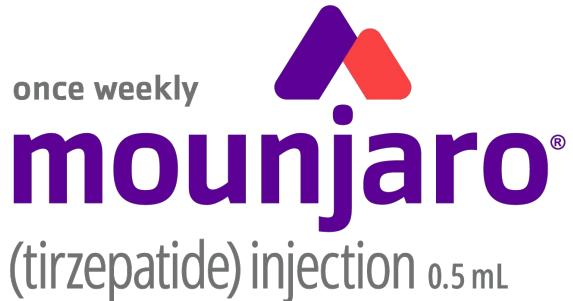
MOUNJARO, New Product

- On the market for only one year, exploded from \$16mm to \$979mm in most recent quarter
- Recently approved by the U.K. for diabetes



Mounjaro Launch Progress

once weekly



Diabetes

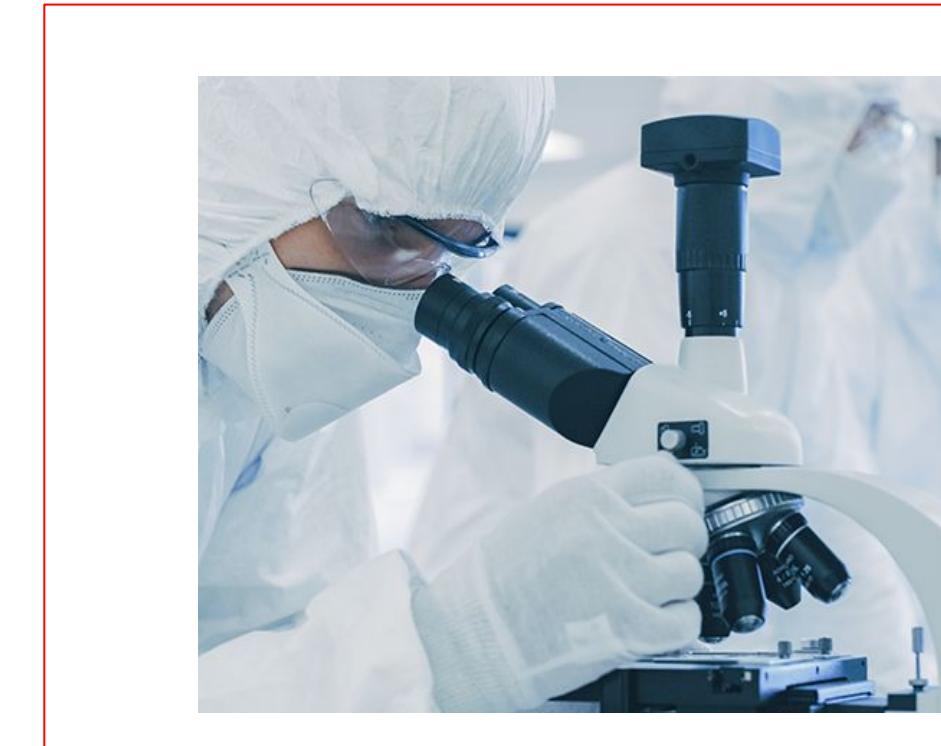
- Mounjaro volume has **significantly outpaced prior launches** in the type 2 diabetes injectable incretin class
- Robust U.S. uptake bolstered by strong efficacy and a positive customer experience
- **Access available for 73% of patients** with type 2 diabetes across total commercial and Part D

Weight Loss

- Waiting for FDA decision to **approve drug for weight loss**
- Could be in direct competition with **Novo Nordisk's Wegovy**, another GLP-1-based drug

02

Company Overview



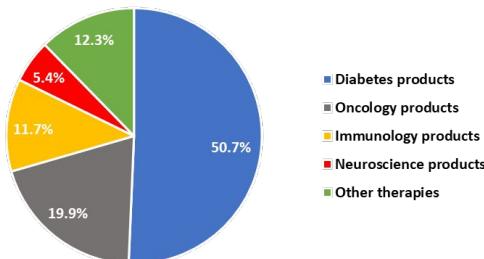


Company Overview

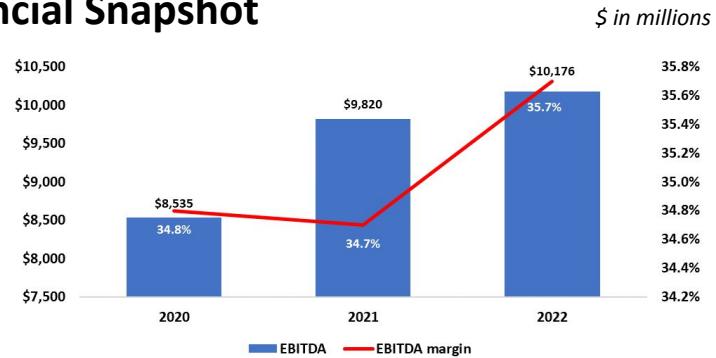
Business Profile

- Discover, develop, manufacture, and market **human pharmaceuticals**
- Headquartered in Indianapolis with 40,000 employees worldwide
- Clinical research in 55 countries and **products sold in 110 countries**

Segment Breakdown



Financial Snapshot



Research & Development

- \$7,190.8mm (25.5% of sales) in 2022
- Average cost to discover and develop a new drug: **\$2.6B**
- Average length of time from discovery to patient: **10 years**



Management Team

David Ricks



CEO (since 2017)

Previously held various leadership roles in bio-medicine with 26 years of experience with the company

Anat Ashkenazi



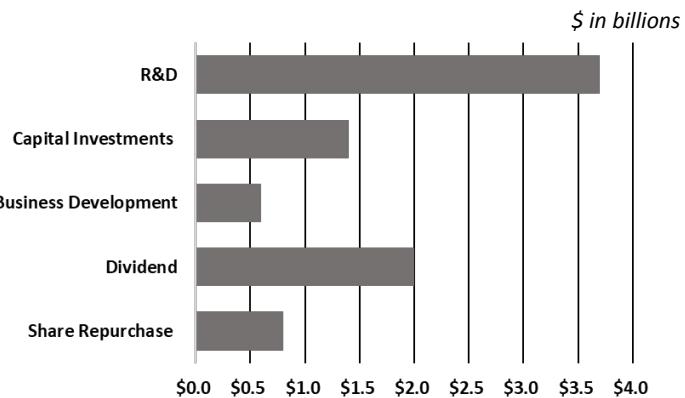
CFO (since 2021)

Previously held various leadership roles in research with 21 years of experience with the company

Capital Allocation (1H 2023)

Growth

Return



- **LTM ROIC: 18.6%**
- Provides accurate guidance every quarter
- Strong liquidity management and indicated raising of 2023 dividend by \$1.13 per share



Historical Financials

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | LTM 6/30/23 |
|-------------------------------|----------|----------|----------|----------|----------|-------------|
| Total Revenue | \$21,493 | \$22,320 | \$24,540 | \$28,318 | \$28,541 | \$29,516 |
| % growth | 7.6% | 3.8% | 9.9% | 15.4% | 0.8% | 1.5% |
| Gross Profit | 16,812 | 17,598 | 19,057 | 21,345 | 21,912 | 22,954 |
| % margin | 78.2% | 78.8% | 77.7% | 75.4% | 76.8% | 77.8% |
| EBITDA | 7,635 | 7,232 | 8,535 | 9,820 | 10,176 | 9,765 |
| % margin | 35.5% | 32.4% | 34.8% | 34.7% | 35.7% | 33.1% |
| EBIT | 6,026 | 5,999 | 7,211 | 8,273 | 8,653 | 8,299 |
| % margin | 28.0% | 26.9% | 29.4% | 29.2% | 30.3% | 28.1% |
| Net Income | 3,232 | 8,318 | 6,194 | 5,582 | 6,245 | 6,498 |
| % margin | 15.0% | 37.3% | 25.2% | 19.7% | 21.9% | 22.0% |
| Diluted EPS Excl. Extra Items | 3.05 | 4.96 | 6.79 | 6.12 | 6.9 | 7.18 |
| Growth over prior year | - | 62.6% | 36.9% | -9.9% | 12.7% | 14.5% |

Revenue

- Favorable product mix with lower sales of COVID-19 antibodies and Olumiant
- Offset by lower realized prices
- Notable growth in sales for **Trulicity, Verzenio, Taltz, and Jardiance**

EBITDA

- R&D expenses increased in 2022 for late-stage assets, offset by reduced development costs for COVID-19 antibodies
- Increased logistics costs due to inflation
- Selling expenses remained relatively flat



Revenue Breakdown

| Product | FY 2022 | | | FY 2021 | |
|---------------------|-----------------|-----------------|-----------------|-----------------|-------------|
| | U.S. | International | Total | Total | % Change |
| Trulicity | \$5,689 | \$1,751 | \$7,440 | \$6,472 | 15.0% |
| Verzenio | \$1,653 | \$830 | \$2,484 | \$1,350 | 84.0% |
| Taltz | \$1,725 | \$757 | \$2,482 | \$2,213 | 12.2% |
| Jardiance | \$1,195 | \$872 | \$2,066 | \$1,491 | 38.6% |
| Humalog | \$1,192 | \$869 | \$2,061 | \$2,453 | -16.0% |
| COVID-19 antibodies | \$2,009 | \$15 | \$2,024 | \$2,239 | -9.6% |
| Humulin | \$730 | \$289 | \$1,019 | \$1,223 | -16.6% |
| Cyramza | \$351 | \$620 | \$971 | \$1,033 | -6.0% |
| Alimta | \$544 | \$384 | \$928 | \$2,061 | -55.0% |
| Olumiant | \$148 | \$682 | \$831 | \$1,115 | -25.5% |
| Basaglar | \$471 | \$290 | \$760 | \$893 | -14.8% |
| Emgality | \$463 | \$188 | \$651 | \$577 | 12.8% |
| Forteo | \$367 | \$246 | \$613 | \$802 | -23.5% |
| Cialis | \$35 | \$552 | \$587 | \$718 | -18.2% |
| Erbixut | \$500 | \$66 | \$567 | \$548 | 3.3% |
| Mounjaro | \$367 | \$116 | \$483 | \$0 | NM |
| Zyprexa | \$30 | \$307 | \$337 | \$430 | -21.7% |
| Tyvyt | \$0 | \$293 | \$293 | \$418 | -29.8% |
| Cymbalta | \$34 | \$250 | \$283 | \$582 | -51.3% |
| Other products | <u>\$688</u> | <u>\$975</u> | <u>\$1,663</u> | <u>\$1,700</u> | -2.2% |
| Revenue | \$18,190 | \$10,351 | \$28,541 | \$28,318 | 0.8% |

Verzenio

- Revenue increased by **98% in the U.S.** and **84% overall** due to increased demand and higher realized prices
- International demand offset by NRDL in China and unfavorable FX rates

Jardiance

- Revenue increased **48% in the U.S.** and **39% overall**
- Receive royalties from Boehringer Ingelheim due to collaboration

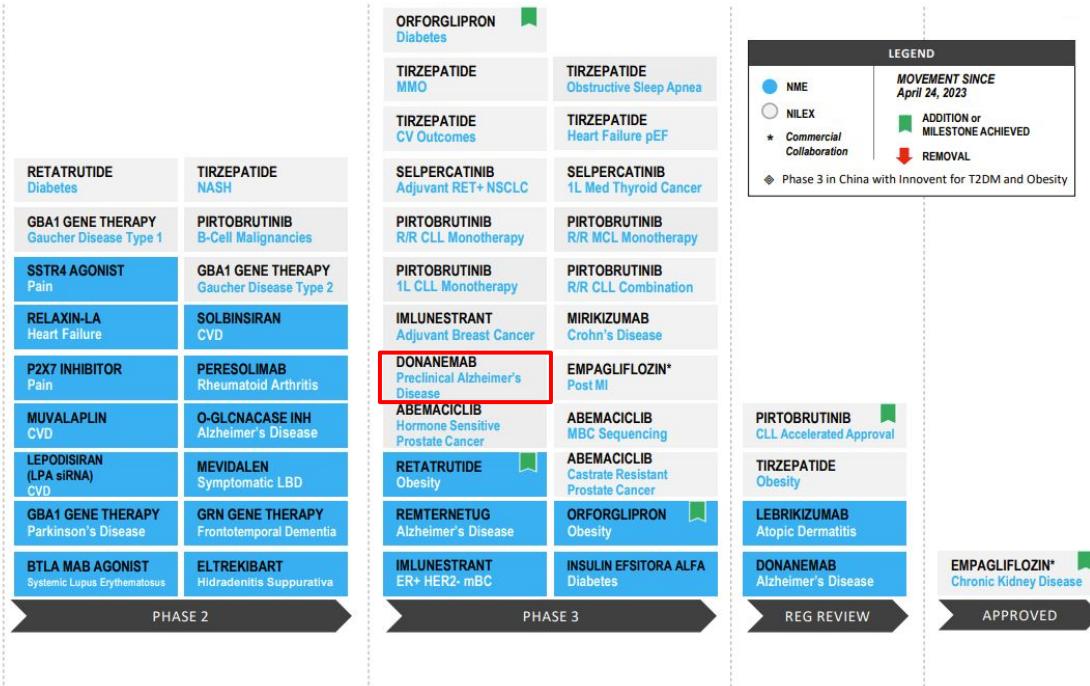
Mounjaro

- H1 '23 generated **\$1.45B**
- Reflecting increased volume
- **Higher realized prices** due to **decreased utilization of savings card programs** as access expands



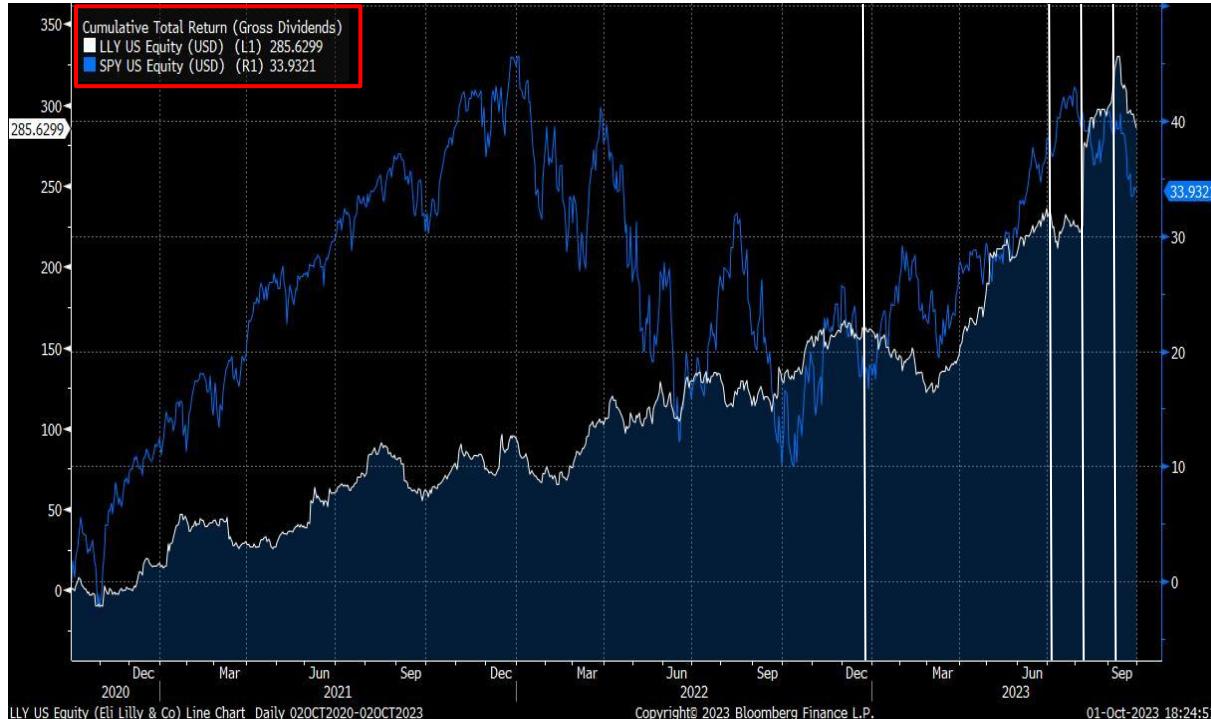
Clinical Development Pipeline

| | | |
|---------------------------------------------------|---------------------------------------|--------------------------------------|
| UCENPRUBART (CD200R MAB AGONIST) Immunology | RIPK1 INHIBITOR Immunity | SARM1 INHIBITOR Neurodegeneration |
| RET INHIBITOR II Cancer | PI3K SELECTIVE Cancer | PNPLA3 siRNA NASH |
| NRG4 AGONIST Heart Failure | NOT DISCLOSED Diabetes | NOT DISCLOSED Pain |
| NISOTIROSTIDE (PYY ANALOG) Diabetes | NOT DISCLOSED Diabetes | NOT DISCLOSED Pain |
| KRAS G12C II Cancer | KV1.3 ANTAGONIST Immunology | MAZDUTTIDE ◊ Obesity |
| GIPR AGONIST LA Diabetes | GIPR AGONIST LA II Diabetes | GITR ANTAGONIST Immunology |
| CD19 ANTIBODY Immunology | DACRA QW II Obesity | FGFR3 SELECTIVE Cancer |
| AMYLIN AGONIST LA Obesity | APOC3 siRNA CVD | AT2R ANTAGONIST Pain |
| PHASE 1 | | |
| IDH1/2 INHIBITOR Cancer | GIP/GLP COAGONIST Peptide Diabetes | |





Trading Performance



- **12/1/22** - Acquisition of Akouos, gene therapy
- **7/14/23** - Agree to acquire Versanis Bio, Inc., cardiometabolic
- **8/9/23** - Acquisition of DICE Therapeutics, Inc., immunology
- **8/8/23** - Stock shot up \$67.52 (15%) after beating second-quarter expectations and boosting FY outlook
- **9/12/23** - High of \$601.84



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Market Overview

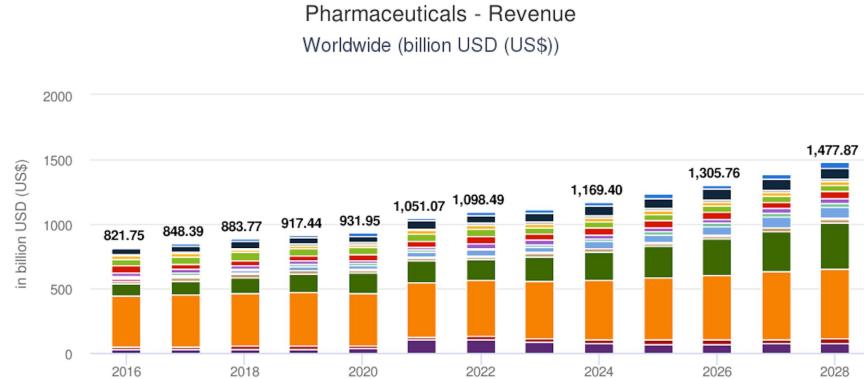
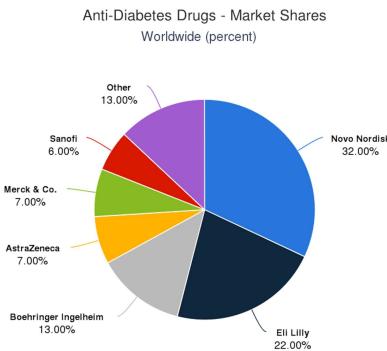


Industry Overview

Pharmaceuticals

- Retail pharmacy stores continue to close
- Medicare Part D sees largest volume growth among payment methods
- R&D costs continue to rise
- Governmental price constraints

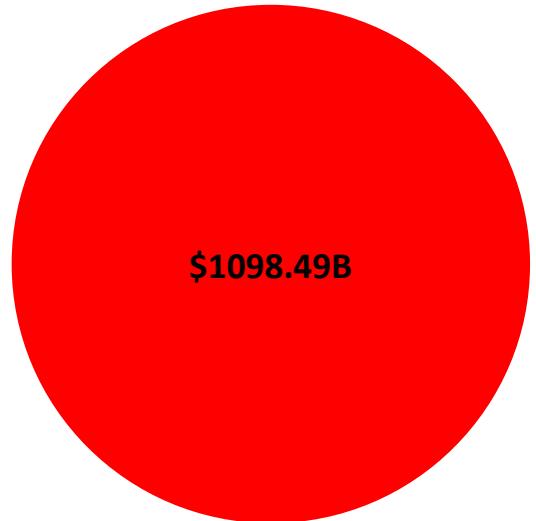
Market Share/ Key Players



- Revenue(Oncology) is expected to show an annual growth rate (CAGR 2023-2028) of 13.95%, resulting in a market volume of US\$361.60bn by 2028.
- Revenue(Anti-Diabetes) is expected to show an annual growth rate (CAGR 2023-2028) of 5.30%, resulting in a market volume of US\$89.82bn by 2028.

Industry Outlook: Growth of oncology segment due to rising understanding of tumor pathways, and growth of anti-diabetes segment due to breakthrough in type 2 diabetes treatment associated with obesity

Total Addressable Market (Revenue 2022)



Total Revenue - Pharmaceutical Industry

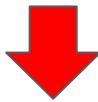


Total Revenue -> Anti-Diabetes + Oncology
Industry



Total Revenue -> Pharmaceutical Industry * 22% Market Share
*Oncology Industry * 3.43% Market Share

Pharmaceutical Industry Trends



- COVID deaths and RSV, cough, colds, and flu are declining.
- Pharmacy stores continue to close, with opening hours of remaining stores restricted due to pharmacy staffing issues.
- Unbranded generics continue to fall in dollar terms, to only 8.5% of revenues.



- Specialty drugs currently represent around 51% of total market sales.
- Food store pharmacies are seeing the highest CAGR growth.
- Medicare Part D is recording the highest volume growth among payment methods, with a 34.9% market share in 2022
- Biologics account for almost half of drug spending (46%), growing faster than other products.

Comparables



Company Description

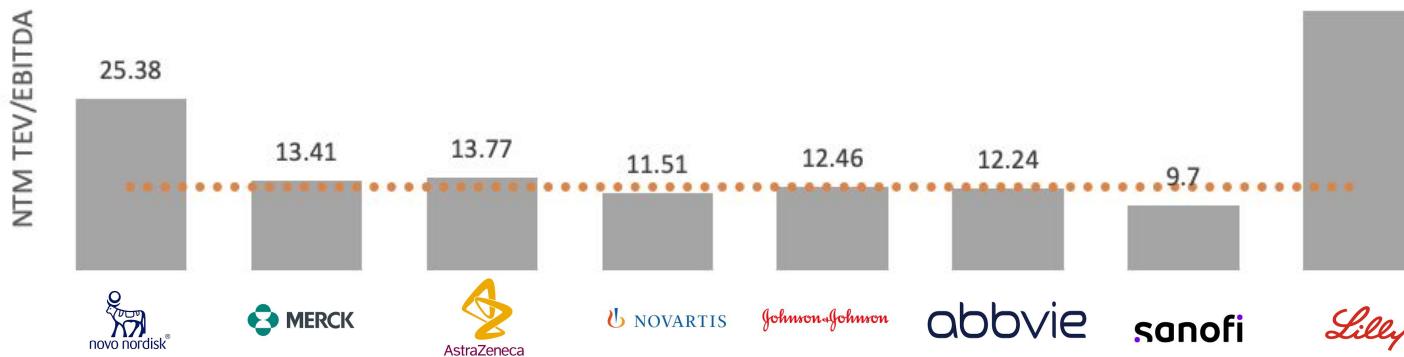
Global pharmaceutical firm that develops and markets a wide range of drugs for conditions like diabetes, cancer, arthritis, mental health, and more. (USA)

Revenue(mm)

\$29,515.5

Similarities

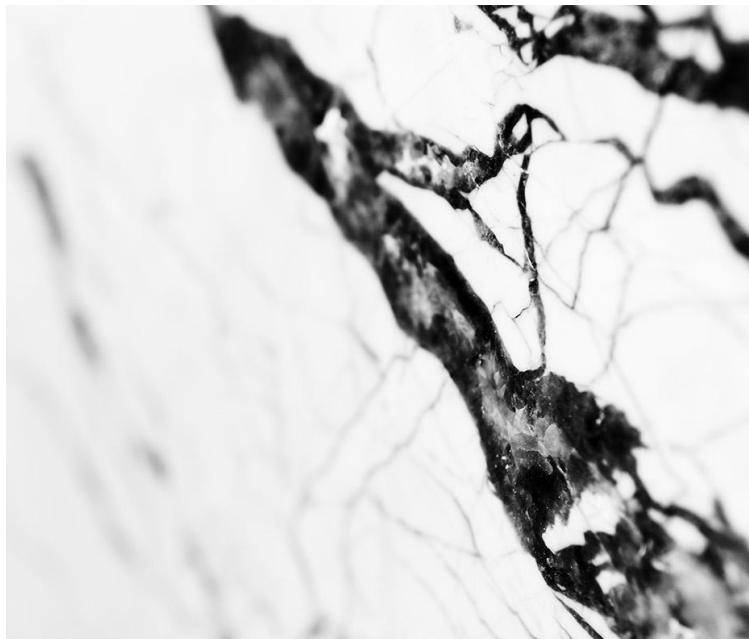
Released ground breaking “everything drug” treating type 2 diabetes, obesity, addiction.



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Valuation





DCF Base

| Eli Lilly & CO Discounted Cash Flow | WACC | 7% | | | | | | | | | |
|----------------------------------------|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | PGR | 2% | | | | | | | | | |
| (YE 31-Dec, USDm) | | | | | | | | | | | |
| | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
| EBITDA | 16,166.6 | 17,000.9 | 18,413.2 | 20,030.6 | 21,819.2 | 23,864.2 | 25,452.0 | 27,190.3 | 28,797.0 | 30,248.2 | 31,522.7 |
| D&A | 264.2 | 323.5 | 392.4 | 471.4 | 563.4 | 330.1 | 380.4 | 432.2 | 484.7 | 537.2 | |
| EBIT | 16,736.7 | 18,089.7 | 19,638.2 | 21,347.8 | 23,300.8 | 25,121.9 | 26,810.0 | 28,364.8 | 29,763.5 | 30,985.5 | |
| Taxes | 630.5 | 684.6 | 746.5 | 814.9 | 893.0 | 965.9 | 1,033.4 | 1,095.6 | 1,151.5 | 1,200.4 | |
| Capex | (610.8) | (660.2) | (716.7) | (779.1) | (850.4) | (458.4) | (489.2) | (517.6) | (543.1) | (565.4) | |
| NWC Change | 527.8 | 198.7 | 227.5 | 251.1 | 286.9 | 267.5 | 247.9 | 228.4 | 205.4 | 179.5 | |
| FCF | 17,548.3 | 18,636.3 | 20,287.8 | 22,106.1 | 24,193.7 | 26,226.9 | 27,982.5 | 29,603.4 | 31,062.1 | 32,337.2 | |
| Factor | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | |
| Discounted FCF | 16,333.1 | 16,144.6 | 16,358.3 | 16,590.1 | 16,899.4 | 17,051.1 | 16,932.6 | 16,673.0 | 16,283.1 | 15,777.6 | |
| | | \$ | 545.00 | | | | | | | | |
| | 1 Year Fwd EV/EBITDA | | 28.0x | | | | | | | | |
| | 1 Year Fwd EV/EBIT | | 28.5x | | | | | | | | |

Due to limited data, the model struggles to take the full potential of Mounjaro into consideration



Allocation

Duration recommended

- 4-6 years to capture all the upside of the Mounjaro and other new projects launched over the coming years

Catalysts

- Growth factors have just begun

Consensus

- Extremely strong company, but could potentially be overpriced today

Signposts

- Significant growth opportunities in treating diabetes
- Strong history of success in key market space competition



Conclusion

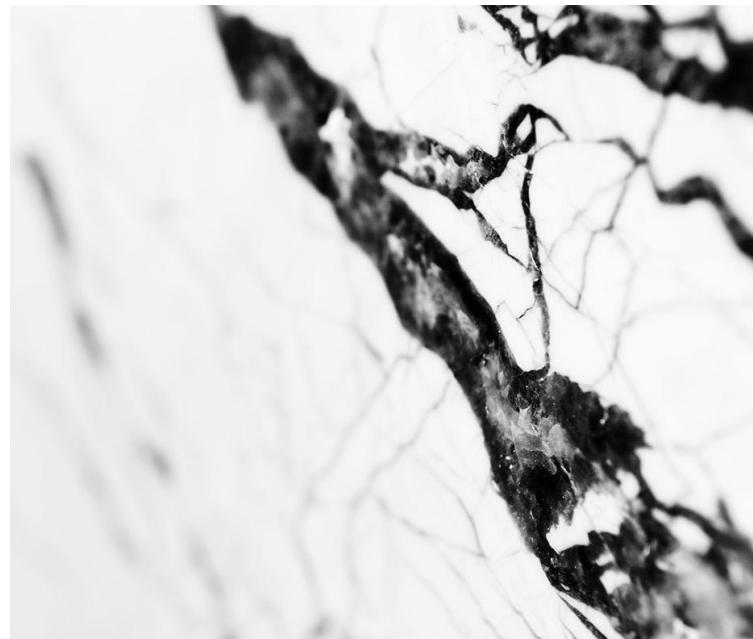
LLY should see significant growth from the **development of Mounjaro**, and as a result of the unpredictability of breakthrough drugs, the stock price **could significantly outpace even our more ambitious projections**.

LLY has a strong list of already successful drugs generating significant revenue, and as a result, **we are confident that they will continue to perform at its current levels** even if Mounjaro fails to meet or exceed expectations.

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Appendix





DCF Upside

Eli Lilly & CO
Discounted Cash Flow

(YE 31-Dec, USDm)

| | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| EBITDA | 16,166.6 | 17,755.5 | 19,426.3 | 21,346.9 | 23,488.3 | 25,948.3 | 28,318.9 | 30,594.7 | 32,771.0 | 34,816.5 | 36,701.0 |
| D&A | | 400.0 | 494.3 | 605.1 | 733.6 | 884.8 | 1,046.3 | 1,217.1 | 1,396.0 | 1,580.6 | 1,768.4 |
| EBIT | | 17,355.5 | 18,932.0 | 20,741.8 | 22,754.7 | 25,063.5 | 27,272.6 | 29,377.6 | 31,375.0 | 33,235.9 | 34,932.7 |
| Taxes | | 655.2 | 718.3 | 790.7 | 871.2 | 963.5 | 1,051.9 | 1,136.1 | 1,216.0 | 1,290.4 | 1,358.3 |
| Capex | | (924.8) | (1,008.8) | (1,105.2) | (1,212.5) | (1,335.5) | (1,453.2) | (1,565.4) | (1,671.8) | (1,771.0) | (1,861.4) |
| NWC Change | | 441.0 | 215.4 | 247.3 | 275.1 | 315.5 | 301.9 | 287.6 | 272.9 | 254.3 | 231.9 |
| FCF | 17,926.8 | 19,351.2 | 21,279.7 | 23,422.1 | 25,891.8 | 28,219.5 | 30,453.0 | 32,588.1 | 34,590.2 | 36,429.8 | |
| Factor | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | |
| Discounted FCF | 16,685.4 | 16,764.0 | 17,158.0 | 17,577.7 | 18,085.6 | 18,346.5 | 18,427.6 | 18,354.0 | 18,132.6 | 17,774.5 | |

| | |
|-----------------------------|------------------|
| WACC | 7% |
| PGR | 2% |
| Terminal value | 719,488.5 |
| Discounted TV | 351,045.9 |
| PV of CF | 177,305.7 |
| EV | 528,351.6 |
| Net Debt | 14,871.8 |
| Minority Interest | 103.0 |
| Equity Value | 513,479.8 |
| Shares Outstanding | 847.3 |
| Share Price | \$ 606.02 |
| 1 Year Fwd EV/EBITDA | 29.8x |
| 1 Year Fwd EV/EBIT | 30.4x |

With the significant growth potential of Mounjaro, we expect the upside to be an accurate prediction of growth.

Lilly



DCF Downside

Eli Lilly & CO
Discounted Cash Flow

(YE 31-Dec, USDm)

| | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| EBITDA | 16,166.6 | 16,257.3 | 17,427.6 | 18,765.3 | 20,233.2 | 21,905.5 | 23,423.9 | 24,790.3 | 26,007.7 | 27,058.9 | 27,929.0 |
| D&A | 130.9 | 158.8 | 190.8 | 227.1 | 268.9 | 312.2 | 356.4 | 401.2 | 445.6 | 489.1 | |
| EBIT | 16,126.4 | 17,268.9 | 18,574.5 | 20,006.1 | 21,636.6 | 23,111.7 | 24,433.8 | 25,606.6 | 26,613.2 | 27,439.9 | |
| Taxes | 606.1 | 651.8 | 704.0 | 761.2 | 826.5 | 885.5 | 938.4 | 985.3 | 1,025.5 | 1,058.6 | |
| Capex | (302.6) | (324.0) | (348.5) | (375.3) | (405.9) | (433.6) | (458.4) | (480.4) | (499.3) | (514.8) | |
| NWC Change | 612.6 | 180.2 | 205.9 | 225.8 | 257.1 | 232.6 | 208.5 | 184.9 | 158.7 | 130.4 | |
| FCF | 17,173.3 | 17,935.5 | 19,326.7 | 20,844.8 | 22,583.2 | 24,108.4 | 25,478.7 | 26,697.5 | 27,743.8 | 28,603.1 | |
| Factor | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | |
| Discounted FCF | 15,984.1 | 15,537.6 | 15,583.3 | 15,643.5 | 15,774.5 | 15,673.7 | 15,417.5 | 15,036.4 | 14,543.6 | 13,955.8 | |

| | |
|-----------------------------|------------------|
| WACC | 7% |
| PGR | 2% |
| | |
| Terminal value | 564,911.5 |
| Discounted TV | 275,626.2 |
| | |
| PV of CF | 153,150.0 |
| | |
| EV | 428,776.2 |
| Net Debt | 14,871.8 |
| Minority Interest | 103.0 |
| Equity Value | 413,904.4 |
| Shares Outstanding | 847.3 |
| Share Price | \$ 488.50 |
| | |
| 1 Year Fwd EV/EBITDA | 26.4x |
| 1 Year Fwd EV/EBIT | 26.6x |

COMPS

Eli Lilly and Company (NYSE:LLY) | Pharmaceuticals (Primary)

| Company Name | TEV/Total Revenues LTM - Latest | TEV/EBITDA LTM - Latest | TEV/EBIT LTM - Latest | P/Diluted EPS Before Extra LTM - Latest | P/TangBV LTM - Latest | NTM TEV/Forward Total Revenue (Capital IQ) | NTM TEV/Forward EBITDA (Capital IQ) | NTM Forward P/E (Capital IQ) |
|----------------------------------|---------------------------------|-------------------------|-----------------------|-----------------------------------------|-----------------------|--------------------------------------------|-------------------------------------|------------------------------|
| Novo Nordisk A/S (CPSE:NOVO B) | 14.3x | 30.6x | 33.1x | 43.3x | 72.7x | 11.98x | 25.38x | 35.92x |
| AstraZeneca PLC (LSE:AZN) | 5.5x | 13.6x | 18.9x | 35.7x | NM | 4.86x | 13.77x | 17.66x |
| Merck & Co., Inc. (NYSE:MRK) | 5.0x | 23.0x | 33.7x | 84.0x | NM | 4.83x | 13.41x | 13.33x |
| Johnson & Johnson (NYSE:JNJ) | 4.0x | 11.4x | 14.5x | 31.6x | NM | 4.61x | 12.46x | 14.98x |
| AbbVie Inc. (NYSE:ABBV) | 5.6x | 10.7x | 15.4x | 30.6x | NM | 6.00x | 12.24x | 13.59x |
| Novartis AG (SWX:NOVN) | 4.4x | 11.5x | 16.0x | 29.3x | NM | 4.17x | 11.51x | 13.94x |
| Sanofi (ENXTPA:SAN) | 3.1x | 9.8x | 12.8x | 14.8x | 31.5x | 3.07x | 9.70x | 11.93x |
| Eli Lilly and Company (NYSE:LLY) | 16.9x | 50.3x | 60.1x | 74.8x | NM | 13.82x | 38.50x | 47.44x |

Displaying 8 Companies.

| Summary Statistics | TEV/Total Revenues LTM - Latest | TEV/EBITDA LTM - Latest | TEV/EBIT LTM - Latest | P/Diluted EPS Before Extra LTM - Latest | P/TangBV LTM - Latest | NTM TEV/Forward Total Revenue (Capital IQ) | NTM TEV/Forward EBITDA (Capital IQ) | NTM Forward P/E (Capital IQ) |
|--------------------|---------------------------------|-------------------------|-----------------------|-----------------------------------------|-----------------------|--------------------------------------------|-------------------------------------|------------------------------|
| High | 14.3x | 30.6x | 33.7x | 84.0x | 72.7x | 11.98x | 25.38x | 35.92x |
| Low | 3.1x | 9.8x | 12.8x | 14.8x | 31.5x | 3.07x | 9.70x | 11.93x |
| Mean | 6.0x | 15.8x | 20.6x | 38.5x | 52.1x | 5.64x | 14.07x | 17.34x |
| Median | 5.0x | 11.5x | 16.0x | 31.6x | 52.1x | 4.83x | 12.46x | 13.94x |



Annotated P&L

ELI LILLY AND COMPANY AND SUBSIDIARIES
(Dollars in millions and shares in thousands,
except per-share data)

| | Year Ended December 31 | 2022 | 2021 | 2020 |
|----------------------------------------------------------------------------------|------------------------|--------------------|-------------|-------------|
| Revenue (Note 2) | | \$ 28,541.4 | \$ 28,318.4 | \$ 24,539.8 |
| Costs, expenses, and other: | | | | |
| Cost of sales | | 6,629.8 | 7,312.8 | 5,483.3 |
| Research and development | | 7,190.8 | 6,930.7 | 5,976.3 |
| Marketing, selling, and administrative | | 6,440.4 | 6,431.6 | 6,121.2 |
| Acquired in-process research and development and development milestones (Note 3) | | 908.5 | 970.1 | 769.8 |
| Asset impairment, restructuring, and other special charges (Note 5) | | 244.6 | 316.1 | 131.2 |
| Other—net, (income) expense (Note 18) | | 320.9 | 201.6 | (1,171.9) |
| | | 21,735.0 | 22,162.9 | 17,309.9 |
| Income before income taxes | | 6,806.4 | 6,155.5 | 7,229.9 |
| Income taxes (Note 14) | | 561.6 | 573.8 | 1,036.2 |
| Net income | | \$ 6,244.8 | \$ 5,581.7 | \$ 6,193.7 |
| Earnings per share: | | | | |
| Basic | | \$ 6.93 | \$ 6.15 | \$ 6.82 |
| Diluted | | \$ 6.90 | \$ 6.12 | \$ 6.79 |
| Shares used in calculation of earnings per share: | | | | |
| Basic | | 901,736 | 906,963 | 907,634 |
| Diluted | | 904,619 | 911,681 | 912,505 |

There are no significant differences YoY, but there were notable changes in cost of sales and R&D.

The increase in R&D is a result of increased spending to develop Mounjaro.

The decreased cost of sales indicates that development processes have become more efficient across the company.



Annotated P&L

ELI LILLY AND COMPANY AND SUBSIDIARIES
(Dollars in millions)

| | Year Ended December 31 | 2022 | 2021 | 2020 |
|--------------------------------------------------------------------------------------|------------------------|------------|------------|------|
| Net income | \$ 6,244.8 | \$ 5,581.7 | \$ 6,193.7 | |
| Other comprehensive income (loss): | | | | |
| Change in foreign currency translation gains (losses) | (248.1) | 13.5 | 122.1 | |
| Change in net unrealized gains (losses) on securities | (53.2) | (15.9) | 14.2 | |
| Change in defined benefit pension and retiree health benefit plans (Note 15) | 616.9 | 2,699.4 | (157.1) | |
| Change in effective portion of cash flow hedges | 432.9 | 151.6 | (152.9) | |
| Other comprehensive income (loss) before income taxes | 748.5 | 2,848.6 | (173.7) | |
| Benefit (provision) for income taxes related to other comprehensive income (loss) | (250.0) | (695.3) | 200.9 | |
| Other comprehensive income, net of tax (Note 17) | 498.5 | 2,153.3 | 27.2 | |
| Comprehensive income | \$ 6,743.3 | \$ 7,735.0 | \$ 6,220.9 | |



Annotated P&L

| | | | |
|----------------------------------------------------------------------------------------|-------------------|------------|------------|
| Research and development | 7,190.8 | 6,930.7 | 5,976.3 |
| Marketing, selling, and administrative | 6,440.4 | 6,431.6 | 6,121.2 |
| Acquired in-process research and development and development milestones (Note 3) | 908.5 | 970.1 | 769.8 |
| Asset impairment, restructuring, and other special charges (Note 5) | 244.6 | 316.1 | 131.2 |
| Other—net, (income) expense (Note 18) | 320.9 | 201.6 | (1,171.9) |
| | 21,735.0 | 22,162.9 | 17,309.9 |
| Income before income taxes | 6,806.4 | 6,155.5 | 7,229.9 |
| Income taxes (Note 14) | 561.6 | 573.8 | 1,036.2 |
| Net income | \$ 6,244.8 | \$ 5,581.7 | \$ 6,193.7 |
| Earnings per share: | | | |
| Basic | \$ 6.93 | \$ 6.15 | \$ 6.82 |



Individual Drug Revenue

| Product | Year Ended December 31, | | | | | |
|------------------------------------|-------------------------|--------------|-------------|-------------|------|----------------|
| | 2022 | | | 2021 | | Percent Change |
| | U.S. | Outside U.S. | Total | Total | | |
| Trulicity | \$ 5,688.8 | \$ 1,750.9 | \$ 7,439.7 | \$ 6,471.9 | 15 | |
| Verzenio | 1,653.2 | 830.3 | 2,483.5 | 1,349.9 | 84 | |
| Taltz | 1,724.6 | 757.4 | 2,482.0 | 2,212.8 | 12 | |
| Jardiance ⁽¹⁾ | 1,194.5 | 871.5 | 2,066.0 | 1,490.8 | 39 | |
| Humalog ⁽²⁾ | 1,191.9 | 868.7 | 2,060.6 | 2,453.0 | (16) | |
| COVID-19 antibodies ⁽³⁾ | 2,008.9 | 14.7 | 2,023.5 | 2,239.3 | (10) | |
| Humulin® | 730.2 | 289.2 | 1,019.4 | 1,222.6 | (17) | |
| Cyramza® | 351.4 | 620.0 | 971.4 | 1,033.0 | (6) | |
| Alimta | 543.7 | 384.0 | 927.7 | 2,061.4 | (55) | |
| Olumiant® ⁽⁴⁾ | 148.2 | 682.3 | 830.5 | 1,115.1 | (26) | |
| Basaglar | 470.7 | 289.7 | 760.4 | 892.5 | (15) | |
| Emgality® | 462.8 | 188.1 | 650.9 | 577.2 | 13 | |
| Forteo® | 367.3 | 245.8 | 613.1 | 801.9 | (24) | |
| Cialis® | 35.2 | 552.1 | 587.3 | 718.4 | (18) | |
| Erbitux® | 500.1 | 66.4 | 566.5 | 548.3 | 3 | |
| Mounjaro | 366.6 | 115.9 | 482.5 | — | NM | |
| Zyprexa® | 30.4 | 306.5 | 336.9 | 430.3 | (22) | |
| Tyvyt | — | 293.3 | 293.3 | 418.1 | (30) | |
| Cymbalta | 33.7 | 249.6 | 283.3 | 581.5 | (51) | |
| Other products | 687.8 | 974.9 | 1,662.9 | 1,700.4 | (2) | |
| Revenue | \$ 18,190.0 | \$ 10,351.3 | \$ 28,541.4 | \$ 28,318.4 | 1 | |



Shareholder Analysis

- **Institutions** own **88.2%** of the company
- The **general public** holds **11.6%**
- Individual insiders hold ~0.2%
- State/Government hold 0.06%
- Private Companies hold 0.003%
- The top **10 shareholders currently** own **51%** of the company
- Large percentages of institutional ownership is a **positive indicator** due to their significant **resources and liquidity**



Income Statement Cont.

| Income Statement | | 2018A | 2019A | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|-----------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| (YE 31-Dec, USDm) | | | | | | | | | | | | | | | | |
| Oncology | | 4260.5 | 4614.4 | 5319.3 | 5741.3 | 5666.1 | 6,006.1 | 6,306.4 | 6,684.8 | 7,152.7 | 7,724.9 | 8,265.6 | 8,761.6 | 9,199.7 | 9,475.6 | 9,570.4 |
| % growth | | 8.3% | 15.3% | 7.9% | -1.3% | 6.0% | 5.0% | 6.0% | 7.0% | 8.0% | 7.0% | 6.0% | 5.0% | 3.0% | 1.0% | |
| Verezenio | | 255.0 | 579.7 | 912.7 | 1,349.9 | 2,483.5 | 3,772.3 | 4,807.3 | 5,528.4 | 6,191.8 | 6,811.0 | 7,355.9 | 7,576.5 | 7,425.0 | 6,905.3 | 6,076.6 |
| % growth | | 127% | 57% | 48% | 84% | 52% | 27% | 15% | 12% | 10% | 8% | 3% | -2% | -7% | -12% | |
| Cyramza | | 821.4 | 925.1 | 1,032.6 | 1,033.0 | 971.4 | 966.0 | 866.0 | 763.4 | 661.4 | 563.2 | 488.0 | 430.2 | 385.6 | 351.5 | 325.7 |
| % growth | | 13% | 12% | 0% | -6% | -1% | -10% | -12% | -13% | -15% | -13% | -12% | -10% | -9% | -7% | |
| Alimta | | 2,132.9 | 2,115.8 | 2,329.9 | 2,061.4 | 927.7 | 212.3 | 111.0 | - | - | - | - | - | - | - | - |
| % growth | | -1% | 10% | -12% | -55% | -77% | -48% | -100% | | | | | | | | |
| Eributux | | 635.3 | 543.4 | 536.4 | 548.3 | 566.6 | 534.5 | 505.0 | 462.0 | 408.8 | 349.4 | 307.4 | 278.2 | 258.6 | 246.9 | 242.0 |
| % growth | | -14% | -1% | 2% | 3% | -6% | -6% | -9% | -12% | -15% | -12% | -10% | -7% | -5% | -2% | |
| Other Oncology | | 415.9 | 450.4 | 507.7 | 748.7 | 716.9 | 521.0 | 17.1 | (69.0) | (109.3) | 1.3 | 114.4 | 476.7 | 1,130.4 | 1,972.0 | 2,926.2 |
| % growth | | 8% | 13% | 47% | -4% | -27% | -97% | -504% | 58% | -101% | 8688% | 317% | 137% | 74% | 48% | |



Income Statement Cont.

| Income Statement | | | | | | | | | | | | | | | | |
|-----------------------------|--|---------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| (YE 31-Dec, USDm) | | 2018A | 2019A | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
| Other Pharmaceutical | | 2569.9 | 1374.5 | 3092.9 | 4129.8 | 3519.7 | 3,678.1 | 3,862.0 | 4,074.4 | 4,318.9 | 4,578.0 | 4,806.9 | 4,999.2 | 5,149.1 | 5,252.1 | 5,304.7 |
| % growth | | -46.5% | 125.0% | 33.5% | -14.8% | 4.5% | 5.0% | 5.5% | 6.0% | 6.0% | 5.0% | 4.0% | 3.0% | 2.0% | 1.0% | |
| COVID-19 Antibodies | | - | - | - | 2,239.2 | 2,023.5 | 1,727.4 | 1,388.3 | 1,046.3 | 736.2 | 481.3 | 290.5 | 160.9 | - | - | - |
| % growth | | | | | -10% | -15% | -20% | -25% | -30% | -35% | -40% | -45% | -45% | -100% | | |
| Cialis | | - | - | 607.1 | 718.4 | 587.3 | 398.5 | 348.5 | 313.7 | 282.3 | 254.1 | 228.7 | 205.8 | 185.2 | 166.7 | 150.0 |
| % growth | | | | 18% | -18% | -32% | -13% | -10% | -10% | -10% | -10% | -10% | -10% | -10% | -10% | -10% |
| Forteo | | 1,575.6 | 1,404.7 | 1,046.3 | 801.9 | 613.1 | 495.5 | 387.5 | 329.4 | 280.0 | 238.0 | 202.3 | 171.9 | 146.1 | 124.2 | 105.6 |
| % growth | | -11% | -26% | -23% | -24% | -19% | -22% | -15% | -15% | -15% | -15% | -15% | -15% | -15% | -15% | -15% |
| Other | | 994.3 | (30.2) [■] | 1,439.5 | 370.3 | 295.8 | 1,056.7 | 1,737.7 | 2,385.1 | 3,020.4 | 3,604.7 | 4,085.4 | 4,460.6 | 4,817.8 | 4,961.2 | 5,049.0 |
| % growth | | -103% | -4867% | -74% | -20% | 257% | 64% | 37% | 27% | 19% | 13% | 9% | 8% | 3% | 2% | |

