Eli Lilly (NYS: LLY)

Eli Lilly DCF Model

Written by:

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Corporate Finance - FIN – 325 -Bos1

Professor Pual Ahn

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March 18, 2024

Eli Lilly (NYS: LLY)

Target Price: $627.00 BUY

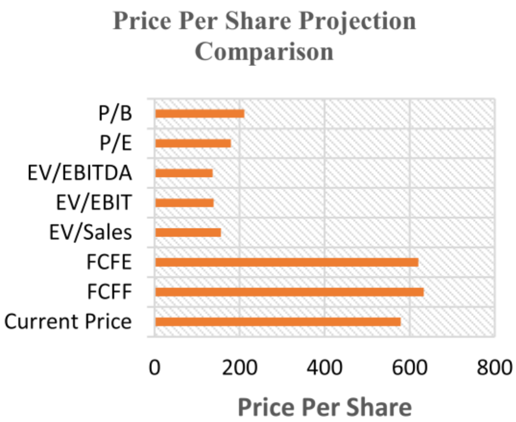
Company Valuation
DCF- FCFF & FCFE
Dec-21-2023
By: Mickias Ambaye

Economic Moat: Wide | ESG Rating: Medium | Equity Research Report | Sector: Healthcare | Beta: 0.29

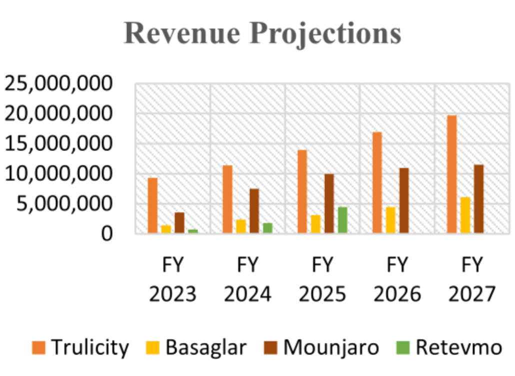
Financials & Ratios

Recommendation : HOLD		
Current Price	$	579.00
Target Price	$	626.55
Expected Return		8.21%
Shares Outstanding	$950,632,000.00	
Market Cap	$550,418,000.00	
52 Weeks high	$	629.97
52 Weeks Low	$	309.20
Earning per Share		6.93
Price / Earning		88.14x
FWd Dividend (% Yield)		5.20(0.90%)

Source 1 Own analysis | MSN.com



Source 2 Own Analysis



Source 3Own Analysis, 10K & LLY news release

Executive Summary

My valuation analysis, using both Discounted Cash Flow (DCF) with Free Cash Flow to the Firm (FCFF) and Equity (FCFE), and relative valuation methods, suggests Eli Lilly's current stock price of $579 aligns closely with our target range of $595 to $635 and a target Price of $627 making this a buy. Key factors impacting this valuation include:

1. **Inflation Reduction Act's Impact**: Upcoming drug price negotiations by the U.S. Department of Health and Human Services, affecting Eli Lilly's pricing dynamics by 2026.(*Medicare Drug Price Negotiation | CMS*, n.d.).
2. **Development of a Weight Loss Drug:** The promising trial results of Eli Lilly's patent-pending weight loss drug significantly influence its market value.
3. **Advancements in Cancer Treatment**: Eli Lilly's progress in Retevmo's (RETs) cancer therapy contributes to its positive valuation.

Eli Lilly reached its 52-week high in November following these developments, indicating strong market confidence in its prospects.

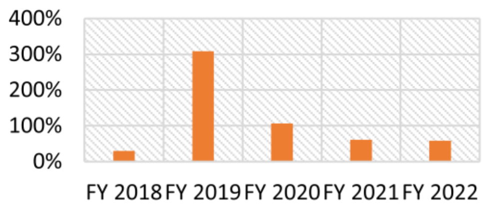
Valuation Methodology: Our target price for Eli Lilly is primarily derived from a Discounted Cash Flow (DCF) model, emphasizing Free Cash Flow to the Firm (FCFF) and Equity (FCFE), yielding intrinsic values of $6343and $620, respectively. However, when juxtaposed with our relative valuation analysis, which includes metrics like EV/Sales, EV/EBIT, EV/EBITDA, P/E, and P/B, a lower valuation range of $136 to $211 per share emerges.

The discrepancy is largely due to Eli Lilly's multiples being statistical outliers compared to its industry peers. Despite the companies being chosen for similarities in business strategy, industry, logistical capability and financial management similarities, the recent expected weight loss drug anticipation has created the extensive difference in the multiples.

Capitalize Momentum in Valuation: Eli Lilly's R&D efforts are showing promise, especially with its anticipated 2024 weight loss drug. Additionally, diabetes treatments Moujaro, Trulicity, and Basaglar are expected to contribute to a sales increase. Crucially, in 2025, the company is projected to experience an overall 38% sales growth. Within this, Retevmo stands out, expected to individually generate $4.4 billion in sales. These projections, particularly RET's significant patented revenue potential, are central to Eli Lilly's valuation (Anderson, 2023).

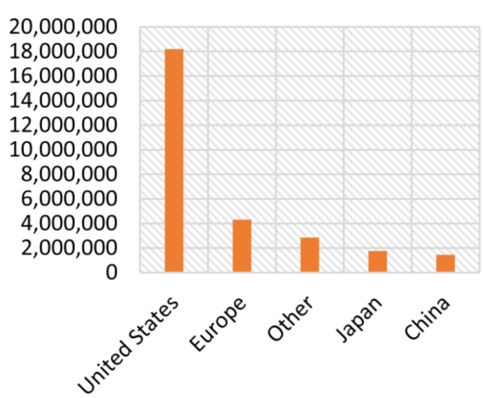
BUSINESS PERFORMANCE

Return on Equity (%)



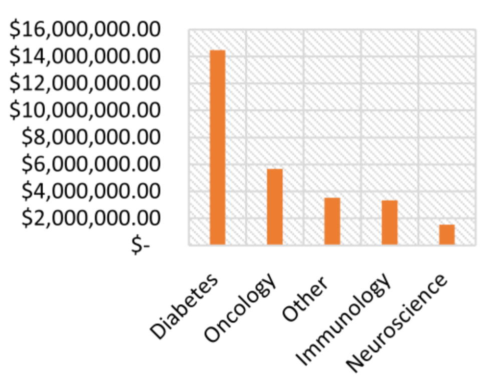
Source 5: 10K | Analysis

Sales by Region 2022



Source 6 PitchBook.com

Revenue by Segment 2022



Source 7 pitchbook.com

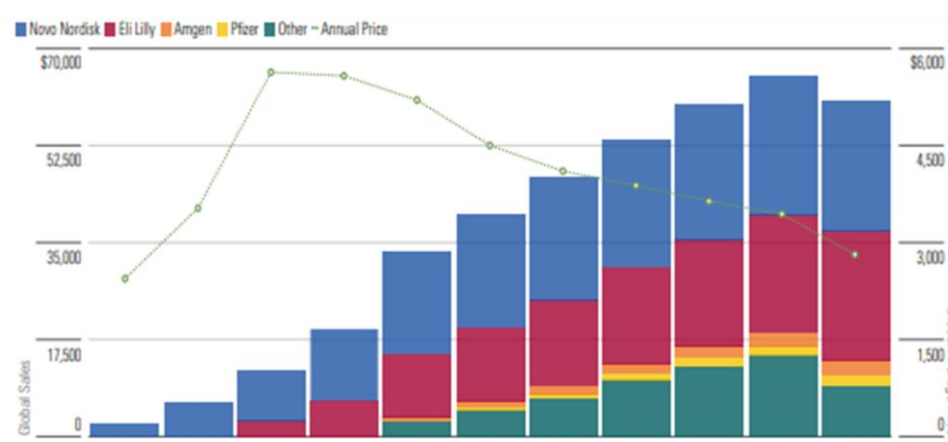
Business Overview

Founded in 1876, Eli Lilly is an esteemed American pharmaceutical company headquartered in Indianapolis, Indiana. With a global presence in 18 countries and product availability in over 125 nations, the company specializes in neuroscience, cardiometabolic, cancer, and immunology fields. As of 2022, Eli Lilly employs approximately 39,000 individuals worldwide under the leadership of CEO David A. Ricks and CFO Anat Ashkenazi (Eli Lilly and Company (LLY) Company Profile & Facts - Yahoo Finance, n.d.).

Currently, Eli Lilly's primary revenue sources are its diabetes medications, Humalog (insulin lispro) and Trulicity (dulaglutide). The company is also renowned for its significant pharmaceutical contributions, including Zyprexa (olanzapine, 1996), Prozac (fluoxetine, 1986), and Cymbalta (duloxetine, 2004) (Eli Lilly and Company (LLY) Company Profile & Facts - Yahoo Finance, n.d.).

Eli Lilly's historical achievements include pioneering the mass production of insulin and the Jonas Salk polio vaccine. It was one of the first to use recombinant DNA technology for human insulin production, leading to breakthroughs like Humulin, Humalog, and Basaglar, the latter being the first biosimilar insulin product approved in the U.S. (About Lilly | Who We Are | Eli Lilly and Company, n.d.).

Aside from being a market leader in weight loss drugs and having a large potential in the use of their RET's drugs. Eli Lilly has also become a market leader in weight loss, second only to Novo Nordisk, Swedish multinational pharmaceuticals dominating this market. While the Weight lose sector is expected to grow at 4% CARG for the next 5 years the over all biopharmaceuticals industry is expected to grow at 8% CARG. (*My.Pitchbook.Com.Pdf*, n.d.)



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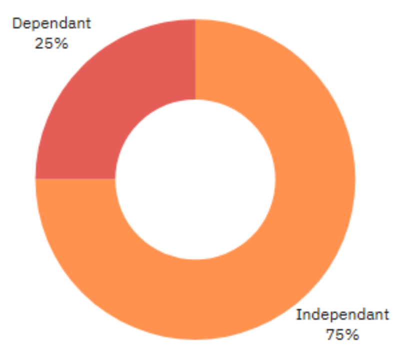


Source 8 Proxy Statement

- **20%** Carbon Emission Reduced
- **25%** Water Consumption Reduced
- **100%** Renewable Energy
- **100%** Plastic reusable by 2030

Source 9 Proxy Statement

- **25%** Minority Group in Management in US
- **49%** Women in Management globally
- **10-13%** Black American worker Goal

Source 10 Proxy Statement

- **70%** Reduced list price of insulins by Q4 2023
- **$ 35** or less per month out of pocket costs

Source 11 Proxy Statement

- **5800 +** Mentorship
- **Leadership** FCEO back programs for minority & LGBTQ+
- **$358M +** From Black Suppliers

Source 12Proxy Statement

Corporate Governance

The board of directors of Eli Lilly, consisting of 12 out of 13 members, is largely autonomous and has significant influence over the company's strategy, risk management, and human resources. The key to the board's efficient governance is its varied membership, which represents a range of experiences and expertise. The board aligns with shareholder interests, particularly in questions of governance and remuneration, through the implementation of yearly performance reviews and a comprehensive shareholder engagement program. (Proxy, 2023).

Complementing the 10–13 directors with above 75% independence on the board are specialty committees including audit, talent and remuneration, corporate governance, and science and technology. These committees are essential in helping the business achieve operational excellence and its strategic objectives. (Proxy, 2023).

The company's governance places a strong emphasis on advancing diversity in the workforce, expanding access to healthcare, and fostering innovation in medication research. Aligning CEO compensation with business success and shareholder interests is part of the board's monitoring responsibilities. Furthermore, the plans to update the voting procedures and board structure, guaranteeing compliance with contemporary governance norms, demonstrate the board's commitment to modernizing governance processes. Eli Lilly's commitment to upholding the highest standards of corporate governance, moral behavior, and strategic growth is demonstrated by these initiatives. (Proxy, 2023).

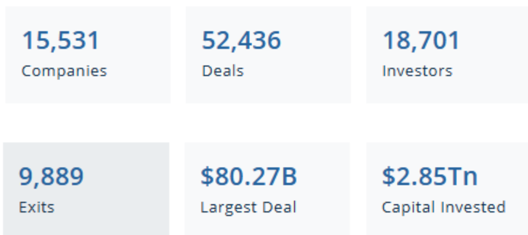
Environmental, Social & Responsibility | Diversity Equity Inclusion & Belonging

Environmental Objectives: Since 2020, greenhouse gas emissions have been reduced by nearly 20%. By 2030, 100% of electricity comes from renewable sources, and operations must be carbon neutral. Together with a 25% decrease in water consumption, the corporation also wants to see no waste going to landfills and 100% of plastic waste being reused by 2030.

Social Responsibility: Women occupy over half of management positions worldwide, while members of minority groups hold a quarter of them in the United States. Lilly aims to increase Black American presence in the U.S. workforce to 13% and achieve a 50% female workforce globally. U.S. insulin out-of-pocket expenses are restricted at $35, and in 2023, insulin prices will be reduced by 70%. Furthermore, Lilly hopes to improve 30 million people's access to healthcare in places with low resources by 2030.

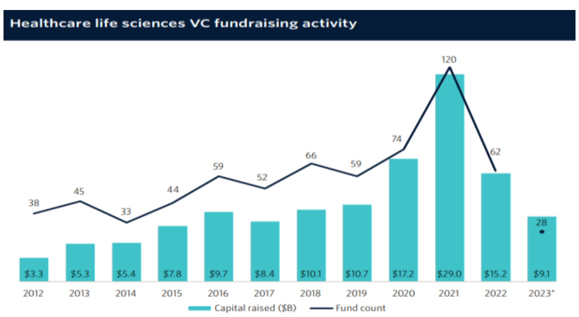
Diversity & Inclusion: prioritizes diversity, equity, inclusion, and belonging, putting several important initiatives into action. These include leadership development initiatives designed especially for U.S. minority and LGBTQ+ employees, as well as Employee Resource Groups (ERGs) for participation and mentoring that are matched with executive committee members. By 2022, the corporation would have spent $358 million with Black suppliers, a major increase over the 5,800 mentorships it enabled earlier. Lilly also uses a research-based methodology to comprehend employee experiences and provides managers with training in cultural literacies and conscious inclusion to combat bias.

Economic & Industry Figures

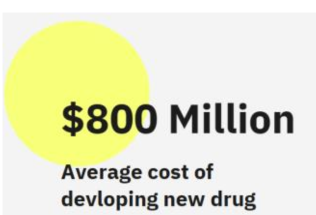


Source 13 Pitchbook

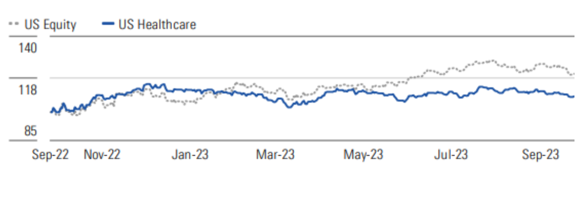
Source 14 Pitchbook | Invested overtime



Source 15 Pitchbook | healthcare industry



Source 16 Pitchbook



Source 17 Morning Star

Economic & Industry Overview

Industry Dynamics: The biopharmaceutical industry is well-positioned for expansion, especially in the fields of immunology, rare illnesses, oncology, and therapeutics. With a global obesity market over $65 billion, the industry sees opportunities despite obstacles posed by the Inflation Reduction Act, particularly in weight loss solutions (My.Pitchbook.Com.Pdf, n.d.).

Over the next five years, the US biopharma industry is predicted to develop at a CAGR of 4.5%. Obesity medications are a major factor in the sector's potential (My.Pitchbook.Com.Pdf, n.d.).

Economic Factors Impacting LLY:

Inflation: Inflationary pressures have adversely affected costs, labor, and expenses, partly due to policy actions to curb inflation. Changes in tax laws and rates could impact operations and cash flows (Form 10-K).

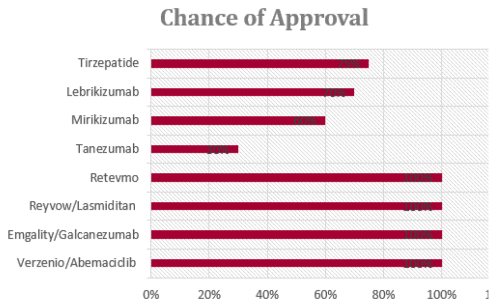
Interest Rates: Variable and floating interest rates pose a danger to Eli Lilly. To manage this risk, the corporation uses forward-starting interest rate swaps and interest rate derivatives (10-K, 2023).

Foreign Exchange rates: The company uses derivates to mitigate these effects, specially to Euro, Yen & Yuan.

Economic prosperity Impact: Prosperity's Impact: Sales are higher in countries with greater buying power, and lower in regions where medicines are less affordable (10-K, 2023).

Industry Challenges & Opportunities: The pharmaceutical business must contend with strict regulations as well as generic and biosimilar competitors. For example, sales have been greatly damaged by generic competition for medications like Alimta. Pricing, reimbursement, and market access are impacted by variables such as governmental regulations, market dynamics, and legal issues. Other risks associated with supply and distribution include concerns about quality, public health emergencies, and doubts about the state of the world economy (10-K, 2023).

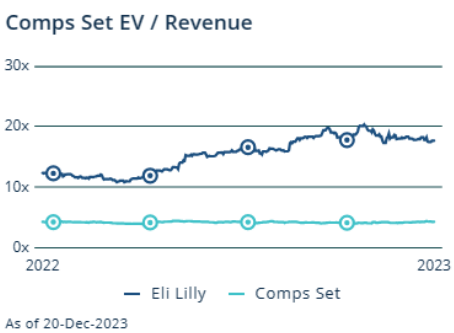
- Biopharmaceuticals Market Size, Share, Growth, Trends, and Forecast 2021–2030, n.d.) states that the market was valued at $389.3 billion in 2021 and would reach $720.8 billion by 2030, growing at a compound annual growth rate of 7.1%.
- Monoclonal antibodies are a dominant category in biopharmaceuticals, with the U.S. leading the world in research and development (CAGR of 7.2% is predicted for this market) (Biopharmaceuticals Market Size, Share, Growth, Trends, and Forecast 2021–2030, n.d.).



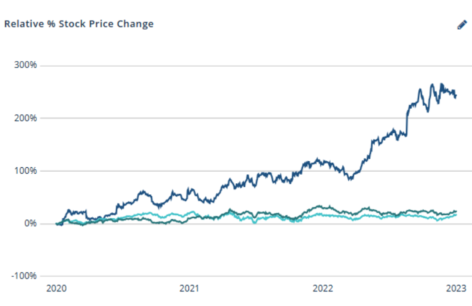
Source 18 Morning Start Research | chances of patent approval

STOCK	YTD RETURN	IMPLIED UPSIDE AS OF SEPT. 25
Novo Nordisk A/S (ticker: NVO)	38.2%	110.5%
Eli Lilly & Co. (LLY)	52.2%	14.6%
Amgen Inc. (AMGN)	4.3%	-2.3%
Pfizer Inc. (PFE)	-33.6%	33.3%
Viking Therapeutics Inc. (VKTX)	24%	174.4%
Structure Therapeutics Inc. (GPCR)	27.9%	74.4%
Herbalife Ltd. (HLF)	-3.5%	44.2%

Source 19 US News | weight loss drug makers at End of Q2 2023



Source 20 Pitchbook | Industry average



Source 21Pitchbook | Industry Average

Health Care Trends: Pharmaceutical businesses face obstacles and opportunities in creating effective treatments due to the increase in Alzheimer's cases and its correlation with anxiety levels (WebMD; Medical News Today; Psychology Today).

The average increase in healthcare premiums is 6%, and Moody's has revised its prognosis for the healthcare sector for 2024 to "stable," signaling a more stable market (2024 Healthcare prognosis | PitchBook; Moody's).

Global Weight Loss Drugs

The market for weight loss medications is expanding and changing quickly, which has important ramifications for big players like Eli Lilly. Important details consist of:

Market Position: According to DataHorizzon Research, the market for weight loss medications was estimated to be worth USD 1.9 billion in 2022 and is projected to grow to USD 82.8 billion by 2032. ("Weight Loss Drugs Market to Attain USD 82.8 Billion by 2032").

It is anticipated that the market for anti-obesity medications will increase from $4.5 billion in 2023 to $22.9 billion by 2030. (Constantino, "Weight Loss Drugs, Alzheimer's Treatments and Gene Editing: Enormous Firsts Defined 2023 in Pharma").

Wall Street has increased its focus on novel medicines in a range of medical areas in 2023, including drugs for weight loss.By 2028, Eli Lilly's stock is expected to rise by 140% due to the growing popularity of weight-loss medications.

Market Growth: By 2032, the market is expected to grow at a startling CAGR of 45.7%. Growing fitness trends and a growing desire for youth and health are the main drivers of this expansion. Drugs for organic weight loss are making a major contribution to market advancements ("Weight Loss Drugs Market to Attain USD 82.8 Billion by 2032").

Regional Dynamics: Due to the rising popularity of pharmaceutical interventions and dietary supplements, North America is starting to see a significant expansion in the market for weight reduction medications. (Constantino, 2023).

Key players: Eli Lilly, Novo Nordisk, Pfizer, Takeda Pharmaceutical, VIVUS, Bayer AG, Hoffmann-La Roche, GlaxoSmithKline, Arena Pharmaceuticals, and Eisai Co. Ltd. are notable players in this industry. (Constantino, 2023).

Acquisition by Vertex Technology Group: The 2023 acquisition of 17Live Inc. by Vertex Technology Group underscores noteworthy prospects for expansion in Asian markets.

Eli Lilly's Tirzepatide: In the SURMOUNT-1 clinical trial in 2022, Tirzepatide showed better weight loss outcomes, with individuals who were overweight or obese achieving weight losses of up to 22.5%.

Eli Lilly (NYS: LLY)

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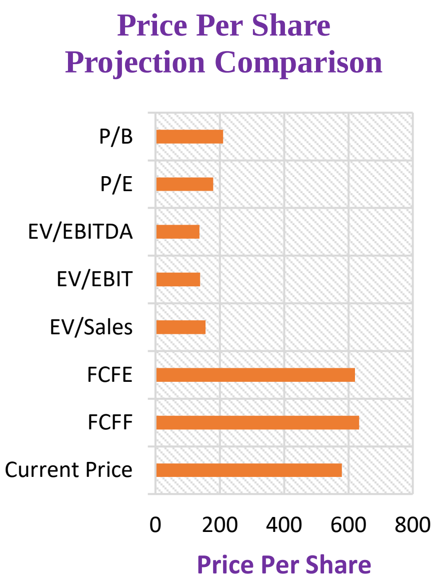
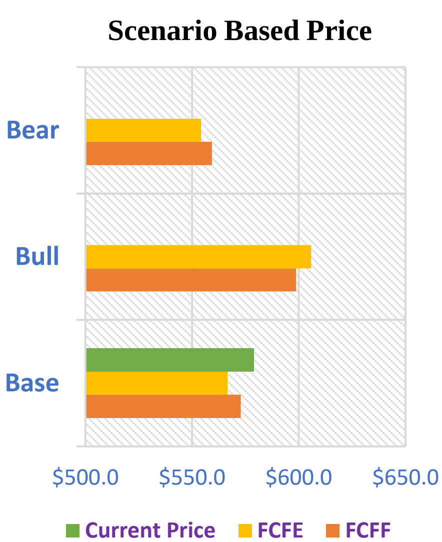
Source 22 Pitchbook



Source 23 Own Analysis



Source 24 Own Analysis

Economic Moat | Competitive Posting

Eli Lilly's patented goods and solid client ties, together with its steady and dependable pharmaceutical reputation, are the major reasons why the company's competitive edge is still strong. The business is in a strong position to hold onto its market share and possibly grow it, even if the patents for two diabetic medications are set to expire in 2024 (GreyB, 2022).

Tirzepatide was originally developed as an anti-diabetic medication, and it plays a major role in this vision. A study showcasing its potential for weight loss (Mounjaro (Tirzepatide) Linked to Dramatic Weight Loss in New Study, 2023) with phase 3 trials showing an average weight loss of 26.6% sparked a wave of interest. This presents tirzepatide as a product that could revolutionize the diabetes and weight reduction markets.

Eli Lilly has a substantial competitive edge when you take into account its broad portfolio of patents, scalable distribution networks, powerful pricing power, high return on invested capital, and a diverse product range that includes Trulicity, which accounts for 20% of the company's sales. Eli Lilly's market position is further reinforced by the high obstacles to entry in the pharmaceutical business, as demonstrated by the projected $800 million cost to create a new medicine (PitchBook Profile - Eli Lilly, n.d.-a).

Donanemab, an Alzheimer's medication that Eli Lilly is also developing, is a high-value prospect even though it carries significant clinical and insurance coverage risks. Although they are still in the early stages of development, some treatments, like Verzenio for breast cancer and new-generation medications for diabetes and weight reduction, show promise. (PitchBook Profile - Eli Lilly, n.d.-a).

Investment Summary

Eli Lilly presents a compelling investment case, underpinned by robust financial modeling and promising drug prospects. My target price is primarily based on a Discounted Cash Flow (DCF) approach $633 and $620 per share. This contrasts with a relative valuation analysis, incorporating EV/Sales, EV/EBIT, EV/EBITDA, P/E, and P/B metrics, which indicates a lower range of $139 to $211 per share. The divergence is attributed to Eli Lilly's unique market position towards the DCF models in my final target price estimation of $570.

Furthermore, the bear case with a gain of 2%–4% and the bull case with a projected return of 15%–17%. This range highlights the moderate growth potential in relation to the inherent risks when contrasted with the Weighted Average Cost of Capital (WACC) or Cost of Equity at 5.8%. Sales of Eli Lilly's diabetic and weight loss medications are particularly increasing thanks to the company's heavy R&D expenditures, and Retevmo is about to reach its peak. The market capitalization of Eli Lilly has considered the company's strong product pipeline and projected sales growth but still remains slightly undervalued. In light of these elements as well as the balanced risk-return profile shown in our scenario analysis, I advise **BUY** onto Eli Lilly stock. The current valuation captures the growth prospects, with limited upside potential exceeding the calculated risk-adjusted return thresholds.

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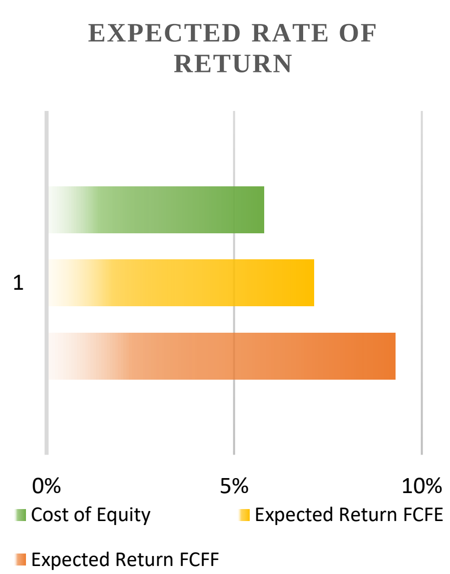
Free Cash Flow of Firm	
Intrinsic Value per share	**$ 632.85**
Buy/Sell	**BUY**
Upside/DownSide	**9%**
Free Cash Flow of Equity	
Intrinsic Value per share	**$ 620.26**
Buy/Sell	**BUY**
Upside/DownSide	**7%**

Source 25 Own Analysis | Base Case

Weighted Average Cost of Capital (%)		
Market price per share, as of today	$	579.00
Number of Shares Outstanding		950,182,000
Market Value (MV) of Equity	$	550,155,378,000.00
Market Value (MV) of Debt	$	14,737,500.00
Total MV of Equity & Debt	$	550,170,115,500.00
Tax Rate		11.64%
Risk free rate (T-bill)		4.18%
Market rate (S&P 500)		9.66%
Beta of the equity (ratio)		0.29
Unlevered Beta		0.29
Equity Risk Premium		1.61%
Required rate of return		5.79%
Cost of equity by CAPM		5.79%
Cost of debt		4.75%
Weighted Average Cost of Cap		**5.79%**

Source 26 Own Analysis | WACC calculations



Source 27 Own Analysis | Expected Rate of Return

Valuation

The intrinsic Value is calculated using a forecast of financial statements of LLY for the next five years. I also take an industry average terminal growth rate instead of using a Gordon growth method to account for the high sales rate of the company. Despite having a high payout ratio of 81% the company still has a high forecasted revenue, which is calculated by product, Thus, motivating the need to take an industry average. These is then used to calculate the free cash flow and eventually discounted back using WACC | COE to get Enterprise value or price per share.

Discounted Cash Flow Model

The Discounted Cash Flow (DCF) method, which includes both Free Cash Flow to the Firm (FCFF) and Free Cash Flow to Equity (FCFE), is used to calculate Eli Lilly's intrinsic share value. After accounting for working capital variations, depreciation, amortization, and capital expenditures, the FCFF technique assesses the company's prospects for future profitability. In addition, the FCFE approach provides an equity-specific viewpoint by emphasizing cash flows that remain available to shareholders following all costs and reinvestments. Eli Lilly benefits greatly from this dual strategy, which combines a thorough examination of the business's operational effectiveness and profitability with insights into the direct value creation for shareholders. This is crucial information for comprehending the company's potential dividend growth and equity growth in the midst of its substantial R&D investments and a broad range of pharmaceutical products.

Weighted Average Cost of Capital: Using the Capital Asset Pricing Model, I calculate the WACC and Cost of Equity. To determine this, I first took the 5-year monthly Adjusted closing price of LLY and S&P500. Takes an average tax rate of 11%, a 3-month T-bill rate average for the last 10 years which is 4.18%, and the S&P500 20-year average annual return, resulting in 5.8% WACC.

Cost of Debt takes the 5-year bond yield LLY offers at 4.75%.

Cost of Equity: Following the CAPM this adds the Equity Risk Premium with the Risk-Free rate giving us 5.8%.

Terminal Growth Rate: Due to the high sales growth the Gorden model is an inefficient means to calculate the perpetual growth rate. So I take the average from the industry. Then that sales growth rate is used in the Gordon model.

Revenue Projections: Done based on each product using research such as the 4.4 billion sales by 2025 for RET's increase in sales diabetic sales due to demand and the patent expiration of the oncology drug Almita, causing increased generic competition and sales decline. While the method was employed in the percentage of sales forecast, the revenue model is also analyzed by region, Industry, and category growth.

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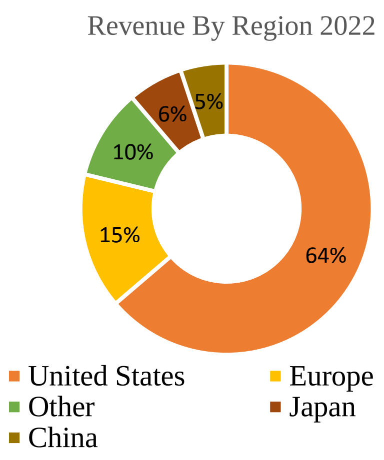
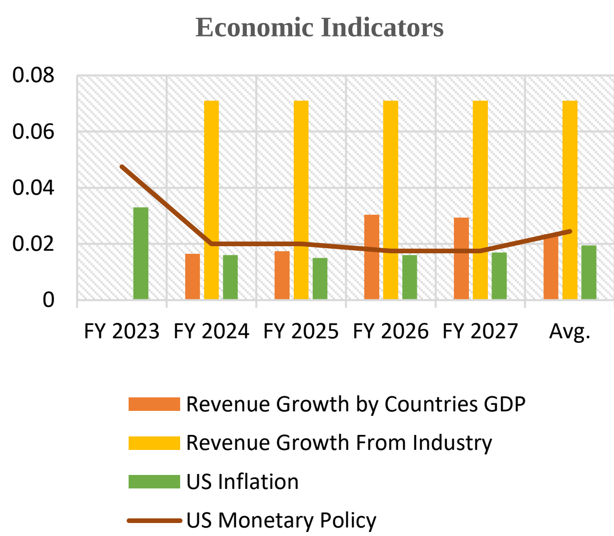
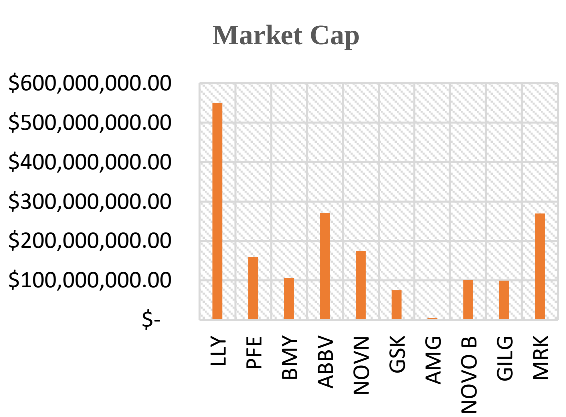


Source 28 Own Analysis, 10k



Source 29 Own Analysis, 10k



Source 30 Own Analysis, 10k

Scenario Analysis

To gauge the potential economic impact on Eli Lilly's future, a detailed scenario analysis was conducted, focusing on three key scenarios: Base case, Bull case, and Bear case. This analysis applied to six crucial components: Revenue, COGS (Cost of Goods Sold), R&D (Research and Development), SG&A (Selling, General, and Administrative Expenses), Irregular Expenses/Income, and Net Debt change. These elements were selected for their significant influence on both operating and non-operating income, considering the interplay of equity and debt financing.

Bull Case: This is based on a faster-than-24% CAGR growth rate in comparison to the base case. According to the scenario, starting in 2024, sales will rise as a result of expected interest rate reductions. COGS are also modified in accordance with previous operational benchmarks. All six components follow the same adjustment logic, which takes market/industry growth and interest rate fluctuations into account.

Bear Case: As part of the Federal Reserve's efforts to reach a 2% inflation objective, this scenario takes into account uncertain economic variables like inflation, probable recession indications from the inverted yield curve, and possible rises in unemployment. It is anticipated that these circumstances will result in decreased sales as well as higher COGS and interest costs.

Perpetual Sales Growth: In an unconventional approach, the industry-based perpetual growth rate is assessed through scenarios using the highest, median, and lowest growth rates among Eli Lilly's competitors. The average of these figures is then utilized in calculating the terminal value, providing a comprehensive view of the company's long-term valuation under varying market conditions.

Relative Valuation & Multiples

Nine businesses that are similar to Eli Lilly in terms of operations, organizational structure, geographic reach, and product offers were chosen for my research. In keeping with Eli Lilly's recent endeavors, companies such as Novo Nordisk were included primarily because of their involvement in the weight loss medicine sector. Some companies, such Bristol-Myers Squibb, Pfizer, and AbbVie, were selected due to their comparable market presence and business structures. One noteworthy finding is that Eli Lilly has a substantially larger market capitalization than comparable peers, which is mostly explained by the company's sharp rise in market value. These companies are largely involved in the manufacturing of drugs and have vast production and distribution capabilities worldwide. Because of this, they are suitable rivals for comparing against Eli Lilly because they offer a varied yet pertinent collection of comparisons from different global marketplaces.

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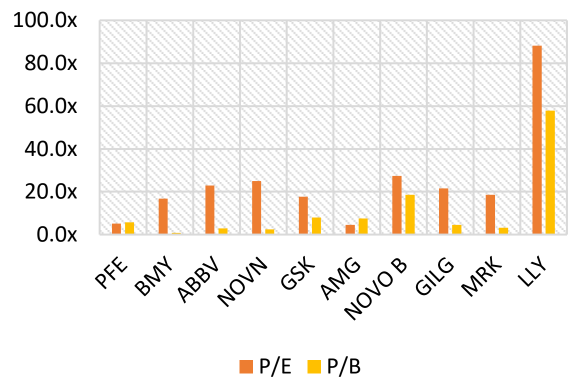
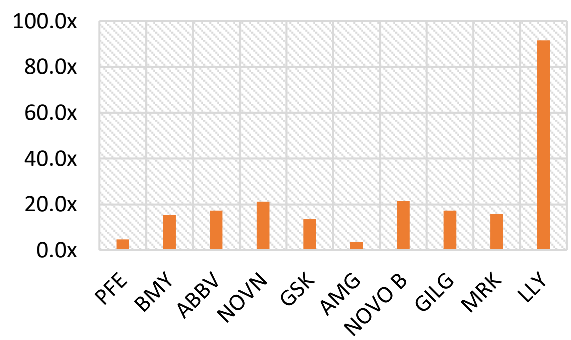
Valuation	EV/Sales	EV/EBIT	EV/EBITDA	P/E	P/B
Pfizer	1.7x	4.8x	4.3x	5.1x	5.7x
Bristol-Myers Squib	3.0x	15.4x	7.4x	16.8x	0.9x
Abbvie	5.6x	17.3x	17.3x	22.9x	2.9x
Novartis	3.8x	21.2x	11.9x	25.0x	2.5x
GSK	3.0x	13.6x	10.0x	17.6x	8.0x
Amgen	2.8x	3.5x	3.4x	4.5x	7.5x
Novo Nordisk	5.7x	21.4x	16.3x	27.4x	18.6x
Gilead Sciences	4.3x	17.3x	17.3x	21.6x	4.5x
Merck & co	4.8x	15.7x	15.7x	18.6x	3.2x
LLY	21.8x	91.6x	74.8x	88.1x	57.8x

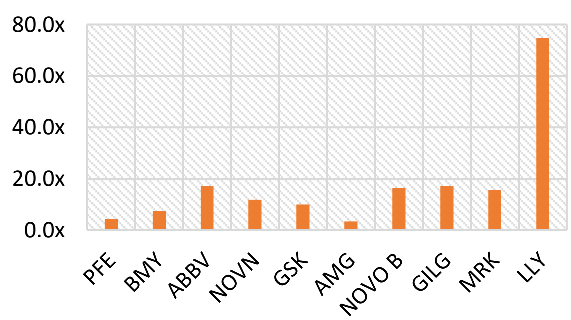
Source 36 Own Analysis



Source 37 Own Analysis | Yahoo finance



Source 38 Own Analysis | Yahoo Finance



Source 39 Own Analysis | Yahoo Finance

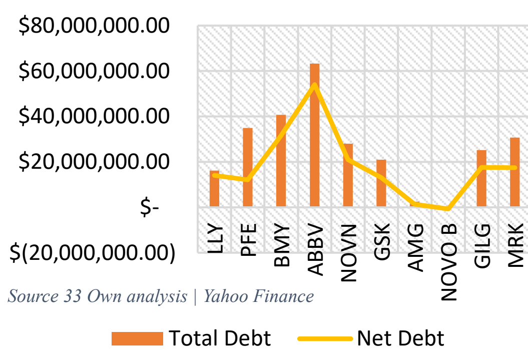
For the valuation analysis, data from nine companies similar to Eli Lilly were gathered from Yahoo Finance. This involved calculating their Enterprise Value (EV) and Net Debt. Using this data, five key multiples were computed for comparative purposes: Price/Book (P/B), Price/Earning (P/E), EV/Sales, EV/EBIT, and EV/EBITDA. To determine the implied price, the highest multiple from these calculations was used.

The calculation of the implied price involves multiplying the selected multiple by its corresponding financial metric (e.g., EV/EBIT multiplied by EBIT or P/E multiplied by Earnings). To derive the Equity Value from the Enterprise Value, I subtracted debt, added back cash, and adjusted for minority interests. Finally, dividing this Equity Value by the number of shares outstanding provided the implied price per share. This method offers a comprehensive approach to estimating Eli Lilly's market valuation in line with its industry peers.

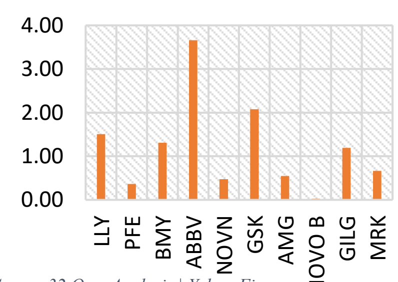
	EV/Sales	EV/EBIT	EV/EBITDA	P/E	P/B
Selected Multiple	5.7x	21.4x	17.3x	27.4x	18.6x
Operating Metric	28,541,400	6,806,400	8,328,900	6,244,800	$ 10,775,400.00
Enterprise Value	**162,376,875**	**145,921,150**	**143,977,879**	**185,004,420**	**214,615,111**
- Debt	(16,238,600)	(16,238,600)	(16,238,600)	(16,238,600)	(16,238,600)
+ Cash	2,211,800	2,211,800	2,211,800	2,211,800	2,211,800
- Minority Interest	(125,600)	(125,600)	(125,600)	(125,600)	(125,600)
Equity Value	**148,224,475**	**131,768,750**	**129,825,479**	**170,852,020**	**200,462,711**
Shares Outstandir	950,632	950,632	950,632	950,632	950,632
Implied Price	**155.92**	**138.61**	**136.57**	**179.72**	**210.87**

NOTE: Highest value of comparable companies table to eliminate outliers

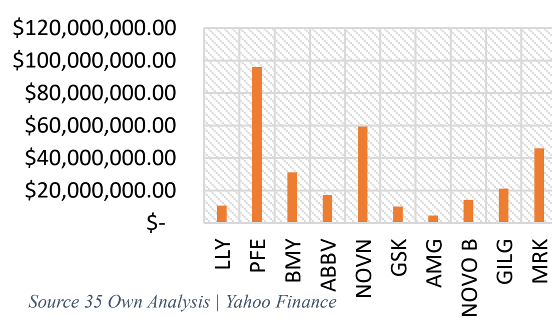
Source 31 Own Analysis



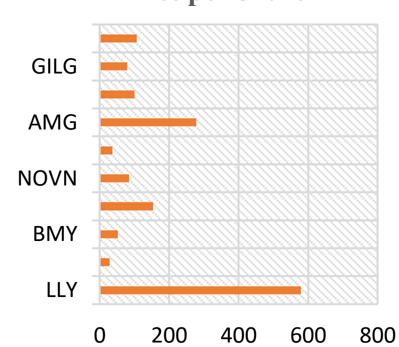
Source 33 Own analysis | Yahoo Finance



Source 32 Own Analysis | Yahoo Finance



Source 35 Own Analysis | Yahoo Finance



Source 34 Own Analysis | Yahoo Finance

Relevant patents Expiry

US	
Cyramza	2026
Emgality	**2033**
Jardiance	**2028**
Jaypirca	**2037**
Mounjato	**2036**
Olumiant	2032
Retevmo	2037
Reyvow	2030
Taltz	2030
Trulicity	2027
Verzenio	2031
Other	
Baqsimi	2026
Cyramza	2028
Emgality	2033
Jardiance	2029
Mounjato	2037
Olumiant	2027
Retevmo	2037
Reyvow	2032
Taltz	2031
Trulicity	2029
Verzenio	2033

Drug	Indicat	of	Timing
Verzenio/Abemaciclib	Breast	100%	2017
Emgality/Galcanezumab	Migrai	100%	2018
Reyvow/Lasmiditan	Migrai	100%	2019
Retevmo	RET ca	100%	2020
Tanezumab	Pain	30%	2021
Mirikizumab	Psoria	60%	2021
Lebrikizumab	Atopic	70%	2022
Tirzepatide	Diabet	75%	2022

Source 40 MorningStar Research

Investment Risk

Eli Lilly, like others in the biopharma industry, faces several key risks that could impact its investment outlook:

Drug Pricing Reforms: The US Inflation Reduction Act introduces significant changes in drug pricing, notably the Medicare Drug Price Negotiation Program. This legislation could affect profitability and market dynamics, particularly as some of Eli Lilly's drugs are among the first mandated for renegotiation. While the full impact remains uncertain, a likely reduction in margins for these drugs is anticipated.(10k, 2023)

Regulatory Challenges: The biopharma sector, particularly in the realm of biologics, faces stringent regulatory hurdles. The complexity of gaining approval for novel therapies, such as cell therapy and gene delivery, necessitates considerable operational investments. Eli Lilly's ongoing efforts in developing new drugs for Alzheimer's are subject to these regulatory challenges, with the high average cost of drug development ($800 million) and the pivotal nature of FDA approval influencing investor sentiment.

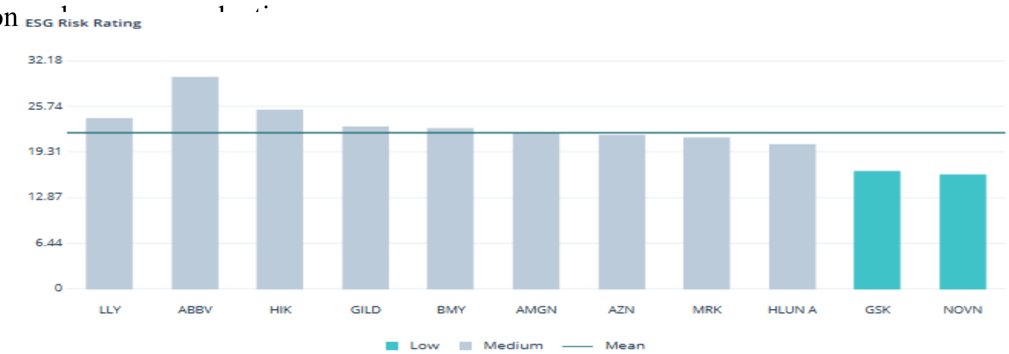
Competition and Market Dynamics: The industry is marked by intense competition and strategic consolidation, with larger firms often acquiring startups for their innovative therapies. This environment, while fostering innovation, also introduces uncertainties in market positioning and growth prospects.

Weight Loss Drug Segment: Eli Lilly's weight loss drug, Tripeptide, shows significant promise, as evidenced by the stock rally following its development milestones. However, uncertainties about the long-term impact of this drug add a layer of risk, alongside the 15% risk of patenting issues in this segment as noted by Morning Star.

Healthcare Sector Performance: Over the past year, the healthcare sector has shown relative stagnation, with companies like Eli Lilly reaching 52-week highs yet not significantly moving the overall market. This stagnation, coupled with concerns about a potential recession, could influence the sector's performance. However, the defensive nature of healthcare stocks may offer stability for investors in turbulent economic times

ESG Sustainability Risks: Eli Lilly's medium ESG risk rating, while above average compared to its peers, indicates potential sustainability-related challenges that could influence investor perception

Note: The company's Capital allocation is also sound as it holds lower levels of risk as compared to its own past. Its debt-to-equity ratio also highlights its strength, and ability to increase and maintain the stability of debt if needed. The high Debt-to-Equity ratio also means increased risk as well as higher tax benefits.



Source 41 Pitchbook | ESG Risk Rating

Appendix

Projections		FY 2023		FY 2024		FY 2025		FY 2026		FY 2027
Revenue	$	33,027,600.00	$	45,208,173.64	$	61,031,034.41	$	75,312,296.46	$	95,313,277.98
Net Income	$	4,614,180.39	$	6,676,390.20	$	9,572,811.94	$	10,573,745.81	$	14,136,141.69
WACC		5.79%		Cost of Equity		5.79%				
Current Price	**$**	**579.00**								
Free Cash Flow of Firm										
Projected Free Cash Flo	$	8,484,736.68	$	9,638,084.78	$	13,811,279.61	$	17,832,540.80	$	22,577,291.18
Terminal Value	$	-	$	-	$	-	$	-	$	746,939,565.79
Total Free Cash Flow F	$	8,484,736.68	$	9,638,084.78	$	13,811,279.61	$	17,832,540.80	$	769,516,856.97
Intrinsic Value of CS	$	623,180,308.57								
Intrinsic Value per sh	**$**	**632.85**								
Buy/Sell		**BUY**								
Upside/DownSide		**9%**								
Free Cash Flow of Equity										
Projected Cash Flow Fr	$	8,064,315.02	$	9,062,611.67	$	13,034,390.92	$	16,873,860.15	$	21,364,009.96
Terminal Value	$	-	$	-	$	-	$	-	$	706,790,033.48
Total Free Cash Flow O	$	8,064,315.02	$	9,062,611.67	$	13,034,390.92	$	16,873,860.15	$	728,154,043.45
Intrinsic Value of CS		58963530803%								
Intrinsic Value per sh		**620.26**								
BUY/SELL		**BUY**								
Upside /Downside		**7%**								
Relative Valuation (Peer	EV/Sales		EV/EBIT		EV/EBITDA		P/E		P/B	
Selected Multiple		5.69		21.44		17.29		27.36		18.60
Enterprise Value	$	162,376,875.00	$	145,921,150.02	$	143,977,879.14	$	185,004,420.02	$	214,615,110.73
Equity Value	$	148,224,475.00	$	131,768,750.02	$	129,825,479.14	$	170,852,020.02	$	200,462,710.73
Shares Outstanding	$	950,632.00	$	950,632.00	$	950,632.00	$	950,632.00	$	950,632.00
Implied Price	**$**	**155.92**	**$**	**138.61**	**$**	**136.57**	**$**	**179.72**	**$**	**210.87**
BUY/SELL		SELL		SELL		SELL		SELL		SELL
Upside /Downside		-73%		-76%		-76%		-69%		-64%

Source 44 Own Analysis | Summary

Free Cash Flow of Firm	
Intrinsic Value per share	**$ 678.43**
Buy/Sell	**BUY**
Upside/DownSide	**17%**

Free Cash Flow of Equity	
Intrinsic Value per share	**$ 664.44**
Buy/Sell	**BUY**
Upside/DownSide	**15%**

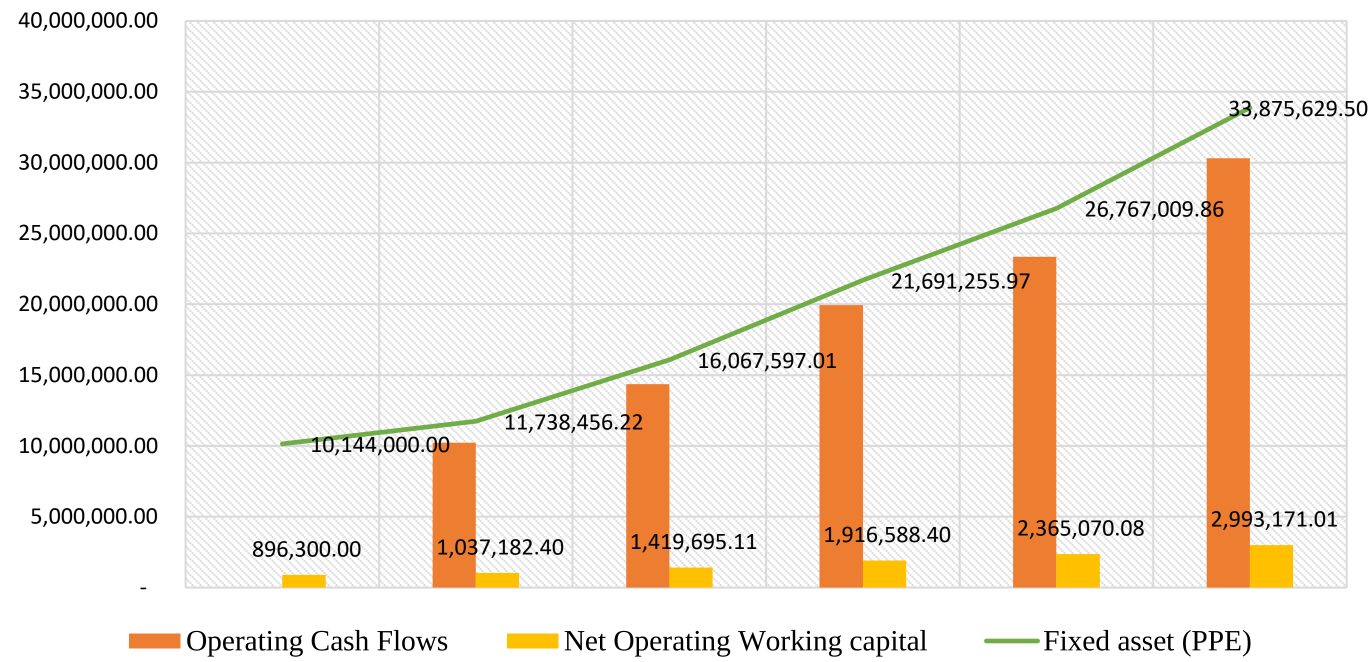
Source 43 Own Analysis | Bull case

Free Cash Flow of Firm	
Intrinsic Value per share	**$ 601.65**
Buy/Sell	**BUY**
Upside/DownSide	**4%**

Free Cash Flow of Equity	
Intrinsic Value per share	**$ 590.81**
Buy/Sell	**BUY**
Upside/DownSide	**2%**

Source 42 Own Analysis Bear Case

Target Price: $627.00 BUY



Source 45 Own Analysis | DCF Mode

Income Statement Forecasted

Eli Lilly (NYS: LLY)

Forecasted Income Statement (Consolidated)

Amounts in Thousands, USD (except Ratios, Multiples & per share items) Filed: 22-Feb-2023

Data Source: PitchBook.com - Verified with 10k Report View 10-K

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Gross Profit						
Revenue	$ 28,541,400.00	$ 32,808,339.30	$ 43,923,799.45	$ 59,297,129.25	$ 73,172,657.50	$ 90,410,226.99
Cost of Revenue	$ 6,629,800.00	$ 7,018,632.78	$ 8,298,449.47	$ 10,906,421.13	$ 14,556,113.54	$ 19,341,307.62
Gross Profit	$ 21,911,600.00	$ 25,789,706.52	$ 35,625,349.98	$ 48,390,708.12	$ 58,616,543.96	$ 71,068,919.37
Operating (Income)/Expenses						
Selling, General and Administrative Expenses	$ 6,067,500.00	$ 7,405,251.84	$ 10,955,144.04	$ 15,975,387.04	$ 21,177,080.75	$ 27,974,053.14
Research and Development Expenses	$ 7,190,800.00	$ 3,489,182.84	$ 4,671,317.44	$ 6,306,278.54	$ 7,781,947.72	$ 9,615,171.62
Total Operating (income)/Expenses	$ 13,258,300.00	$ 10,894,434.69	$ 15,626,461.48	$ 22,281,665.58	$ 28,959,028.47	$ 37,589,224.76
Total Operating profit/(Loss)	**$ 8,653,300.00**	**$ 14,895,271.83**	**$ 19,998,888.50**	**$ 26,109,042.54**	**$ 29,657,515.48**	**$ 33,479,694.61**
Non-Operating Income/(Expenses)						
Net Finance (Income)/Expense	$ 268,800.00	$ 4,321,771.35	$ 5,785,986.80	$ 7,811,082.18	$ 9,638,875.41	$ 11,909,543.03
Net Investment Income	$ (410,700.00)	$ 1,016,337.58	$ 1,360,672.59	$ 1,836,907.99	$ 2,266,744.47	$ 2,800,730.34
Irregular (Income)/Expenses	$ 1,153,100.00	$ 4,482,812.60	$ 4,814,544.79	$ 5,824,894.66	$ 6,355,289.85	$ 6,952,251.28
Other Income/(Expense), Non-Operating	$ 14,300.00	$ 1,148,466.65	$ 1,537,566.97	$ 2,075,715.41	$ 2,561,432.82	$ 3,164,839.58
Total Non-Operating Income/(Expenses), Total	**$ (1,846,900.00)**	**$ (8,936,713.03)**	**$ (10,777,425.97)**	**$ (13,874,784.26)**	**$ (16,288,853.62)**	**$ (19,225,903.57)**
Pretax income	**$ 6,806,400.00**	**$ 5,958,558.80**	**$ 9,221,462.53**	**$ 12,234,258.29**	**$ 13,368,661.87**	**$ 14,253,791.04**
Provision for Income Tax	$ 561,600.00	$ 693,785.69	$ 1,073,702.37	$ 1,424,497.70	$ 1,556,582.15	$ 1,659,642.30
Net Income from Continuing Operations	$ 6,244,800.00	$ 5,264,773.12	$ 8,147,760.16	$ 10,809,760.59	$ 11,812,079.72	$ 12,594,148.75
Discontinued Operations	$ -	$ -	$ -	$ -	$ -	$ -
Net Income Available to Common Stockholders	**$ 6,244,800.00**	**$ 5,264,773.12**	**$ 8,147,760.16**	**$ 10,809,760.59**	**$ 11,812,079.72**	**$ 12,594,148.75**
Basic EPS						
Basic EPS from Continuing Operations	6.57	5.54	8.57	11.37	12.43	13.25
Basic EPS from Discontinued Operations	0.00	0.00	0.00	0.00	0.00	0.00
Total Basic EPS	**6.57**	**5.54**	**8.57**	**11.37**	**12.43**	**13.25**

Balance Sheet Forecasted

Eli Lilly (NYS: LLY)

Forecasted Balance Sheet (Consolidated)

Amounts in Thousands, USD (except Ratios, Multiples & per share items) Filed: 22-Feb-2023
Data Source: PitchBook.com - Verified with 10k Report View 10-K

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Assets						
Current Assets						
Cash, Cash Equivalents and Short Term Investments	$ 2,211,800.00	$ 2,542,464.10	$ 3,403,850.53	$ 4,595,198.22	$ 5,670,474.60	$ 7,006,290.51
Inventories	$ 4,309,700.00	$ 4,954,000.15	$ 6,632,414.61	$ 8,953,759.73	$ 11,048,939.51	$ 13,651,781.46
Trade and Other Receivables, Current	$ 8,558,900.00	$ 9,838,455.55	$ 13,171,722.73	$ 17,781,825.68	$ 21,942,772.89	$ 27,111,917.84
Prepayments and Deposits, Current	$ -	$ -	$ -	$ -	$ -	$ -
Assets Held for Sale/Discontinued Operations, Current	$ -	$ -	$ -	$ -	$ -	$ -
Other Current Assets	$ 2,954,100.00	$ 3,395,737.95	$ 4,546,213.43	$ 6,137,388.13	$ 7,573,536.95	$ 9,357,664.71
Total Current Assets	$ 18,034,500.00	$ 20,730,657.75	$ 27,754,201.30	$ 37,468,171.76	$ 46,235,723.95	$ 57,127,654.52
Non-Current Assets						
Net Property, Plant and Equipment	$ 10,144,000.00	$ 11,660,528.00	$ 15,611,113.04	$ 21,075,002.60	$ 26,006,553.21	$ 32,133,018.79
Net Intangible Assets	$ 11,279,600.00	$ 12,965,900.20	$ 17,358,745.13	$ 23,434,305.92	$ 28,917,933.51	$ 35,730,244.36
Long Term Investments	$ 2,901,800.00	$ 3,335,619.10	$ 4,465,726.32	$ 6,028,730.53	$ 7,439,453.48	$ 9,191,994.67
Deferred Tax Assets, Non-Current	$ 2,792,900.00	$ 3,210,438.55	$ 4,298,134.62	$ 5,802,481.74	$ 7,160,262.47	$ 8,847,033.54
Assets Held for Sale/Discontinued Operations, Non-Current	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-Current Assets	$ 4,337,000.00	$ 4,985,381.50	$ 6,674,427.96	$ 9,010,477.75	$ 11,118,929.54	$ 13,738,259.32
Total Non-Current Assets	$ 31,455,300.00	$ 36,157,867.35	$ 48,408,147.07	$ 65,350,998.54	$ 80,643,132.20	$ 99,640,550.68
Total Assets	$ 49,489,800.00	$ 56,888,525.10	$ 76,162,348.37	$ 102,819,170.30	$ 126,878,856.15	$ 156,768,205.20
Liabilities						
Current liabilities						
Payables and Accrued Expenses, Current	$ 12,207,000.00	$ 14,031,946.50	$ 18,785,967.75	$ 25,361,056.46	$ 31,295,543.67	$ 38,667,957.45
Financial Liabilities, Current	$ 1,501,100.00	$ 1,725,514.45	$ 2,310,118.47	$ 3,118,659.94	$ 3,848,426.36	$ 4,755,015.23
Provisions, Current	$ 1,059,800.00	$ 1,218,240.10	$ 1,630,979.65	$ 2,201,822.53	$ 2,717,049.00	$ 3,357,114.88
Liabilities Held for Sale/Discontinued Operations, Current	$ -	$ -	$ -	$ -	$ -	$ -
Other Current Liabilities	$ 2,370,300.00	$ 2,724,659.85	$ 3,647,774.17	$ 4,924,495.14	$ 6,076,827.00	$ 7,508,368.93
Total Current Liabilities	$ 17,138,200.00	$ 19,700,360.90	$ 26,374,840.05	$ 35,606,034.06	$ 43,937,846.03	$ 54,288,456.50
Non-Current Liabilities						
Financial Liabilities, Non-Current	$ 14,737,500.00	$ 16,940,756.25	$ 22,680,281.78	$ 30,618,380.40	$ 37,783,081.41	$ 46,683,789.87
Provisions, Non-Current	$ 1,305,100.00	$ 1,500,212.45	$ 2,008,484.19	$ 2,711,453.66	$ 3,345,933.81	$ 4,134,148.54
Tax Liabilities, Non-Current	$ 87,300.00	$ 100,351.35	$ 134,350.37	$ 181,373.00	$ 223,814.28	$ 276,539.09
Payables and Accrued Expenses, Non-Current	$ 3,709,600.00	$ 4,264,185.20	$ 5,708,890.47	$ 7,707,002.13	$ 9,510,440.63	$ 11,750,852.38
Liabilities Held for Sale/Discontinued Operations, Non-Curre	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-Current Liabilities	$ 1,736,700.00	$ 1,996,336.65	$ 2,672,695.19	$ 3,608,138.51	$ 4,452,442.92	$ 5,501,322.33
Total Non-Current Liabilities	$ 21,576,200.00	$ 24,801,841.90	$ 33,204,702.00	$ 44,826,347.70	$ 55,315,713.06	$ 68,346,652.22
Total Liabilities	$ 38,714,400.00	$ 44,502,202.80	$ 59,579,542.04	$ 80,432,381.76	$ 99,253,559.09	$ 122,635,108.71
Equity						
Equity Attributable to Parent Stockholders						
Paid in Capital						
Capital Stock	$ 7,515,500.00	$ 8,639,067.25	$ 11,565,981.86	$ 15,614,075.51	$ 19,267,769.19	$ 23,806,753.03
Common Stock	$ 594,100.00	$ 682,917.95	$ 914,290.44	$ 1,234,292.10	$ 1,523,116.45	$ 1,881,922.96
Additional Paid in Capital/Share Premium	$ 6,921,400.00	$ 7,956,149.30	$ 10,651,691.42	$ 14,379,783.42	$ 17,744,652.74	$ 21,924,830.07
Total Capital Stock	$ 7,515,500.00	$ 8,639,067.25	$ 11,565,981.86	$ 15,614,075.51	$ 19,267,769.19	$ 23,806,753.03
Treasury Stock	$ (50,500.00)	$ (58,049.75)	$ (77,717.00)	$ (104,917.94)	$ (129,468.74)	$ (159,968.20)
Total Paid in Capital	$ 7,465,000.00	$ 8,581,017.50	$ 11,488,264.87	$ 15,509,157.57	$ 19,138,300.44	$ 23,646,784.83
Retained Earnings/Accumulated Deficit	$ 10,042,600.00	$ 11,543,968.70	$ 15,455,063.46	$ 20,864,335.67	$ 25,746,590.22	$ 31,811,815.31
Reserves/Accumulated Comprehensive Income/Losses	$ (3,844,600.00)	$ (4,419,367.70)	$ (5,916,648.78)	$ (7,987,475.85)	$ (9,856,545.19)	$ (12,178,490.15)
Other Equity Interest	$ (3,013,200.00)	$ (3,463,673.40)	$ (4,637,165.40)	$ (6,260,173.29)	$ (7,725,053.84)	$ (9,544,875.02)
Total Equity Attributable to Parent Stockholders	$ 10,649,800.00	$ 12,241,945.10	$ 16,389,514.16	$ 22,125,844.11	$ 27,303,291.63	$ 33,735,234.97
Non-Controlling/Minority Interests	$ 125,600.00	$ 144,377.20	$ 193,292.17	$ 260,944.43	$ 322,005.43	$ 397,861.51
Total Equity	$ 10,775,400.00	$ 12,386,322.30	$ 16,582,806.33	$ 22,386,788.54	$ 27,625,297.06	$ 34,133,096.48
Total Liabilities & Equity	$ 49,489,800.00	$ 56,888,525.10	$ 76,162,348.37	$ 102,819,170.30	$ 126,878,856.15	$ 156,768,205.20
Balance Sheet Supplemental Section						
Common Shares Issued						
Common Shares Outstanding	950,182,000	950,182,000	950,182,000	950,182,000	950,182,000	950,182,000
Common Shares Treasury	450,000	450,000	450,000	450,000	450,000	450,000
Total Common Shares Issued	950,632,000	950,632,000	950,632,000	950,632,000	950,632,000	950,632,000

Source 46 Own Analysis | FS Forecast

Cash Flow Forecasted

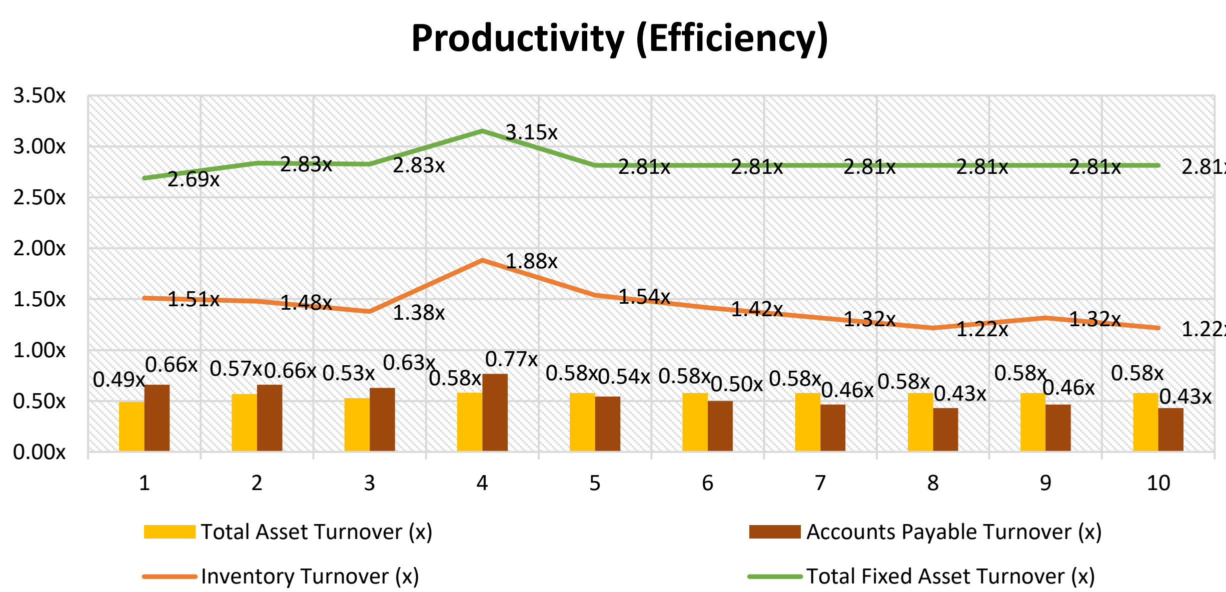
Eli Lilly (NYS: LLY)

Forecasted CashFlow Statement (Consolidated)

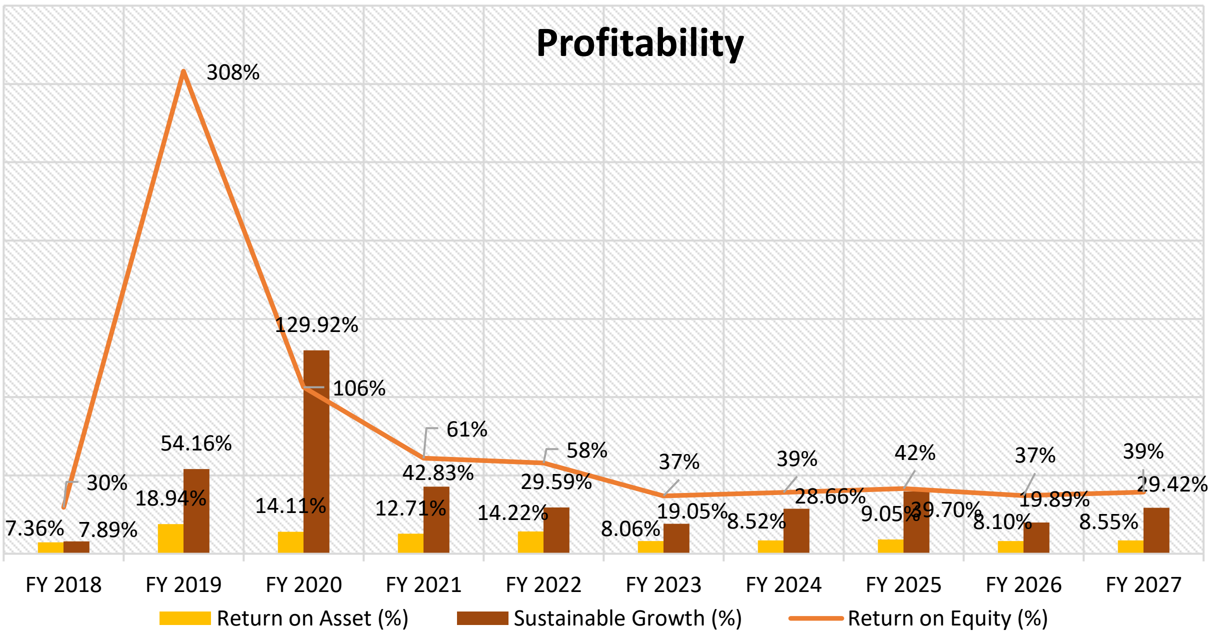
Amounts in Thousands, USD (except Ratios, Multiples & per share items) Filed: 22-Feb-2023

Data Source: PitchBook.com - Verified with 10k Report View 10-K

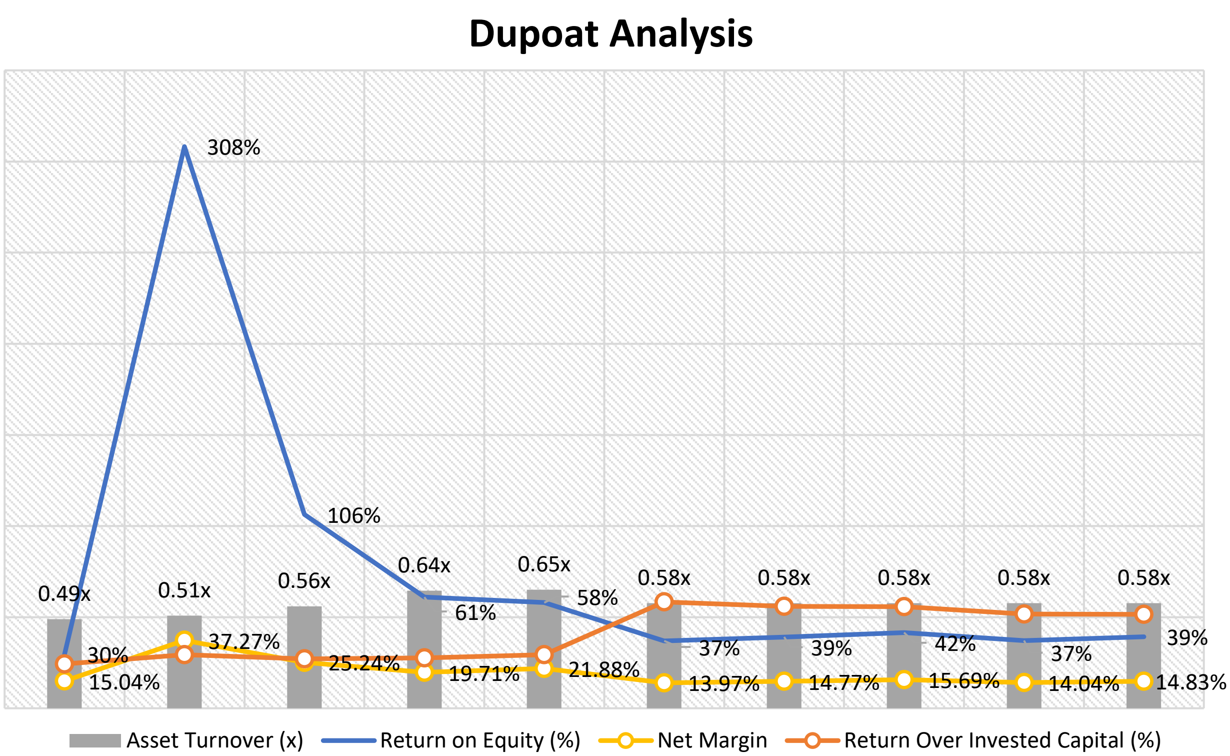
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Cash Flow from Operating Activities, Indirect						
Net Cash Flow from Continuing Operating Activities, Indirect						
Cash Generated from Operating Activities						
Income/(Loss) before Non-Cash Adjustment	6,244,800	7,178,398	9,610,438	12,974,091	16,010,028	19,781,573
Total Adjustments for Non-Cash Items						
Depreciation, Amortization and Depletion, Non-Cash A	1,522,500	1,750,114	2,343,052	3,163,120	3,903,290	4,822,804
Stock-Based Compensation, Non-Cash Adjustment	371,100	426,579	571,104	770,991	951,403	1,175,529
Taxes, Non-Cash Adjustment	(2,185,200)	(11,480,397)	(15,369,954)	(20,749,437)	(25,604,806)	(31,636,630)
Net Investment (Income)/Loss, Non-Cash Adjustment	420,000	482,790	646,359	872,585	1,076,770	1,330,429
Irregular (Income)/Loss, Non-Cash Adjustment	420,900	483,825	647,744	874,455	1,079,077	1,333,280
Other Non-Cash Items	304,800	350,368	469,072	633,247	781,427	965,511
Total Adjustments for Non-Cash Items	854,100	(7,986,722)	(10,692,622)	(14,435,039)	(17,812,838)	(22,009,079)
Changes in Operating Capital	(14,500)	(16,668)	(22,315)	(30,125)	(37,174)	(45,931)
Total Cash Generated from Operating Activit	7,084,400	(824,992)	(1,104,499)	(1,491,073)	(1,839,985)	(2,273,437)
Total Net Cash Flow from Continuing Operating A	7,084,400	(824,992)	(1,104,499)	(1,491,073)	(1,839,985)	(2,273,437)
Cash Flow from Investing Activities						
Cash Flow from Continuing Investing Activities						
(Purchase)/Sale and Disposal of Property, Plant and Equip	(1,854,300)	(2,131,518)	(2,853,676)	(3,852,462)	(4,753,938)	(5,873,842)
Purchase of Intangibles	(629,700)	(723,840)	(969,077)	(1,308,254)	(1,614,386)	(1,994,693)
(Purchase)/Sale of Business, Net	(327,200)	(376,116)	(503,545)	(679,785)	(838,855)	(1,036,467)
(Purchase)/Sale of Investments, Net	(244,000)	(280,478)	(375,504)	(506,930)	(625,552)	(772,916)
Other Investing Cash Flow	(206,400)	(237,257)	(317,639)	(428,813)	(529,155)	(653,811)
Total Cash Flow from Continuing Investing Acti	(3,261,600)	(3,749,209)	(5,019,441)	(6,776,245)	(8,361,886)	(10,331,729)
Cash Flow from Financing Activities						
Cash Flow from Continuing Financing Activities						
Issuance of/(Payments for) Common Stock, Net	(1,500,000)	(1,724,250)	(2,308,426)	(3,116,375)	(3,845,606)	(4,751,531)
Issuance of/(Repayments for) Debt, Net	(62,000)	(71,269)	(95,415)	(128,810)	(158,952)	(196,397)
Cash Dividends and Interest Paid	(3,535,800)	(4,064,402)	(5,441,421)	(7,345,918)	(9,064,863)	(11,200,308)
Other Financing Cash Flow	(308,900)	(355,081)	(475,382)	(641,765)	(791,939)	(978,499)
Total Cash Flow from Financing Activities	(5,406,700)	(6,215,002)	(8,320,643)	(11,232,868)	(13,861,360)	(17,126,734)
Cash and Cash Equivalents, End of Period						
Change in Cash	(1,583,900)	(10,789,203)	(14,444,583)	(19,500,187)	(24,063,230)	(29,731,900)
Effect of Exchange Rate Changes	(167,600)	(192,656)	(257,928)	(348,203)	(429,682)	(530,904)
Cash and Cash Equivalents, Beginning of Period	3,818,500	2,067,000	(8,914,859)	(23,617,370)	(43,465,759)	(67,958,672)
Total Cash and Cash Equivalents, End of Period	2,067,000	(8,914,859)	(23,617,370)	(43,465,759)	(67,958,672)	(98,221,476)
Cash Flow Supplemental Section						
Change in Cash As Reported, Supplemental	5,885,500	(10,981,859)	(14,702,511)	(19,848,390)	(24,492,913)	(30,262,804)



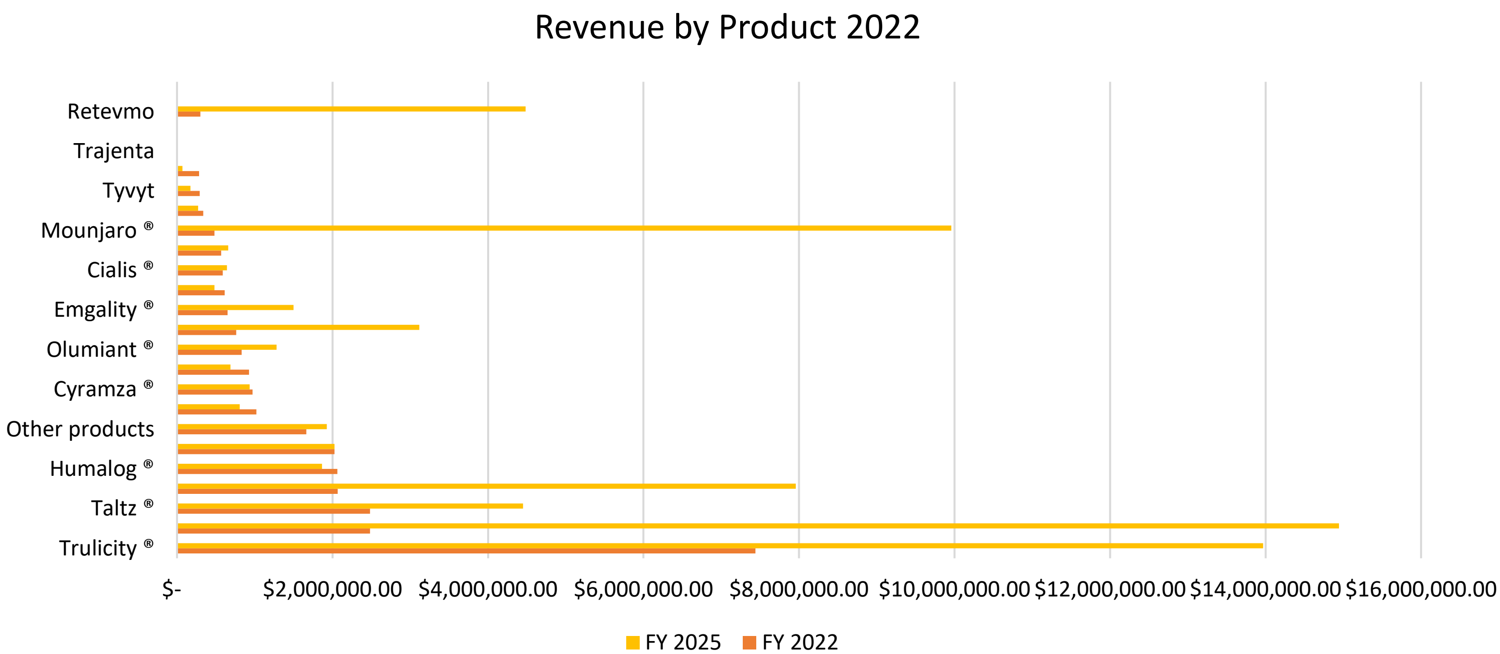
Source 47 Own Analysis | FS Ratios

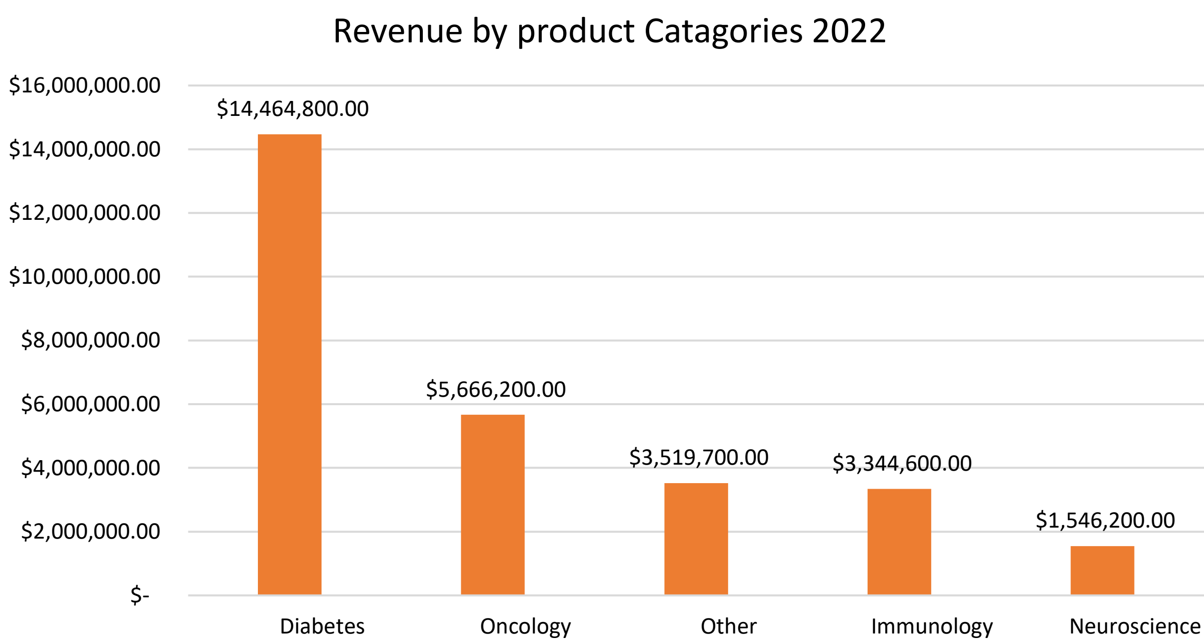


Source 48 Own Forcast | FS Ratios

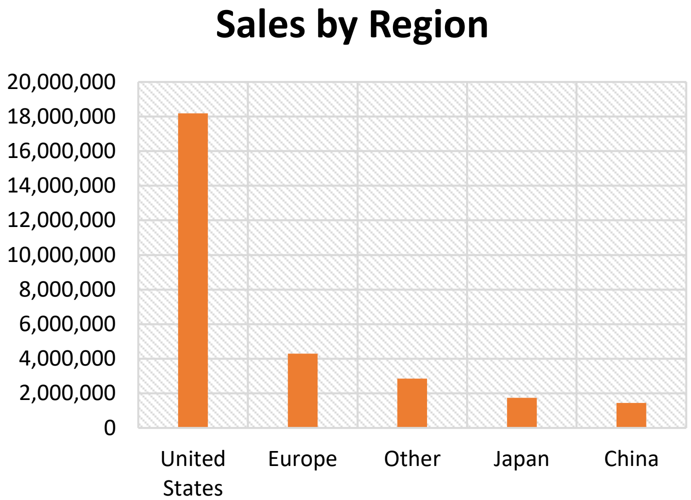


Source 49 Own Analysis | FS Ratios

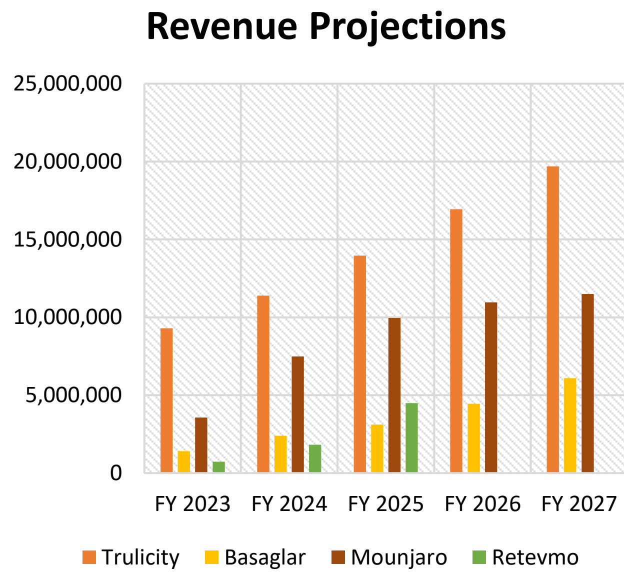




Source 50 Own Analysis | Revenue



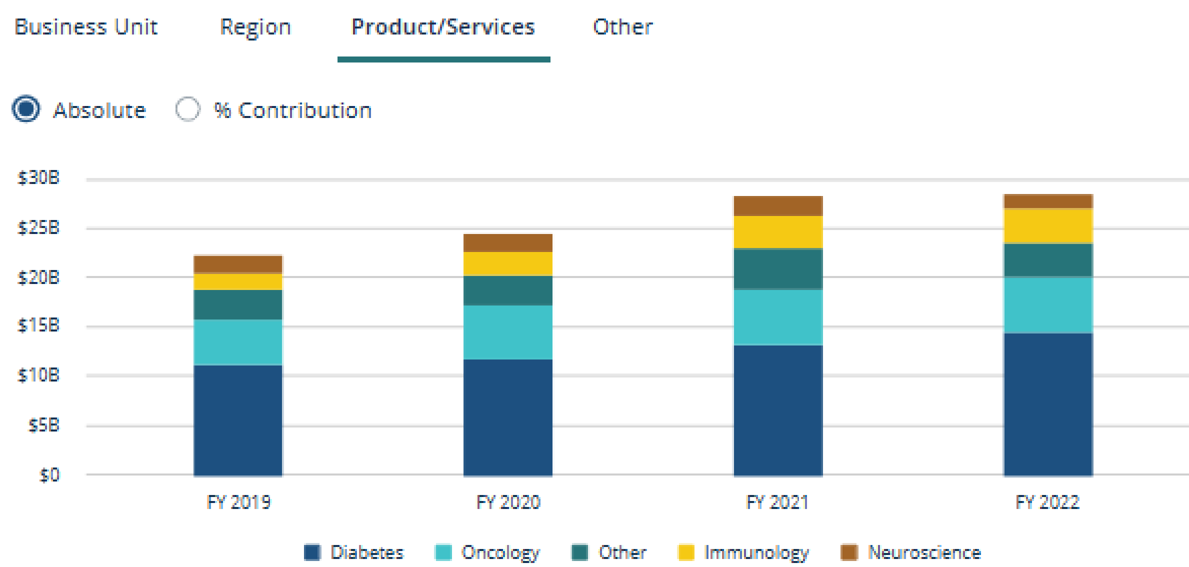
Source 52 Own analysis | Pitchbook



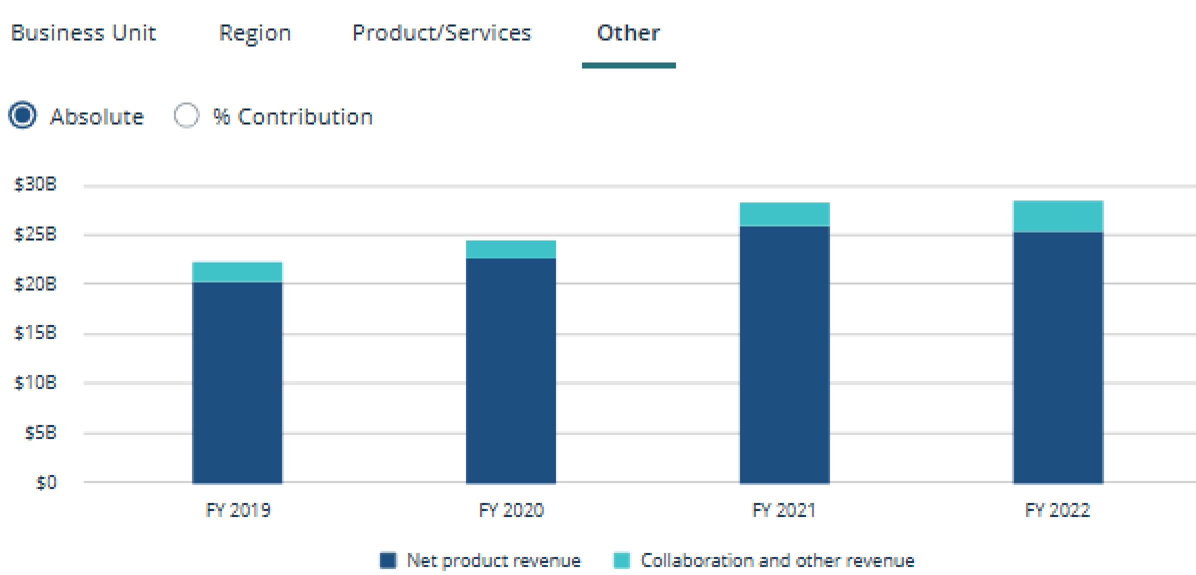
Source 53 Own Analysis | Pitchbook

Name	Age	Position
Ric Dozier	56	Executive VP, Human Resources and Diversity
Anat Hakim	53	Executive VP, General Counsel and Secretary
Edgardo Hernandez	48	Executive VP and President, Manufacturing Operations
Patrik Jonsson	56	Executive VP and President, Lilly Immunology
Michael Mason	56	Executive VP and President, Lilly Diabetes
Johna Norton	56	Executive VP, Global Quality
Leigh Ann Pusey	60	Executive VP, Corporate Affairs and Communications
Diogo Rau	48	Executive VP and Chief Information and Digital Officer
Daniel Skovronsky	49	Executive VP, Chief Scientific and Medical Officer
Jacob Van Naarden	38	Executive VP, CEO, Loxo@Lilly
Alonzo Weems	52	Executive VP, Enterprise Risk Management and Chief Ethics and Compliance Officer
Anne White	54	Executive VP and President, Lilly Neuroscience
Ilya Yuffa	48	Executive VP and President, Lilly International

Source 54 Stuff | 10K

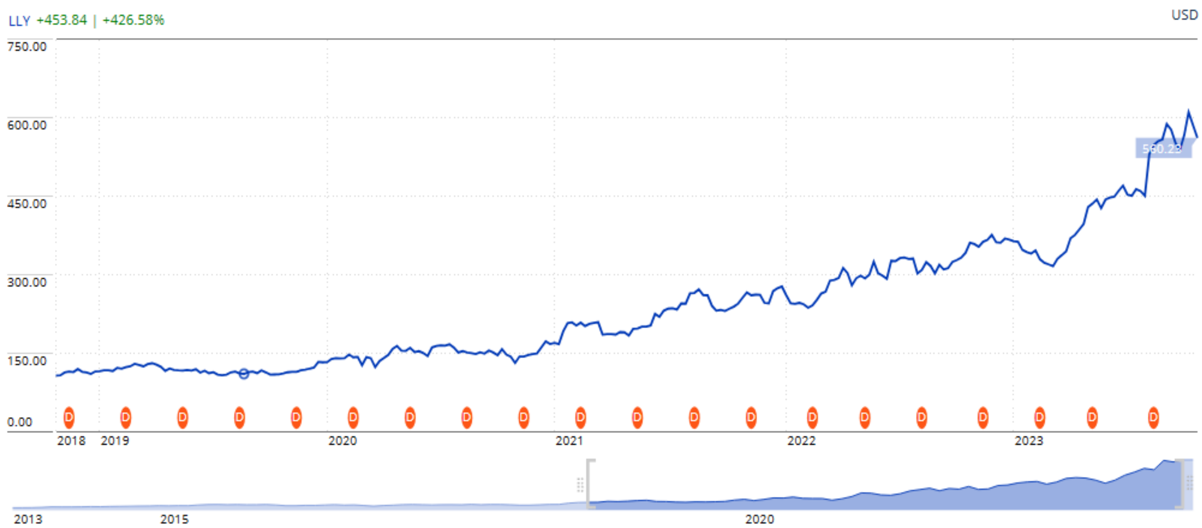


Source 55 Pitchbook



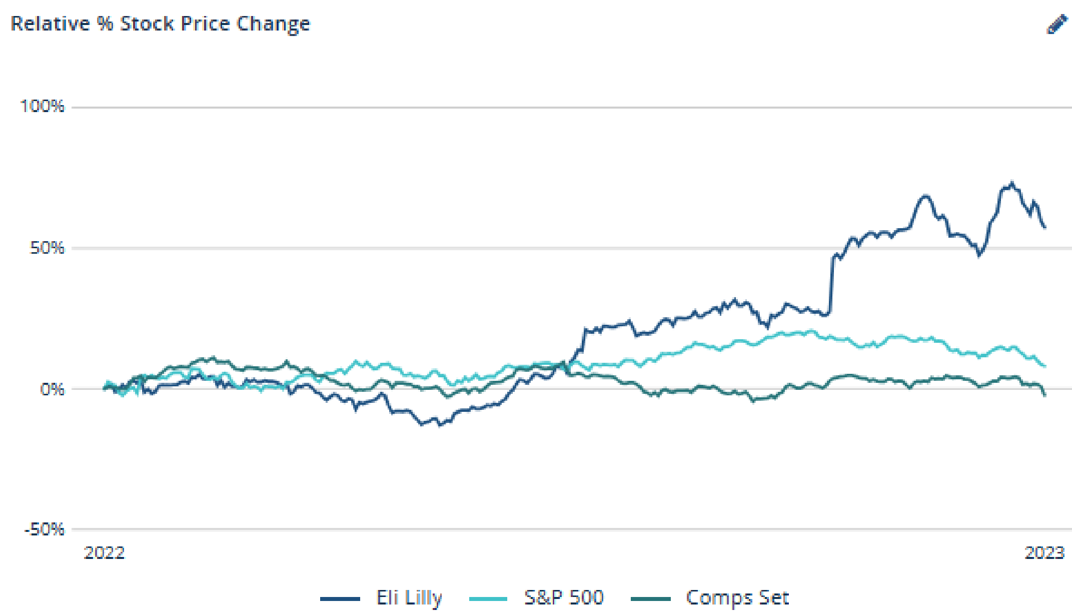
Source 56 Pitchbook

The Five year return of Eli Lilly has been astronomical with a year with the YTD return reaching 85.3%.before coming back down to 58% for the year. The growth has seen some fluctuation and has benefited from the Covid industry boom.(*PitchBook Profile - Eli Lilly*, n.d.-a). Despite this the companies covid related operations ended on Q3 of 2023.



Source 57 Pithcbook

The market expectation for the company's Q3 earnings is 0.87 EPS and 8.99 billion in revenue. The earnings are due on November 2nd. Q2 EPS changed by 68.80% year over year to 2.11, 0.11 over market expectations.. (*LLY 565.71 +5.48 +0.98% : ELI LILLY AND COMPANY - MSN Money*, n.d.)



Source 58 Pitchbook

The one year stock price change of Eli Lilly compared to the S&P 500 as well as the industry composite. (*PitchBook Profile - Eli Lilly*, n.d.-b)

Risk rating of composite companies based on the ESG rating for the Risk rating , Exposure and management is as follows. (*PitchBook Profile - Eli Lilly*, n.d.-b)

Company Name	ESG Risk Rating	Exposure	Management
Eli Lilly	24.15 | Medium	48.25 | Medium	53.42 | Strong
Amgen	21.96 | Medium	38.55 | Medium	44.88 | Average
Bristol-Myers Squibb	22.74 | Medium	40.35 | Medium	45.55 | Average
AbbVie	29.93 | Medium	49.70 | Medium	42.64 | Average
AstraZeneca	21.81 | Medium	49.40 | Medium	59.95 | Strong
Merck & Co.	21.39 | Medium	48.50 | Medium	60.05 | Strong

Analyst Final Words: "Unlocking Value: Navigating Eli Lilly's Future through In-depth Analysis"

In conclusion, My exhaustive equity research report on Eli Lilly has offered a comprehensive look at the company's valuation, navigating through the intricacies of the pharmaceutical industry with a keen eye on Eli Lilly's future prospects. Through meticulous analysis employing DCF models, relative valuation, and scenario analysis, we have unveiled insights into Eli Lilly's strategic positioning, growth drivers, and potential challenges.

My valuation suggests that Eli Lilly is poised for continued growth, bolstered by its innovative drug pipeline and strategic market initiatives. However, as with any investment, there are inherent risks and uncertainties, including regulatory hurdles and market competition, which have been thoroughly analyzed to inform our valuation.

This project, crafted as an academic endeavor, stands as a testament to our dedication to merging theoretical frameworks with practical application, embodying the analytical rigor required in the real world of finance and investment banking. As we step forward, we carry with us not only a deeper understanding of equity research but also a solid foundation for contributing meaningfully to the finance industry.

I invite feedback and dialogue on my findings, aiming to foster a collaborative environment where academic and professional insights converge, promoting continuous learning and professional advancement.

Thank you!
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21-Dec-2023

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