




ELI LILLY AND COMPANY

Q3 2025

Earnings Report Update

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Company Overview

Eli Lilly and Company, founded in 1876 and headquartered in Indianapolis, develops, manufactures, and markets innovative human pharmaceuticals globally. Its core business spans treatments for diabetes and obesity (including Mounjaro, Trulicity, and Zepbound), oncology, immunology, and neuroscience. The company advances innovation through strategic collaborations in biotechnology, oncology, and AI-driven drug discovery, reinforcing its leadership in global healthcare.

GUIDANCE

The company raised full-year revenue guidance to \$63.0–\$63.5 billion, reflecting strong portfolio performance and favorable foreign exchange impacts.

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Eli Lilly and Company reported a strong quarter with 54% year-over-year revenue growth, driven by rising demand for its incretin portfolio. CEO David A. Ricks highlighted major pipeline progress, including orforglipron’s advancement through four Phase 3 trials and FDA approval of Inluriyo (imlunestrant). He emphasized ongoing investments in manufacturing expansion across Virginia, Texas, and Puerto Rico to meet growing global demand.

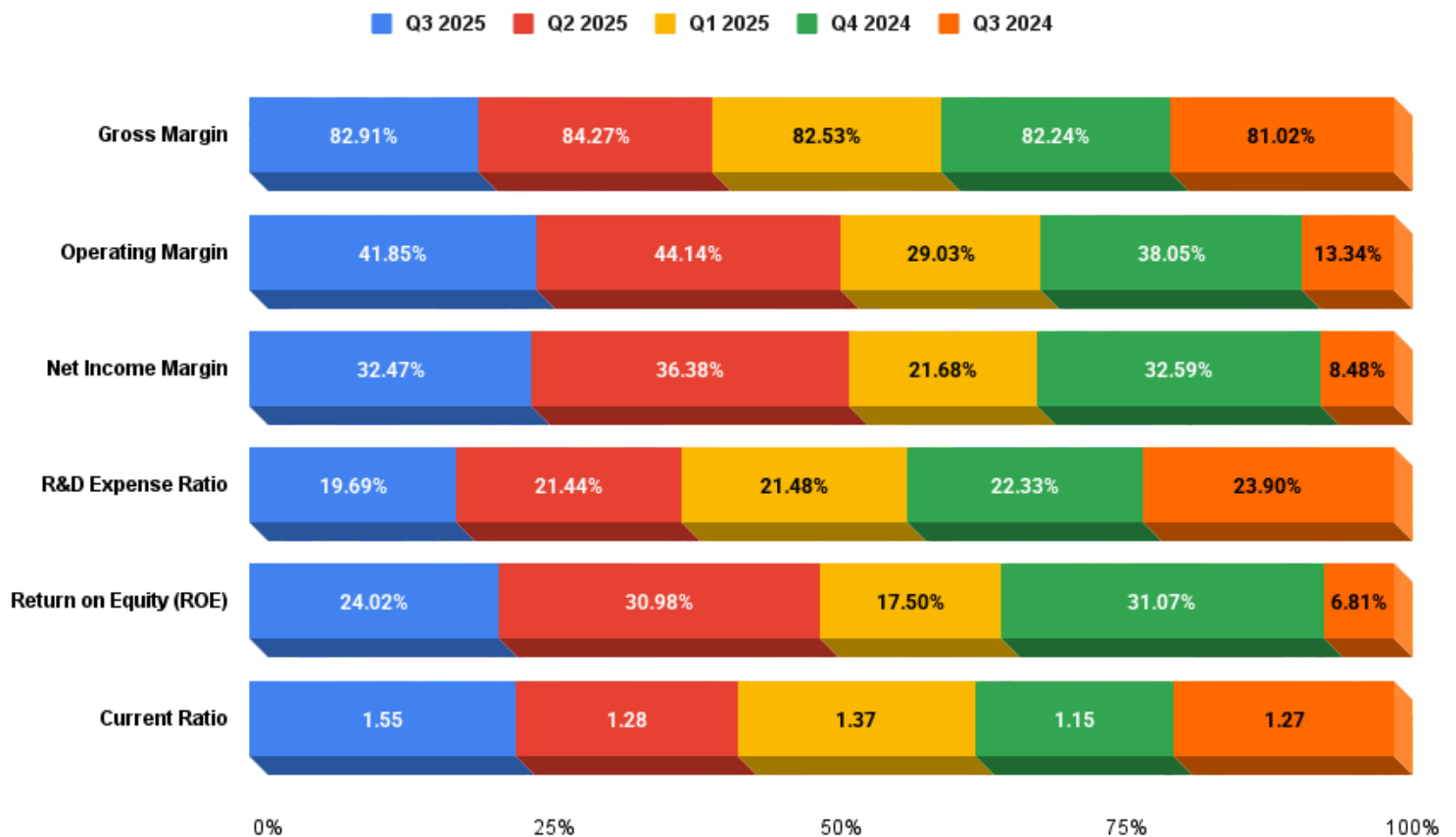
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CEO's Commentary

Expectation Analysis

MILLION USD	Q3 2025	ESTIMATE	BEAT/MISS
REVENUE	17.60B	16.10B	9.50%
EBITDA	7.85B	6.53B	20.20%
EBIT	7.02B	5.89B	19.20%

Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q3 2025	QOQ	YOY	
Revenue	17,600.80	13.13%	53.87%	
Gross Profit	14,592.50	11.31%	57.45%	
Operating income	7,365.50	7.26%	382.54%	
Income before tax	7,365.50	8.69%	363.71%	
Net income	5,715.60	0.97%	489.05%	
Earnings per share	6.21	-1.49%	476.65%	
Cost/Expenses Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Cost of sales	3,008.30	22.90%	38.58%	
Marketing & administrative	2,740.70	-0.45%	30.52%	
Research & development	3,465.70	3.88%	26.76%	
Acquired IPR&D	655.70	326.33%	-76.80%	
Impairment & other charges	364.90	100.00%	347.18%	
Total Operating Expense	10,235.30	17.77%	3.25%	
Income tax	1,649.90	47.85%	166.93%	
Cash Flow Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Net cash from operations	7,170.30	50.87%	13.02%	
Net cash from investing	369.70	107.13%	105.01%	
Net cash from financing	-848.70	-729.60%	-158.31%	
Cash balance	3,322.70	-1.58%	-1.37%	
Segment Performance				
Million USD(\$)	Q3 2025	% Revenue	QOQ	YOY
Cardiometabolic health	13,177.90	74.87%	16.18%	77.91%
Oncology	2,407.60	13.68%	-0.25%	7.88%
Immunology	1,362.40	7.74%	8.51%	14.90%
Neuroscience	315.70	1.79%	-8.23%	-10.26%
Other	337.20	1.92%	67.34%	28.31%
US	11,300.00	64.20%	4.49%	44.62%
Outside US	6,300.80	35.80%	32.83%	73.79%
Key Items of Financial Position Summary				
Billion USD(\$)	30th September	YTD	QOQ	YOY
Current assets	62,071.30	89.59%	24.51%	97.58%
Non-current assets	52,864.10	14.98%	3.52%	19.62%
Total assets	114,935.40	46.01%	13.88%	52.02%
Current liabilities	40,140.90	41.46%	2.87%	62.68%
Non-current liabilities	51,001.20	41.10%	16.90%	39.00%
Total liabilities	91,142.10	41.26%	10.28%	48.52%
Total equities	23,793.30	67.65%	30.21%	67.09%

Performance Highlights

- Eli Lilly's Q3 2025 revenue surged 54% year-over-year to \$17.6 billion, driven by exceptional volume growth from Mounjaro and Zepbound. Volume increased 62%, offset by a 10% decline in realized prices.
- Reported EPS rose to \$6.21 from \$1.07 in Q3 2024, while non-GAAP EPS climbed to \$7.02, up from \$1.18. This growth reflects robust top-line expansion and improved cost leverage.
- Revenue in the United States increased 45% to \$11.3 billion, primarily driven by a 60% increase in volume for incretin therapies. While realized prices fell 15%, underlying demand and expanding patient adoption more than offset pricing headwinds.
- Revenue outside the U.S. grew 74% to \$6.3 billion, fueled by a 66% increase in volume and a 6% foreign exchange tailwind. Strong international uptake of Mounjaro led performance, supported by favorable FX and milestone income from Jardiance and Cialis divestitures.
- Mounjaro revenue more than doubled, rising 109% to \$6.52 billion globally. U.S. sales grew 49%, while international sales surged over 300%, driven by expanding market access and robust patient demand across diabetes and obesity indications.
- Zepbound revenue jumped 185% to \$3.59 billion, led by a 184% U.S. increase, reflecting rapid adoption in the obesity segment. Strong prescription volume positions Zepbound as a key growth engine alongside Mounjaro in Lilly's incretin portfolio.
- Verzenio sales rose 7% to \$1.47 billion, reflecting stable U.S. performance and 20% international growth supported by volume gains and favorable FX.
- Gross margin increased 57% to \$14.59 billion, representing 82.9% of revenue, up 1.9 points year-over-year. The improvement was driven by favorable product mix toward high-margin incretin therapies, partially offset by lower realized prices.
- R&D spending increased 27% to \$3.47 billion (19.7% of revenue), reflecting investment in late-stage assets. Positive Phase 3 results for orforglipron and FDA approval of Inluriyo mark major milestones, positioning Lilly for continued innovation-led growth.
- Cash and equivalents rose to \$9.79 billion from \$3.27 billion in December 2024, supported by \$13.6 billion in operating cash flow. The company also announced new manufacturing facilities in Virginia and Texas and a Puerto Rico expansion, enhancing production capacity and long-term supply resilience.

Concerns Raised

- Despite volume-led growth, realized prices fell 10% globally and 15% in the U.S., signaling ongoing pricing pressure from rebates, discounts, and competitive dynamics, which could constrain margin expansion in future quarters.
- R&D expenses rose 27% and SG&A 31%, driven by product launches and pipeline investments. While strategic, sustained cost escalation could compress operating leverage if top-line growth moderates.
- The effective tax rate declined to 22.8% from 38.9%, though U.S. tax law changes and litigation-related charges totaling \$365 million may introduce earnings volatility and future cost uncertainty.
- While gross margin improved to 82.9%, heavy reliance on high-margin incretin therapies and rising manufacturing investments may challenge margin stability if product mix or pricing shifts unfavorably.

OUR INSIGHT



Eli Lilly's Q3 2025 result reflects exceptional revenue and profit growth, driven by sustained demand for incretin and obesity therapies. Gross margin (82.91%) remains strong, supported by favorable product mix and scale efficiencies, while operating margin (41.85%) and net income margin (32.47%) improved sharply year-over-year amid disciplined cost control. R&D expense ratio (19.69%) reflects continued investment in pipeline advancement, and ROE (24.02%) highlights efficient capital utilization. Liquidity strengthened, with a current ratio of 1.55, signaling solid short-term stability.

In the near term, elevated R&D spending and pricing headwinds may temper earnings, but long-term prospects remain robust as expanding capacity and innovation pipelines support sustained growth, margin resilience, and shareholder value creation.

