Eli Lilly & Co. (LLY): Another Retatrutide Trial Hits the Mark

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This morning, LLY reported topline results from its Phase3 TRIUMPH-1 study evaluating the efficacy and safety of retatrutide, the company's next generation GGG triple agonist, in adults with obesity or overweight and at least one weight-related comorbidity. The trial met all primary and key secondary endpoints and is the second pivotal trial (following positive TRIUMPH-4 results late last year) showing retatrutide weight loss equivalent to bariatric surgery. Retatrutide is the industry's most advanced triple agonist for weight-loss in the clinic.

- At 80 weeks, in the 4/9/12mg groups and on the efficacy estimand, patients lost 19.0%/25.9%/28.3% of body weight vs. 2.2% in placebo. In the pre-specified extention at 104 weeks, patients lost 27.9%/29.5%/30.3% vs. 19.2% in the placebo to retatrutide MTD (maximum tolerated dose of 9/12mg). While the 28.3% headline weight loss is numerically lower than what was seen in TRIUMPH-4, where patients on 9/12mg lost 26.4%/28.7% of body weight vs. 2.1% placebo at week 68, on the treatment-regimen estimand basis, patients in TRIUMPH-1 lost -17.6%/23.7%/25.0% vs. 20.0%/23.7% in TRIUMPH-4 where the difference is largely consistent with prior obesity trials in different populations.
- On tolerability, discontinuation rates due to adverse events were 4.1%/6.9%/11.3% in 4mg/9mg/12mg vs. 4.9% with placebo, which is encouraging and lower vs. 12.2%/18.2% vs. 4.0% placebo in TRIUMPH-4. Upper respiratory tract infection occurred in 14.2%/12.2%/13.1% of patients, although also happened to 11.6% of patients in the placebo arm. Dysesthesia occurred in 5.1%/12.3%/12.5% of patients vs. 0.9% placebo, which was lower than 8.8%/20.9% of patients on the 9mg/12mg in TRIUMPH-4. Urinary tract infections- occurred in 7.5%/8.8%/8.4% of patients vs. 5.3% in placebo, where we look for further commentary from the company/KOLs on potential causes and implications for usage. Other common adverse events as seen in existing obesity medications were nausea (28.6%, 38.4% and 42.4% vs. 14.8%), diarrhea (25.2%, 34.1% and 32.0% vs. 13.5%), constipation (23.8%, 25.9% and 26.1% vs. 10.9%), vomiting (10.6%, 22.8% and 25.3% vs. 4.8%).
- While there are some outstanding questions, we note that **1)** although TRIUMPH-1's 28.3% weight loss was not numerically higher vs. TRIUMPH-4, on the treatment estimand it was directionally higher and consistent with prior

expectations. Additionally, the weight loss profile does appear differentiated vs. Novo's high dose semaglutide of -20.7% at week 72 and CagriSema at -22.7%; **2)** on new AEs (e.g. upper respiratroy tract infection, urinary tract infections), we view the lower-than-prior discontinuation rates due to AEs (4.1%/6.9%/11.3% vs. 4.9% with placebo) as encouraging, where the 4mg was lower than the placebo arm.

From here for retatrutide, we expect investors to focus on detailed data at the June ADA meeting for TRIUMPH-1, as well as the broader TRIUMPH programs (including in Type-2 diabetes) in what will be an active year for reta readouts. For perspective, we are currently modeling retatrutide global risk-adjusted sales fof $4.4bn and $4.9bn in 2030 and 2035 in obesity (at a 70% PoS) and remain encouraged by LLY's lead in next generation obesity assets. More so than clinical readouts, we expect near-term sentiment on LLY shares to remain more anchored to strong commercial execution across the tirzepatide franchise and Foundayo launch dynamics in the context of the ~20% rebound in the stock following a reframed narrative with 1Q26 earnings**.**

Valuation and Risks

Valuation: We are Buy rated on Eli Lilly. We apply a 28.0x P/E multiple on our Q5-Q8 EPS estimates to arrive at our 12-month price target of $1,283.

Risks: Downside risks: A greater-than-expected annual pricing decline in the obesity market. Lower-than-expected market share due to either external competition or internal lack of execution on its current and pipeline assets could present downside to our estimates. Worse-than-expected data pipeline assets could result in significant downside to our medium-to-long-term estimates and lead to multiple compression of the stock.

LLY	12m Price Target: **$1,283.00**	Price: **$1,018.87**	Upside: **25.9%**

Buy

Market cap: $913.0bn
Enterprise value: $938.6bn
3m ADTV: $3.0bn
United States
Americas Pharmaceuticals
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	65,179.0	84,962.4	102,565.0	114,099.5
EBITDA ($ mn)	29,269.5	43,411.3	52,255.3	58,549.6
EBIT ($ mn)	27,272.5	40,324.5	48,582.8	54,425.5
EPS ($)	24.25	36.44	44.59	50.60
P/E (X)	34.1	28.0	22.8	20.1
EV/EBITDA (X)	26.6	21.5	17.5	15.0
FCF yield (%)	1.2	2.1	3.4	4.2
Dividend yield (%)	0.7	0.6	0.7	0.7
Net debt/EBITDA (X)	1.2	0.6	0.0	(0.5)

	12/25	3/26E	6/26E	9/26E
EPS ($)	7.55	8.57	8.58	9.01

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 20 May 2026 close.