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Eli Lilly & Co. | North America

Takeaways from CSO Meetings

We recently hosted meetings with LLY's CSO where the discussion covered the company's pipeline (obesity/incretins, Alzheimer's, and cardiovascular, among other areas), perspective on AI for drug discovery/development, and recent business development activity.

LLY's goal is to have a very broad offering in the obesity space to serve patient needs. Mgmt noted that initial thoughts on market positioning/segmentation can sometimes be incorrect, until products are available in the market for physicians/ patients to try. Longer term LLY continues to expect orals (i.e., Foundayo) to represent a dominant piece of the overall market given convenience and cost.

Mgmt was very enthusiastic about Reta's (GLP-GIP-glucagon) emerging profile following the recent Ph3 obesity data (see our take HERE), which confirmed their thesis for high BMI patients (i.e., 40+), but interestingly noted the drug could also represent a "workhorse" for patients with lower BMI, as the low dose Reta data compare favorably to Tirzepatide with respect to weight loss, tolerability and time of dose escalation. Safety of Reta is fine thus far and they feel good about the data (lots of patients dosed over a long period of time), and the company expects data from the TRIUMPH-3 trial in the next several months to fully discharge CV risk. On **Eloralintide (selective amylin** – Ph2 monotherapy completed last year and Ph2 with Tirzepatide ongoing) they noted this might a drug for people with tolerability issues on incretins.

Regarding potential **longer-acting incretin approaches** (i.e., monthly dosing), while they are not sure this is critical, they do not plan to leave anything in the space uncovered, and noted monthly dosing could play a role in the maintenance setting.

Mgmt also expressed excitement about a broad range of **non-obesity indications**, such as immunology (Tirz+Taltz combo data – efficacy appears to be weight independent given timing of onset) and Reta for osteoarthritis (one of the most powerful efficacy signals in pain).

See within for additional takeaways.

Terence C Flynn, Ph.D.
Equity Analyst
Terence.Flynn@morganstanley.com +1 212 761-2230

Alexander Yevdokimov, Ph.D.
Research Associate
Alexander.Yevdokimov@morganstanley.com +1 212 761-2167

Hailey Horowitz
Research Associate
Hailey.Horowitz@morganstanley.com +1 212 761-5264

Chris Yu, J.D., Ph.D.
Equity Analyst
Chris.L.Yu@morganstanley.com +1 212 761-2535

Connor M Massari
Equity Analyst
Connor.Massari@morganstanley.com +1 212 761-2417

Damien H Kerner
Research Associate
Damien.H.Kerner@morganstanley.com +1 212 761-3829

Saket Agarwal
Research Associate
Saket.Agarwal@morganstanley.com +91 22 6995-4012

Eli Lilly & Co. (LLY.N, LLY UN)

Major Pharmaceuticals | United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$1,344.00**
Shr price, close (May 27, 2026)	$1,082.92
Mkt cap, curr (mm)	$970,208
52-Week Range	$1,133.04-624.00

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	24.20	39.91	47.09	57.77
Prior EPS ($)**	-	-	-	-
P/E	44.4	27.1	23.0	18.7
EPS ($)§	23.43	36.80	44.88	51.75
Div yld (%)	0.6	0.6	0.7	0.8

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	3.34	-	8.55a	-	-
Q2	6.31	-	9.26	-	-
Q3	7.02	-	10.69	-	-
Q4	7.54	-	11.41	-	(1.09)

relation to their definitive agreement to acquire Centessa Pharmaceuticals, plc ("Centessa"), as announced on March 31, 2026. The transaction is subject to approval

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

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by Centessa stockholders, sanction by the High Court of Justice of England and Wales and satisfaction of other customary closing conditions, including regulatory approvals. This report and the information provided herein is not intended to (i) provide voting advice, (ii) serve as an endorsement of the proposed transaction, or (iii) result in the procurement, withholding or revocation of a proxy or any other action

services, including transaction fees that are contingent upon the consummation of the transaction. Please refer to the notes at the end of the report.

Additional Takeaways

Alzheimer's disease: No new insights on Kisunla Alzheimer's Ph3 prevention trial, with data expected in 2027. Mgmt is a strong believer in the tau hypothesis and this is an area of great interest at LLY; they look forward to seeing the full BIIB Ph2 tau ASO data at the upcoming AAIC conference. While the science is sound, they noted that the route of administration could be a challenge.

Lp(a) programs: Noted their siRNA approach is more similar to AMGN than NVS, but there are some trial design differences and LLY also has an oral in the clinic.

Business development/M&A: The company is always focused on finding the best science from a great team of people, and prefers platforms that are validated by an asset. LLY also noted they can take a longer-term time horizon than many other companies. They also like areas with that can go broader with uncapped upside (such as sleep - see HERE), where other companies aren't competing as aggressively. A number of recent deals have also featured therapies that offer the hope of a one-time cure (genetic medicines) or disease prevention (such as vaccines, see below).

Kelonia/KLN-1010 (in vivo BCMA CAR-T for MM - see HERE): Updated Ph1 data will be presented at ASCO, including more patients than the 6 listed in the abstract. Durability still an outstanding question, but the company believes a lentiviral vector will be the best current approach here.

AI: Mgmt discussed LLY's efforts to utilize AI for drug discovery and development, including Tune Labs, the NVIDIA co-incubation lab, and internal supercomputing build. See takeaways from our prior LLY CTO call HERE.

Separately LLY recently announced agreements to acquire Curevo, LimmaTech Biologics, and Vaccine Company (all private) for aggregate potential consideration of ~ $3.8bn, expanding the company's infectious disease and vaccine footprint across shingles, antimicrobial-resistant bacterial pathogens, and Epstein-Barr Virus (EBV); LINK. The transactions are broadly consistent with LLY's recent platform-oriented M&A strategy (see above). Curevo will be acquired for up to $1.5bn in cash, inclusive of upfront and milestone payments, adding amezosvatein, a Ph2 adjuvanted shingles vaccine that demonstrated comparable immunogenicity in the h2h trial vs GSK's Shingrix (current standard of care) with meaningfully improved tolerability (LINK). The profile could support improved vaccination uptake and broader protection against shingles-associated risks, including stroke and dementia. LLY will also acquire LimmaTech Biologics for up to $780mn in cash, adding a bacterial vaccine platform focused on pathogens with rising antimicrobial resistance, including S. aureus, N. gonorrhoeae, and C. trachomatis, with lead asset LTB-SA7 currently in Ph1 development for prevention of surgical-site infections. In addition, LLY will acquire Vaccine Company for up to $1.55bn in cash, adding its proprietary In Vivo Nanoparticle (IVN) platform and a Ph1-ready five-antigen EBV vaccine candidate designed to generate durable immune responses while simplifying manufacturing relative to traditional VLP-based approaches. The transaction expands Lilly's viral vaccine capabilities into EBV, where infection has been associated with multiple sclerosis and several malignancies.

Exhibit 1: LLY Catalyst Calendar

Company	Timing	Drug	Event
LLY	**2Q26**	**Tirzepatide**	**Phase 3 H2H vs. 2.4mg sema in obesity (SURMOUNT-5 extension) maintenance data**
LLY	2026	Emgality	Phase 3 in prevention of episodic migraine (6-17, REBUILD-1) data
LLY	2026	Mevidalen	Phase 2 in Alzheimer's data
REGN/LLY	**2026**	**Mibavademab + Tirzepatide**	**Initial Ph2 data (H2H against Tirzepatide)**
LLY	2026	Tirzepatide	Phase 2 high-dose tirzepatide data
LLY	**2026**	**Tirzepatide**	**Ph2 in patients with obesity and CKD with or without T2D (TREASURE-CKD)**
LLY	**2026**	**Retatrutide (GGG)**	**FDA Filing for Obesity**
LLY	1H26	Orforglipron (Oral GLP-1R)	FDA Filing for T2D
LLY	2026	Tirzepatide + Taltz	Ph3 data for PsA in overweight or obesity
LLY	2Q26	Retatrutide (GGG)	Phase 2 in CKD with obesity data
LLY	2Q26	Tirzepatide	Phase 3 in obesity weight loss maintenance (SURMOUNT-MAINTAIN) data
LLY	2Q26	Retevmo	Phase 3 in NSCLC (LIBRETTO-432) data
LLY	2Q26	Bimagrumab	Phase 2 + Tirzepatide in obesity data
LLY	2Q26	Eloralintide	Phase 2 in obesity with T2D data
LLY	**2Q26**	**Retatrutide (GGG)**	**Phase 3 in Obesity and Cardiovascular Disease (TRIUMPH-3) data**
LLY	**2Q26**	**Retatrutide (GGG)**	**Phase 3 in Obesity (TRIUMPH-1) data**
LLY	2Q26	Jaypirca	Phase 3 PVR vs VR in 2L+ CLL/SLL (BRUIN CLL-322) data
LLY	**2Q26**	**Retatrutide (GGG)**	**Phase 3 in Obesity and T2D (TRIUMPH-2) data**
LLY	2H26	Lebrikizumab	Ph3 in hand and foot AD (Adtouch) data
LLY	2H26	Lebrikizumab	Ph3 in Perennial Allergic Rhinitis (PREPARED-1) data
LLY	**2026**	**Orforglipron (Oral GLP-1R)**	**Phase 3 data in OSA (ATTAIN-OSA)**
LLY	2H26	Mirikizumab	Phase 3 long-term extension in UC (LUCENT-3) data
LLY	2H26	Retatrutide (GGG)	Phase 3 in T2D with renal impariment (TRANSCEND-T2D-3) data
LLY	**2H26**	**Retatrutide (GGG)**	**Phase 3 vs. sema in T2D w/ inadequate metformin control (TRANSCEND-T2D-2) data**
LLY	2H26	Mazdutide	Phase 2 in alcohol use disorder
LLY	2H26	Olomorasib (KRAS G12C)	Phase 3 with Keytruda +/- chemo in 1L NSCLC (SUNRAY-01) data
LLY	1H27	Jaypirca	Phase 3 vs approved BTK inhibitors in MCL (BRUIN-MCL-321) data
LLY	2027	Brenipatide	Ph2 data for tabacco use disorder (RENEW-Smk-1)
LLY	2027	Brenipatide	Ph2 data in bipolar disorder (RENEW-Bipolar-1)
LLY	1H27	Olomorasib	Ph1/2 in NSCLC w KRAS G12C data
LLY	1H27	Lebrikizumab	Ph3 in CRSwNP (CONTRAST-NP) data
LLY	2H27	PR006 (GRN Gene Therapy)	Phase 1/2 single-dose (PROCLAIM) data
LLY	2H27	Kisunla	Phase 3 Alzheimer's prevention (TRAILBLAZER-ALZ 3) data
LLY	2H27	Imlunestrant	Phase 3 adjuvant combo with endocrine therapy in EBC (EMBER-4) data
LLY	2H27	**Tirzepatide**	**Phase 3 SURMOUNT-MMO obesity data in CVOT**
LLY	2H27	Lebrikizumab	Ph3 in AD (Adorable-2) data
LLY	1H28	Kisunla	Phase 3 in early symptomatic Alzheimer's (TRAILBLAZER-ALZ 5) data
LLY	1H28	LY3884961 (GBA1 Gene Therapy)	Phase 1/2 single-dose in GBA1 mutant Parkinson's (PROPEL) data
LLY	2028	Brenipatide	Ph3 data for alcohol use disorder (RENEW-ALC-2)
LLY	2028	Brenipatide	Ph2 data in asthma
LLY	1H28	Brenipatide	Ph3 in alcohol use disorder (RENEW-ALC-1) data
LLY	1H28	Mirikizumab + Tirzepatide	Phase 3 concomitant administration in obesity + CD (COMMIT-CD)
LLY	1H28	Mirikizumab + Tirzepatide	Phase 3 concomitant administration in obesity + UC (COMMIT-UC)
LLY	1H29	Lepodisiran	Ph3 in ASCVD (ACCLAIM-Lp(a)) data
LLY	1H29	Remternetug	Phase 3 IV vs SQ in early Alzheimer's disease (TRAILRUNNER-ALZ 3) data
LLY	1H29	Olomorasib	Ph3 in combo with SOC in NSCLC + KRAS G12C (SUNRAY-02)
LLY	**1H29**	**Retatrutide (GGG)**	**Phase 3 cardiovascular outcomes and renal function (TRIUMPH-OUTCOMES) data**
LLY	1H29	Lepodisiran	Phase 3 cardiovascular disease (ACCLAIM-Lp(a)) data
LLY	2031	Muvalaplin	Ph3 in elevated Lp(a) (MOVE-Lp(a)) data

Valuation Methodology and Risks

Eli Lilly & Co. (LLY.N)

Our 12-month price target of $1,344 is based on a 27x P/E multiple applied to our 2Q27-1Q28 EPS estimate of $49.76. This multiple is in-line with LLY's 10-year average (28x) and the industry (~15x) but deserved in our view, given the company's growth profile and pipeline optionality.

Risks to Upside

- Foundayo/orfor launch outperforms expectations commercially
- Elora/Reta outperform expectations in clinical trials/commercially
- LLY gains share of the gvmt obesity channel quicker than our expectations

Risks to Downside

- Foundayo/orfor approval is delayed or its launch underperforms commercially
- Eloralintide and Retatrutide discontinued prior to reaching the market
- Competitor data from diabesity pipeline drugs