Eli Lilly & Co. (LLY): 3Q26 Preview: Expecting Another Beat/Raise With Focus on the Magnitude

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Following a soft start to the year as Foundayo launch expectations got reset lower, shares of LLY have outperformed YTD (+15.4% vs. DRG & S&P 500 both +12.4%) on the back of two consecutive beats and raises at both 1Q26 and 2Q26 earnings, driven predominantly by OUS Mounjaro strength that served to reframe the stock narrative. Headed into 3Q26 results next week (Oct 29th), we expect another beat and raise based on current trends, with upside to both OUS Mounjaro (GSe +7% vs. Visible Alpha Consensus which still models a ~1-2% q/o/q growth rate we see as overly conservative) and Zepbound (GSe +5% vs. Cons, where we expect a sequential pricing decline driven by mix to be more than offset by strong volume growth, aided by the GLP-1 Medicare BRIDGE program where the most recent datapoint from CMS in October shows the program has reached 1.1mn patients of which LLY's Zepbound commands a greater share). For Foundayo, we are more in-line with Consensus overall (lower US but higher OUS). Our total 3Q26 revenue estimate of $23.1bn is ~2.8% higher vs. VA Consensus, while our 3Q26 EPS forecast of $5.63 includes a $4.2bn pretax IPR&D charge that we believe is not fully reflected in the $7.03 VA Consensus estimate. Please see within for key variance tables.

In addition to the print, we expect investor focus (and hence the stock reaction) will be on the updated FY26 guidance given implications for 4Q26 and exit ramp into 2027. While the company's current FY26 revenue guidance is $85bn-$87bn, VA Consensus is ~$88.6bn for FY26 (we are at $89.8bn). Our investor conversations point to anticipation by many for a FY26 guidance raise with the top-end above consensus likely needed to satisfy bullish expectations. We also expect focus on any early color on 2027 items (including the OUS Monujaro runway, OUS Foundayo broad launch, pricing dynamics, retatrutide submission/launch, etc), as well BD (where recent management framing has pointed to potentially larger deals).

Following the quarter, focus will turn to the December 7th investor event which we expect will spotlight the company's rapidly moving next gen obesity engine, as well opportunities across the non-incretin franchises (where two important Phase 3 cards will turn over next year — the EMBER-4 trial for the company's oral SERD in breast cancer which we see as an underappreciated blockbuster opportunity, and TB-3 in pre-clinical Alzheimer's).

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Key Considerations into 3Q26 Earnings

Exhibit 1: GS vs. Consensus: Income Statement

Variance Table: Income Statement	3Q26E		
Income Statement:	**GS**	**Consensus**	**Variance**
Total Revenue	**$23,126**	**$22,492**	**2.8%**
COGS	$3,885	$3,703	4.9%
Gross Profit	**$19,241**	**$18,789**	**2.4%**
R&D	$4,209	$4,192	0.4%
SG&A	$3,654	$3,563	2.5%
Adj. EBIT ex. IPR&D	**$11,378**	**$11,034**	**3.1%**
Adj. EPS including guided IPR&D	**$5.63**	**$7.03**	**-19.9%**
Margins:	**GS**	**Consensus**	**Variance**
Gross Margin	83.2%	83.5%	(-34)bps
R&D % of Revenue	18.2%	18.6%	(-44)bps
SG&A % of Revenue	15.8%	15.8%	(-4)bps

Source: Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Exhibit 2: GS vs. Consensus: Key Products

Variance Table: Key Products	3Q26E		
Key Product GS vs. Consensus	**GS**	**Consensus**	**Variance**
Cardiometabolic:			
Mounjaro	$10,405	$9,997	4.1%
US Mounjaro	$4,828	$4,763	1.4%
OUS Mounjaro	$5,577	$5,234	6.6%
Zepbound	$5,252	$4,985	5.4%
Trulicity	$835	$879	-5.0%
Jardiance	$945	$868	8.8%
Humalog	$457	$461	-0.9%
Foundayo	$228	$234	-2.6%
Oncology:			
Jaypirca	$221	$224	-1.0%
Verzenio	$1,476	$1,513	-2.5%
Immunology:			
Ebglyss	$232	$223	4.4%
Omvoh	$110	$110	0.1%
Taltz	$897	$901	-0.4%
Neuroscience:			
Emgality	$183	$185	-0.9%
Kisunla	$189	$176	7.2%

Source: Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

- **Zepbound:** We estimate 3Q26 total Zepbound revenue of $5.3bn (U above Consensus $5.0bn.

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- **On volume**, total TRx reached ~9.8mn for the quarter, with growth accelerated at 78% Y/Y vs. 70%/112%/157%/198% the prior 4 quarters. The acceleration clearly benefited from the Medicare Bridge GLP-1 program that began on July 1st, where the latest data point from CMS in October suggests the program has reached 1.1mn patients. LLY notes that this channel represents ~ 10% of total Zepbound TRx in 3Q26. Commercial channel growth remains solid at 24% Y/Y vs. 13%/25%/76%/115% the past 4 quarters. Vials are down 59% Y/Y but -18% Q/Q as patients switch to Kwikpen, where we estimate that the combined cash pay channel grew ~ 154% Y/Y.
- **On pricing,** we expect 3Q26 sales/TRx to land around $526, a step down vs. $565 in 2Q26 (or $580 without adjusting for the +$125mn GTN) primarily driven by mix shift, where the company notes 3Q26 mix to be 50/40/10 commercial/cash/Medicare vs. 55/45 commercial/cash in 2Q26, consistent with our observation of IQVIA data. Cash pay prices remain structurally unchanged vs. last quarter, ranging from $299/month to $449/month, while the introduction of the Medicare volume at $245 per month is dilutive to overall pricing but well-understood at this point. The biggest variable for the quarter's estimate remains the pricing in the commercial channel, and the company's commentary during the quarter suggests no structural change around the $700/TRx, other than a small price concession starting 3Q to broaden Foundayo commercial access. Price impact from the CVS contract started on Oct 1st. Medical exception/patients paying full-list prices were noted to be a very small percentage of patients, and the company expects the CVS contract to not cause a meaningful change.

- **Mounjaro:**
  - **US:** We are ~ in-line (+1.4%) vs. Consensus for 3Q26. TRx reached 11.1mn for the quarter and grew 37% Y/Y vs. 42%/49%/58%/65% the prior 4 quarters. Sequentially, we expect sales/TRx to decline per the $125mn one-time GTN adjustment in 2Q26, as well as increasing percentage of patients hitting the catastrophic phase.
  - **OUS Mounjaro:** We estimate $5.6bn for OUS Mounjaro for 3Q26, which represents ~7% upside vs. Consensus that assumes 1-2% sequential growth which we see as overly conservative based on current trends. While the company's commentary into the quarter remains conservative (e.g. growth coming from market growth now that LLY is the share leader, EU summer vacation months, etc.) — a framing we note as largely similar vs. prior quarters — IQVIA global data still suggests solid q/o/q growth, with July and August in the mid-teens growth range. While we note the more volatile capture rate of the global data, we do believe the flat q/o/q growth Consensus is modeling to be overly conservative and would imply a significant deceleration over the past few quarters which has not been the case.
- **Foundayo:**
  - Our estimate of $228mn for the quarter is largely in-line with Consensus $246mn, although we see scope for lower US revenue balanced by higher OUS

revenue.

- **US:** Volume growth clearly inflected around June and July, with the quarter ending at ~535k TRx vs. 169k in 2Q26, with capture rate described as solid at ~90%. Volume inflection has likely been driven by a number of factors, including the commercial access unlock in June, the Medicare GLP-1 BRIDGE program initiated on July 1st, the lower-doses price cut starting September 1st ($149/$149/$199 vs. $149/$199/$299), and growing brand awareness with time on market/increased advertising intensity. The two lower doses still represent 75-80% of total TRx in recent weeks, and management notes that cash-pay still represents the significant majority of volume. On a share basis vs. NVO's Wegovy Pill, while the launch is still significant slower comparatively, as a result of the recent uptick, assuming 90% capture rate of Foundayo and 65% for Oral Wegovy, TRx share currently stands at ~19% while NBRx share stands at ~30%. In 2Q26, LLY reported total US revenue of $67mn, with inventory stocking tailwind. For 3Q26, based on observation of prescription volume, dose split, and management commentary, we forecast revenue of $123mn ex. inventory stocking, and we include ~$20mn in inventory stocking. Our total US revenue estimate is $143mn vs. Consensus $173mn.
- **OUS:** Recall that last quarter, the $31mn from UAE was viewed as a positive surprise despite tailwind from inventory stocking, where the momentum was viewed as a good readthrough to the broad launch in 2027. On stocking, the company notes that is not unusual and can happen, although it is hard to extrapolate from one market to another. During 3Q26, several additional approvals/launches have come through, including Saudi Arabia, UK, and Mexico. We estimate OUS Foundayo revenue of $85mn for the quarter vs. Consensus $63mn.

- **Others 1) acquired IPR&D:** Per the company announcement, 3Q26 results will be impacted by an acquired IPR&D charges of $4.2bn on a pre-tax basis, which will impact both GAAP and non-GAAP EPS by $4.57, which we believe drives most of our 3Q26 EPS difference vs. Consensus (GS $5.63 vs. Cons. $7.03); **2) FY26 guidance,** on which we note a raise is widely anticipated and focus will be on the magnitude of the raise and the implications for the 4Q26 exit rate into 2027. We note that while the company's topline guidance range is $85bn- $87bn, Consensus has already reflected $88.6bn for FY26 (we are currently at $89.9bn). Our investor conversations suggest bullish expectations above consensus; **3) 2027 —** we also expect management commentary on FY27 to be a major investor focus, with key topics including OUS Mounjaro runway, OUS Foundayo launch expectations, Medicare GLP-1 BRIGE run-rate, pricing dynamics, retatrutide submission/launch, as well as two important non-incretin Ph3 catalysts (EMBER-4 and TRAILBLAZER-3); **4) December 7th investor day —** the company notes the event will be focused on multiple R&D projects, including earlier-stage pipeline, spotlighting opportunities across oncology, neuro, and immunology, in addition to current incretin and cardiometabolic franchise. We have recently fielded some investor questions on whether the

company could provide 2027 guidance at the December investor day; per LLY, 2027 guidance will be provided on 4Q26 call in January, inline with the company's customary practice; **5) BD** — recent management framing has pointed to potentially larger deals along the lines of its $7.8billion acquisition of Centessa Pharmaceuticals, with CEO comments pointing to interest in areas like infectious disease, women's health and neuro, among others.

Valuation and Risks

Valuation: We are Buy rated on Eli Lilly. We arrive at our 12-month price target of $1,413 (vs. $1,371 prior) through a 28x Q5-Q8 PE multiple (unchanged). Our updated FY26/27/28 EPS are $32.77/$46.08/$51.68 vs. $36.71/$45.05/$51.02 as we incorporate the quarter's developments.

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 for 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: **$1,413.00**	Price: **$1,240.34**	Upside: **13.9%**

Buy

Market cap: $1.1tr
Enterprise value: $1.2tr
3m ADTV: $2.9bn
United States
Americas Pharmaceuticals
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn) New	**65,179.0**	**89,842.0**	**102,525.8**	**116,611.4**
Revenue ($ mn) Old	65,179.0	88,538.8	102,332.0	116,408.7
EBITDA ($ mn)	29,269.5	40,445.1	55,110.8	61,285.7
EBIT ($ mn)	27,272.5	37,704.3	51,191.9	56,789.7
EPS ($) New	**24.25**	**32.84**	**46.18**	**51.79**
EPS ($) Old	24.25	36.78	45.14	51.13
P/E (X)	34.1	37.8	26.9	23.9
Dividend yield (%)	0.7	0.6	0.6	0.7
Net debt/EBITDA (X)	1.2	1.1	0.4	(0.1)

	6/26	9/26E	12/26E	3/27E
EPS ($)	8.40	5.64	10.22	10.37

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 19 Oct 2026 close.