



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Eli Lilly HY26 Results

Share Price
Date

\$1 170
06 August 2026

RESULTS SUMMARY

Eli Lilly, a global leader in diabetes, obesity, oncology and immunology, delivered an exceptional first-half 2026 result, comfortably exceeding market expectations. Revenue increased 51% to US\$42.77bn, driven by a 62% increase in global volumes of Mounjaro and Zepbound, more than offsetting lower realised prices. Gross profit rose 52% to US\$35.93bn, with gross margin expanding to 84% as improved manufacturing efficiencies and a favourable product mix outweighed pricing headwinds. EPS increased 73%, well ahead of consensus expectations.

The strong performance reinforced Eli Lilly's leadership in the fast-growing incretin market, with its market share increasing to 60.9%. Continued demand for Mounjaro and Zepbound remained the primary growth driver, supported by expanding manufacturing capacity and broadening patient access.

Reflecting this momentum, management raised full-year 2026 guidance. Revenue is now expected to be US\$85bn - US\$87bn, up from previous guidance of US\$82bn - US\$85bn, while adjusted EPS guidance increased to US\$35.50 - US\$36.50. Although realised prices are expected to decline by the low- to mid-teens during the year, strong volume growth is expected to more than offset this pressure.

Looking ahead, growth should receive further support from the Medicare GLP-1 Bridge programme, which became effective on 1 July 2026, and the US launch of Foundayo (orforglipron), the first oral GLP-1 weight-loss treatment that can be taken without food or water restrictions. With industry-leading products, expanding manufacturing capacity and multiple long-term growth drivers, we believe Eli Lilly remains well positioned to deliver sustained earnings growth.

OUR LONG-TERM INVESTMENT VIEW

- Eli Lilly is a leading global pharmaceutical company focused on innovative medicines across diabetes, obesity, oncology, and immunology, with a diversified portfolio of therapies that limits dependence on any single product or therapeutic area, reducing risk from individual drugs or markets
- The company is particularly strong in diabetes and obesity, including GLP-1 therapies, benefiting from rising rates of chronic metabolic diseases and ageing populations worldwide.
- Pharmaceutical demand is generally defensive, with prescription medicines less sensitive to economic cycles, making Eli Lilly's revenues relatively resilient during economic slowdowns.
- The company is highly committed to innovation, investing into research and development (R&D) to sustain a deep pipeline and long-term growth, leaving Eli Lilly well positioned as a high-quality, long-term healthcare investment.

UNPACKING THE HY26 RESULTS

High level numbers

- Worldwide revenue rose 51% to US\$42.77bn, driven primarily by a 62% increase in global volume, which was partially offset by lower realised prices for Mounjaro and Zepbound.
- R&D spending was US\$7.33bn (17.1% of revenue), reflecting continued investments in the company's early and late-stage portfolio, including more than 40 active Phase 3 programmes.
- Gross profit grew 52% to US\$35.93bn, with

Regulatory progress

Eli Lilly achieved key regulatory milestones in recent months:

- The FDA approved the tirzepatide KwikPen for both Mounjaro and Zepbound, improving patient delivery options.
- Orforglipron has been submitted for both obesity and diabetes in 45 countries.

Pipeline progress

The company reported positive Phase 3 results across several important programs. These include obesity and immunology pipeline, with positive

margins at 84%, supported by a favourable product mix and improved production costs that more than mitigated lower realized prices

- Earnings per share came in at \$16.19 (+73%) beating consensus estimates. This was driven by significant revenue outperformance in the second quarter and margin expansion.
- Eli Lilly's share of the Incretin Analogs Market* reached 60.9% (+0.4%), with Novo Nordisk at 38.8%

(* Includes Injectable GLP-1s, oral GLP-1s and GLP-1/GIP dual agonists)

Segment results

- **US** - Revenue grew 51%, supported by massive volume increases for Mounjaro and Zepbound, which were partially offset by lower realized prices due to increased rebating and new direct-to-patient pricing models.
- **Outside the US** – Revenue rose 47%, driven by a significant increase in volume for Mounjaro in international markets and favourable currency impacts in key European regions.
- **Mounjaro** - Worldwide revenue surged to \$9.48bn for 1H26, with international expansion accelerating as Q4 2025 served as the baseline for 2026 launches outside the US.
- **Zepbound** - US revenue rose 145% compared to the prior year period, reflecting robust demand across both commercial and government channels, though partially offset by planned price declines.

results for Zepbound, Taltz, Orforglipron and Retatrutide demonstrating efficacy across obesity, psoriatic arthritis and osteoarthritis

Looking ahead

Management expects strong momentum in its metabolic franchise to continue, supported by expanded Medicare access to obesity treatments from 1 July 2026. Although global realised prices are expected to decline by the low- to mid-teens due to US government access agreements and reimbursement for Mounjaro in China, the company has raised its full-year 2026 revenue guidance to US\$85bn – US\$87bn to reflect robust volume growth. Research and development spending is also expected to increase as Eli Lilly advances more than 40 Phase 3 clinical programmes.

The bottom line

Eli Lilly's first-half results reinforce the strength of its leadership in the incretin market. Strong volume growth, expanding manufacturing capacity and disciplined execution continue to drive exceptional earnings growth. Looking ahead, the potential launch of orforglipron into additional GLP-1 markets, together with the continued expansion of Mounjaro and Zepbound, provides multiple avenues for sustained long-term growth. We remain confident that Eli Lilly is exceptionally well positioned to continue creating shareholder value.

Private Clients
by  Old Mutual

Private Clients by Old Mutual (Private Clients) is a division of Old Mutual Wealth Trust Company (Pty) Ltd ("OMWTC"), a licenced Financial Services Provider, Reg No: 1925/002721/07. Private Clients is authorised to provide financial services on the OMWTC licence.

To report unethical behaviour, call the Anonymous Reporting line at 0800 222 117, email toahotline@tip-offs.com or visit www.tip-offs.com

Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za