

# Investor Intelligence Report Eli Lilly and Company

1Q 2024

Publication Date March 20<sup>th</sup>, 2024

Brendan Wood International  
First Intelligence

---

## Notice To Reader

This report contains confidential information which is the exclusive property of Brendan Wood International. Such information shall not be copied, excerpted, disclosed to others, or used for any purpose other than that for which it is expressly given, without the prior written permission of Brendan Wood International.

We wish to emphasize that all reports, evaluations and assessments contained herein, represent Brendan Wood International's subjective judgment and opinions, based on our years of experience and on information obtained by us in the course of our research. Much of the factual information contained in the reports has been obtained by us from third parties on whose responses we have relied in good faith, independent verification by Brendan Wood International being, under the circumstances, impossible. While we believe that you will find our reports to be an invaluable tool in formulating your own strategies and judgments, the foregoing should be borne in mind. Under no circumstances should any ratings or evaluations of individuals' performances in these reports be considered as a sufficient basis for making decisions concerning the careers of individuals, including such matters as promotions, compensation arrangements, terminations, etc.

This report is not meant as investment advice and should not be interpreted as advising on the value of a company's securities, the advisability of investing in, purchasing or selling any company's securities or any other conclusion relating to investment/divestiture of a company's securities. Finally, this report is not intended as an offer or solicitation for the purchase or sale of any of company's securities.

Brendan Wood & Partners

## **About Brendan Wood International:**

Brendan Wood International (BWI), formed in 1970, is a private advisory group which originates performance investigation programs in the capital markets. Brendan Wood Partners debrief large institutional investors worldwide on a daily basis. BWI conducts 2000+ live consultations with professionals overseeing +/- \$60 trillion invested in the +/- 1400 big cap companies in the BWI universe. Relying on real time performance intelligence, BWI advises public companies, institutional and activist investors, investment banks and broker dealers on strategy, performance and recruitment of TopGun talent. The firm's partners have formally presented at 1000+ C level strategy meetings and corporate off-sites in fifty cities. Brendan Wood founded the exclusive TopGun Club, a performance based institution. BWI is the research provider and sub-advisor to the Brendan Wood TopGun ETF (Ticker: BWTG)

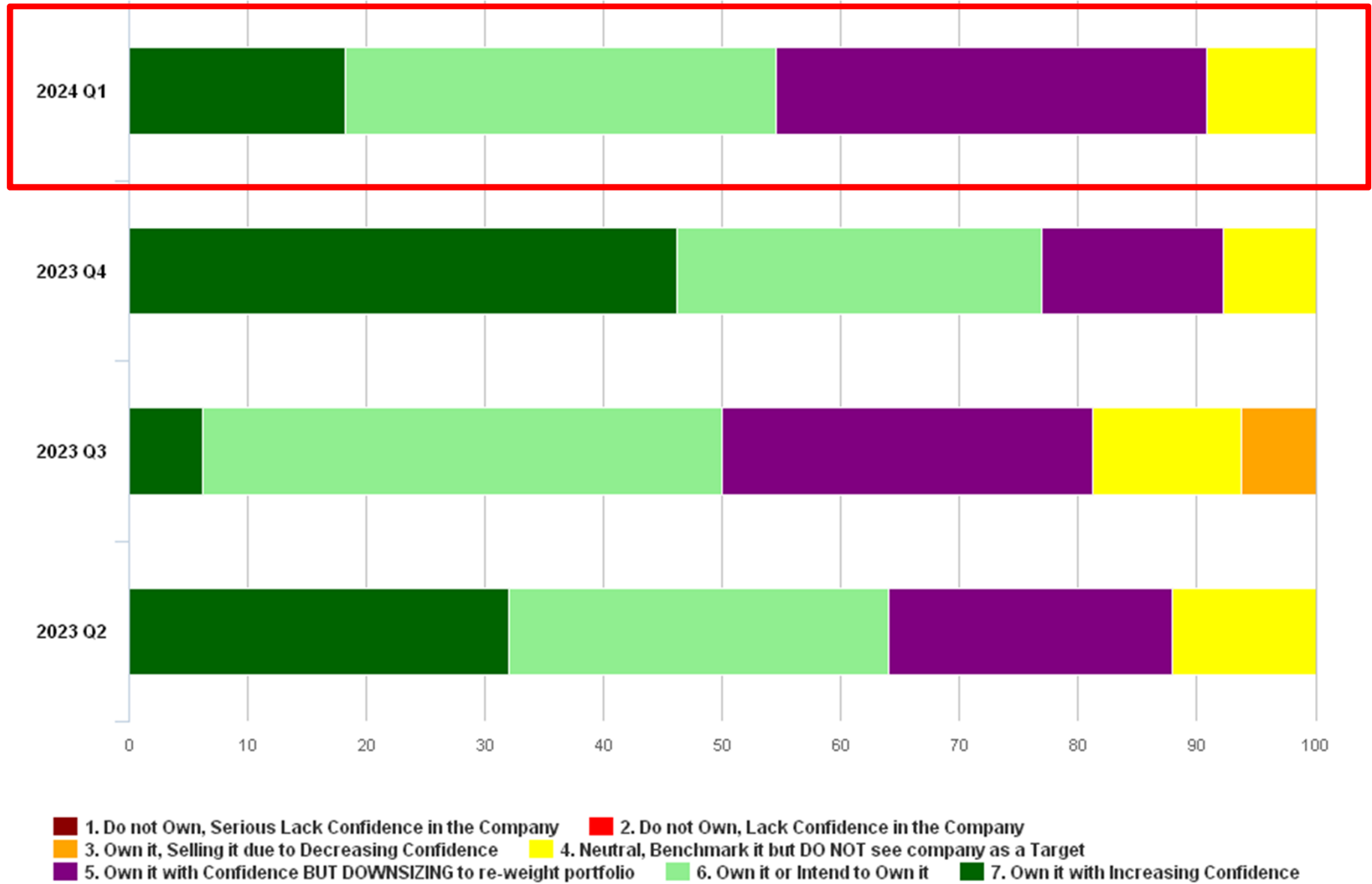
# The Brendan Wood Shareholder Conviction Panel

Institutional Investors	+/- 2000 Consultations with Decision Makers >\$60 Trillion in Assets 70% Sector Specialists 30% Generalists
Retail Financial Advisors Family Offices	Up to 1000 Retail Investment Advisors with Assets Totalling \$20 Trillion in Assets
Secondary Markets Professionals Research, Sales & Trading	+/- 400 TopGun Sell-Side Professionals

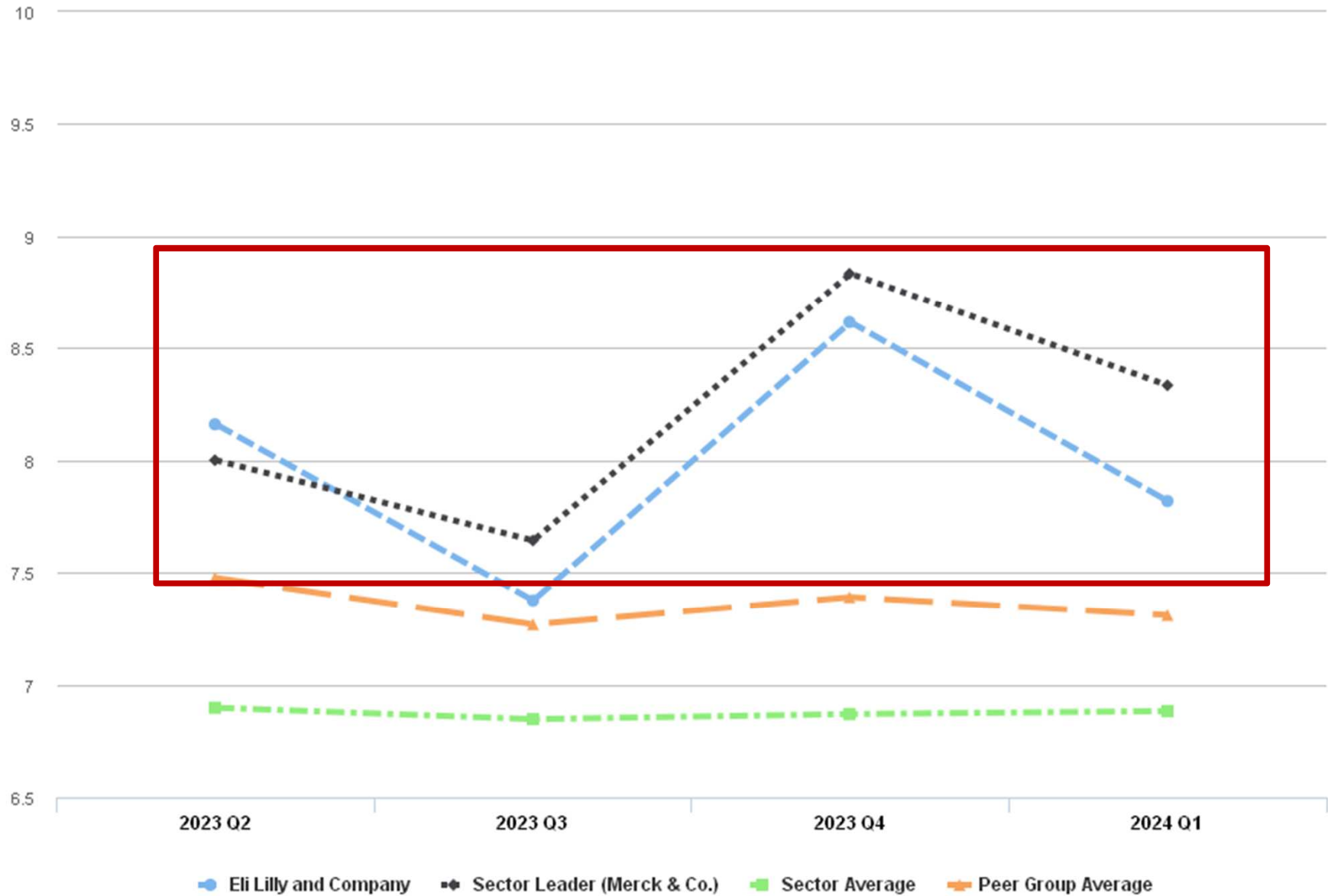
<b>Geographic Breakdown of the BWI Panel:</b>	<b>2024:</b>
US	42%
Canada	17%
Europe/Middle East/Africa	30%
Pacific Rim	10%
Latin America	1%

## What is Your Commitment to Own This Stock in The Year Ahead?

### Eli Lilly and Company



## What is Your Commitment to Own This Stock in The Year Ahead?



## Shareholder Confidence Metrics

# Eli Lilly and Company's Performance Vs Eli Lilly and Company Peer Group

### Eli Lilly and Company Peer Group

AstraZeneca PLC

Bristol-Myers Squibb Company

Eli Lilly and Company

GSK plc

Merck & Co.

Novartis AG

Novo Nordisk A/S

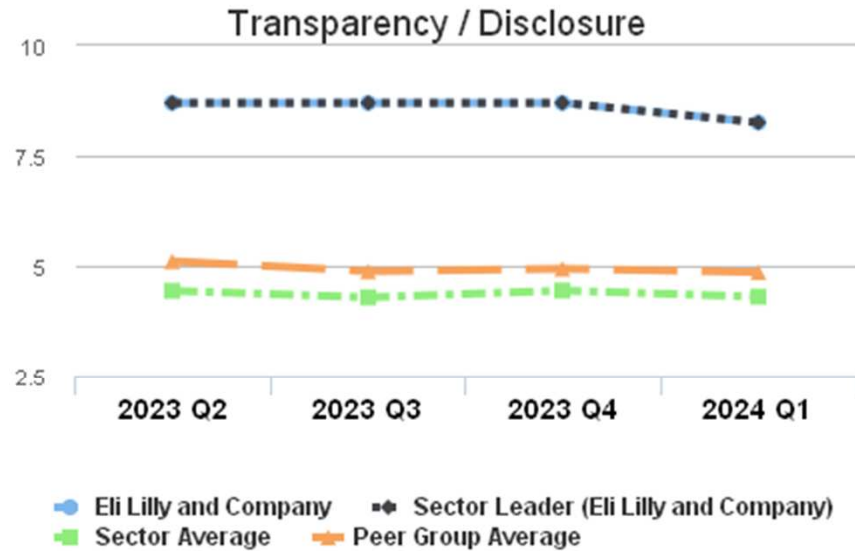
Pfizer Inc

Roche Holding AG

Sanofi

## Shareholder Confidence Metrics Forecast for the Year Ahead

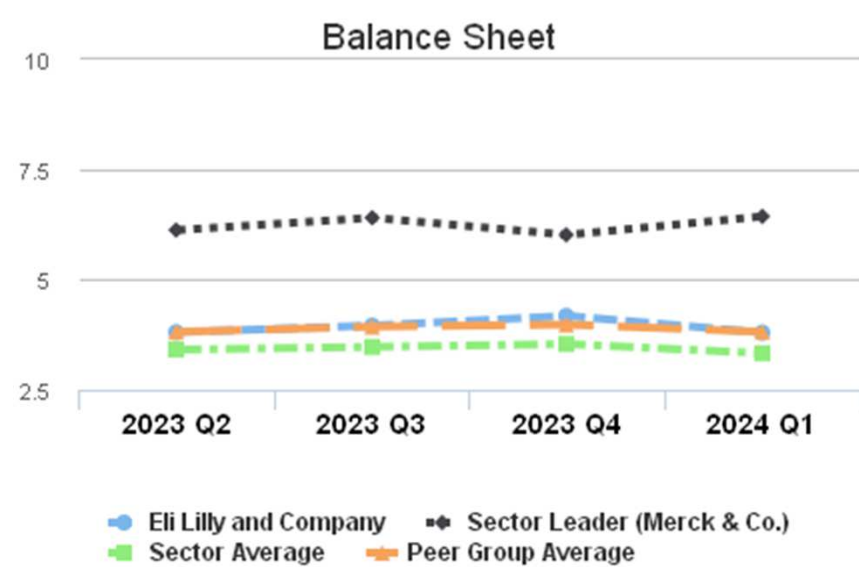
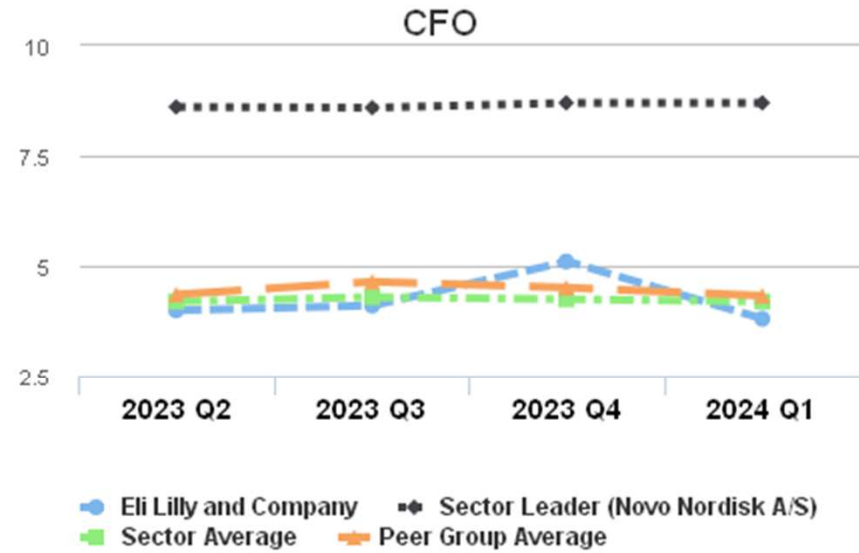
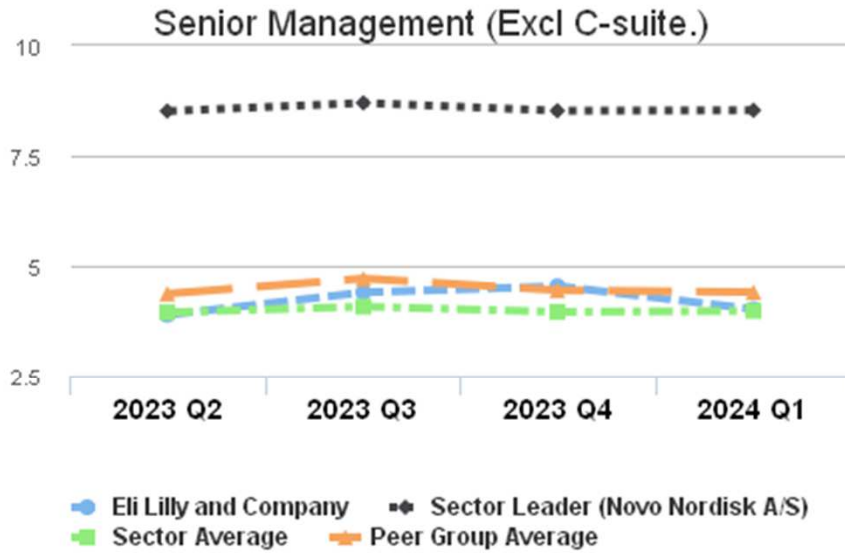
**Quarter over Quarter Results**





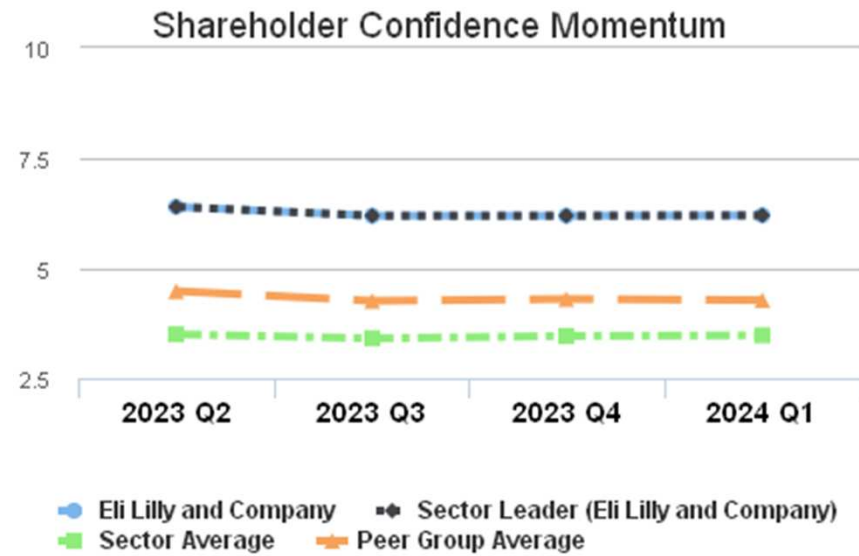
## Shareholder Confidence Metrics Forecast for the Year Ahead

**Quarter over Quarter Results**



## Shareholder Confidence Metrics Forecast for the Year Ahead

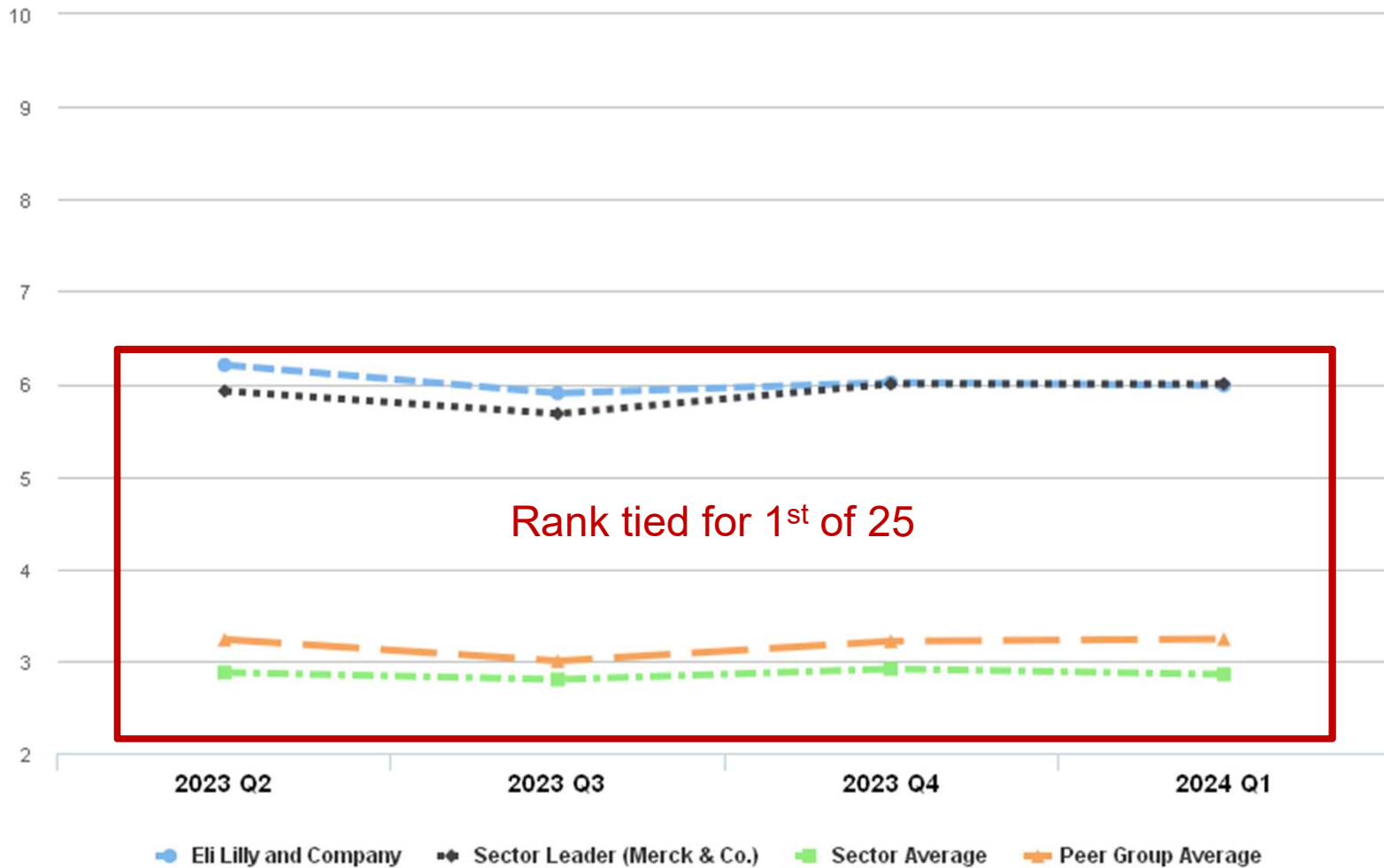
**Quarter over Quarter Results**



## Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

### Price Appreciation Potential



## Typical Investor Verbatim

### Positive Momentum Verbatim

“Everyone loves Eli Lilly's reporting.”

“I am confident in Eli Lilly's corporate strategy; they are focusing on manufacturing expansion. That is the right thing to do, but they are also not neglecting everything in the rest of the pipeline, such as Alzheimer's and oncology. I am confident in the management.”

“Eli Lilly discloses a lot of information in their reporting.”

“The perception is that because Eli Lilly's drugs have greater weight loss, they are going to be more differentiated. If you think about the obesity market being split 80% Lilly and Novo, and 20% everything else, Lilly is probably 50% versus 30% for Novo within that 80%.”

“People are waiting for data around supply and to see how the scripts rebound. Novo will have a capital markets day in where I think they will talk about supply. At the moment, Eli Lilly is winning the battle for simplicity in that they provide three different parameters in terms of how their supply chain is going to build up, whereas with Novo, there is no visibility. The hedge funds that were short Novo got a bit burned late last year. There is a market share shift to Eli Lilly at the moment. Both stocks are trading more like tech stocks and that's why they look very different from the rest of the peer group.”

“I think Eli Lilly will have strong momentum in 2024. Investors are very confident, and you must not make the mistake of only looking at valuation. The in-house R&D is very efficient.”

“Eli Lilly has a very broad pipeline; it's a company with very effective R&D.”

“It's not surprising when you see Eli Lilly and Merck & Co. being pushed by the Street. Those are the two names that have captured a sentiment.”

## Typical Investor Verbatim

### Positive Momentum Verbatim

“If you're in the biotech/pharma space, the only name you really have confidence in is Eli Lilly because of all the chatter around GLP-1.”

“Between the two of them, Novo and Eli Lilly really own the whole obesity space.”

“Eli Lilly provides a lot of financial disclosure. They make it really easy for us to update our models and track their progress.”

“Novo has the Novo Nordisk Foundation behind them. They have a clear strategy to get rid of diabetes in the world, full stop, and broadening that to obesity has a lot to do with that. They are a two-trick pony and all the other things except diabetes and obesity are not running at all. They are going down with production issues. Everything else is irrelevant for them, whereas Eli Lilly has many horses in the race. The biggest one may just come with the Alzheimer's drug. This is where Novo can't compete at all.”

“Eli Lilly is crushing it on strategy. They have so many drugs in the hopper, and they are growing the multiple. They are killing it.”

“Eli Lilly is supply constrained, but I am confident that with the capacity they are putting in, they're going to continue to beat numbers.”

“Eli Lilly's CFO, Anat Ashkenazi, is very solid.”

“Eli Lilly has had investor events where you go to the head office in Indiana, and then they have showed you their new factory. They have been pretty accessible. In terms of a long-term opportunity, they have been pretty open about it.”

## Typical Investor Verbatim

### Positive Momentum Verbatim

“Wegovy is Novo's obesity drug and people are still using Ozempic because they can't get their hands on it. Every quarter, they give you the numbers, and they keep beating because people are using this not just for obesity and type 2 diabetes, but off label. You see celebrities wanting to go to the beach and look good. There are 1.5 million people on these drugs right now, and the Street is modelling 30 million by 2030, but that is too low if you look at the use cases, and you look at the data. Novo has select data for cardiovascular benefits. They have data out on kidneys. Eli Lilly has sleep apnea data coming out. The uses just continue to grow. Who know what this will turn out to be one day? Maybe this is their AI moment where everybody is just trying to figure this out.”

“40% of people in the US are clinically obese and 150 million globally. It's tough for them to get a start in life. People can't wait to get their hands on these obesity drugs. They want to order it; it shows up in the mail. They want to self-inject right away. It's like a new lease on life for some people. You can work out for year if you're over 300 pounds and lose maybe a few percentage points of weight and it comes back immediately. Maybe people are tired of talking about it because it's been such a big investment theme this year, but the health benefits for people are going to be so positive that more and more people are going to be prescribed now. With that being said, there is going to be pushback on the system. If this is a \$100 billion industry by 2030, which is what the Street expecting, that's 1% of US GDP. Payers are going to push back. They are going to want to see you put some effort in before they prescribe this for you. You can tell by the confidence I have that these numbers are going to be fantastic.”

“I don't see how Eli Lilly and Novo are not going to beat and raise unless these factories just can't be up and running. Now has Lilly had a massive run and does it consolidate? Sure, and if this goes back to \$575 or \$550, you buy more. I'm pretty confident in the numbers. With how the stock trades and with the multiple you pay for it, yeah, it's going to move around.”

## Typical Investor Verbatim

### Positive Momentum Verbatim

“Eli Lilly has a new product, which is a version of Zepbound and is 26% weight loss. At the end of the day, these are amino acids. It's like a chef in the kitchen. There are slightly different formulas, but everybody knows what the formula is. Novo is like, okay, if people want that, we can go up in dosage too. We can go up in potency. The advantage that Lilly and Novo have is they have spent so much capex on the supply chain and the competitors can't catch up. So A, the competitors don't even have the data yet. If you look at Pfizer, the data isn't good. Then B, you're going to have to invest in the supply chain to catch up. Lilly and Novo are just going to keep crushing it. It's just a question of what you pay for it.”

“Eli Lilly has exceptional growth and a very interesting pipeline.”

“Eli Lilly should have EPS growth of about 30% in the next 12 months.”

“Novo is more diversified than Eli Lilly, but for these two names, I don't think diversification matters. The key is whether they can sustain the franchise and innovate on top of what they have. I have conviction in both of them.”

“Eli Lilly's CFO, Anat Ashkenazi, is very dynamic. She is very thoughtful and strategic.”

## Typical Investor Verbatim

### Neutral Momentum Verbatim

“What we saw at AHA last year was that you didn't need really strong weight loss to drive a strong outcomes benefit. I think what is going to happen throughout the course of 2024 is that there is going to be a perception that inflammation is more important than weight loss when it comes to outcomes data. The second thing we're going to see is a lot of consolidation of biotech companies that are playing in obesity with Phase 1 or Phase 2 data where obviously they need to be acquired by a large company with the balance sheet to be able to invest from an R&D and commercial standpoint. There are going to be a lot of potential moving parts this year. Astra and Roche both acquired assets in obesity at the end of 2023, but an awful lot of things could happen over the course of this year.”

“There has been a lot of interest in the oral weight loss product from Eli Lilly, but there is a misperception that it is actually incredibly difficult to manufacture and therefore has the same supply chain issues that are facing the injectables at the moment.”

“We still own Eli Lilly; it's our biggest pharma position. Somebody just put out a note from Morgan Stanley saying, can Lilly be the first \$1 trillion healthcare company? I was joking about that six months ago being half serious. I don't know if it should be, but it could be.”

“The longer risk for the obesity names is that eventually it becomes so expensive that something breaks, but I don't think that is anytime soon. CVS commented that if every person who could get a GLP-1 did get a GLP-1, it would cost \$1 trillion for the US. When that number came out, it made me wonder when we're going to get to the top of this hysteria because that is bigger than I would have ever guessed. When people start throwing out numbers like that, you have to wonder if we're getting to peak hysteria. We still own Eli Lilly, so we don't think so yet but I'm worried about it. I keep looking for a reason to not add or sell, but I can't see what it is when the numbers are doing what they're doing.”



## Typical Investor Verbatim

### Neutral Momentum Verbatim

“Eli Lilly has a rotation in their IR function. You are in the role for a number of years, and then you go into another line of the finance business. You can have seasoned people who do a very good job but if you don't rotate people around in the core function of how things are done, then you might have weaknesses that are not being addressed. Eli Lilly has tried various programs. The feedback and the experiences are carried forward to the next person who comes into the role, so you get continuity in the service.”

“I understand the enthusiasm around GLP-1 drugs, but you have to get payers and employers on board with that type of thing, and I'm not sure they are. There are worries about long-term safety. We will see what the data looks like, whether it's a pill that is going to be used to do all this, plus some of the added indications that we're hearing, including depression and stuff. I struggle to see some of the very high peak revenue market opportunities that some investors are putting out there.”

“Is Eli Lilly's strategy particularly differentiated? Not really. It just so happens that with what they are doing, the company is growing like a weed at the moment, so Dave Ricks looks like a hero.”

“Eli Lilly's long-term growth comes down to the one obesity drug and if anything goes wrong, then your confidence is on the floor.”

“At the end of the year, people say Eli Lilly is far too expensive. They were thankful for the advice to buy it at the beginning of the year, but now it's too big, and they have to reduce. It has too much weight and investors have to justify owning such an expensive stock.”

## Typical Investor Verbatim

### Neutral Momentum Verbatim

“I imagine Eli Lilly's compensation structure has contributed to a less positive view of the board. If you asked, is their strategy good? Yes. Is their compensation structure good? No, it's awful, they need to change that.”

“Eli Lilly is a \$600 billion enterprise value pharma company, and nobody has ever hit \$500 billion before. It will depend on how they manage the end of life on these assets and if they can play it like the insulin game where they keep refreshing. It's hard to imagine. There are over 100 molecules in development now from around 40 different companies. You have to imagine that somebody will come up with something. It's not going to stay a two-person game by the time that these patents roll around.”

“Eli Lilly is a good company and the growth potential is very high, but it's just too expensive right now.”

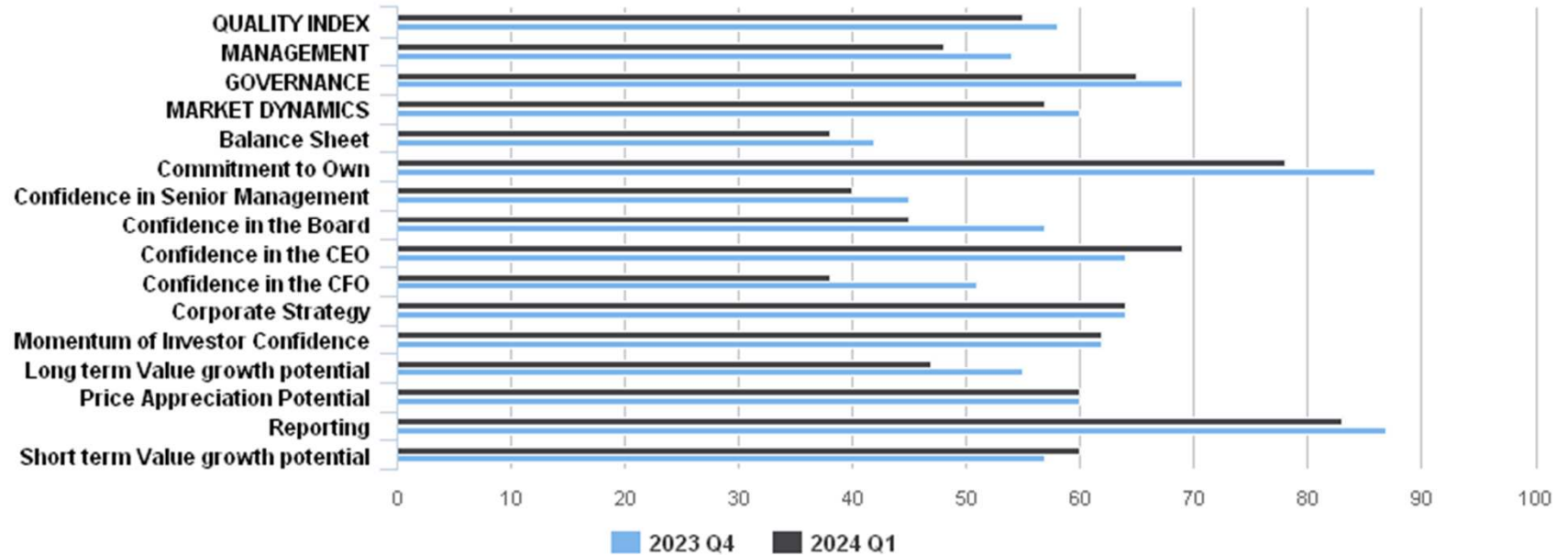
### Negative Momentum Verbatim

“Eli Lilly has no choice but to invest in their manufacturing capacity, which weakens the balance sheet.”

“The obesity players are less forthcoming than you would hope on all the underlying drivers and dynamics.”

Quarter over Quarter Results

## Forecast for the Year Ahead Eli Lilly and Company



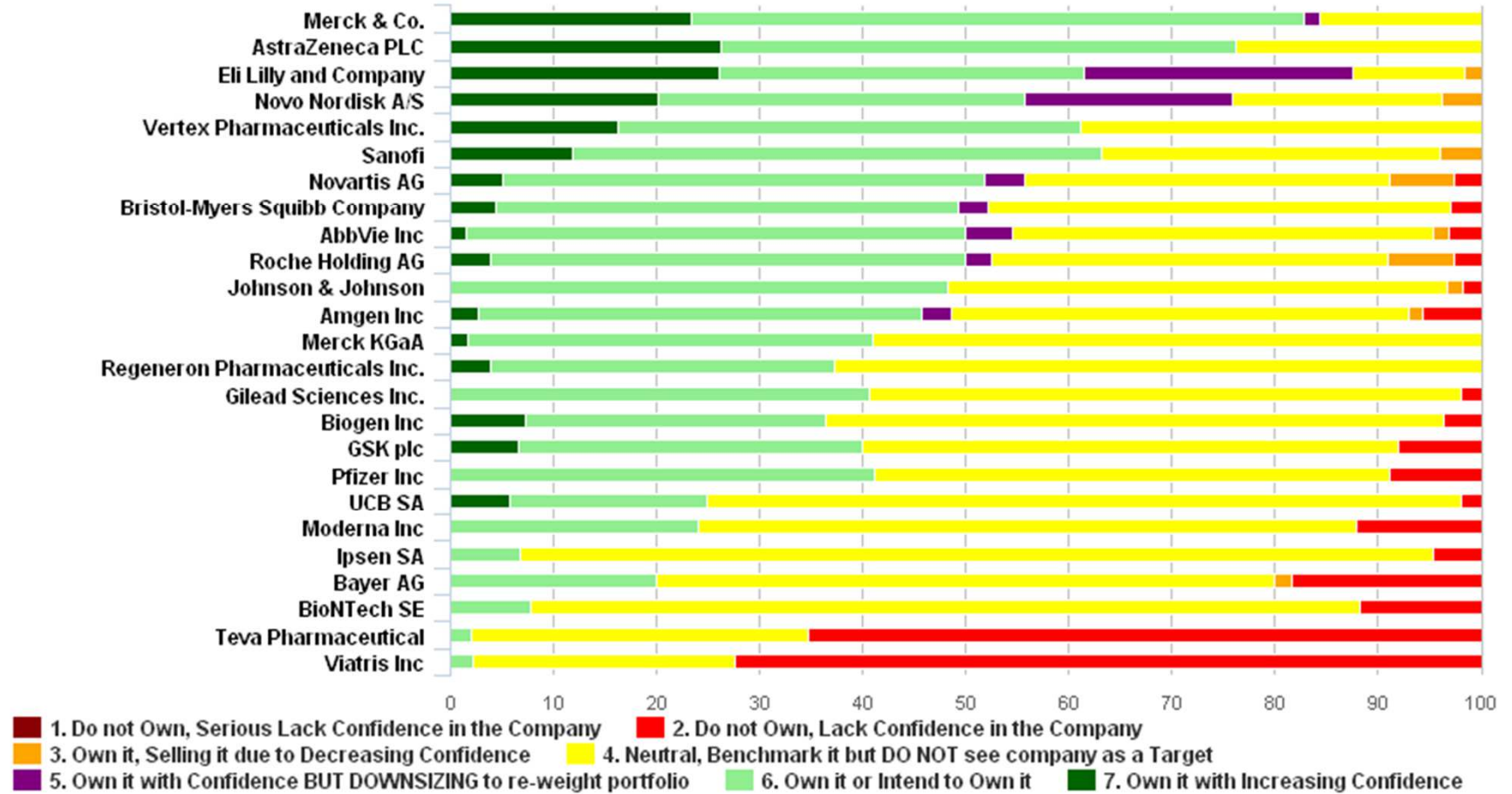
# Rolling Year Data\*

\*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the  
BWI Shareholder Confidence Panel

# What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

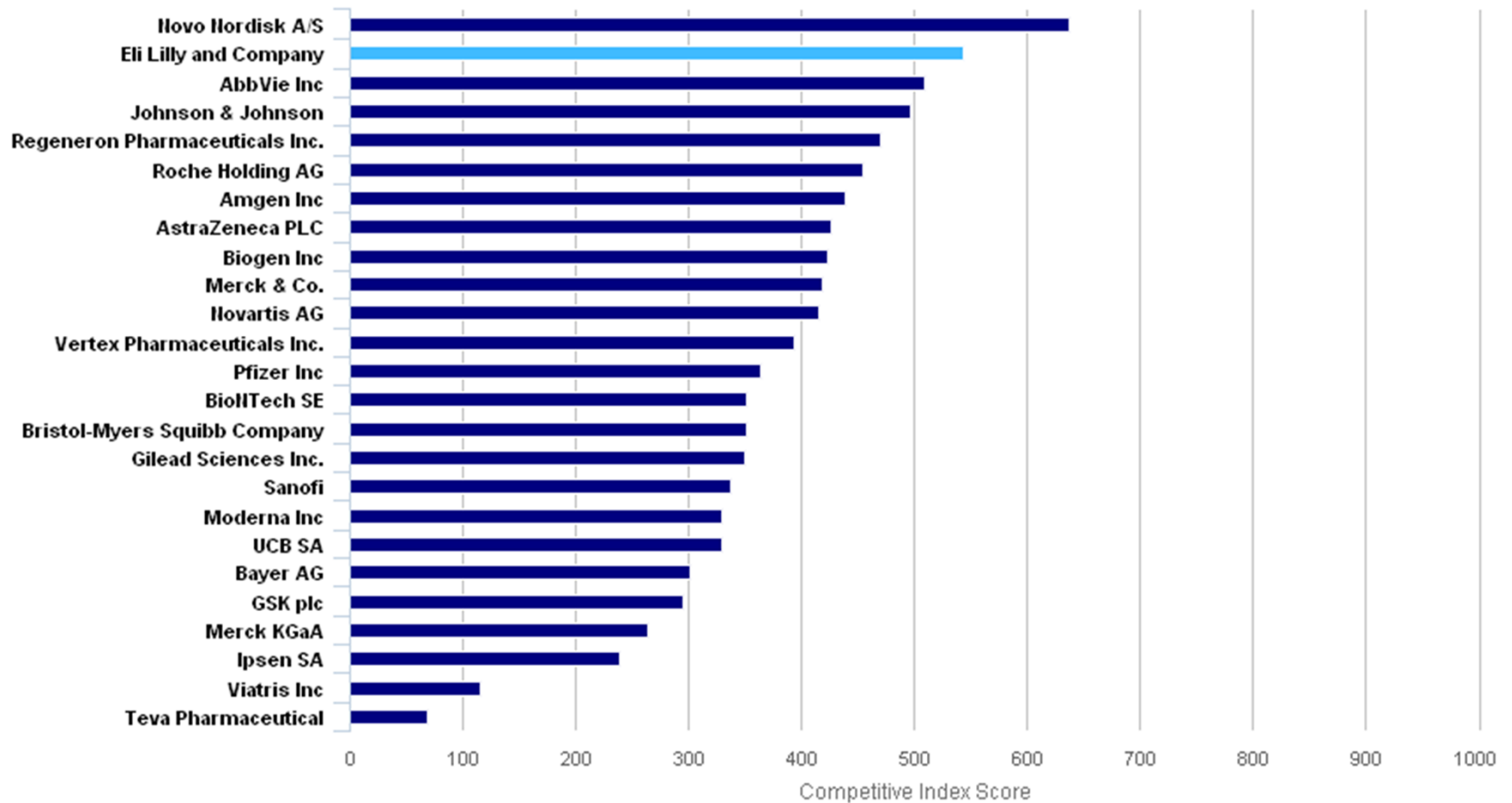
Buyers/Sellers by Sector



# Shareholder Confidence Competitive Index

## Global Investors - Investment Quality Index

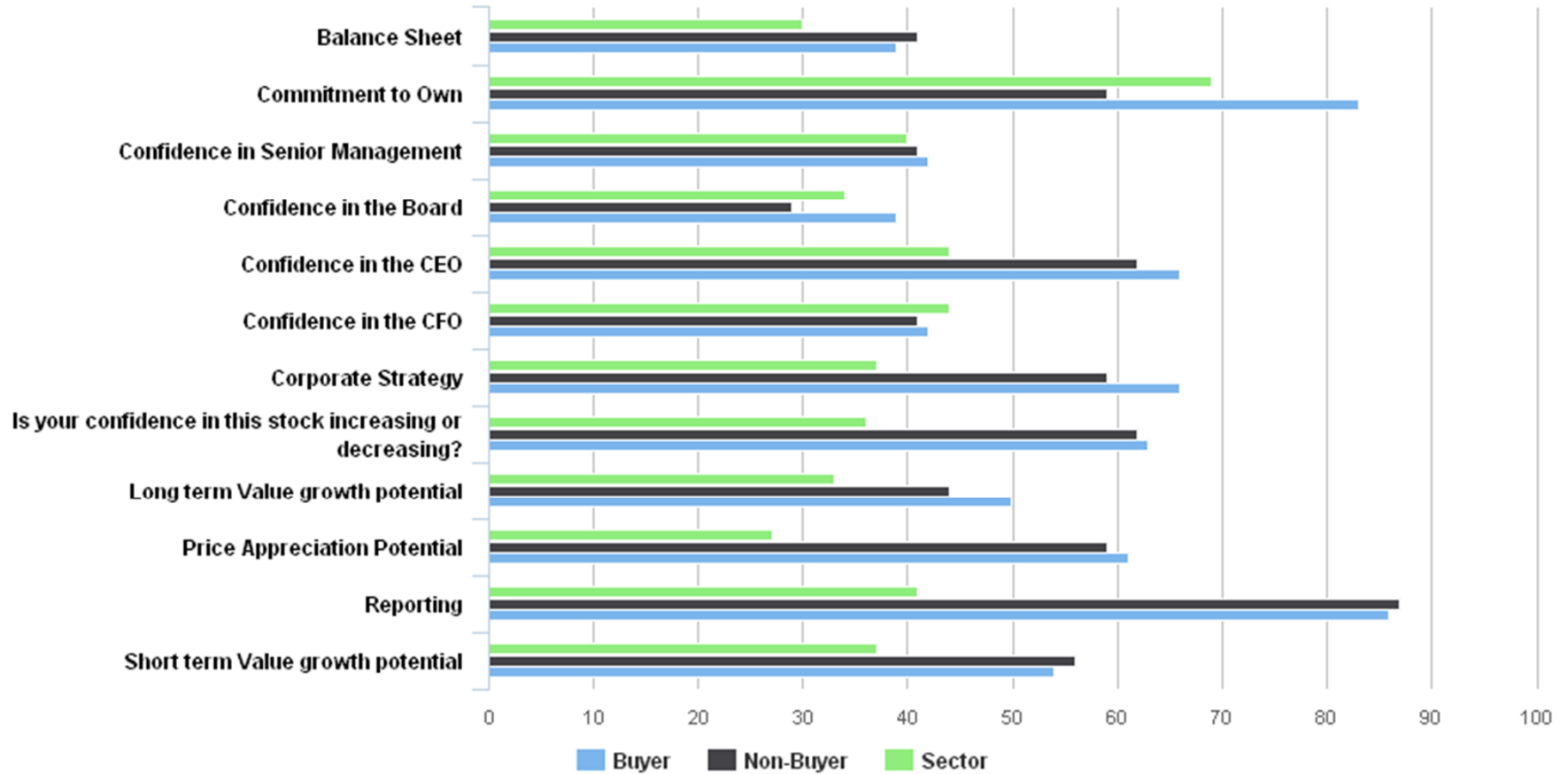
Rolling Year Data



## Investment Target: Buyer Ratings Vs Non-Buyer Ratings Forecast for the Year Ahead

Rolling Year Data

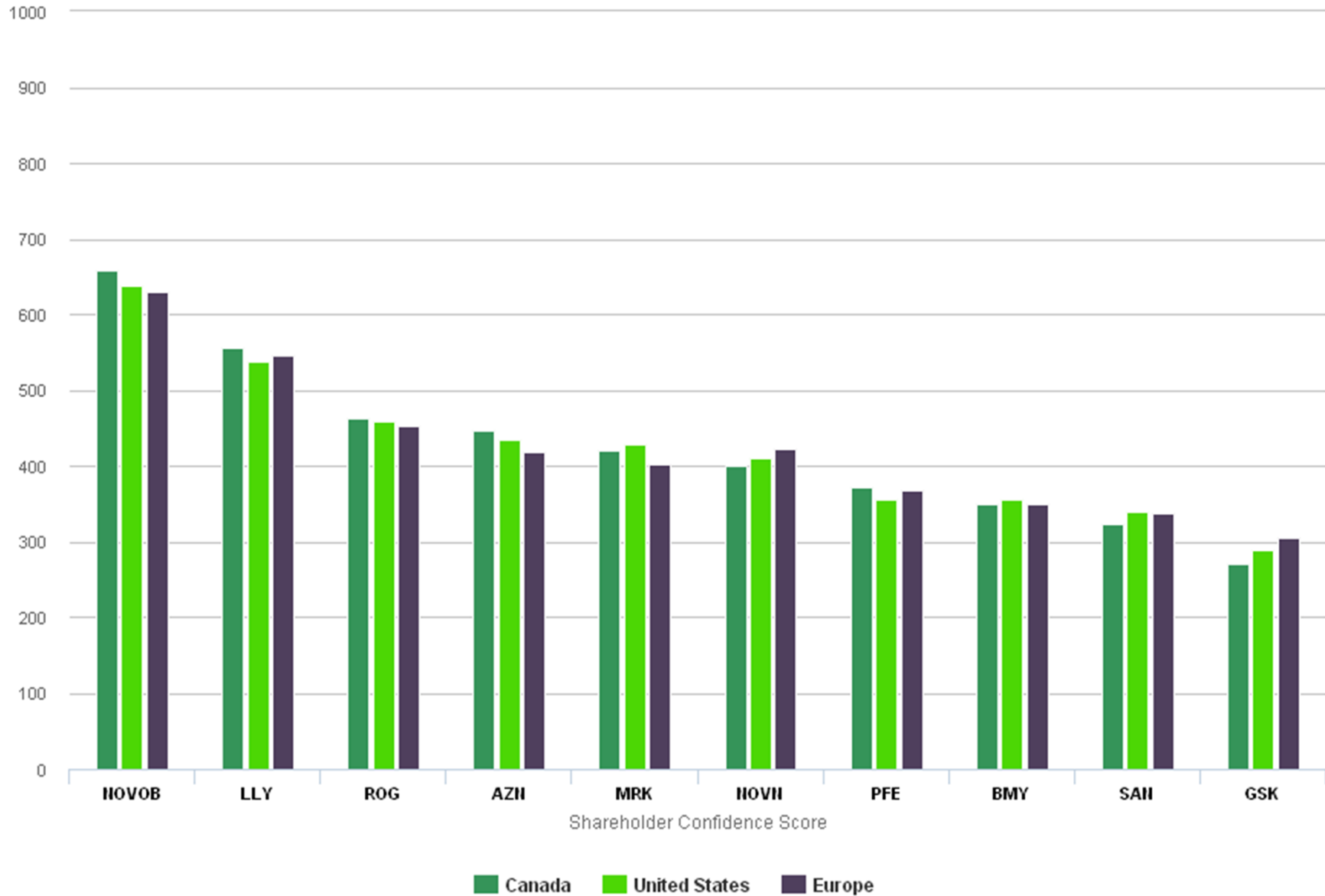
### Eli Lilly and Company



# How Does Overall Investor Confidence in Eli Lilly and Company Peer Group Vary Per Region?

Rolling Year Data

## Forecast for the Year Ahead





## Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Eli Lilly and Company	1st	8th	2nd	2nd
Regeneron Pharmaceuticals	2nd	3rd	9th	5th=
Novo Nordisk A/S	3rd	1st	3rd	1st
AstraZeneca PLC	4th	6th	5th	9th
Vertex Pharmaceuticals In	5th	13th=	6th=	12th
Merck & Co.	6th	21st	1st	18th
AbbVie Inc	7th=	4th	4th	3rd
Novartis AG	7th=	9th	14th=	5th=
UCB SA	7th=	12th	14th=	19th
Amgen Inc	10th=	13th=	8th	7th=
Johnson & Johnson	10th=	2nd	12th=	7th=
Merck KGaA	10th=	20th	21st	23rd
Roche Holding AG	10th=	5th	6th=	16th
Sanofi	10th=	18th	14th=	20th=
Biogen Inc	15th=	10th	10th	10th
BioNTech SE	15th=	13th=	14th=	13th=
Bristol-Myers Squibb Comp	15th=	19th	12th=	20th=
Gilead Sciences Inc.	15th=	7th	22nd	11th
Moderna Inc	19th=	13th=	20th	13th=
Pfizer Inc	19th=	17th	19th	4th
Bayer AG	21st	11th	24th	15th
GSK plc	22nd	22nd	11th	22nd
Ipsen SA	23rd	23rd	18th	17th

## Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Viartis Inc	24th	25th	23rd	25th
Teva Pharmaceutical	25th	24th	25th	24th

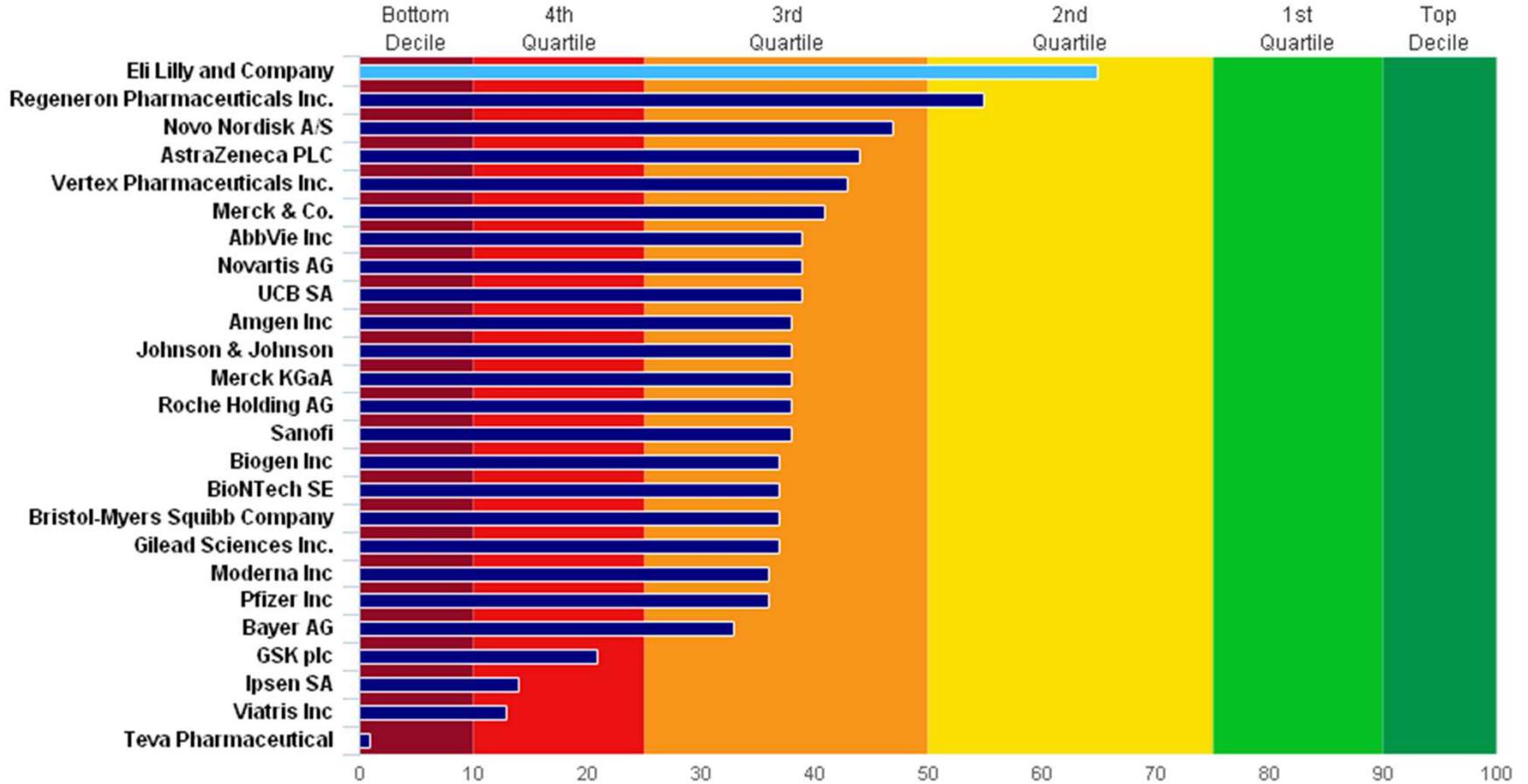
## Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

**What is Your Vote or Recommended Vote\* to Retain/Replace the Existing Strategy?**

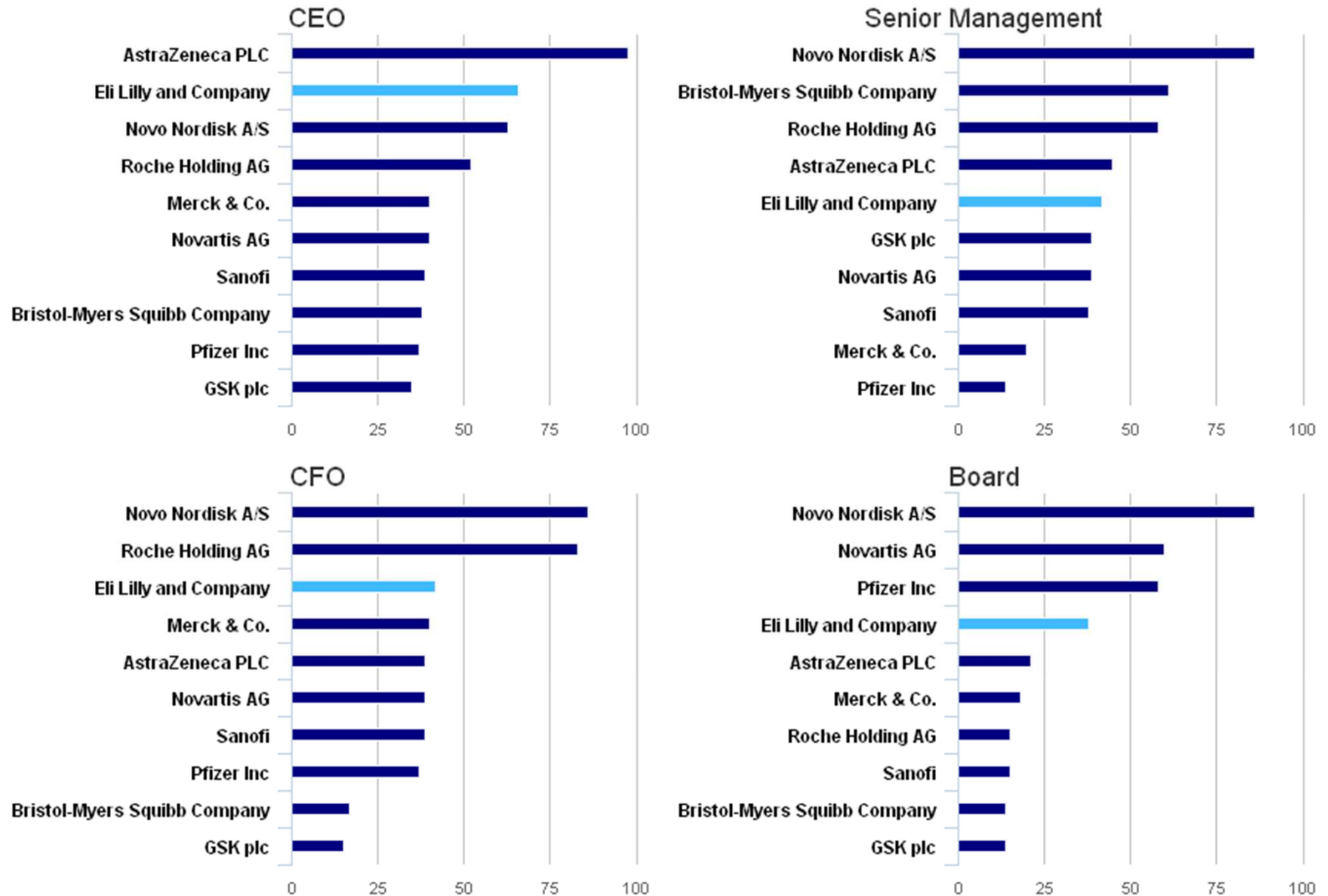
(\*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)



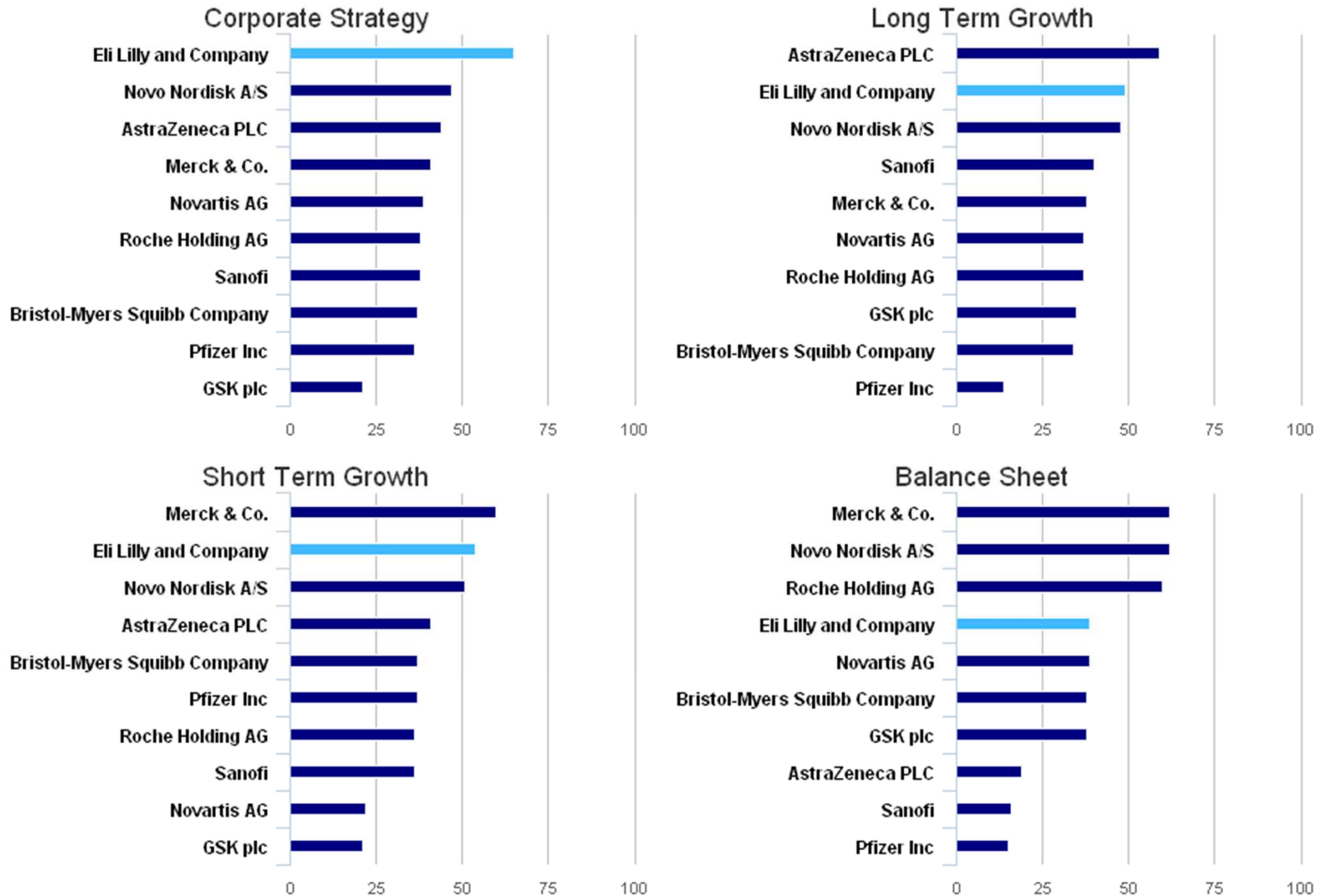
## Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

Rolling Year Data



## Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

Rolling Year Data



## Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

Rolling Year Data

