Lilly to Separate Elanco Animal Health with Initial Public Offering

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INDIANAPOLIS, July 24, 2018 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) today announced that the company has completed its strategic review of Elanco Animal Health, and will file a registration statement in the coming weeks with the U.S. Securities and Exchange Commission (SEC) for a potential initial public offering (IPO) of a minority ownership stake in Elanco as a separate company.

The offering is expected to represent an ownership stake of less than 20 percent. The number of shares to be offered and the price range for the offering have not yet been determined. The company expects to complete the IPO process during the second half of 2018.

For Lilly's financial reporting, Lilly will continue to consolidate Elanco in its financial results. Lilly plans to divest its remaining ownership through a tax-efficient transaction. Execution of the IPO is dependent upon – and subject to – a number of factors and uncertainties, including business and market conditions.

"Based on our strategic review, we concluded that after-tax value for Lilly shareholders would be maximized by pursuing an initial public offering of Elanco," said David A. Ricks, Lilly's chairman and CEO. "We believe this will allow Elanco to efficiently deploy its resources to those growth opportunities that best serve its customers. In addition, this will provide Lilly even greater focus on the human pharmaceutical business to pursue our purpose of creating life-changing medicines for patients."

"With more than six decades of expertise in animal health, we are prepared to take this step to become an independent company," said Jeffrey Simmons, president of Elanco Animal Health. "With a sole focus on animal health, we will help our customers address the greatest challenges of keeping animals healthy, and together advance a vision of food and companionship enriching life."

About Eli Lilly and Company
Lilly is a global healthcare leader that unites caring with discovery to make life better for people around the world. We were founded more than a century ago by a man committed to creating high-quality medicines that meet real needs, and today we remain true to that mission in all our work. Across the globe, Lilly employees work to discover and bring life-changing medicines to those who need them, improve the understanding and management of disease, and give back to communities through philanthropy and volunteerism.

About Elanco
Established in 1954, Elanco provides comprehensive products and knowledge services to improve animal health and food-animal production in more than 70 countries around the world. Elanco supports the beef, dairy, poultry, swine and aquaculture industries, and offers a robust product portfolio for companion animals.

This press release does not constitute an offer of any securities for sale.

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This press release contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. There are significant risks and uncertainties relating to the potential IPO of Elanco. There can be no guarantees that the IPO will be consummated on the timeline anticipated or at all or that Lilly will achieve the anticipated benefits of the IPO. Lilly's ability to consummate and achieve the anticipated benefits of the potential IPO may be materially affected by such factors as changes to the business, results of operation or financial condition of Elanco or Lilly, changes in the animal health or pharmaceutical industries, adverse market or macroeconomic conditions and other factors outside Lilly's control that could affect the advisability, pricing and timing of the potential Elanco IPO. For additional information about the factors that affect Lilly's business, please see its latest Form 10-Q and Form 10-K filed with the SEC. Lilly undertakes no duty to update forward-looking statements, except as may be required by law.

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