2020

Financial Guidance Call

DECEMBER 17, 2019

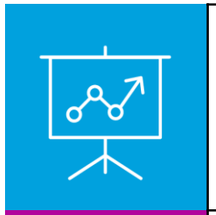
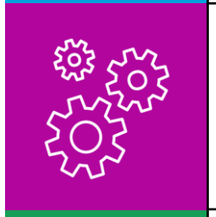
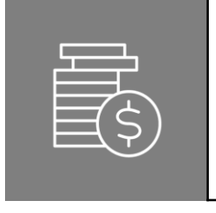
SAFE HARBOR PROVISION

This presentation contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. The company's results may be affected by factors including, but not limited to, the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform.

For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K,10-Q, and any 8-Ks filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements except as required by applicable law

PROGRESS ON 2020 GOALS

WHAT WE SAID FOR 2015-2020		2020 EXPECTATIONS
	Revenue CAGR of 6%*	Revenue CAGR > 7%
	Achieve Operating Margin of 31%**	Operating Margin of 31%
	Launch 20 NMEs from 2014 to 2023	13 NMEs launched by YE 2020
	Increase dividend annually	Annual dividend increases, including 15% in 2019 and 2020

STRONG RESULTS AND EXECUTION

+ Established market leadership in key categories
+ Launched Pain and Immunology portfolio
+ Acquired Loxo Oncology
+ Focused the business via Elanco separation
+ Improved workforce productivity
+ Delivered manufacturing productivity
+ Reduced time from FHD-Launch by over 2 years

CHALLENGES

Key LOEs: Cialis®, Strattera®, Effient®, Forteo®

Pipeline failures: Lartruvo, evacetrapib, solanezumab

*Pharma only (was 5% when including Elanco)
**Non-GAAP, Pharma only (was 30% when including Elanco)

STRATEGIC DELIVERABLES

2020 GUIDANCE

Grow Revenue

- High-single digit revenue growth*
- Revenue growth driven by:
  - volume, not price
  - newer products

Improve Productivity

- Non-GAAP operating margin of 31%
- Represents ~300 basis point improvement from current 2019 guidance

Create Long-Term Value

- Pursue external innovation in our core therapeutic areas
- 15% dividend increase

Speed Life-Changing Medicines

- Potential NME launches include REYVOW™, selpercatinib and ultra-rapid lispro
- Potential NILEX launches include Taltz® for non-radiographic axial spondyloarthritis

*using the mid-points of the 2019 and 2020 guidance ranges

DYNAMICS AFFECTING 2020 OUTLOOK

FAVORABLE

- Uptake of key growth products:
  - **Trulicity®**
  - **Taltz**
  - **Basaglar®**
  - **Jardiance®**
  - **Cyramza®**
  - **Verzenio®**
  - **Olumiant®**
  - **Emgality®**
  - **Baqsimi™**
- Launches of REYVOW*, selpercatinib** and ultra-rapid lispro**, as well as NILEX for Trulicity, Taltz, and Cyramza
- Sunset of headwinds from U.S. Cialis loss of exclusivity and Lartruvo withdrawal
- Efficiencies of utilizing existing commercial footprint

UNFAVORABLE

- Loss of exclusivity for Forteo
- Ongoing global pricing headwinds
- Top-line impact from revised Boehringer Ingelheim alliance (Tradjenta) and sale of China antibiotics business
- Known U.S. Healthcare Reform (TrOOP Cliff)
- Base period comparison to significant gains on investments and net discrete tax benefits realized in 2019

*pending DEA scheduling
**pending regulatory approval
Note: Basaglar, Jardiance, and Tradjenta are part of the Boehringer Ingelheim and Lilly Diabetes Alliance

UPDATED 2019 AND FIRST TIME 2020 GUIDANCE

	2019	2020	COMMENTS
TOTAL REVENUE	$22.0 - $22.5 billion	$23.6 – $24.1 billion	High single-digit growth; minimal FX impact at current rates
GROSS MARGIN % (GAAP)	approx. 79%	approx. 79%	
GROSS MARGIN % (NON-GAAP)	approx. 80%	approx. 81%	Increase due to manufacturing productivity
MKTG, SELLING & ADMIN.	$5.9 - $6.1 billion	$6.1 – $6.3 billion	Modest increase to support recent/new launches largely offset by productivity efforts
RESEARCH & DEVELOPMENT	$5.5 - $5.7 billion	$5.6 - $5.9 billion	Increase due to higher Phase 3 activity
OTHER INCOME/(EXPENSE) (GAAP)	$(35) – $115 million	$(250) – $(100) million	2019 GAAP difference driven by sale of China antibiotics business, partially offset by repurchase of debt
OTHER INCOME/(EXPENSE) (NON-GAAP)	$(100) - $50 million	$(250) – $(100) million	Large decrease due to gains on investments in 2019
TAX RATE (GAAP)	approx. 13-14%	approx. 15%	YoY increase due to net discrete benefits in 2019
TAX RATE (NON-GAAP)	approx. 12-13%	approx. 15%	See above
EARNINGS PER SHARE (GAAP)	$8.57 - $8.67	$6.38 - $6.48	2019 range includes discontinued operations
EARNINGS PER SHARE (NON-GAAP)	$5.75 - $5.85	$6.70 – $6.80	Significant increase in operating income, partially offset by OID and tax rate due to one-time items in 2019
NOTE: OPERATING INCOME % (NON-GAAP)	approx. 28%	31%	Revenue growing faster than operating expenses and see commentary on non-GAAP gross margin % improvement

2020 FX assumptions: Euro 1.11/ RMB 7.07/ Yen 108 **2020 Diluted Weighted Share Count Assumption: ~910 million**

2020 GAAP WALKTHROUGH

	GAAP GUIDANCE	EXCLUSION OF AMORTIZATION	NON-GAAP GUIDANCE
TOTAL REVENUE	$23.6 – $24.1 billion		$23.6 – $24.1 billion
COST OF SALES		approx. $365 million	
GROSS MARGIN % OF REVENUE	approx. 79%		approx. 81%
MKTG, SELLING & ADMIN.	$6.1 – $6.3 billion		$6.1 – $6.3 billion
RESEARCH & DEVELOPMENT	$5.6 - $5.9 billion		$5.6 - $5.9 billion
OTHER INCOME / (EXPENSE)	$(250) – $(100) million		$(250) – $(100) million
TAX RATE	approx. 15%	approx. 21%	approx. 15%
EARNINGS PER SHARE	$6.38– $6.48	approx. $0.32	$6.70 – 6.80

2020-2025 OUTLOOK

2015-2020

Key Growth Drivers

- Trulicity
- Jardiance
- Cyramza
- Basaglar
- Taltz
- Olumiant
- Verzenio
- Emgality
- Baqsimi

Patent Expiries

- Strattera
- Effient
- Cialis
- Forteo

2020-2025

Potential Launches

NME

- REYVOW
- Selpercatinib
- Ultra Rapid Lispro
- Tanezumab
- Mirikizumab
- Tirzepatide
- Pegilodecakin
- LOXO-305
- Automated Insulin Delivery Systems

NILEX

- High Dose Trulicity
- Trulicity REWIND
- Verzenio Adjuvant
- Jardiance CHF & CKD
- Olumiant AtD, SLE & AA
- Taltz nr-axSpA

Patent Expiries

- Alimta (2021 OUS; 2022 US)
- Tradjenta (2025)

Going Forward:

- Top-tier revenue growth, driven entirely by volume, despite continued global price headwinds
- Diverse commercial portfolio with limited patent exposure until 2027
- Continued margin expansion over the period
- Increasing internal R&D productivity augmented by external innovation to achieve sustainable long-term growth

Note: Basaglar, Jardiance, and Tradjenta are part of the Boehringer Ingelheim and Lilly Diabetes Alliance

RECAP OF KEY EVENTS 2019

New since last update

Phase 3 Initiations

- **Empagliflozin** for chronic kidney disease[1]
- **Tirzepatide** for obesity
- **Baricitinib** for alopecia areata
- **Mirikizumab** for Crohn's disease
- **Baricitinib** for psoriatic arthritis

Phase 3 Data Top-Line Disclosures

- **Dulaglutide** alternate doses for type 2 diabetes
- **Empagliflozin** CHF exercise ability studies[1]
- **Linagliptin** CAROLINA CV outcomes study[1,3]
- **Baricitinib** for atopic dermatitis[3] (first three of five studies)
- **Ixekizumab** non-radiographic axial spondyloarthritis
- **Ixekizumab** psoriasis head-to-head vs. guselkumab
- **Tanezumab** for osteoarthritis pain[2] and chronic low back pain[2]
- **Tanezumab** for osteoarthritis pain long-term safety study[2]
- **Olaratumab** for soft tissue sarcoma (OS readout) [3]
- **Selpercatinib** for NSCLC and thyroid cancer (registrational Phase 2)[3]
- **Ramucirumab** for 1L EGFR NSCLC cancer (PFS readout)[3]
- **Pegilodecakin** for 2L pancreatic cancer
- **Abemaciclib** MONARCH 2 study (OS readout)

Medical Meeting Presentations

- **Dulaglutide** REWIND CV outcomes study
- **Ultra rapid lispro** for type 1 and type 2 diabetes
- **Abemaciclib** MONARCH 2 OS study
- **Selpercatinib** for NSCLC and thyroid cancer

Regulatory Submissions

- **Connected Pen** for type 1 and type 2 diabetes (US)
- **Dulaglutide** alternate doses for type 2 diabetes (US/EU)
- **Dulaglutide** REWIND CV outcomes study (US/EU)
- **Empagliflozin** for type 1 diabetes[1] (US)
- **Ultra rapid lispro** for type 1 and type 2 diabetes (US/EU/J)
- **Galcanezumab** for episodic cluster headache (EU)
- **Ixekizumab** for non-radiographic axial spondyloarthritis (US/EU/J)
- **Ixekizumab** for radiographic axial spondyloarthritis (EU/J)
- **Selpercatinib** for NSCLC and thyroid cancer (US)
- **Empagliflozin + linagliptin + metformin XR** for type 2 diabetes (US)[1]
- **Ramucirumab** for 1L EGFR NSCLC cancer (US/EU/J)
- **Flortaucipir** as a PET imaging agent (US)

Regulatory Actions

- **Nasal glucagon** for hypoglycemia (US /EU)
- **Lasmiditan** for acute migraine (US)
- **Galcanezumab** for episodic cluster headache (US)
- **Ixekizumab** for radiographic axial spondyloarthritis (US/J)
- **Ramucirumab** for 2L high AFP hepatocellular cancer (US/EU/J)
- **Dulaglutide** REWIND CV outcomes study (EU)

Other

- **Alimta** patent litigation rulings: (US IPR appeal/US alt. salt forms appeal)
- **Alimta** US settlement agreement
- Full separation of **Elanco Animal Health**
- Closing of **Loxo Oncology** acquisition

[1] In collaboration with Boehringer Ingelheim
[2] In collaboration with Pfizer
[3] Data presented at medical meeting

EARLY PHASE ONCOLOGY – PRIORITY MOLECULES

LOXO-305
BTK inhibitor

LY3527727

- Highly selective, non-covalent BTK inhibitor, active against both wild-type and mutant BTK
- Encouraging early Phase 1 data at ASH in patients with advanced B-cell malignancies with ≥2 prior therapies
- Standard 3+3 dose escalation design with primary endpoint of MTD/RP2D

KRAS
G12C inhibitor

LY3499446

- Phase 1/2 trial recently initiated
- Enrolling patients with advanced solid tumors with a KRAS G12C mutation
- Assessing four arms of therapy:
  - Monotherapy
  - Combination with abemaciclib
  - Combination with erlotinib
  - Combination with cetuximab

Selective Estrogen
Receptor Degrader

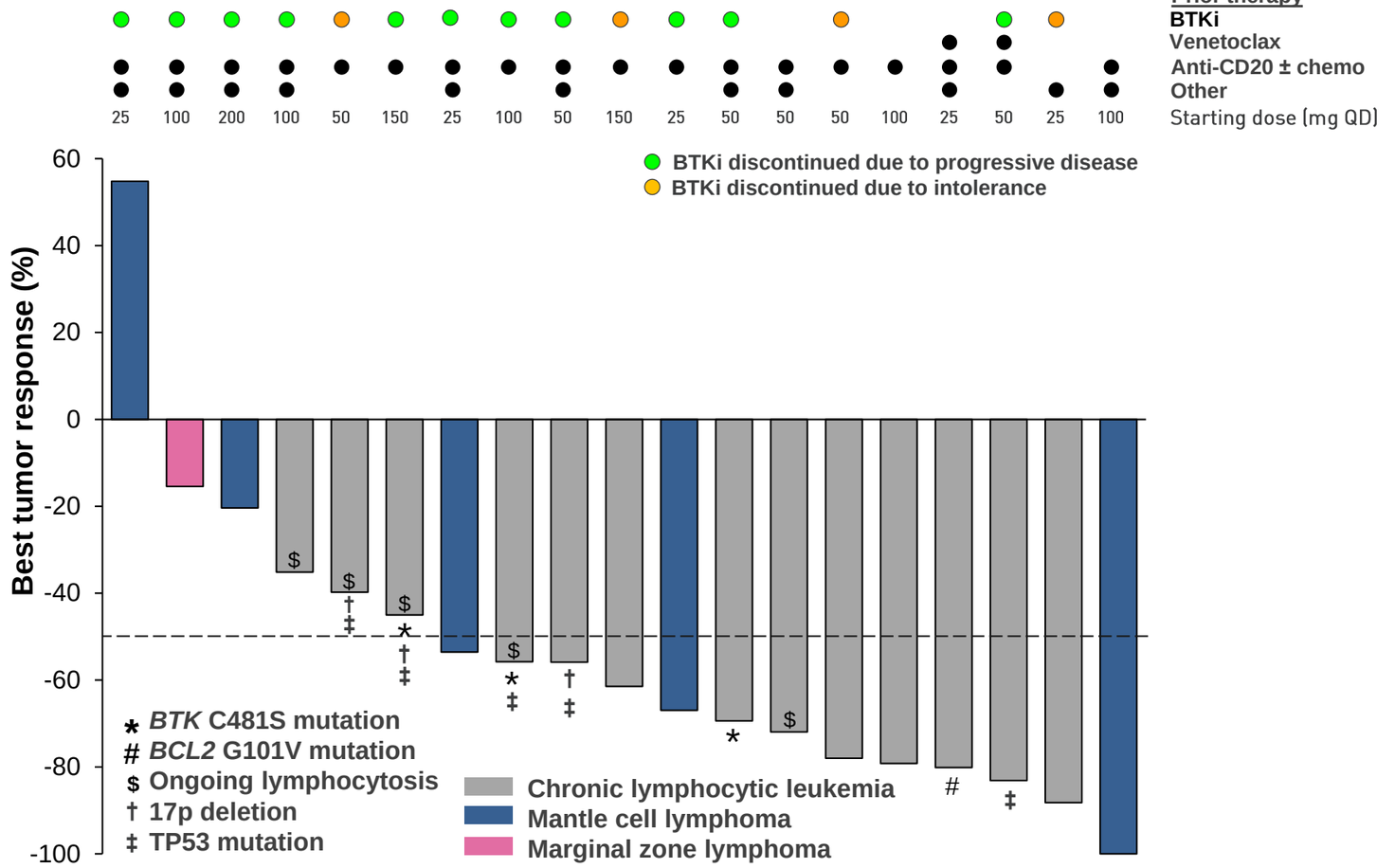
LY3484356

- Phase 1 trial initiated
- Enrolling patients with advanced or metastatic breast cancer
- Assessing two arms of therapy:
  - Monotherapy
  - Combination with abemaciclib

ASH HIGHLIGHTS - LOXO-305 BRUIN TRIAL

	CLL (n=13*)	MCL (n=6*)	Other (n=2*)[1]
ORR[2]	77%	50%	50%
CR	0%	17%	0%
PR	62%	33%	0%
PR-L	15%	N/A	0%
MR	N/A	N/A	50%
SD	23%	0%	50%
PD	0%	33%	0%
NE[3]	0%	17%	0%

- **As expected with BTK inhibition, rapid onset and resolution of lymphocytosis**
- **Responses observed:**
  - At 25mg QD and all subsequent dose levels
  - In CLL and MCL post-progression on prior BTKi, regardless of C481S status
- **Tumor shrinkage observed in all CLL patients**
- **All responding patients remain on therapy**
- **No DLTs and MTD not yet identified**



Abstract 501. Presented at the American Society of Hematology; December 7-10, Orlando, Florida.
Patients treated as of 27 Sep 2019. Efficacy presented using investigator response assessments with follow-up as of 5 Nov 2019. Total % may be different than the sum of the individual components due to rounding. *Excludes patients recently enrolled that remain on treatment, but have not yet had a first post-baseline response assessment. Includes patients who discontinued therapy prior to first response assessment. [1]Includes Waldenstrom macroglobulinemia (1) and marginal zone lymphoma (1). [2]ORR includes subjects with a best response of CR, PR, PR-L for CLL; CR, PR for MCL and other NHL (MZL, DLBCL); CR, VGPR, PR or MR for WM. Response status per disease-defined response criteria (IWCLL for CLL, Lugano treatment response criteria for MCL, MZL and other NHL, and IWWM8 for WM). [3]Patients that discontinued treatment prior to a first post-baseline response assessment. [4]9 patients not shown: 7 are awaiting post-baseline imaging assessments, 1 discontinued prior to any post-baseline assessment and 1 did not have measurable disease at baseline.

POTENTIAL KEY EVENTS 2020

Phase 3 Initiations

Tirzepatide CV Outcome Study (H2H vs. dulaglutide)
Selpercatinib for 1L NSCLC
Selpercatinib for 1L medullary thyroid cancer

Phase 3 Top-Line Data Disclosures

Empagliflozin CHF outcomes study HFrEF[1]
Tirzepatide for type 2 diabetes (first of five)
Baricitinib for atopic dermatitis (last two of five studies)
Mirikizumab in psoriasis
Mirikizumab in ulcerative colitis (induction data)
Solanezumab for dominantly inherited Alzheimer's

Medical Meeting Presentations

Dulaglutide alternate doses for type 2 diabetes
LOXO-305 additional data from Phase 1/2 study

Regulatory Submissions

Baricitinib for atopic dermatitis
Tanezumab osteoarthritis pain (US)[2]
Selpercatinib for NSCLC and thyroid cancers (EU/J)

Regulatory Actions

Dulaglutide alternate doses for type 2 diabetes (US/EU)
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Ixekizumab for radiographic axial spondyloarthritis (EU/J)
Ramucirumab for 1L EGFR NSCLC cancer (US/EU/J)
Selpercatinib for NSCLC and thyroid cancers (US)

Other

Alimta patent litigation ruling (US alt. salt form)

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Pfizer

SUMMARY

- 2020 guidance above revenue and productivity goals we established in 2016
- Another year of **volume-based revenue growth** driven by portfolio of new medicines
- **Operating margin* of 31%** reflects continued progress on productivity
- Our **innovation-based strategy continues to deliver results,** including potential for two regulatory approvals and three launches for new medicines, as well as several key data readouts
- Second consecutive year of 15% dividend increase reflects confidence in outlook

Grow Revenue

Minimum average annual revenue growth of 7% in constant currency from 2015 through 2020

Improve Productivity

Excluding FX on int'l inventories sold, minimum operating margin* % of revenue of 31% in 2020

Speed Life-Changing Medicines

- Potential to launch 20+ new molecules in 10 years (2014-2023)
- On average, could launch 2+ new indications or line extensions per year

Create Long-Term Value

- Fund existing marketed and pipeline products
- Bolster growth prospects via business development
- Annual dividend increases

*Non-GAAP

LILLY UNITES
CARING WITH DISCOVERY
TO CREATE MEDICINES THAT
MAKE LIFE BETTER
FOR PEOPLE
AROUND THE WORLD

Lilly