Lilly

2019 Business Results
AGENDA

INTRODUCTION AND KEY RECENT EVENTS
Dave Ricks, Chairman and Chief Executive Officer

Q2 FINANCIAL RESULTS AND FINANCIAL GUIDANCE
Josh Smiley, Senior Vice President, Finance and Chief Financial Officer

R&D UPDATE
Dan Skovronsky, M.D., Ph.D., Chief Scientific Officer

CLOSING REMARKS
Dave Ricks, Chairman and Chief Executive Officer

QUESTION AND ANSWER SESSION
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 and 10-Q filed with the Securities and Exchange Commission.
STRATEGIC DELIVERABLES
PROGRESS SINCE THE LAST EARNINGS CALL

Grow Revenue
- 1% revenue growth in Q2, 3% in constant currency
- Revenue growth driven by:
  - 6% volume growth
  - Key growth drivers accounted for 43% of total revenue

Improve Productivity
- Non-GAAP:
  - Gross margin was 81.0% (80.2% excluding FX impact on international inventories sold)
  - Operating income was 27.9%

Create Long-Term Value
- Announced Centrexion licensing agreement
- Completed $3.5 billion accelerated share repurchase program
- Distributed $0.6 billion via dividends

Speed Life-Changing Medicines
- FDA approval of Baqsimi™ for severe hypoglycemia
- FDA approval of Emgality® in episodic cluster
- FDA approval of Cyramza® in high AFP 2L HCC
- Positive OS results for MONARCH 2 Verzenio® study
- Positive results from AWARD-11 study of dulaglutide alternate doses for type 2 diabetes
KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL
- Launched Insulin Lispro, a lower-priced version of Humalog®, in the United States, providing people with diabetes an option that has a list price 50 percent lower than the current Humalog list price.

REGULATORY
- The FDA approved Emgality for the treatment of episodic cluster headache in adults;
- The FDA approved Baxsimi, as the first and only nasally administered glucagon to treat severe hypoglycemia in adults and children with diabetes ages four years and older;
- The FDA approved Cyramza as a single agent, for the treatment of patients with hepatocellular carcinoma (HCC) who have an alpha-fetoprotein (AFP) of ≥ 400 ng/mL and have been previously treated with sorafenib; and
- The FDA granted Fast Track designation to empagliflozin, part of our collaboration with Boehringer Ingelheim, for the reduction of the risk of cardiovascular death and hospitalization for heart failure in people with chronic heart failure.

CLINICAL
- Announced the Phase 3 AWARD-11 trial studying 3.5 mg and 4.0 mg doses of Trulicity®, met its primary endpoint of superiority in A1C and its secondary endpoint of superiority in weight reduction compared to Trulicity 1.5mg. The safety and tolerability of the investigational doses was consistent with the known profile of Trulicity 1.5 mg;
- Announced the Phase 3 MONARCH 2 trial of Verzenio in patients with HR+, HER2- mBC, demonstrated statistically significant improvement in overall survival (OS) at a pre-planned interim analysis;
- Along with Pfizer, announced results from a Phase 3 study evaluating long-term safety and efficacy of tanezumab in Japanese patients with moderate-to-severe CLBP; and
- Announced and presented Phase 2 data for tirzepatide in type 2 diabetes, showing a consistent positive impact on blood glucose control and weight loss while improving tolerability with dose escalations.

BUSINESS DEVELOPMENT & OTHER
- Announced a licensing agreement to acquire the exclusive worldwide rights to a novel small molecule somatostatin receptor type 4 (SSTR4) agonist from Centrexion Therapeutics Corporation;
- Distributed over $0.6 billion to shareholders via the dividend;
- Announced Mike Harrington, Senior Vice President and General Counsel, will retire at the end of the year; and
- Announced Patrik Jonsson as the new Senior Vice President and President of Lilly Bio-Medicines.
**Comparison Measures**

**“Reported” Results**
Include all financial results as reported in accordance with Generally Accepted Accounting Principles (GAAP).

**“Non-GAAP” Measures**
Start with **“Reported” Results**
Reflect adjustments for items such as:

- Discontinued operations of Elanco Animal Health
- Acquired in-process R&D charges and other income and expenses from business development activities
- Amortization of intangible assets
- Asset impairment, restructuring and other special charges
- Charges related to the suspension of promotion of Lartruvo

2019 Q2 Earnings
# 2019 Income Statement – Reported

Millions; except per share data

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Change</th>
<th>YTD 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$5,637</td>
<td>1%</td>
<td>$10,729</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>80.0%</td>
<td>2.1pp</td>
<td>78.9%</td>
<td>1.6pp</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>3,014</td>
<td>(31)%</td>
<td>6,322</td>
<td>(8)%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>1,498</td>
<td>NM</td>
<td>2,143</td>
<td>66%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>26.6%</td>
<td>26.7pp</td>
<td>20.0%</td>
<td>7.7pp</td>
</tr>
<tr>
<td><strong>Other Income (Expense)</strong></td>
<td>(32)</td>
<td>NM</td>
<td>54</td>
<td>(54)%</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>9.5%</td>
<td>NM</td>
<td>14.1%</td>
<td>(19.4pp)</td>
</tr>
<tr>
<td><strong>Net Income - Continuing Operations</strong></td>
<td>$1,327</td>
<td>NM</td>
<td>$1,888</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS - Continuing Operations</strong></td>
<td>$1.44</td>
<td>NM</td>
<td>$1.98</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS - Discontinued Operations</strong></td>
<td>$0.00</td>
<td>NM</td>
<td>$3.86</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS - Total</strong></td>
<td>$1.44</td>
<td>NM</td>
<td>$5.84</td>
<td>NM</td>
</tr>
</tbody>
</table>

*Includes research and development expense, marketing, selling and administrative expense, acquired in-process research and development charges, and asset impairment, restructuring and other special charges.

NM – not meaningful
# Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; Certain Line Items (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>GAAP Reported</th>
<th>Adjustments</th>
<th>Non-GAAP Adjusted</th>
<th>Non-GAAP Adjusted Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$5,637</td>
<td>-</td>
<td>$5,637</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>80.0%</td>
<td>1.0%</td>
<td>81.0%</td>
<td>1.2pp</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>3,014</td>
<td>(25)</td>
<td>2,989</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>1,498</td>
<td>77</td>
<td>1,575</td>
<td>(7)%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>26.6%</td>
<td>1.4%</td>
<td>27.9%</td>
<td>(2.5pp)</td>
</tr>
<tr>
<td><strong>Other Income (Expense)</strong></td>
<td>(32)</td>
<td>-</td>
<td>(32)</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>9.5%</td>
<td>0.5%</td>
<td>10.0%</td>
<td>(6.7pp)</td>
</tr>
<tr>
<td><strong>Net Income - Continuing Operations</strong></td>
<td>$1,327</td>
<td>61</td>
<td>$1,388</td>
<td>(3)%</td>
</tr>
<tr>
<td><strong>EPS - Continuing Operations</strong></td>
<td>$1.44</td>
<td>0.07</td>
<td>$1.50</td>
<td>1%</td>
</tr>
<tr>
<td><strong>EPS - Discontinued Operations</strong></td>
<td>$0.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS - Total</strong></td>
<td>$1.44</td>
<td>0.07</td>
<td>$1.50</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding; see slide 27 for a complete list of significant adjustments.
### Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; Certain Line Items (Unaudited)

Millions; except per share data

<table>
<thead>
<tr>
<th></th>
<th>GAAP Reported</th>
<th>Adjustments</th>
<th>Non-GAAP Adjusted</th>
<th>Non-GAAP Adjusted Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$10,729</td>
<td>-</td>
<td>$10,729</td>
<td>2%</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>78.9%</td>
<td>1.7%</td>
<td>80.6%</td>
<td>1.4pp</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSE</strong></td>
<td>6,322</td>
<td>(586)</td>
<td>5,736</td>
<td>10%</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>2,143</td>
<td>766</td>
<td>2,909</td>
<td>(8)%</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>20.0%</td>
<td>7.1%</td>
<td>27.1%</td>
<td>(2.8pp)</td>
</tr>
<tr>
<td><strong>OTHER INCOME (EXPENSE)</strong></td>
<td>54</td>
<td>-</td>
<td>54</td>
<td>(41)%</td>
</tr>
<tr>
<td><strong>EFFECTIVE TAX RATE</strong></td>
<td>14.1%</td>
<td>(2.7)%</td>
<td>11.4%</td>
<td>(4.7pp)</td>
</tr>
<tr>
<td><strong>NET INCOME - CONTINUING OPERATIONS</strong></td>
<td>$1,888</td>
<td>736</td>
<td>$2,625</td>
<td>(4)%</td>
</tr>
<tr>
<td><strong>EPS - CONTINUING OPERATIONS</strong></td>
<td>$1.98</td>
<td>0.85</td>
<td>$2.83</td>
<td>1%</td>
</tr>
<tr>
<td><strong>EPS - DISCONTINUED OPERATIONS</strong></td>
<td>$3.86</td>
<td>(3.86)</td>
<td>$0.00</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS - TOTAL</strong></td>
<td>$5.84</td>
<td>(3.01)</td>
<td>$2.83</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding; see slide 28 for a complete list of significant adjustments.
### EPS RECONCILIATION

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>Change</th>
<th>YTD 2019</th>
<th>YTD 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (REPORTED)</td>
<td>$1.44</td>
<td>($0.25)</td>
<td>NM</td>
<td>$5.84</td>
<td>$0.92</td>
<td>NM</td>
</tr>
<tr>
<td>AMORTIZATION OF INTANGIBLE ASSETS</td>
<td>0.04</td>
<td>0.08</td>
<td></td>
<td>0.08</td>
<td>0.17</td>
<td></td>
</tr>
<tr>
<td>ACQUIRED IN-PROCESS RESEARCH AND DEVELOPMENT</td>
<td>0.02</td>
<td>1.61</td>
<td></td>
<td>0.14</td>
<td>1.65</td>
<td></td>
</tr>
<tr>
<td>DISCONTINUED OPERATIONS</td>
<td>0.03</td>
<td>[3.86]</td>
<td>(3.89)</td>
<td></td>
<td>(0.02)</td>
<td></td>
</tr>
<tr>
<td>REDUCED SHARES OUTSTANDING</td>
<td>0.04</td>
<td>0.05</td>
<td></td>
<td>0.05</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>LARTRUVO CHARGES</td>
<td></td>
<td></td>
<td></td>
<td>0.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSET IMPAIRMENT, RESTRUCTURING, AND OTHER SPECIAL CHARGES</td>
<td>(0.01)</td>
<td>0.44</td>
<td>1%</td>
<td></td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>OTHER, NET</td>
<td>(0.02)</td>
<td>(0.02)</td>
<td></td>
<td>(0.02)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS (NON-GAAP)</td>
<td>$1.50</td>
<td>$1.48</td>
<td>1%</td>
<td>$2.83</td>
<td>$2.79</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding; see slides 27 and 28 for more details on these significant adjustments.
# Effect of Price/Rate/Volume on Revenue

## Q2 2019

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Price</th>
<th>FX Rate</th>
<th>Volume</th>
<th>Total</th>
<th>CER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S.</strong></td>
<td>$3,253</td>
<td>(4)%</td>
<td>—%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>EUROPE</strong></td>
<td>928</td>
<td>(2)%</td>
<td>(7)%</td>
<td>8%</td>
<td>(1)%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>JAPAN</strong></td>
<td>653</td>
<td>(0)%</td>
<td>(2)%</td>
<td>4%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>REST OF WORLD</strong></td>
<td>803</td>
<td>(2)%</td>
<td>(7)%</td>
<td>14%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$5,637</td>
<td>(3)%</td>
<td>(2)%</td>
<td>6%</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>

## 2019 YTD

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Price</th>
<th>FX Rate</th>
<th>Volume</th>
<th>Total</th>
<th>CER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S.</strong></td>
<td>$6,143</td>
<td>(4)%</td>
<td>—%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>EUROPE</strong></td>
<td>1,829</td>
<td>(2)%</td>
<td>(7)%</td>
<td>8%</td>
<td>(0)%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>JAPAN</strong></td>
<td>1,197</td>
<td>(3)%</td>
<td>(1)%</td>
<td>6%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>REST OF WORLD</strong></td>
<td>1,560</td>
<td>(1)%</td>
<td>(7)%</td>
<td>12%</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$10,729</td>
<td>(3)%</td>
<td>(2)%</td>
<td>7%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.

CER = price change + volume change
**KEY PRODUCTS DRIVING WW VOLUME GROWTH**

**Contribution to 6% Q2 WW Volume Growth**

<table>
<thead>
<tr>
<th>Product</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Products*</td>
<td>15.4%</td>
</tr>
<tr>
<td>Alimta</td>
<td>0.6%</td>
</tr>
<tr>
<td>Forteo</td>
<td>-0.9%</td>
</tr>
<tr>
<td>All Other</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Lartruvo</td>
<td>-1.2%</td>
</tr>
<tr>
<td>LOE Products**</td>
<td>-6.5%</td>
</tr>
</tbody>
</table>

* Numbers do not add due to rounding
* Basaglar®, Jardiance®, and Tradjenta® are part of the Boehringer Ingelheim and Lilly Diabetes Alliance
* includes Basaglar, Cyramza, Emgality, Jardiance, Olumiant®, Taltz®, Trulicity, and Verzenio
* ** LOE: loss of exclusivity; includes Axiron®, Cialis®, Cymbalta®, Effient®, Evista®, Strattera®, and Zyprexa®

2019 Q2 EARNINGS

Not for promotional use
UPDATE ON KEY GROWTH PRODUCTS

- **EMGALITY**
  - Approved in cluster headache in U.S. in Q2 2019
  - U.S. NBRx SOM 41% at the end of Q2 2019

- **VERZENIO**
  - Launched in 1L mBC Q1 2018 in U.S.; Q4 2018 Germany and Japan
  - U.S. NBRx SOM 16% at the end of Q2 2019

- **OLUMIANT**
  - RA U.S. launch July 2018
  - Significant driver of volume growth in Europe

- **TALTZ**
  - Total molecule TRx grew 61% vs. Q2 2018
  - Derm NBRx SOM exited Q2 on par with Cosentyx in U.S.

- **BASAGLAR**
  - U.S. TRx 21% at end of Q2 2019
  - TRx SOM +6% since Q2 2018

- **JARDIANCE**
  - Market leader in U.S. TRx SOM 53% and NTS SOM 66%
  - Market growth strong, TRx +13% and NTS +33% vs. Q2 2018

- **CYRAMZA**
  - Approved in HCC Q2 2019 in U.S.
  - U.S. SOM in 2L NSCLC YoY has doubled from Q2 2018

- **TRULICITIVITY**
  - U.S. TRx leader with over 46% SOM
  - U.S. GLP-1 class continues strong growth of nearly 30%

Note: Jardiance is sold by Boehringer Ingelheim; Lilly records as revenue its share of Jardiance gross margin. Jardiance and Basaglar are part of the Boehringer Ingelheim and Lilly Diabetes Alliance.
## Effect of Foreign Exchange on 2019 Results

### Year-on-Year Growth

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th></th>
<th></th>
<th>YTD 2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
<td>With FX</td>
<td>w/o FX</td>
<td></td>
</tr>
<tr>
<td><strong>REPORTED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1%</td>
<td>3%</td>
<td>2%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(9)%</td>
<td>2%</td>
<td>(6)%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(31)%</td>
<td>(29)%</td>
<td>(8)%</td>
<td>(6)%</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>NM</td>
<td>NM</td>
<td>66%</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>EPS - Total</td>
<td>NM</td>
<td>NM</td>
<td>NM</td>
<td>NM</td>
<td></td>
</tr>
</tbody>
</table>

|                      |         |          |         |        |
| **NON-GAAP**         |         |          |         |        |
| Total Revenue        | 1%      | 3%       | 2%      | 4%     |
| Cost of Sales        | (5)%    | 8%       | (5)%    | 10%    |
| Gross Margin         | 2%      | 2%       | 3%      | 3%     |
| Operating Expense    | 8%      | 10%      | 10%     | 12%    |
| Operating Income     | (7)%    | (9)%     | (8)%    | (11)%  |
| EPS - Total          | 1%      | (1)%     | 1%      | (2)%   |
## 2019 GUIDANCE

<table>
<thead>
<tr>
<th></th>
<th>Prior</th>
<th>Updated</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$22.0 - $22.5 billion</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS MARGIN % (GAAP)</strong></td>
<td>approx 79.0%</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS MARGIN % (NON-GAAP)</strong></td>
<td>approx 80.0%</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td><strong>MKTG, SELLING &amp; ADMIN.</strong></td>
<td>$5.7 - $6.0 billion</td>
<td>$5.9 - $6.1 billion</td>
<td>Reflecting increased investments in key growth drivers</td>
</tr>
<tr>
<td><strong>RESEARCH &amp; DEVELOPMENT</strong></td>
<td>$5.5 - $5.7 billion</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER INCOME/(EXPENSE)</strong></td>
<td>$(250) - $(100) million</td>
<td>$(150) - $0 million</td>
<td>Gains on mark-to-market of public equities</td>
</tr>
<tr>
<td><strong>TAX RATE (GAAP)</strong></td>
<td>15.0% - 16.0%</td>
<td>14.0% - 15.0%</td>
<td>Reflects net discrete tax benefit</td>
</tr>
<tr>
<td><strong>TAX RATE (NON-GAAP)</strong></td>
<td>14.0% - 15.0%</td>
<td>13.0% - 14.0%</td>
<td>Reflects net discrete tax benefit</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE (GAAP)</strong></td>
<td>$8.57 - $8.67</td>
<td>$8.58 - $8.68</td>
<td></td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE (NON-GAAP)</strong></td>
<td>$5.60 - $5.70</td>
<td>$5.67 - $5.77</td>
<td>Reflects net discrete tax benefit</td>
</tr>
<tr>
<td><strong>NOTE: OPERATING INCOME %</strong></td>
<td>approx 28.0%</td>
<td>unchanged</td>
<td></td>
</tr>
</tbody>
</table>

*Assumed 19.8% Elanco minority interest for entirety of 2019

**Assumes GAAP shares outstanding 938 million, non-GAAP shares outstanding 924 million

Updated FX assumptions of 1.11 (Euro), 110 (Yen) and 6.90 (Renminbi)

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PROGRESS ON 2020 EXPECTATIONS

Revenue¹

2015: $16.8
2016: $16.8 +8% = $18.1
2017: $18.1 +10% = $20.0
2018: $20.0 +7% = $21.7
2019 Guidance Midpoint: $22.3
2020 Goal: $23.6

Operating Income %²

2020 Goal: 31.0%
2019 Guidance Midpoint: 27.5%
2018 Actual: 29.4%
2017 Actual: 24.6%
2016 Actual: 19.3%
2015 Actual: 19.6%

¹Constant currency; % change = price change + volume change; restated for Pharma only
Key Growth Products includes: Basaglar, Cyramza, Emgality, Jardiance, Olumiant, Taltz, Trulicity, and Verzenio

²Excluding FX on int’l inventories sold, Pharma only

2019 Q2 EARNINGS
**YTD 2019 Capital Allocation**

- **R&D***: $2.3
- **Capital Investments**: $0.4
- **Business Development**: $7.2
- **Dividend**: $1.2
- **Share Repurchase**: $3.5

---

**Priorities for 2H 2019**

- Invest in new launches and key growth products
- Fund internal pipeline to deliver new medicines
- Augment internal projects with external innovation
- Return cash to shareholders

---

*After-tax (non-GAAP) Not for promotional use*
SELECT NME AND NILEX PIPELINE

JULY 25, 2019

Not for promotional use

2019 Q2 EARNINGS

LEGEND

- NME
- NILEX
- Commercial Collaboration
- Achieved Milestone
- Removal

TAU MORPHOMER
Alzheimer’s

SSTR4 AGONIST
Pain

GLP-1R NPA
Diabetes

TPPA1 ANTAQ
Pain

GGG TRI-AGONIST
Diabetes

PD-1/PD-L1
Cancer

C-DLACASE INH
Alzheimer’s

NOT DISCLOSED
Cancer

BTK INHIBITOR
Cancer

GDF 15 AGONIST
Diabetes

PD-1 MAB AGONIST
Immunology

CD20R MAB AG
Immunology

PACAP38 MAB
Pain

BAS INS ACYLATED
Diabetes

BTLA MAB AGONIST
Immunology

IDO1 INHIBITOR
Cancer

ERK INHIBITOR
Cancer

IL-2 CONJUGATE
Immunology

AUR A KIN INHIBITOR
Cancer

TIM-3 MAB
Cancer

BAFF-IL-17
Immunology

OXINTOMODULIN
Diabetes

DADAR-089
Diabetes

CXCR1/2 MAB
Immunology

PHASE 1

PD-1/TIM-3
Cancer

IL-23/CRP
Immunology

ABEMACICLIB
HR+HER2+MBBC

PARGODEAKIN
NSCLC

ABEMACICLIB
Prostate Cancer

OLARATUMAB
Pancreatic Cancer

MIRIKIZUMAB
CROHNS Disease

IL-31 MAB
Atopic Dermatitis

RET INHIBITOR
Cancer

BASEL INSULIN-FO
Diabetes

AUTOMATED INSULIN
DELIVERY SYS Diabetes

TGF-β1 KIN INH
Cancer

D1 PAM
Dementia

ZAGOTENEMAB (TAU
MAB)
Alzheimer’s

DONANEMAB (N3JP
Aβ MAB)
Alzheimer’s

PHASE 2

PEGODEAKIN
Pancreatic Cancer

TIRZEPATIDE
Diabetes

MIRIKIZUMAB
Psoriasis

FLORTAUICIPR
Tau Imaging, diagnostic

SOLANZUMAB
Preclinical AD

TANZUMAB
Osteoarthritis Pain

PHASE 3

DULAGLUTIDE
3.0 / 4.5 mg

IXEKIZUMAB
Non-Radiographic AxSpA

EMPAGLIFLOZIN
Heart Failure

EMPAGLIFLOZIN
Chronic Kidney Disease

TANEZUMAB
Chronic Back Pain

TANEZUMAB
Cancer Pain

BARCITINIB
Atopic Dermatitis

BARCITINIB
Systemic Lupus Erythematosus

BARCITINIB
Arthritis Breast Cancer

RAMUCIRUMAB
1st Line NSCLC

EMPAGLIFLOZIN
Type 1 Diabetes

DULAGLUTIDE
REWIND

CONNECTED CARE
PREILLED INSLN PEN
Diabetes

ENPA + LINA + MET XR
Type 2 Diabetes

IXEKIZUMAB
Radiographic AxSpA

ULTRA-RAPID LISPRO
Diabetes

GALCANEZUMAB
Cluster Headache

LASMIDTAN
Migrane

NASAL GLUCAGON
Hypoglycemia

REG REVIEW

APPROVED

2019 Q2 EARNINGS
POTENTIAL KEY EVENTS 2019

Phase 3 Initiations
- **Empagliflozin** for chronic kidney disease
- **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
- **Linaclotide** CAROLINA CV outcomes study
- **Baricitinib** for atopic dermatitis (first two of five studies)
- **Ixekizumab** non-radiographic axial spondyloarthritis
- **Ixekizumab** psoriasis head-to-head vs. guselkumab
- **Tanezumab** for osteoarthritis pain and chronic low back pain
- **Tanezumab** for osteoarthritis pain long-term safety study
- **Olaratumab** for soft tissue sarcoma (OS readout)
- **RET-Inhibitor** for NSCLC and thyroid cancer (registrational Phase 2)
- **Ramucirumab** for 1L EGFR NSCLC cancer
- **Pegolodecakin** for 2L pancreatic cancer
- **Abemaciclib** MONARCH 2 study (OS readout)

Medical Meeting Presentations
- **Dulaglutide** REWIND CV outcomes study
- **Ultra rapid liraglutide** for type 1 and type 2 diabetes
- **Abemaciclib** MONARCH 2 OS study

Regulatory Submissions
- **Connected Pen** for type 1 and type 2 diabetes (US)
- **Dulaglutide** alternate doses for type 2 diabetes
- **Dulaglutide** REWIND CV outcomes study (US/EU)
- **Empagliflozin** for type 1 diabetes (US)
- **Ultra rapid liraglutide** for type 1 and type 2 diabetes (US/EU/J)
- **Galcanezumab** for episodic cluster headache (EU)
- **Ixekizumab** for radiographic axial spondyloarthritis (EU/J)
- **RET-Inhibitor** for NSCLC and thyroid cancer (US)
- **Empagliflozin + linaclotide + metformin XR** for type 2 diabetes (US)
- **Ramucirumab** for 1L EGFR NSCLC cancer (US/EU/J)

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)
- **Ramucirumab** for 2L high AFP hepatocellular cancer (US/EU/J)

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

1. in collaboration with Boehringer Ingelheim
2. in collaboration with Pfizer
3. Phase 3 data presented as medical meeting presentations

Not for promotional use 2019 Q2 EARNINGS
ADA HIGHLIGHTS: TIRZEPATIDE DOSING STUDY
CONSISTENT EFFICACY AND IMPROVED TOLERABILITY

TREATMENT DISCONTINUATIONS

12 week data comparison

- Phase 2b 15mg*
- Dosing Study 15mg-1*
- Dosing Study 15mg-2**

32%
21%
7%

Discontinuation due to adverse events was below 4% in all three escalation schemes assessed
No difference from placebo

Observed GI side effects were mild to moderate, less severe than in prior studies

*15mg arm in the Phase 2b assessed escalating doses of 5mg (2 weeks), 10mg (2 weeks) and then 15mg (for rest of study duration)
**15mg-2 arm assessed escalating doses of 2.5mg (4 weeks), 7.5mg (4 weeks) and 15mg (4 weeks)

Source: Abstract 993-P. Presented at the American Diabetes Association's 79th Scientific Sessions, June 7-11, San Francisco, CA.

DISCONTINUATION DUE TO AEs

12 week data comparison

- Phase 2b 15mg*
- Dosing Study 15mg-1*
- Dosing Study 15mg-2**

23%
23%
4%
0%

Not for promotional use
ADA HIGHLIGHTS: TRULICITY REWIND CVOT
MACE-3 SUPERIORITY IN BROAD POPULATION WITH A LOWER MACE RATE

REWIND ENROLLED LOWER CV RISK POPULATION

ANNUAL MACE RATES IN PLACEBO ARM, BY TRIAL

- ELIXA: 6.3%
- HARMONY SUSTAIN-6: 5.9%
- EXSCEL: 4.4%
- LEADER: 4.0%
- REWIND: 2.7%

REWIND had the lowest placebo MACE-3 rate (2.7%) suggesting a lower CV risk population.

REWIND ACHIEVED CONSISTENT RESULTS

<table>
<thead>
<tr>
<th>Primary Endpoint (MACE-3)</th>
<th>Hazard Ratio (95% CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonfatal Stroke</td>
<td>0.76 [0.61 - 0.95]</td>
</tr>
<tr>
<td>CV Death</td>
<td>0.91 [0.78 - 1.06]</td>
</tr>
<tr>
<td>Nonfatal MI</td>
<td>0.96 [0.79 - 1.16]</td>
</tr>
<tr>
<td>All Death</td>
<td>0.90 [0.80 - 1.01]</td>
</tr>
<tr>
<td>CVD Subgroup Analysis</td>
<td></td>
</tr>
<tr>
<td>No Prior CVD [MACE-3]</td>
<td>0.87 [0.74 - 1.02]</td>
</tr>
<tr>
<td>Prior CVD [MACE-3]</td>
<td>0.87 [0.74 - 1.02]</td>
</tr>
</tbody>
</table>

Note: Across GLP-1RA CVOT trials there are differences in study design and key inclusion/exclusion criteria. Presented at the American Diabetes Association's 79th Scientific Sessions; June 7-11, San Francisco, CA. Gerstein et al. Lancet 2019.

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R&D UPDATE

**ONCOLOGY**

- **Verzenio**
  - Significant improvement in OS in HR+/HER2- mBC Phase 3
  - Positive trial for HER2+ mBC (PFS, 225 patient Phase 2)
  - China HR+/HER2- mBC stopped early due to positive efficacy (PFS, 450 patient Phase 3)

- **Pegilodecakin**
  - CYPRESS-1 & 2 studies in NSCLC will complete by year end, with data disclosure in 2020

**NEURO-DEGENERATION**

- **Zagotenemab**
  - Anti-tau antibody for early symptomatic Alzheimer’s disease
  - 285 patients, randomized and placebo-controlled study
  - Phase 2 Data expected 2021

- **D1PAM**
  - Dopamine D1 positive allosteric modulator for symptoms of Lewy Body Dementia
  - 340 patients, randomized placebo-controlled study
  - Phase 2 Data expected 1H 2020

**IMMUNOLOGY**

- **IL-33**
  - Anti-IL-33 monoclonal antibody for moderate-to-severe atopic dermatitis
  - 200 patient, randomized and placebo-controlled study
  - Primary endpoint is improvement in IGA of 0 or 1 at week 16
  - Phase 2 Data expected 2020

**DIABETES**

- **Basal Insulin-FC**
  - Convenience and simplicity of once-weekly basal insulin
  - Phase 2 Data expected 2020

  **Automated Insulin Delivery System**
  - First step in process to closed-loop connected pump
  - Currently testing in multiple Phase 2 studies, expect to initiate Phase 3 in 2020

*Not for promotional use*
SUMMARY

• Q2 2019 volume-driven revenue growth of 1%, 3% in constant currency

• Operating income as a % of revenue improved 170 bps vs. Q1 2019

• Progress on our innovation-based strategy, including three regulatory approvals

• Deployed nearly $0.6 billion to shareholders via the dividend and completed a $3.5 billion accelerated share repurchase program

---

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
Supplementary Slides
NON-GAAP GROSS MARGIN % OF REVENUE

MOVING ANNUAL TOTAL

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>78.6%</td>
<td>79.8%</td>
<td>80.2%</td>
<td>80.6%</td>
<td>80.2%</td>
<td>81.0%</td>
</tr>
<tr>
<td>2019</td>
<td>81.5%</td>
<td>80.9%</td>
<td>80.3%</td>
<td>80.1%</td>
<td>80.2%</td>
<td>80.2%</td>
</tr>
</tbody>
</table>

Note: The lines in the graph are moving annual totals (i.e., trailing 4 quarters) while the two rows of numbers are from specific quarters.

* 2018 has been reclassified to reflect divestiture of Elanco Animal Health in 2019.

2019 Q2 EARNINGS
NON-GAAP OPERATING MARGIN % OF REVENUE

With FX effect on int’l inventories sold
Without FX effect on int’l inventories sold

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>29.3%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Q2</td>
<td>30.4%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Q3</td>
<td>28.7%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Q4</td>
<td>25.9%</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

Individual quarter Op. Margin % of Revenue:
with FX effect on int’l inv sold
w/o FX effect on int’l inv sold

* 2018 has been reclassified to reflect divestiture of Elanco Animal Health in 2019.

2019 Q2 EARNINGS
Q2 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties, totaling $51.6 million (pretax), or $0.04 per share (after-tax); and
- costs associated with upfront payments for acquired in-process research and development projects, related to business development activity with Avidity Biosciences, Inc. totaling $25.0 million (pretax), or $0.02 per share (after-tax).

Q2 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties, totaling $103.5 million (pretax), or $0.08 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily driven by the acquisitions of ARMO BioSciences totaling ($1.476 billion pretax) and AurKa Pharma ($81.8 million pretax), as well as a collaboration with Sigilon Therapeutics ($66.9 million pretax), or $1.61 per share (after-tax);
- charges primarily due to other investment income, as well as a reduction in estimated severance liabilities, reduction totaling $25.5 million (pretax), or $0.03 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.04 per share (after-tax); and
- discontinued operations of Elanco Animal Health business, totaling $28.3 million, or $0.03 per share (after-tax).
YTD 2019 INCOME STATEMENT NOTES

YTD 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangibles primarily associated with costs of marketed products acquired or licensed from third parties, totaling $95.2 million (pretax), or $0.08 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily related to business development activity with AC Immune SA, ImmuNext, Inc. and Avidity Biosciences, Inc., totaling $161.9 million (pretax), or $0.14 per share (after-tax);
- charges primarily associated with the accelerated vesting of Loxo Oncology employee equity awards as part of the closing of the acquisition of Loxo Oncology, totaling $411.8 million (pretax), or $0.44 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.05 per share;
- charges related to the suspension of promotion of Lartruvo, totaling $96.7 million (pretax), or $0.14 per share (after-tax); and
- discontinued operations of the Elanco Animal Health business, reduction totaling $3.681 billion, or $3.86 per share.

YTD 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangibles primarily associated with costs of marketed products acquired or licensed from third parties, totaling $206.7 million (pretax), or $0.17 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily driven by the acquisitions of ARMO BioSciences totaling ($1.476 billion pretax) and AurKa Pharma ($81.8 million pretax), as well as a collaboration with Sigilon Therapeutics ($66.9 million pretax), or $1.65 per share (after-tax);
- charges primarily associated with asset impairment and restructuring charges related to the decision to end Posilac® [rbST] production at the Augusta, Georgia manufacturing site, other investment income, and income from a reduction in estimated severance liabilities, totaling $31.3 million (pretax), or $0.01 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.06 per share (after-tax); and
- discontinued operations of the Elanco Animal Health business, reduction totaling $21.9 million, or $0.02 per share (after-tax).
## COMPARATIVE EPS SUMMARY 2018/2019

<table>
<thead>
<tr>
<th></th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>2018</th>
<th>1Q19</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>1.16</td>
<td>(0.25)</td>
<td>1.12</td>
<td>1.10</td>
<td>3.13</td>
<td>4.31</td>
<td>1.44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP</td>
<td>1.31</td>
<td>1.48</td>
<td>1.34</td>
<td>1.32</td>
<td>5.44</td>
<td>1.33</td>
<td>1.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Numbers may not add due to rounding.
For a complete reconciliation to reported earnings, see slide 27 and our earnings press release dated July 30, 2019.
Q2 2019 TRULICITY SALES INCREASED 32%

U.S. sales increased 29%
International sales increased 41%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019
Q2 2019 TALTZ SALES INCREASED 61%

U.S. sales increased 54%
International sales were $86 million

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019
Q2 2019 BASAGLAR SALES INCREASED 44%

U.S. sales increased 48%
International sales increased 29%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019
Note: Basaglar is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

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2019 Q2 EARNINGS

32
Q2 2019 CYRAMZA SALES INCREASED 11%

U.S. sales increased 19%
International sales increased 6%

Quarterly Sales by Major Geography

Note: Numbers may not add due to rounding.
Q2 2019 JARDIANCE REVENUE INCREASED 58%

U.S. revenue increased 67%
International revenue increased 45%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

Note: Jardiance is part of the Boehringer Ingelheim and Lilly Diabetes Alliance
Q2 2019 VERZENIO SALES WERE $134 MILLION

U.S. sales were $105 million
International sales were $29 million

Note: Numbers may not add due to rounding.
Q2 2019 Olumiant sales were $102 million

U.S. sales were $11 million
International sales were $92 million

- Launched in the U.S. in July 2018
- Q2 sales driven by Europe, led by Germany
- Key driver of volume growth in Europe

Note: Numbers may not add due to rounding.
Q2 2019 EMGALITY SALES WERE $34 MILLION

Millions

U.S. sales were $34M
International sales were $1M

Note: Numbers may not add due to rounding.

Source: IQVIA NBRx, weekly data June 28, 2019

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Q2 2019 HUMALOG SALES DECREASED 12%

U.S. sales decreased 15%
International sales decreased 8%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019
Q2 2019 ALIMTA SALES INCREASED 4%

 Millions

U.S. sales increased 21%
International sales decreased 14%

<table>
<thead>
<tr>
<th></th>
<th>Q2 Sales</th>
<th>Change</th>
<th>Performance</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Alimta</td>
<td>$341.7</td>
<td>21%</td>
<td>21%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Alimta</td>
<td>$236.1</td>
<td>(14%)</td>
<td>(9%)</td>
<td>(5%)</td>
</tr>
<tr>
<td>WW Alimta</td>
<td>$577.8</td>
<td>4%</td>
<td>6%</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

- U.S. sales increase primarily driven by increased demand
- OUS sales decrease driven primarily by decreased volume and, to a lesser extent, the unfavorable impact of FX and lower realized prices

Note: Numbers may not add due to rounding.
Q2 2019 FORTEO® SALES DECREASED 17%

U.S. sales decreased 23%
International sales decreased 10%

<table>
<thead>
<tr>
<th></th>
<th>Q2 Sales</th>
<th>Change</th>
<th>Performance</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Forteo</td>
<td>$172.8</td>
<td>[23%]</td>
<td>[23%]</td>
<td>-</td>
</tr>
<tr>
<td>OUS Forteo</td>
<td>$188.0</td>
<td>[10%]</td>
<td>[5%]</td>
<td>(5%)</td>
</tr>
<tr>
<td>WW Forteo</td>
<td>$360.8</td>
<td>[17%]</td>
<td>[15%]</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

- U.S. sales decrease primarily driven by decreased demand and, to a lesser extent, decreased net realized prices
- OUS sales decrease driven by the unfavorable impact of FX, decreased volume, and, to a lesser extent, lower realized prices

Note: Numbers may not add due to rounding.
Q2 2019 HUMULIN® SALES DECREASED 7%

U.S. sales decreased 8%
International sales decreased 4%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

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Q2 2019 CIALIS SALES DECREASED 63%

U.S. sales decreased 90%
International sales decreased 14%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

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2019 Q2 EARNINGS
Lilly unites caring with discovery to create medicines that make life better for people around the world.