



Eli Lilly (LLY)

Updated February 18th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$1,021	5 Year Annual Expected Total Return:	22.2%	Market Cap:	\$912 B
Fair Value Price:	\$1,096	5 Year Growth Estimate:	20.0%	Ex-Dividend Date:	02/13/26
% Fair Value:	93%	5 Year Valuation Multiple Estimate:	1.4%	Dividend Payment Date:	03/10/26
Dividend Yield:	0.7%	5 Year Price Target	\$2,727	Years Of Dividend Growth:	12
Dividend Risk Score:	A	Sector:	Health Care	Rating:	Buy

Overview & Current Events

Eli Lilly develops, manufactures, and sells pharmaceuticals around the world, and has about 47,000 employees globally. Eli Lilly has annual revenue of \$59 billion. Shares are trading with a market capitalization of \$912 billion.

On December 8th, 2025, Eli Lilly increased its quarterly dividend 15.3% to \$1.73, extending the company's dividend growth streak to 12 years.

On February 4th, 2026, Eli Lilly released fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue improved 42.6% to \$19.3 billion, which was \$1.35 billion above estimates. Adjusted earnings-per-share of \$7.54 compared very favorably to adjusted earnings-per-share of \$5.32 in the prior year and was \$0.61 better than expected. For the year, revenue was up 45% to \$65.2 billion while adjusted earnings-per-share of \$24.21 compared to \$12.99 in 2024.

Volumes companywide were up 46% for the quarter, but this was partially offset by a 5% decline in realized prices. U.S. revenue grew 43% to \$12.9 billion, as volume was up 50% and pricing was lower by 7%. International revenues improved 43% to \$6.4 billion as volumes grew 38% while favorable currency exchange added 4% to results. Revenue for *Mounjaro*, which helps patients with weight management and is the company's top gross product, totaled \$7.4 billion, which was a 110% increase from the prior year. Demand remains very high for the product. *Zepbound*, which is also used to treat patients with obesity, had revenue of \$4.26 billion for the quarter compared to \$1.91 billion in the prior year. This product launched in November of 2023 and has seen impressive growth since. *Verzenio*, which treats breast cancer, grew 3% to \$1.6 billion due to higher, due to higher volume in the U.S. Eli Lilly's treatment for Alzheimer's, called *Kisunla*, was approved by the U.S. FDA in Q3 2024. The company also received approval for use in the European Union during the Q3 2025. The product is now available in 13 countries, including Japan and China. *Kisunla* generated \$109 million in Q4 2025, which was up 54% from Q3 2025. The drug is expected to be a blockbuster, with peaks sales expected to be close to \$5 billion.

Eli Lilly provided an outlook for 2026 as well. Adjusted earnings-per-share are expected to be in a range of \$33.50 to \$35.00 for the year. At the midpoint, this would be a huge improvement from 2025, if achieved.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.52	\$4.28	\$5.55	\$6.04	\$7.93	\$8.16	\$7.94	\$6.32	\$12.99	\$24.21	\$34.25	\$85.22
DPS	\$2.04	\$2.08	\$2.25	\$2.58	\$2.96	\$3.40	\$3.92	\$4.52	\$5.20	\$6.00	\$6.92	\$13.92
Shares¹	1,101	1,100	1,060	935	911	910	905	903	903	898	898	895

Eli Lilly managed to grow earnings during the last recession, a rare feat in the market. The company's growth over the last decade is 23.9%, though much of that growth has occurred over the last few years. Given the strength of Eli Lilly's key pharmaceuticals and positive clinical data, we now expect earnings-per-share to grow at a rate of 20% per year through 2031. This is down from 30% previously due to the high base from which EPS begins.

¹ In millions of shares

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Eli Lilly increased its dividend just six times from 2008 through 2019. From 2009 to 2014, the dividend remained unchanged. Many companies in the pharmaceutical sector have a more impressive and longer dividend growth history than Eli Lilly. However, the company did increase its dividend by at least 15% the past eight years. For now, we expect that dividends will grow at 15% per year.

On August 16th, 2022, the Inflation Reduction Act of 2022 was signed into law. The law will, in part, require the federal government to negotiate prices for drugs covered under Medicare starting in 2026. This could reduce the profits pharmaceutical companies could collect, but these costs could be shifted to employer sponsored plans, reducing the negative impact on businesses. As such, we maintain our expected growth rates, but will monitor the situation as we get closer to the implementation of the law.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.7	19.1	19.0	21.8	21.2	33.9	46.1	92.2	59.4	44.4	29.8	32.0
Avg. Yld.	2.7%	2.5%	2.4%	2.2%	2.0%	1.2%	1.1%	0.8%	0.7%	0.6%	0.7%	0.5%

Shares of Eli Lilly have gained \$16, or 1.6%, since our November 12th, 2025 report. Based off earnings estimates for the year, shares trade with a price-to-earnings ratio of 29.8. We reaffirm our target price-to-earnings ratio of 32.0, up from 30.0, given that the market expects Eli Lilly to see strong growth in the coming years. If shares were to revert to this target valuation by 2031, then multiple expansion would add 1.4% to annual returns over this period.

Even though the company's dividend remained at the same level for a long period of time, shares of Eli Lilly have often traded with an above average dividend yield. The yield today is well below the stock's 10-year average of 1.6%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

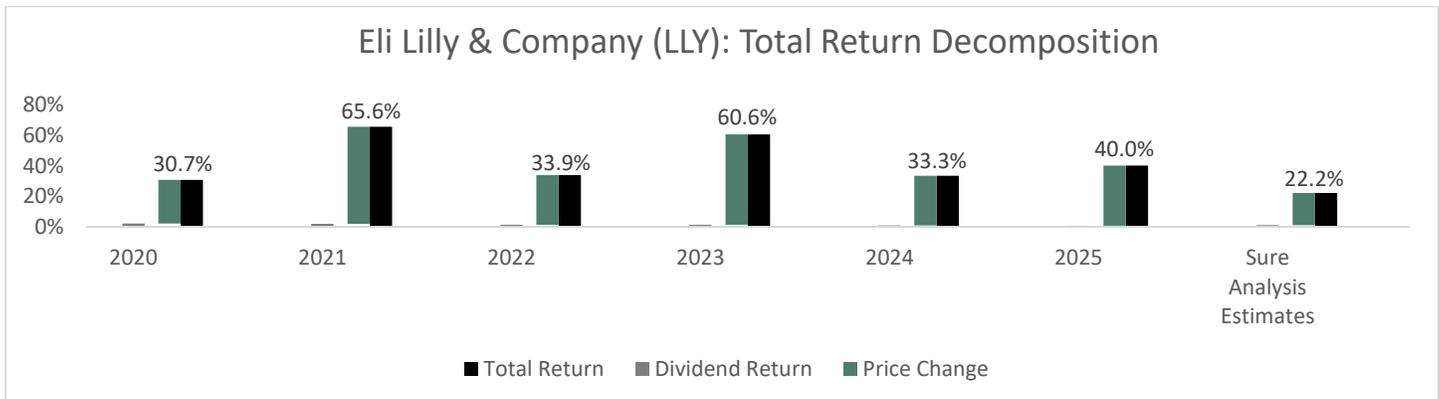
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	58%	49%	41%	43%	37%	42%	49%	72%	40%	25%	20%	16%

Eli Lilly's primary competitive advantage is the strength of newer pharmaceuticals in its portfolio. These products have shown very high rates of growth and should do so over the next few years. Another advantage is Eli Lilly's willingness to spend capital to improve its pipeline through acquisitions and research and development. Eli Lilly allocated 20% of sales into R&D in 2025 in order to augment their pipeline.

Final Thoughts & Recommendation

Eli Lilly is expected to return 22.2% annually through 2031, up from our previous estimate of 13.7%. Our projection stems from a 20% earnings growth rate, a 0.7% starting yield, and a small contribution from multiple expansion. We now rate shares of Eli Lilly as a buy due to projected returns and a strong dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	21222	22871	21493	22320	24540	28318	28541	34124	45043	65179
Gross Profit	15567	16801	16812	17598	19057	21006	21912	27042	36624	54127
Gross Margin	73.4%	73.5%	78.2%	78.8%	77.7%	74.2%	76.8%	79.2%	81.3%	83.0%
SG&A Exp.	6452	6588	5975	6214	6121	6432	6440	7403	8594	11094
D&A Exp.	1497	1567	1609	1233	1324	1548	1523	1527	1767	1997
Operating Profit	3871	4931	5785	5790	6850	7548	8280	10325	17040	29696
Op. Margin	18.2%	21.6%	26.9%	25.9%	27.9%	26.7%	29.0%	30.3%	37.8%	45.6%
Net Profit	2738	(204)	3151	4638	6194	5582	6245	5240	10590	20640
Net Margin	12.9%	-0.9%	14.7%	20.8%	25.2%	19.7%	21.9%	15.4%	23.5%	31.7%
Free Cash Flow	3759	3452	2506	3483	4471	5388	4600	(3152)	414	5964
Income Tax	636	2402	530	628	1036	574	562	1314	2090	5091

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	38806	44981	43908	39286	46633	48806	49490	64006	78715	112476
Cash & Equivalents	6039	8034	7409	2439	3681	3909	2212	2928	3423	7268
Acc. Receivable	4029	4546	4594	4547	5875	6673	6896	9091	11006	17760
Inventories	3562	4458	3098	3191	3980	3886	4310	5773	7589	13744
Goodwill & Int.	8331	8399	2435	10297	11217	11584	11280	11846	11937	12419
Total Liabilities	24725	33313	32999	36587	40808	39651	38714	53143	64443	85941
Accounts Payable	1349	1411	1207	1405	1607	1671	1931	2599	3229	5379
Long-Term Debt	9006	10950	9800	14310	16595	16885	16239	25225	33644	43643
Total Equity	14008	11592	9829	2607	5642	8979	10650	10772	14192	26535
LTD/E Ratio	0.74	1.18	1.05	6.11	2.94	1.88	1.52	2.34	2.37	1.65

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.4%	-0.5%	7.1%	11.1%	14.4%	11.7%	12.7%	9.2%	14.8%	21.6%
Return on Equity	19.1%	-1.6%	27.9%	68.2%	145.3%	74.5%	62.7%	48.4%	84.3%	101.2%
ROIC	11.7%	-0.8%	13.5%	23.3%	30.2%	23.0%	23.5%	16.6%	25.2%	34.9%
Shares Out.	1,101	1,100	1,060	935	911	910	905	903	903	898
Revenue/Share	19.99	21.74	20.79	23.85	26.89	31.06	31.55	37.78	49.82	72.48
FCF/Share	3.54	3.28	2.42	3.72	4.90	5.91	5.09	(3.49)	0.46	6.63

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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