

Eli Lilly (LLY.N)

Lilly and Nvidia joins hand for advanced AI drug discovery lab

CITI'S TAKE

NVIDIA and Eli Lilly have launched an AI co-innovation lab, backed by a joint investment of up to \$1B over five years. This strategic alliance aims to fundamentally reinvent drug discovery by converging Lilly's deep pharmaceutical expertise with NVIDIA's cutting-edge AI, accelerated computing, and infrastructure capabilities. Leveraging platforms like NVIDIA BioNeMo and the Vera Rubin architecture, the lab will co-locate top scientists and AI engineers to collaboratively address complex R&D challenges. By pioneering robotics and physical AI, this partnership is poised to accelerate medicine development and production, potentially transforming industry paradigms and enhancing R&D pipelines through extensive in silico exploration. As highlighted in our outlook ([here](#)), we expect advancement in use of AI in drug discovery to tackle complex R&D challenges and discovery of novel drug molecules. Maintain Buy, TP \$1500.

Additional details – The NVIDIA and Lilly collaboration will establish a continuous learning system, integrating wet and dry labs for 24/7 AI-assisted experimentation. This framework aims to foster a scientist-in-the-loop approach where experiments, data generation, and AI model development continuously inform and improve each other, accelerating drug discovery and development across the pharmaceutical pipeline.

Buy

Price (09 Jan 26 16:00)	US\$1,063.56
Target price	US\$1,500.00
Expected share price return	41.0%
Expected dividend yield	0.6%
Expected total return	41.6%
Market Cap	US\$1,005,472M

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

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Eli Lilly

Valuation

We set our DCF derived valuation at \$1,500. We project free cash flows for an explicit forecast period to 2030 and thereafter apply terminal growth assumptions. We employ a CAPM-derived WACC of 5.7% and assume a 2.6% terminal growth rate.

Risks

Key downside risks include: 1) validated or fictitious adverse events associated with Mounjaro/Zepbound impacting adoption; 2) proposed US rebate reform being passed through congress which would reduce barriers to entry for competition; 3) tirzepatide portfolio facing formulary step-edits through generic semaglutide from 2032E.

Key upside risks include: 1) adoption of Alzheimer's drug donanemab above our modest expectations; 2) positive evolution of pipeline including remternetug, orforglipron, retatrutide, and more; and 3) lower than expected impact of IRA price negotiation on Verzenio and Trulicity.

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Appendix A-1

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Eli Lilly (LLY)

Ratings and Target Price History
Fundamental Research

Analyst: Geoff Meacham, Ph.D.



	Date	Rating	Target Price	Closing Price
1	02-Mar-23 10:07:28	1	*360.00	315.05
2	26-Jul-23 00:00:00	1	*525.00	453.59
3	20-Oct-23 13:21:12	1	*675.00	584.64
4	02-Apr-24 00:00:00	1	*895.00	763.96

	Date	Rating	Target Price	Closing Price
5	08-Jul-24 07:25:51		-	918.00
6	13-Sep-24 00:00:00	*1	*1,060.00	923.71
7	25-Oct-24 01:48:44	1	*1,250.00	892.70
8	28-Jan-25 05:00:00	1	*1,190.00	804.99

	Date	Rating	Target Price	Closing Price
9	06-Nov-25 17:11:40	1	*1,250.00	937.44
10	12-Nov-25 05:00:00	1	*1,500.00	1,017.78

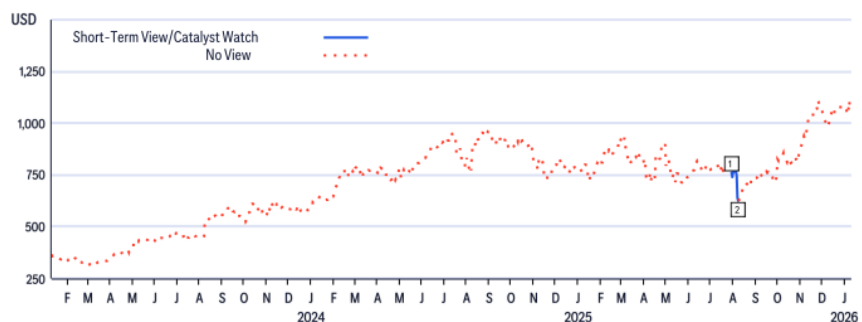
*Indicates Change

Rating/target price changes above reflect Eastern Time

Eli Lilly (LLY)

Short-Term View/Catalyst Watch Research

Analyst: Geoff Meacham, Ph.D.



	Date	Action	Expected Direction	Duration	Closing Price
1	30-Jul-25 01:00:00	Add CW	Upside	90 Days	760.08

	Date	Action	Expected Direction	Duration	Closing Price
2	08-Aug-25 16:08:22	Remove CW	Upside	90 Days	625.65

CW - Catalyst Watch, STV - Short-Term View

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Data current as of 01 Jan 2026	12 Month Rating			Catalyst Watch		
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% of companies in each rating category that are investment banking clients	36%	40%	28%	40%	34%	35%

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Citigroup Global Markets Inc.	Mary Kate Davis; Ross Fladeland; Jarwei Fang; Nishant Gandhi, Ph.D.; Geoff Meacham, Ph.D.
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