



## Company research tour: Eli Lilly

# Finding the key to unlocking a US\$200 billion opportunity

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**Nabil Hanano**  
*Associate Portfolio Manager,  
Global Focused Growth Equity Strategy*



**Jeff Holford**  
*Pharmaceutical Analyst,  
US and European Large Cap*



### Introduction

During a recent visit to Eli Lilly's headquarters in Indianapolis, Nabil Hanano, Associate Portfolio Manager, and Jeff Holford, US and European Large Cap Pharmaceutical Analyst, gathered valuable insights into the potential of GLP-1 drugs, the company's capacity expansion plans and the promising oral molecule Orforglipron.

### The potential of GLP-1 drugs

GLP-1 drugs, such as tirzepatide (brand names Mounjaro for diabetes and Zepbound for obesity) and semaglutide (Ozempic), are showing promising results in treating obesity and related comorbidities. Hanano highlighted, "obesity is the underlying driver of over 200 comorbidities," and recent data indicates substantial benefits, including 50-60% reductions in weight and improvements in conditions like sleep apnoea and heart failure.

Additionally, there is growing interest in the potential cognitive benefits of GLP-1 drugs. Eli Lilly is exploring the potential of GLP-1 receptor agonists in treating Alzheimer's and other neurological conditions.

Hanano added, "I think there's a true excitement, particularly with the Head of Genetic Medicines and Neuroscience, in terms of the benefits of these drugs can give to people with dementia and Alzheimer's, particularly as they're treated earlier on."

### Orforglipron (Oral): A game-changer in the making

One of the most exciting developments at Eli Lilly is the oral GLP-1 receptor agonist, Orforglipron. This small molecule was acquired a few years ago from Chugai. "We think this is really key for unlocking the true Total Addressable Market that we think could be over US\$200 billion," says Hanano.

The oral nature of Orforglipron makes it particularly appealing for markets outside the US, where healthcare systems often prefer oral medications over injectables. "Oral molecules tend to be preferred, healthcare systems are much more geared towards that kind of medicine rather than injectable that has to be in a cold chain storage," says Holford.

The diabetes team at Eli Lilly has provided insights that bolster confidence in the drug's safety and efficacy. Orforglipron is currently undergoing phase three trials, with initial results expected in the first half of next year. Holford notes, "one of the main concerns is about safety... but this trial's getting fairly mature now." Holford adds, "There's been no material issues on safety picked up in that, so far as they are able to monitor it."

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## Strategic investments and market potential

Eli Lilly is investing heavily in building capacity for Orforglipron's launch, expected in 2026. Holford notes, "one of the things they think that could really fix this imbalance in demand and supply is actually the potential of approval of launch of Orforglipron in 2026."

The company is preparing to enter the market with a well-scaled supply, addressing previous challenges faced during standard supply launches. Holford also highlights the broader market potential, particularly outside the US, where oral medications are preferred due to easier storage and administration.

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## Capacity expansion to meet growing demand

Eli Lilly is making significant investments to scale its manufacturing capacity to meet the increasing demand for its products.

The company aims to increase sellable doses to at least 1.5 times the levels achieved in the latter half of 2023. New facilities in Indianapolis and Europe are expected to come online over the next 2-3 years, significantly boosting capacity. Despite these efforts, Holford notes, "Even with this very rapid rise in capacity that we are seeing, we're not going to be able to meet even the US demand

for these products, across them and their competitors until at least in 2025."

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## The role of compounding pharmacies

Compounding pharmacies have emerged as a critical factor in addressing current market shortages. These pharmacies are benefiting from the increased demand for pharmaceutical products, providing a temporary solution to capacity constraints. However, Eli Lilly's long-term strategy involves substantial investments in manufacturing infrastructure to ensure a more sustainable supply chain.

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## Conclusion

Eli Lilly's strategic initiatives, including capacity expansion and the development of innovative drugs like Orforglipron, position the company for significant growth. The potential of GLP-1 drugs in treating a wide range of conditions and the promising outlook for Orforglipron underscore the company's commitment to addressing unmet medical needs. Holford concludes, "Orforglipron is the least well understood or appreciated aspect of Lilly probably over the midterm," but we believe it is poised to become a major growth driver for the company.

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