

ModernGraham Valuation

Company Name:

Eli Lilly and Co

Company Ticker LLY

Date of Analysis

7/7/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$88,026,355,688	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.60	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	68.28%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.07	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.62	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.71	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.04
MG Growth Estimate	-2.24%
MG Value	\$12.24
MG Value based on 3% Growth	\$44.11
MG Value based on 0% Growth	\$25.86
Market Implied Growth Rate	8.79%

MG Opinion

Current Price	\$79.32
% of Intrinsic Value	647.84%
Opinion	Overvalued
MG Grade	D+

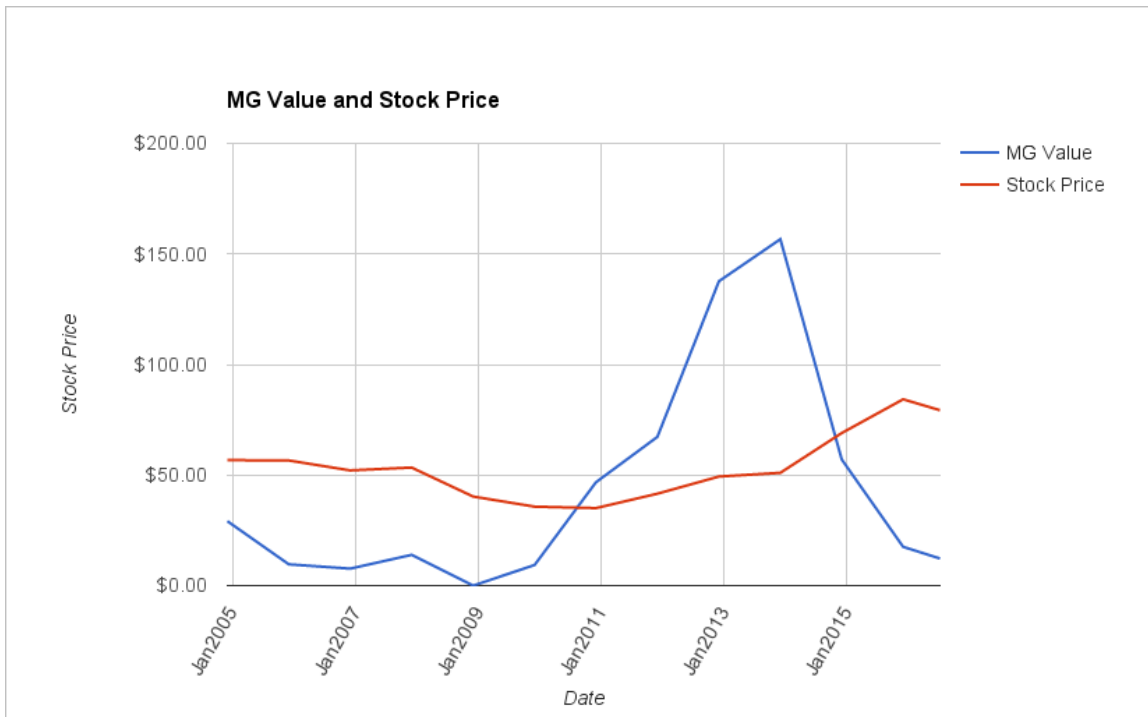
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.49
Graham Number	\$32.78
PEmg	26.07
Current Ratio	1.60
PB Ratio	5.62
Current Dividend	\$2.01
Dividend Yield	2.53%
Number of Consecutive Years of Dividend Growth	2

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.52	Next Fiscal Year Estimate	\$3.04
Dec2015	\$2.26	Dec2015	\$2.96
Dec2014	\$2.23	Dec2014	\$3.45
Dec2013	\$4.32	Dec2013	\$4.07
Dec2012	\$3.66	Dec2012	\$3.58
Dec2011	\$3.90	Dec2011	\$3.24
Dec2010	\$4.58	Dec2010	\$2.72
Dec2009	\$3.94	Dec2009	\$1.80
Dec2008	-\$1.89	Dec2008	\$0.93
Dec2007	\$2.71	Dec2007	\$2.30
Dec2006	\$2.45	Dec2006	\$2.11
Dec2005	\$1.81	Dec2005	\$2.02
Dec2004	\$1.66	Dec2004	\$2.21
Dec2003	\$2.37	Dec2003	\$2.50
Dec2002	\$2.50	Dec2002	\$2.52
Dec2001	\$2.55	Dec2001	\$2.31
Dec2000	\$2.79	Dec2000	\$1.91
Dec1999	\$2.46	Balance Sheet Information 3/1/2016	
Dec1998	\$1.87	Total Current Assets	\$11,714,600,000
Dec1997	-\$0.35	Total Current Liabilities	\$7,340,900,000
Dec1996	\$0.00	Long-Term Debt	\$7,477,600,000
		Total Assets	\$34,691,800,000
		Intangible Assets	\$8,934,900,000
		Total Liabilities	\$19,681,900,000
		Shares Outstanding (Diluted Average)	1,063,100,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [Eli Lilly & Co. Annual Valuation – 2015 \\$LLY](#)
- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Eli Lilly & Company Quarterly Valuation – January 2015 \\$LLY](#)
- [18 Companies in the Spotlight This Week – 10/25/14](#)

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posts about related
companies

- [Zoetis Inc Valuation – June 2016 \\$ZTS](#)
- [Merck & Co Inc Valuation – March 2016 \\$MRK](#)
- [Bristol-Myers Squibb Company Valuation – February 2016 \\$BMJ](#)
- [Amgen Inc Valuation – February 2016 \\$AMGN](#)
- [Merck & Co Inc Valuation – March 2016 \\$MRK](#)
- [Bristol-Myers Squibb Company Valuation – February 2016 \\$BMJ](#)
- [Amgen Inc Valuation – February 2016 \\$AMGN](#)
- [Pfizer Inc Valuation – February 2016 \\$PFE](#)
- [Biogen Inc Valuation – February 2016 Update \\$BIIB](#)
- [Perrigo Co PLC Valuation – January 2016 Update \\$PRGO](#)