



Zoetis Inc

Zoetis Inc presentation delivered at the J.P. Morgan 2026 Healthcare Conference on Monday, January 12, 2026 at 10:30 AM

Chris Schott: Good morning, everybody. I'm Chris Schott from JPMorgan, and it's my pleasure to be introducing Zoetis today. From the company, we have a presentation from CEO, Kristin Peck, and we'll have Wettey Joseph, company CFO, available for Q&A. With that, Kristin, happy New Year and looking forward to the presentation.

Kristin Peck: Thank you, Chris, and welcome to everyone. It is great to be back at JPMorgan. I'm excited to share today how Zoetis is defining the next era in animal health, powered by our industry-leading innovation, our science-to-scale model, and our disciplined execution.

Now, everyone's favorite slide, some housekeeping before we get started. Today's remarks will include forward-looking statements and non-GAAP financials. For more information on these risks, as well as the reconciliation to our GAAP financials, please visit our Investor Relations website and click on today's presentation.

As Chris mentioned, today I am joined by our chief financial officer, Wettey Joseph, and together, we are excited to share how Zoetis' momentum and capabilities will shape the future of animal health. Let me get started on the slides now. Where am I now?

OK. We're excited today to really highlight the essential animal health industry, which has got very strong sectoral tailwinds, which we'll discuss. The industry is projected to grow to \$90 billion over the next 10 years, led by tailwinds in both companion animal and livestock.

Next, we'll highlight the science to scale model at Zoetis, and how powered by this model, we can leverage the incredible secular tailwinds of the industry to drive sustainable, consistent growth across our portfolio.

We'll then double click some of the significant growth drivers that we have at Zoetis, which will provide a trajectory of consistent growth that you've seen over the last few years. Hopefully, many of you joined us for our innovation webcast back in December, and we'll talk a little bit more about

our robust pipeline that has 12 potential blockbuster drugs.

We're super excited about those, and also expecting a major market approval every year for the next few years. Then Wetteny will join us on stage to discuss how all of this together will help us drive sustainable shareholder value over the long term.

Let's start overall with the industry. The animal health industry is an essential industry, and it's powered on the humans who are going to be doubling by 2050, or sorry, not doubling, moving to 10 billion by 2050.

More and more, what people want is nutritious protein, they want comfort, and they want companionship. As you look here, we are at the market today that's around \$50 billion, and it's expected to almost double to \$90 billion.

As I move to the next slide, you can look at what that has meant for the compound annual growth rate of the industry and for Zoetis. Looking ahead, there are clear tailwinds, as we've discussed, that drive the industry.

As you look at the five percent compound annual growth rate that the industry has been having over time, has been very strong. As you look at Zoetis, our compound annual growth rate since our IPO has been eight percent.

That's significantly above the overall industry, but importantly, we've also driven industry-leading margins. We've been putting cost discipline and disciplined execution across both of those.

One of the drivers of that has been the growth in companion animal. As you look into what's driving that growth, is more and more the next generation of pet owners. These pet owners are younger, they tend to be millennials and Gen Z, and they embrace being pet parents and everything that comes with being a pet parent.

They are therefore driving an increase and deepening the human animal bond. As they do that, they are increasing the pet medicalization. They are interested in getting top quality veterinary care and investing in treatments that it can expand the life of their pets, and indeed they are. Pets are living longer.

As these pets live longer, they want more advanced therapies. As you saw, and as we'll talk about today is our future portfolio, they're investing in a lot more in diseases of long life. Many of these

diseases also require diagnostics, which is therefore driving the diagnostics market.

The growth of the pet care space is also being driven by consumers' desire for convenience, moving more and more to alternative channels, which is also in turn increasing compliance. We're also seeing incremental growth in the livestock sector as well with really strong tailwinds.

One of the greatest tailwind is the market normalization of what was a very disruptive period for many years. It started with African swine fever. We then had COVID, and then post-COVID, some of the supply and demand imbalances that we saw. What you've also been seeing is significant mid-single-digit growth over the last few years of both the industry and of Zoetis.

What's been driving that is an expansion of the global population. That population is looking for nutritious, sustainable, safe, and affordable protein sources. That's meant more and more livestock producers have been investing in prevention versus treatment, and looking at precision animal health, digital, data, AI, all spaces where Zoetis leads the way.

Let me highlight how we take that industry and leverage our science-to-scale model to accelerate the growth for Zoetis. We believe it's our ability at Zoetis to connect discovery to delivery, ensuring that innovation translates into products that provide durable value overall.

For Zoetis, it starts by investing in our world-class R&D, and then, importantly, connecting that with our manufacturing excellence, and then our excellent commercial execution. Together, that brings discovery to impact on a global scale.

In fact, as you look at Zoetis, Zoetis has led 35 percent of the regulatory approvals of the industry over the last 10 years. We've been doing that with our R&D engine that includes 1,600 world-class colleagues. We've invested \$5 billion in R&D since our IPO. We've done that across 15 therapeutic areas and eight species.

We have the most robust and comprehensive pipeline in the industry, and we're advancing care for animals across every stage of life. Our R&D engine is proven. It has delivered over 2,000 regulatory approvals over the last decade.

What starts and what's at the center of that is meeting unmet customer need, but then, importantly, that's taking the science that we have, the biology of species, the biology of disease, and innovating the next generation of therapeutics and of preventatives.

We've got a full complement of capabilities, as you can see on the slide. It allows us to deliver solutions across the continuum of care. From prediction with our genetics to prevention with our vaccines, to detection with our diagnostics, to treatments across our whole portfolio with both biologics and therapeutics.

We're very excited in our ability to continue to drive innovation, and we highlighted that at our innovation webcast in December. As we showcased, we're expecting a major market approval every year for the next few years.

We have a robust pipeline. If you look back to 2025, we were very excited to get the approvals of Lenivia and Portela, as well as for high-path avian and influenza vaccines for livestock. Looking ahead into this year, we're expecting the approval of long-acting Cytopoint, as well as the next-generation chemistry platform for our diagnostics business.

As we look into the years ahead, we'll be innovating in entirely new categories -- across renal, across oncology, cardiology, obesity and metabolic, as well as anxiety.

We're also excited to bring you the next generation for parasites and vaccines for companion animal, as well as drive innovation across our livestock business, with a particular focus on preventatives for our poultry business, for our fish business, and for our swine business.

Again, ensuring that we've got a robust portfolio into the future, focused on the areas of greatest unmet medical need.

Let's double-click for a second into some of those new areas that we're talking about entering, which will be the next wave of innovation. As you can see on this slide, this next wave of innovation will be a \$7 billion total adjustable market in areas that are largely not even tapped at all today.

It starts with the largest, in chronic kidney disease, which is the number one cause of death in cats and is a significant disease where there's very little treatments today to address it. This market could be three to four billion dollars. Today, Zoetis has seven assets and biomarkers in development.

We're also excited to bring innovation to the market in oncology. Oncology is the number one cause of death in dogs and the number two in cats. We've got four assets and biomarkers in our portfolio that we believe will create a market of around \$1.2 to \$1.7 billion.

We also see significant opportunity in cardiology that, today, is an incredibly underserved market. We think that market would be \$.8 to \$1 billion, and we've invested in nine assets and diagnostic biomarkers across that industry to bring new treatments to life.

We're also excited about the opportunity around obesity and metabolic disease that affects 60 percent of dogs and cats today. That market could be \$.8 to \$1 billion, depending on the product profile. This has been obviously a big area in human health, and we're excited to bring new innovation here to animal health.

Lastly, and importantly, anxiety. 70 percent of dogs and cats today suffer from some form of anxiety. It could be from the thunderstorm, and we have a product for that, like Sileo. It's separation anxiety, and it's GAD, generalized anxiety disorder. This market also could be .7 to \$1.4 billion. This is what will continue to drive the growth of Zoetis into the future.

As we take that portfolio, it's our commercial excellence that turns innovation into impact for our customers and for all of our stakeholders. It starts with our global scale. We have a direct field force in 45 markets across the globe. This is an award-winning field force.

We then combine that with a proven model of execution, combining that sales force with our medical affairs team, our professional service vets, and bringing that all together with an omnichannel approach, and combining that with a strong marketing department and direct-to-consumer.

We lead with deep customer insight, both at the veterinarian level, the pet owner, and the livestock producer. We bring this to life with the broadest and most diverse portfolio in animal health.

As we think about that, what I'd love to do is double-click into some of our biggest categories today in the terms of franchises and significant growth drivers for us going forward. Starting with Simparica Trio in the parasiticide space.

The parasiticide space, as many of you know, is the largest single category in animal health, and Simparica Trio is the market leader. It leads in dogs and it leads in puppies. This means a long tail of revenue as these dogs live longer and healthier lives.

We see Simparica Trio as leading in market share going forward, and we have a first-mover

advantage here. 85 percent of the pet owners on this product are very satisfied with our product. We also believe we can continue to expand this market.

Today, only 60 percent of puppies are getting a triple combination, so we see a long runway for expansion in parasiticides for Simparica Trio, as well as for future portfolios in injectables as well. We see the retail expansion and as well as direct-to-consumer advertising continue to expand this market, where we are the leader today, and we plan to be the leader going forward.

We also want to highlight our strength in dermatology from our diverse and differentiated portfolio. We believe we are well-positioned to continue to expand this. Our portfolio today includes Apoquel, Apoquel Chewable, and Cytoint.

As I mentioned earlier, we are expecting the approval of our long-acting Cytoint this year. We will have the strongest and the largest portfolio of dermatology products. We have very delighted customers. The majority of our customers have a 90 percent or higher satisfaction with our products today.

We plan to invest in real-world studies to reinforce our leadership against new entrants in this space. We also, importantly, believe we can continue to expand this market. There are still a large number of undertreated or untreated pets that we can continue to reach.

We reach them by disease awareness, as well as investing in direct-to-consumer advertising, as well as driving better diagnosis in this market. We, again, believe we can continue to lead this market. Next, we are still in the early phases of the OA market, and we believe Zoetis can continue to expand this market with Librela and Solensia, and then obviously, as we'll talk about in a second, adding some of our long-acting products.

These products improve the quality of life for pets across the world, millions of dogs and cats. Today, they have a 75 percent of the pet owners are very or extremely satisfied with this product. We are excited about our multi-pronged strategy to return Librela to growth and have been excited at Solensia's ability to continue to expand this market.

Indeed, since Solensia's launch, they've expanded this market 84 percent. We believe we can continue to do this and are very excited about the addition of Lenivia for dogs and Portela for cats. These long-acting therapies will help improve compliance for many pet owners who struggle to go in every month.

We think they can continue to expand the market. They've also demonstrated significant improvement in the pets that have gotten them. They work quickly and they've improved quality of life. We remain excited to add these products and will expect the launch of these in the first half of 2026.

I also want to highlight livestock. As we talked about a little earlier, livestock has been driving mid-single-digit growth. For Zoetis, it's been driving mid-single-digit growth over the last three years. Livestock is an incredibly diversified business for us.

Now that we're past some of the disruptive periods, as you look across both poultry, and swine, and fish, and cattle, we see significant, diverse, and durable growth drivers, as we see an expanding population across the globe and more and more desire for nutritious protein, which we believe will continue to drive this market.

Importantly, the innovation that Zoetis is leading, especially in the preventative space and vaccines, will continue to drive our growth into the future. Now, what I'd like to do is introduce Wetteny, who will join us to talk about how all of this will drive sustained shareholder value. Wetteny?

[pause]

Wetteny Joseph: Click the head for me. Thank you. Thank you, Kristin. Good morning, everyone. Building on everything you just heard, this slide truly depicts how our strategy shows up in our results and our track record. We have delivered 8 to 9 percent revenue growth over the last five years with 41 to 42 percent EBITDA margins and mid-20s ROIC.

We have done so consistently and at scale. This is truly a powerful combination, and it stems from a repeatable formula. We invest in innovation, we focus on our commercial execution, and we drive disciplined capital allocation.

As we look ahead, what's even more important is that we have the focus and the discipline to keep delivering even as we scale into these new, exciting areas that Kristen highlighted earlier, and we still are expanding our existing franchises.

Now we have a tremendous innovation model, and it doesn't just drive top-line revenue growth, it delivers superior returns. What you can see on this page is something we think is very unique and very attractive about Zoetis.

Our ROIC sits well above the S&P 500 and the healthcare and pharma benchmarks. What this means is that our science-to-scale model is not just scientifically sound. It is capital efficient. That efficiency in turn gives us the confidence to keep investing in the business to drive margin expansion and sustain earnings growth.

Everything you've seen so far on our track record is actually a direct result of how we deploy capital. Our capital allocation framework and therefore our priorities are very clear and very consistent.

We invest in the business to fund our industry-leading R&D engine, to drive capacity and drive efficiency, which leads to sustained top-line growth and margin expansion. We pursue external business development opportunities, both in terms of bolt-ons that strengthen our existing portfolio and complementary technologies that also drive acceleration of our strategy.

Then we return excess cash to our shareholders. This is through a combination of dividends and share buybacks. This combination, in turn, drives this cycle to continue to drive our business as we sustain a strong balance sheet and an investment-grade profile, which means we have the flexibility to act, whether it's periods of uncertainty or opportunistic environments.

Over the last three years, we have returned over 125 percent of our free cash flow back to shareholders. This slide showcases the strength and consistency of our cash generation as well as our commitment to delivering cash back to shareholders, as depicted by the 13 percent CAGR in our dividends and our steady buybacks.

During our innovation webcast back in December, we are very happy to share our excitement and the strength of our pipeline, and the confidence that that gives us in the future of our business. Then recently, we launched a bond offering and had immediate execution of buybacks associated with that bond offering, which shows that conviction in life.

I'm very pleased to announce today that we have completed the buybacks that were associated with the bond offering. That brings our total buybacks over the last twelve months to over \$3.2 billion, all while maintaining a strong balance sheet and the flexibility to keep investing in our business at the same time.

All of this brings us to where we started the conversation. Animal health is a very resilient and growing industry, with strong sectoral tailwinds across both companion animal and in livestock.

Zoetis is uniquely positioned to capitalize on that strength, on that growth. With our proven size-to-scale model and the commercial capabilities to build enduring brands and franchises.

We have multiple and diverse growth drivers and a very robust near- to mid-term pipeline, including 12 new potential blockbusters. Our capital allocation discipline and approach means that we're about to continue creating and sustaining shareholder value through growth, margin expansion and strong returns.

This combination really supports our confidence in our ability to continue leading this industry over the long term. Thank you very much for your time today. With that, we'll turn it over to Chris to drive Q&A.

Chris: Perfect. Thanks so much. Appreciate it.

[applause]

Chris: Obviously, a lot of exciting things in the pipeline over time. Do want start maybe the conversation on the near term since there's been some controversies there. Can you just level set us to start with? I know we're seeing a bit of a step down in companion growth second half of this year versus what we've historically seen for Zoetis. Maybe a two-part question. One, drivers of that and two, your confidence that this is a shorter term trend versus a longer term drag in the business.

Wetteny: Yes, sure. Look, Chris, as we've just highlighted, when you zoom out, this is an industry that has proven to be very resilient and the dynamics and underlying circular trends that are driving the industry we believe are sustainable and we are well positioned to drive those.

When we think about not only our existing franchises that have ample room to keep growing and expanding and we think about the exciting new areas that we're going into that meet the greatest unmet needs and really quality of life and so forth across so many disease areas, we're very excited about what future holds.

Now the question is where are we navigating today and what does it look like? I think if you think about on the companion animal side as you went there, if you look at the human animal bond that has driven what you've seen so far, certainly the prioritization of health of pets continues to be of highest importance to pet owners, who actually, if you think about millennials and Gen Z, they see themselves as pet parents and these are members of their family.

There's no question about their ability and interest to continue to spend and support those. Certainly, we've seen very significant price increase in the US, particularly through corporate-owned clinics, that the consumer is looking to absorb what that looks like over a period of time, given how significantly those price increases have happened. We've seen that play out in terms of the macro here.

Keep in mind, Zoetis is also broadly geographically diverse. We're operating in markets around the world, 100 markets where our products show up, and you see that diversification still showing up in how we perform.

We're looking at a year that is in 5.5 to 6.5 percent range to quote our last guidance and really robust growth all the way down to the bottom line as we continue to exercise discipline through the P&L even as we're continuing to invest in these very exciting areas for the future.

We're very confident in the future of the business despite what is some macro headwinds in some of our markets, but clearly livestock has been performing really, really well for us and we see that continuing to drive growth for us in addition to the other areas, not to mention diagnostics and so forth.

Chris: Just on that macro piece of it, what do you think it takes to see those headwinds lift a bit? Is this just a way to annualize some of the trends we're seeing? Is this about some of the new product introductions you have coming? I'm just showing a sense of like how long of a cycle we should be thinking about where that could be weighing on growth.

Wetteny: I think this is going to be a combination of what happens naturally and what we're doing about it in terms of our execution. We're very, very much focused on our commercial execution. We have such a broad portfolio. The question is how do we present those to not only veterinary claims but also the pet owner who is looking at how do they keep their pets healthy and so forth.

We think given the various products that we have across our portfolio, we're well positioned to drive those in terms of the value that it brings to the pet owner and what it means to drive prevention in terms of some of our offerings to avoid some of the other more acute cases and conditions that might develop over time and so forth.

We believe we're well positioned to really exercise and execute both in this market that we're in,

regardless of how long it might take for it to cycle through. Again, the broad diverse areas that we operate around the world. If you would add anything, Chris.

Chris: I know you're not giving guidance, but just I think we're all turning our hands around what 2026 looks like. I guess is it fair to assume growth maybe somewhere between where we're in 4Q and your historic six to eight percent range is how to think about that? Or if you can't comment on that, just maybe qualitatively, just some pushes and pulls to help us maybe get better handle on how you're...

Wetteny: Yeah, I'd be happy to drive some of the qualitative elements. It's not a surprise to you, Chris, that I'm not going to...what the growth range is going to be for '26. You have to stay tuned and join us in February to hear more about how we're thinking about the year and how we're executing in this environment that we're in and given the strength of our portfolio.

Here's how I think about it. When you zoom out, we have multiple levers that drive our growth. First is price. I know price is a topic that everyone's talking about, and I just spoke about how aggressively our customers have taken price, but it still is a lever for us, and we have historically been very consistent about how we approach price. We've done so in a range of about two to four percent, two to three percent.

That's what we're looking at in this year, 2025, as we said, it's about a four percent, coming down from where it was the prior two years. That's one. We are very confident in our existing franchise areas that there is substantial more room to expand those, so we expect to grow in derm and parasiticides as we look ahead.

Of course, we are taking into consideration the short-term or transitory impacts of initial launches from competitors and navigating those and executing through those. We operate in a lot of very competitive spaces so this is not new to us. We'll do that across those sectors.

Livestock, we've talked about having posted two years of growth that's around six percent, and on a year-to-day basis through third quarter, growing above that. We'll update what that looks like for the full-year '25.

Certainly, as we look ahead, the trends that have been driving that, we see those continuing, and so that's an element we'll look at. Diagnostics has had a great year in 2025. We expect to continue to drive robust growth there.

Last but not least, certainly, I alluded to this earlier, but our discipline to execute through the P&L to drive bottom-line growth even as we invest in the business is something we'll continue to exercise.

Chris: Maybe one longer-term one. Given the pipeline you laid out, maybe there's some transitory stuff in the near term, is six to eight percent growth still a reasonable way to think about Zoetis as we think about a five-year time horizon or eight-year time horizon as this new portfolio comes to market?

Wetteny: We're not updating long-term growth expectations at this time, but the long-term secular trends that we talked about certainly would support continuing to drive robust growth for us and very attractive for the overall industry.

Again, we continue to lead in terms of meeting those unmet needs in those areas that will drive [inaudible] market that's going from about \$50 billion to nearly doubling over the next 10 years.

Chris: Great. One more financial one. Capital deployment, you mentioned the repo being executed against. Priorities right now? I look at your stock price, and given the pipeline you have, it seems like it's a great value. How are you thinking about capacity to keep doing repo? How are you balancing that against dividend or tuck-in acquisitions?

Wetteny: I think you know that we agree with you on that it's a great value. [laughs] Certainly, we demonstrated that with what we did over the December time frame with the bond offering, the convertible bond, and subsequent buybacks.

Certainly, when we think about our future, we're very excited and confident about what that future looks like, which we'd want to demonstrate in that. It's all around how we continue to drive long-term shareholder value.

That's the lens that we look at all this with, and that's what we'll continue to factor in and maintaining a very strong balance sheet, because we also want to make sure we're operating and running a long-cycle innovation business, and so we have to keep doing those things today that's going to drive the business tomorrow.

That discipline is also always a factor for us as we think about how much buybacks, but we've done so consistently. This buyback that's supported by the bond offering is in addition to our normal program that we've been running and that we'll continue to run as well.

Chris: Can you talk about a little bit the core business, dermatology? You're targeting in your slides a seven to eight percent CAGR for the category. I know you've had great success building this up, but it's been a category you've been building over a decade.

Help us a little bit about where we are in penetration and what gives you confidence that there still is such a long runway of growth ahead for the market.

Kristin: We are very proud of the entire sector that we built. We have the broadest and most differentiated portfolio in animal health. We've talked a lot about Apoquel that's been around for more than a decade, Apoquel Chewable in the last few years, Cytopoint, which is almost a decade. We're continuing to innovate.

We're obviously seeing an opportunity with long-acting, which we're expecting approval on. We're looking at other species. Even if you focus just on the species where we are today, there's significant unmet medical need in both underpenetrated, so dogs that might just be getting steroids today, or completely unpenetrated, dogs that are getting nothing, that are suffering today.

We really do believe as you have more people entering the space, building disease awareness, encouraging more diagnostics of pets, we think you can continue to access this significant unmet medical need.

This is obviously in developed markets like the US and Europe, but I would also highlight the opportunity outside of that in some of the developing markets where we've recently launched or where they're expending and spending more money on their pets.

We continue to believe there's significant opportunities to expand this market, and we're also excited to continue to innovate in the space as well.

Chris: Can you elaborate on some of the trends you're seeing ex-US, where the market's less developed, but you've had maybe full competition for a bit longer period of time? Anything surprising with the trends that you've been seeing there?

Kristin: Are you talking about within derm in Europe?

Chris: Derm specifically.

Kristin: We have had some of the overall launches. Look, our position is incredibly strong. One of our best demonstrations of this is how challenging it was to switch customers from Apoquel to Apoquel Chewable and how long that took.

They were so happy with their Apoquel they thought, "Why would I change them?" A beef-flavored chew. That's why you change. It was challenging. I say that it was even hard for us to switch customers. We're seeing that.

Look, there's a huge effort around pricing and promotions that we've seen in Europe for many of our new competitors to get their products on shelf. Those are limited. You'll run those promotions to get penetration.

We're focused on our head-to-heads, as we've talked about, and basically demonstrating that we have a differentiated and great portfolio, and there's no need to change. We have seen some of the promotions be aggressive, as we've spoken about, but we were expecting that, and that was planned. That's what you would do if you were trying to get penetration in a market.

Chris: Just the latest views on the US side of the market in terms of timing of competition, behavior of competition as it comes in.

Kristin: We've been really bad historically at predicting.

Chris: [laughs]

Chris: Literally, we're all expecting...We were expecting the end of last year, we'll be expecting this year, certainly from Merck. We've seen the competition now for a while from Zenrelia. We continue to be proud of the way we've performed and really confident in our portfolio going forward.

Chris: When I look out to '27 and beyond, once we get through some of the whatever near-term noise of promotions around launches, is it fair to think about Zoetis being able to grow at that industry average rate in dermatology as we, again, wash through this initial launch cycle?

Kristin: Look, we continue, as I said, to be excited about the opportunity to continue to expand the market. Also continue to expand compliance. The advantage of bringing long-acting is you're going to increase compliance.

There's so many different levers to continue to expand the market, and we think new competitors entering some of these spaces, again, increases awareness, increases focus in the clinic on treating what is a really important disease.

We remain very optimistic, even as we get multiple competitors. Again, we'll continue to innovate as well, which Zoetis has continued to do.

Chris: Pivoting over to Librela, talk a little bit about some of the learnings you've had for this franchise over the last year or two as you've had the headlines, etc. Then, as we think about the priorities for '26, what are you most focused on to return the franchise to growth?

Kristin: Sure. As we've talked about it, we remain very confident in Librela and Solensia, and in the risk benefit profile of both of these products. 75 percent of pet owners are extremely or very satisfied with the product. That being said, we've obviously faced a lot of challenges and we've been very humble and reflective about what we've learned.

The first thing we've learned is we should have spent more time with specialists. As they started getting these news and the people felt that they had experts that they could lean to that were not Zoetis experts. We're going to apply that to the launches of Lenivia and Portela.

As we talked about, we're expecting launch of those in the 2026, but those will be slower ramps. We will focus first on really early experience programs, primarily with specialists, also with some GPs, really sharing those learnings, making sure that they then can help bring on the GPs in the future. I think our first learning was spending more time there.

Our second learning was we should have paid more attention to social media, which animal health was not really big in this space for a very long time. We've built our capabilities for sensing as well as engaging.

We've been focused on doing a better job of getting those incredibly positive stories of the large population of pet owners who are very and extremely satisfied, getting them to tell their stories. There's a lot that I think as we look back that we want to do differently. Also the big learning is, animal health never really invested in Phase IV trials.

As we look at every product launch in the future, not just in OA pain, but every product category, we've expanded our outcomes research, our medical affairs organization, and we're going to invest in Phase IV trials so that we can continue to provide robust data, both in trials as well as

real-world analyses from some of the larger practices that'll do retrospective analyses.

We're really looking at a comprehensive Phase IV study program for every product going forward.

Chris: Great. Last couple of minutes here, just maybe switching gears to Trio. Where do we stand at this point in terms of penetration for triples? Where do you think that can go over time?

Wetteny: Penetration for triples in the US is about half of the market. There's still tremendous room to continue to drive triple combinations both from legacy treatments as well as those that are over the counter and so forth, and collars and topicals, etc.

We're very excited about that. Given Trio is the number one product in the US, and the largest market for triple combinations, given heartworm prevalence and so forth, we're very well positioned to continue to capitalize on that, not to mention the first mover advantages and the very high level of satisfaction pet owners and vets have with Trio.

Chris: Just from a competitive standpoint, any changes you've seen in terms of intensity of promotional activity as we've had a new competitor introduced in the last year?

Wetteny: Parasiticides is one of the most competitive spaces in animal health, always has been. I won't make a prediction, but I suspect it will continue to be very competitive. We have really gained a lot of share in the space over the last few years, given our innovation.

We remain focused on that, both driving innovation as well as the commercial excellence that it takes, given the benefits of our product and where we stand and the differentiation that we have. So very excited to continue to drive that and certainly competition is not new for us.

We operate in a lot of competitive spaces every day. Like I said, we're very good at hand-to-hand combat as well.

Chris: I think we're out of time. Thank you so much for all the comments. Really appreciate it.

[applause]



*Webcasting and transcription services
provided through MAP Digital, Inc.*