

Company Name: Zoetis Inc. (ZTS)  
Event: Leerink Global Healthcare Conference  
Date: March 9, 2026

<<Analyst, Leerink Partners>>

Thank you, everybody, for joining us here at the Leerink Global Healthcare Conference. Very happy to be here today with Zoetis' CFO, Wettey Joseph; and Head of IR, Nick Soonthornchai. Wettey, just going to kind of get into it here. Thank you for being with us.

I wanted to start on the companion animal side. At this point, how are you thinking about the broader health of the pet consumer in 2026? We've seen some pockets of durable growth, some slowdowns at a high level. How are you sort of seeing the landscape and thinking about consumer behavior through the course of the year?

<<Wettey Joseph, Executive Vice President and Chief Financial Officer>>

Well, first of all, thanks for having us here at the conference. And clearly, I think the biggest thing to really pay attention to is that the consumer overall is still spending and prioritizing pet health. If you look at the latest data even through Q4 of 2025, overall vet clinic revenues were up about 6% in the quarter. However, we are seeing some pressure, though, on some segments of the consumer, particularly millennials and Gen Z whether it's from student loans and other factors that are impacting them, that's putting some pressure in terms of volumes, and you see it in clinic visits, not only in overall visits, which we saw for a number of years, but we're seeing it in therapeutic visits as well. And we also see a concentration around particularly certain segments of the customer, meaning the vet clinics, particularly those were corporate-owned that took larger price increases over the years, you see that more pronounced with them.

So – but I start with the overall because the overall is still that they're spending. They're spending though more – higher prices and also more emergency care. So if you look at emergency hospitals and so on, you're seeing an uptick there, which is an indication of either delaying treatments or what have you that ultimately, if the pet is sick and has an issue, they're going to address it, which again is where you start from and those strong secular trends that have driven the industry in the past are still there. And when we're talking to our customers, we're just at the largest conference in the industry. It feels like an eternity ago, but VMX.

And you can hear the conversation with our customers recognizing that there is a need to really look at ways to drive a value proposition to pet owners to drive the right level of preventative care, not just with emergency care and drive continued spend and focus in those areas. So we believe, one, we would expect a different tempo around how much price increase there is, in some instances, maybe not taking price at all this year and so forth. Those are the type of things that customers are evaluating or doing to help drive the business forward and drive it that way.

<<Analyst, Leerink Partners>>

Got you. Makes sense. Jumping to parasiticides, Trio has been a great product for you. It's been growing quite well. How should we think about sort of the product's growth from here, especially in the U.S.? On the one hand, you've got a little more competition, but you've also got a fairly sticky user base. You've got good new puppy starts each year. The ability to take price. And I think the auto-ship channel has been one that's been beneficial just driving improved compliance. So a lot of different factors sort of at play within pair and Trio, but how do you think about those relationships going forward?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Trio is a phenomenal product for us. When we look at this past year, Trio delivered more than \$1 billion in revenues in the U.S. alone. Now you have to analyze the overall parasiticide space and the triple combination space to really appreciate where things are going and what we're seeing and why we remain very excited about this space. We have a very strong head start with Trio.

And if you look at the satisfaction levels, so this is behind the revenues, right, beyond those, look at the satisfaction levels and pet owners and veterinarians are showing satisfaction levels with safety and efficacy that are in the 90s – mid-90s, you're talking at 95%, 96%. That's a very, very strong foundation to grow from. Now what's happening with triple combinations is that they occupy today about 50% of the vet clinic patient base are triple combinations. However, puppies are close to 2/3. So what that tells you is, this is where the market is going from roughly 50%, which is what the overall share is to 2/3, which is where the new puppies are getting started on.

And Trio is getting about half of those puppies. So if it's 67% that are getting puppies that are getting triples, Trio is getting about 31%, 32%. So that shows you where we stand and where the overall space stands in terms of more room to expand. That 50% I described, by the way, was only about 25% or 30% just a couple of years back. And so it's grown rapidly to this point.

We think there's still a lot more room to expand into triple combinations. In some instances, where competitors have launched products, they're just ramping up and therefore, cannibalizing some of their legacy sort of treatments in the process. But overall, there's significant room here for this market to keep expanding.

<<Analyst, Leerink Partners>>

How do you sort of think about compliance given you've got more auto-ship? Like where has that been across sort of the totality of dogs that are treated with Trio? What are you seeing in the auto-ship channel? And sort of how can that play out?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Certainly, when we think about expansion of the market, it's not just in what I just covered, which is number of animals, number of dogs, et cetera. It's also in terms of the compliance, right? And you see it very clearly when you look at Trio. So about almost 50% of Trio sales are in alternative channels. And if you look at those that go through retail and on auto-ship, where the overall compliance rates for parasiticides in the U.S. stand at about six months. When they're

on auto-ship, they go up to 11. And so clearly, there's a substantial opportunity here in terms of compliance and where growth will come in into the space, not just in terms of number of animals, but the level. And that's very sticky, as you said. You don't see switching in the space anyway, particularly if there's not any significant differentiation in products that are coming out.

<<Analyst, Leerink Partners>>

I guess switching to derm, I want to touch again on the slowdown in visits. And I was just curious, if we think about the owner burden associated with atopic derm, like these are dogs that are going to get worse if they skip, if it's a Cytopoint visit or what have you, is there any possibility that we start to see, if you want to call it a boomerang dynamic or something else where these untreated dogs get so bad that they have to come back to the clinic? Like how does the elasticity, inelasticity of sort of derm demand play out over the longer term?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Yes. Look, I think we all sort of lived through the period of COVID, when we saw a lot more false treating for itch because it was very visible and they saw it because they were home. I think that dynamic is still there. So when you think about itch and to the extent that treatments are getting skipped or extended back. And if you look at the data, as we went through 2025, for example, even the therapeutic visits that we talked about seeing some headwinds, they got progressively better through the end of the year, right? We're not quite at the point of seeing growth in derm visits through the fourth quarter of 2025. However, the worst of it was in Q2, it got better in Q3. And then by the time we got to Q4 was barely negative.

It was basically flat in terms of the derm visits in the clinics. Now there is some lag effect in terms of patient starts and so forth, but the direction of travel is, I would say, favorable in terms of what we're seeing and perhaps from some of what you're describing already or other factors that are coming in. But this is clearly an area we posted \$1.7 billion in key derm revenue last year. And despite that, you still have substantial more room to grow. So just under 50% of itch in dogs are getting some treatment from a veterinarian today and about 2/3 of those are on our products with the other 1/3 getting steroids or what have you.

But you're still talking about less than 50% of itch in dogs that are seeing a vet on a regular basis and getting treatment. Therefore, there is substantial room to grow. And I think if you look past prior to 2025 for a second and you look at what happened in 2024, our key derm products grew by about 16%, 17% actually in 2024. And the volume growth within that was double digits, right? So clearly, this is a market that continues to have – and it's both number of patients as well as compliance that's driving that.

And Apoquel is – more than 40% of Apoquel is coming through alternative channels in the U.S. And so it's a healthy proportion that's coming through alternative channels. And you see the effects of auto-ship and so forth. So there's still substantial room for compliance growth as well as number of patient's growth.

<<Analyst, Leerink Partners>>

Actually, I wanted to revisit the commentary that dermatology visits are getting – we're getting a little better sequentially through the second quarter through the fourth quarter. When we think about your ability to drive visit growth, whether it's increasing awareness, getting new dogs in the visit, like what has your strategy been to sort of get more dogs into the clinic? And did you do anything differently in the back half of last year?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Look, the playbook is similar in terms of awareness and all the work that we do. And a lot of this conversation so far has been U.S.-focused and centric, but we are running a global business. And if you look at the growth that we've enjoyed over the last number of years in companion animal more broadly, but specifically also within key dermatology, you have seen that companion animal growth outside the U.S. has grown about the same rate as companion animal growth in the U.S., right?

Now having said that, international segment, companion animal proportion is just over 50%, call it, 54-ish, 55% of our revenues outside the U.S., whereas companion animal is about 80% of the U.S., right? So there's still a lot of room to grow internationally from a companion animal perspective. And I saw all of this because we are also – we have in the past done a lot of awareness type campaigns, particularly when there wasn't another product in the market because while in some markets in Europe, for example, you can't do branded DTC, we're doing a lot of DTC just on unbranded basis and bringing and driving more pet owners to veterinarians asking for our products. We continue to do DTC in the U.S. and elsewhere to do that as well.

And all those are going to continue to accrue to driving more patient starts. But at the end of the day, someone has to show up to a clinic and see a veterinarian to start a treatment regime before they could use other channels as well.

<<Analyst, Leerink Partners>>

Got you. So I guess speaking about the oral JAK space, specifically here, again, you've got the longest tenured market on the product in Apoquel. How are you thinking about whether it's new patient starts or patient switching, thinking through you've got a label that's quite efficacious. You've got a good track record that's been in the public eye for a long time. Like how are you thinking about the opportunity in Apoquel, both in the U.S. and ex U.S. at this point?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Yes. So we look across the key dermatology franchise. We have three products across two key brands, with Apoquel and Cytospor. And we see substantial opportunities I talked about already in terms of expanding the market. On the film coated side, yes, Apoquel has been around for more than a decade, very, very high satisfaction levels, both for efficacy and safety.

We have managed as a company to really strike that balance between those two safety and efficacy in a way that perhaps is why we've seen the longevity of the success of this product, and

now we have the chewable version as well. So clearly, it's a balance we've been able to achieve, which accrues to the success of the product. We continue to see some conversion from Apoquel to Apoquel chewable, which remains very much differentiated. And I would say even on a pure film coated Apoquel basis, pound for pound, we believe we have a product that's differentiated against others, whether it's looking at safety on the one hand or efficacy on the other, which is something we'll continue to leverage and drive our business here.

<<Analyst, Leerink Partners>>

Got you. I guess just thinking through the derm landscape here, can you just remind us how you're thinking about promotional activity across the space through 2026 and the subsequent years given your position?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Sure. Look, I think derm isn't quite as seasonal as parasiticides. And you get into paras season as we're getting into now, you tend to see a lot more promotional activity that just common place, whereas in derm, there are some seasonal derm patients, but a lot of it is chronic. If you look at the dosing, it's about 60% of those are chronic conditions. And so it's not – it doesn't lend itself to that on its own.

I would say, generally speaking, we do look to leverage some level of promotional activity across our products, particularly given our strength is our portfolio and products that are very important to vet clinics and their practices. So we – where we can in markets like the U.S., you can't do that everywhere. We do bring those together to bring a value proposition to our customers that connects those in terms of where the pricing ends up depending on which products they buy, et cetera. So in that way, the derm products are being sort of presented alongside other areas, including paras, et cetera, and driving our business for us.

<<Analyst, Leerink Partners>>

Got you. I guess jumping from one derm product with a long, good track record here to the other, Cytoint, how are you thinking about the growth trajectory of this business through 2026 and subsequent years? And it's maybe an unfair question, but if the incremental dog comes into a clinic looking for atopic dermatitis treatment, like do you have a preference that it goes to Cytoint or Apoquel? And how are you kind of thinking about that?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Cytoint is a terrific product. And again, it's been around for about a decade and satisfaction levels are very high there. And what we have are products that give a clinician a vet and the pet owners a choice in terms of what's the best product to use under each circumstance. It certainly is the reason why we started to combine and talk about key derm in combination versus individual products because you still see a strong preference on the part of veterinarians and pet owners for an injectable form that you have higher compliance with, et cetera. Now the same headwinds we've talked about with respect to key derm visits have impacted here. But overall, there's

definitely a preference on the part of pet owners and veterinarians for the injectable form here, too.

<<Analyst, Leerink Partners>>

Got you. And how are you thinking about so competing IL-31 mAb coming out and then you've got long-acting Cytosol coming out this year. Just given the phasing of that, how are you thinking about the interplay of what the market look like in a year from now?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Sure. It's certainly a part of our factor. We've been investing in this, and we're excited about the prospects of having an approval late in 2026 here for Cytosol long-acting. Again, given the foundation we sit on in terms of a decade of experience and satisfaction with customers, we always have been and will be disciplined in terms of how we approach the market as an IL-31 competitor launches. And then, of course, we'll look forward to the long-acting component to come into play as well.

<<Analyst, Leerink Partners>>

Sounds good. Just jumping to OA pain here. How are you thinking about Librela at this point? It seems like on a sequential basis, trends are starting to firm up a little bit. Can you just talk about where your strategy sits at this point to help firm up sort of that franchise?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Sure. We have a multipronged strategy. We continue to execute on and getting more and more confidence in terms of how that's working, given what we're seeing, which we've described on the last couple of calls in terms of seeing stabilizing effects. And they come by way of sort of the sequential rolling four-week, five-week trends we're seeing in terms of sales, as well as we gauge veterinarians on a regular basis around where their satisfaction levels are intent to prescribe and all those things. And we've seen those elevate from their previous lows to a point where we see the combination of those signaling the stabilization of this product.

And then, of course, we continue to execute on that multipronged strategy, whether it's educating pet owners, by the way, in terms of the long-term effects of OA that it's a painful product that is progressive. And if you don't treat it, it has other implications, including the animal is not moving as much, they're going to have other issues. They can – it may lead to cardiovascular issues, et cetera.

So educating pet owners is important and then continuing to share data with veterinarians around the product. And remind you, the satisfaction levels of pet owners who are using the products are very, very high. We're talking about more than 75% are either very or extremely satisfied with the product, and those give us a really strong foundation.

And that's before we get into the long-acting OA products that are launching in different markets. So we think about the OA pain opportunity still as a very substantial opportunity. Just to share a few figures, and again, we're running a global business, but sometimes it's helpful to just look at what the U.S. data looks like. And we would estimate somewhere between 25 million and 27 million dogs with OA pain in the U.S.

And that population are the ones that see a vet on a regular basis. It'd be a bigger number if you look at all dogs. But just think about roughly dogs, roughly 75% or 80% of dogs will see that on a regular basis. So think about it that way. So 25 million to 27 million with OA pain in the U.S. with only about 9 million getting treatments and 8 million are getting NSAIDs and 1 million getting Librela. So if you think about that context, there's a huge opportunity here.

And when we think about the long-acting products, which we don't have an approval in the U.S. yet, but we do have in Canada and Europe, as those continue to get approvals, and we would expect an approval in the U.S. in the 2027-time frame, that will continue to add more options and flexibility for a veterinarian and a pet owner to treat OA pain and continue to expand that market.

<<Analyst, Leerink Partners>>

So look – actually looking ahead to Lenivia and Portela, like you talked a little bit with Librela about increasing vet owner education coming to the table with more data. how are you taking what you've learned from the Librela and I suppose Solensia launches and sort of applying that to these future launches here?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

As we've been sharing, one of the key learnings for us is though we've had tremendous success with products launching directly into general practitioner veterinarians, it really is helpful to first work with specialists with these products as general practitioners will look to them as questions arise and so forth. And that's one of the big learnings for us. And though as we launch long-acting products and many other products we have in our pipeline, as we – particularly as we get into treating more sick animals versus preventative, et cetera, this is an important component for us.

And so the launch will be more measured initially, working with specialists and select GPs to gather some of the data from those and really start the Phase IV studies and all those things early on through some of the data that we'll gather through those before launching more broadly across a broader GP population. And so that's one of the key items in addition to the education and everything else that we've been talking about doing with Librela doing the same thing with other products.

<<Analyst, Leerink Partners>>

Got you. And then just taking a step back and looking at sort of your other companion animal health products, whether it's vaccines, anti-nausea meds, things of that sort. What are really the main drivers we should think about for that other companion animal health bucket? Is it visits? Is

it the broader health of the consumer, puppies, older dogs? What should we be thinking about there?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Look, I think the broader health of the consumer is always a factor, no matter which way a customer or a pet owner chooses to get their products fulfilled. Of course, it all starts with the veterinarian in terms of diagnosing, creating a treatment sort of plan and all those type of things. So those are really important aspects. When you start to get into different channels, though, some products lend themselves to those versus others that don't. And so the convenience factor and the opportunity to expand the market through better compliance that comes with some of the alternative channels would lend themselves to injectables, for example.

So when you think about that category of that basket of products you're talking about, vaccines are going to have to be done in a clinic because it's an injectable product. You have a mix in products like Rimadyl, between an injection versus a tablet or what have you. So those can go either direction, and they have different – slightly different uses, too. An injection is likely to be in a surgical setting.

So a surgical visit will be important there versus others that might be post-surgery type treatment for pain and what have you, broad pain, not OA pain specifically. And so those may – initially, we will start with the prescription, obviously, and a clinic visit, but then they could be fulfilled elsewhere. So it's a mix. But overall, though, the health of the consumer and all the other aspects we started the conversation with are factors to think about in that.

<<Analyst, Leerink Partners>>

Got you. And what are the gross margin contributions sort of look like from these drugs versus your more innovative ones?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Look, we don't tend to break out specifically by different products. Clearly, we look to drive value across all the products that we bring to customers, and that drives how we price them and ultimately, what happens with respect to margins. And we continue to see that we endeavor to be the first to solve major problems for our customers and bring products to market that can stand the test of time, right? We talk about key derm, for example, and how we have struck that balance and have a substantial sort of risk-benefit equation and a product that has very high satisfaction and balances both safety and efficacy, right? And so we aim for that, and that is the number one driver ultimately in terms of what value we bring and therefore, what margins we have.

<<Analyst, Leerink Partners>>

Got you. This is a bigger term macro question. Obviously, oil prices have gone up quite a bit over the past week, and I'm sure we're all still figuring out what this means. But just at a high

level, like how are you thinking about the impacts of that at all across your companion animal or your livestock businesses?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Sure. Just like other factors as a major global company with a global supply chain and moving products around everywhere around the world, this is one that we're certainly monitoring and continue to do different scenario planning around it. At the levels we're talking about right now, of course, they would have some impact, but it's nothing significant.

<<Analyst, Leerink Partners>>

Okay. Yeah, I should probably touch on livestock here because end markets have been quite strong. How are you thinking about sort of the supply-demand dynamics here over the next couple of years? Should we expect similar levels of growth? Any upside, downside? How are you thinking about that?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

The way we laid out our guidance that we issued mid-February is exactly that, which is to expect the recent trends we've seen in livestock that's delivered somewhere around 6% and 7% growth. And so we expect to see mid-single-digit growth in 2026 on livestock. The trends that are driving those, of course, are animal protein consumption have been on the rise. Certainly, if you think long-term with population growth, emerging markets, emerging middle class, et cetera, those are all – and urbanization. Those are all factors that are – that have been pushing more protein consumption, animal protein consumption and will continue to do that. There are some additional ones, though, that have entered into the mix.

We believe we're seeing some tailwinds from GLP-1s, et cetera, in the U.S. that are also helping to drive more animal protein consumption. So we have always said diversification across Zoetis is an important asset, and that continues to play out. You saw livestock grow faster than companion animal in 2025. And if you follow our guidance with mid-single-digit growth for livestock, that would imply that it's growing faster than companion animal in 2026 as well.

Now long-term, we continue to see dynamics for companion animal growing faster than livestock. But as we are right now, this is what we're seeing, and we see those trends continuing to sustain there. And certainly, if you look at our diversification here, we have virtually every species, right, from fish, certainly beef and both on the dairy and beef consumption side, swine, poultry and fish are the fastest-growing animal proteins out there, and we're participating in both with our fish business market leading.

<<Analyst, Leerink Partners>>

Got you. Jumping quickly to the pipeline here as we're getting close on time. You got a number of things in the works as you highlighted at your Innovation Day last December. When we look out over the next couple of years, which ones are sort of generating the most internal excitement?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Look, I had this question recently, and I didn't pick a favorite. I will say, though, if you look at the pipeline, there's a lot to be excited about. And by size, at least – and quite frankly, if you talk to veterinarians and you ask them clinically, what is the biggest challenge you have, I'd be very surprised if renal and chronic kidney disease is not the very first thing they say in terms of clinical challenges. So when you can make that sort of an impact and have this size of a market opportunity, we're saying that the TAM here is between \$3 billion and \$4 billion. Sitting here as a CFO, you have to be excited about both sides, right?

The impact we can make and as our purpose for being and the opportunity to drive value there is certainly significant. And we have a number of assets we're pursuing on that one, both from a therapeutic perspective as well as diagnostics that we believe will go towards expanding that market over time. And so we can go at it with respect to treating some of the symptoms that are appearing, particularly as they get into more severe end of the spectrum. When it starts to show up in the current diagnostics that exist today, it's kidney function. And when kidney function starts to break down, it's very, very advanced.

We have products or assets in our pipeline to treat at that stage as well as products that can help slow the progression of the disease before it shows up in the current test, which is why we're saying new tests that will signal and show when you start to have a breakdown at the cellular level before it starts to show up in kidney function will be very, very impactful here, and we have assets that will tackle that end of the spectrum as well.

<<Analyst, Leerink Partners>>

Okay. Got you. We've got about a minute left. I wanted to touch quickly on capital deployment. You bought quite a few shares in 2025. You just bought Neogen's, part of their genomics business. How do you think about going forward, sort of the use of capital from here? And are there any areas, whether it's diagnostics or elsewhere that are particular targets for you at this point?

<<Wetteny Joseph, Executive Vice President and Chief Financial Officer>>

Sure. Look, looking at 2025, \$4 billion of capital return to investors with just over \$800 million of that being dividends, \$3.2 billion in buybacks. That's a record number. It doesn't change our prioritization, though. It always has been to invest in the business first, and we're doing that in our R&D pipeline. We just talked about the health of the pipeline a moment ago, and we're doing that with respect to the capacity and supply chain and everything else that we're doing to continue to drive supply and of the spectrum.

So those are just a couple of examples. There are lots of places we invest in the business, certainly, to drive that. And then M&A is the second priority for us. And where we see something that makes sense from a strategic perspective, we pull the trigger. So this deal with Neogen, we're already the leading genomics company, particularly when you look at livestock, and we're participating in genomics on the companion animal side, too.

It certainly is a very complementary sort of offering for us in terms of geographic spread, where we can apply our methods and so forth where we have a strength and drive growth in that business. So we're excited about that. We'll continue to look for those. And then we generate cash that we return back to shareholders as we won't sit on the cash. But we certainly, first and foremost, invest it in the business.

<<Analyst, Leerink Partners>>

Okay. Great. Well, that takes us to time. Thank you, Wetty. Thanks, everyone, for being here. We appreciate it.

<<Wetty Joseph, Executive Vice President and Chief Financial Officer>>

Thank you.