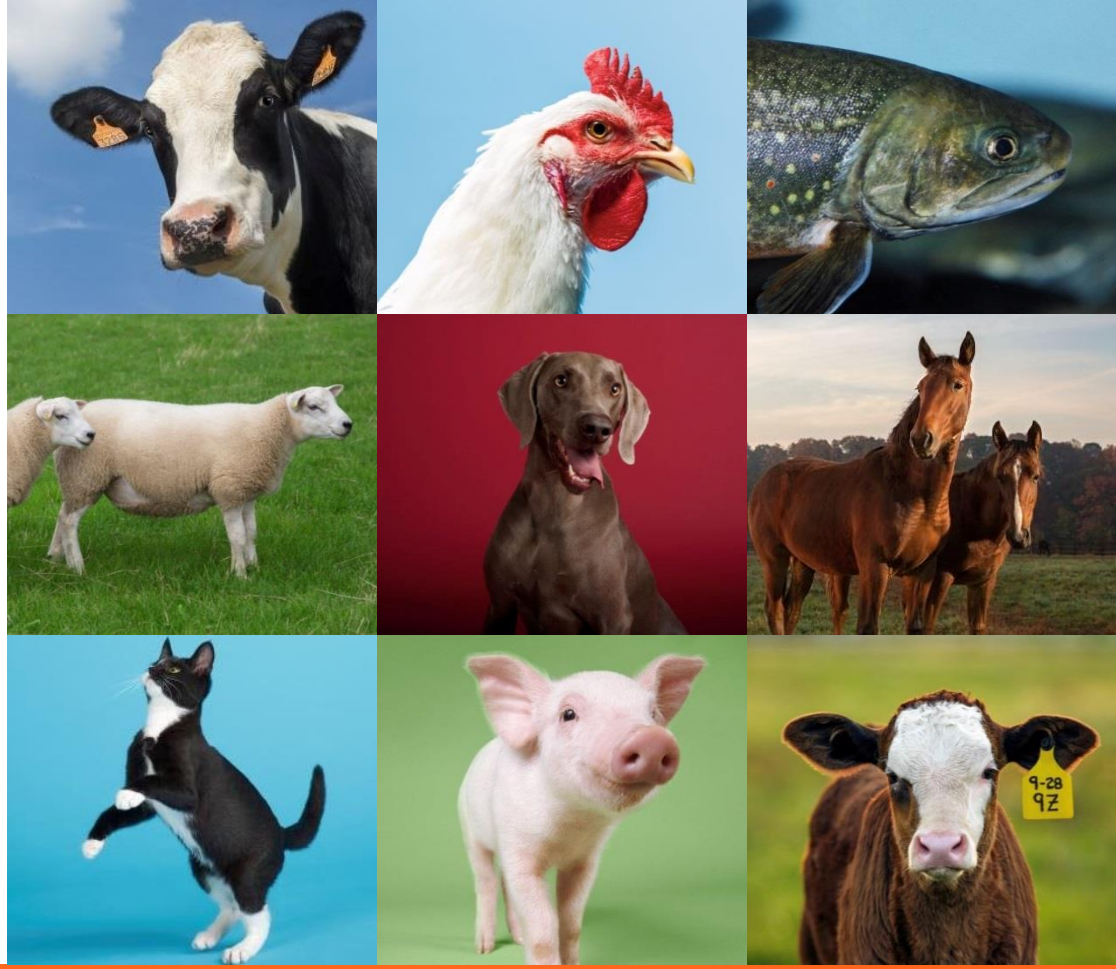
FOURTH QUARTER AND FULL YEAR 2019 FINANCIAL RESULTS

February 13, 2020



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FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, which reflect the current views of Zoetis with respect to business plans or prospects, future operating or financial performance, future guidance, future operating models, expectations regarding products, product approvals or products under development, expected timing of product launches, expectations regarding the performance of acquired companies and our ability to integrate new businesses, expectations regarding the financial impact of acquisitions, future use of cash and dividend payments, tax rate and tax regimes, changes in the tax regimes and laws in other jurisdictions, and other future events. These statements are not guarantees of future performance or actions. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. Zoetis expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. A further list and description of risks, uncertainties and other matters can be found in our most recent Annual Report on Form 10-K, including in the sections thereof captioned "Forward-Looking Statements and Factors That May Affect Future Results" and "Item 1A. Risk Factors," in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K. These filings and subsequent filings are available online at www.sec.gov, www.zoetis.com, or on request from Zoetis.

NON-GAAP FINANCIAL INFORMATION

We use non-GAAP financial measures, such as adjusted net income, adjusted diluted earnings per share, adjusted operating expenses, adjusted gross margin, organic operational growth, adjusted EBIT, adjusted EBIT margin and operational results (which excludes the impact of foreign exchange) to assess and analyze our results and trends and to make financial and operational decisions. We believe these non-GAAP financial measures are also useful to investors because they provide greater transparency regarding our operating performance. The non-GAAP financial measures included in this presentation should not be considered alternatives to measurements required by U.S. generally accepted accounting principles (GAAP), such as net income, operating income, and earnings per share, and should not be considered measures of liquidity. These non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. Reconciliation of non-GAAP financial measures and GAAP financial measures are included in the tables accompanying our earnings release and are posted on our website at www.zoetis.com.

KRISTIN PECK
CHIEF EXECUTIVE OFFICER

KEY TAKEAWAYS

STRONG PERFORMANCE FOR FULL YEAR 2019

- Generated 10% operational[1] revenue growth for the full year, including impact of Abaxis acquisition, with 14% operational[1] increase in adjusted net income[2]
- Full-year revenue of $6.3B and full-year adjusted net income[2] of $1.8B exceeded the high end of guidance ranges
- Revenue increase driven by companion animal operational growth of 23%, partially offset by operational decline of 1% in livestock, primarily driven by African Swine Fever and challenging market conditions in cattle
- U.S. grew 11% operationally, and International grew 9% operationally
- Results underscore the success of innovation and ability to grow organically faster than the market

GUIDANCE FOR 2020: CONTINUED PROFITABLE GROWTH

- Outlook for 2020 expects operational[1] growth in revenue of 7.0% to 9.5%, and operational[1] growth of 8% to 11% in adjusted net income
- Expecting an incremental $150M in revenue for Simparica Trio, new triple combination parasiticide for dogs
- Ongoing investments to advance pipeline, including monoclonal antibodies and vaccines

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Adjusted net income (a non-GAAP financial measure) is defined as reported GAAP net income, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.

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GLENN DAVID
CHIEF FINANCIAL OFFICER

INCOME STATEMENT HIGHLIGHTS

	Fourth Quarter		
	2019*	2018*	Change
Revenue	$1,674	$1,564	7%
Reported Net Income	384	345	11%
Reported Diluted Earnings Per Share	$0.80	$0.71	13%
Adjusted Net Income[1]	440	382	15%
Adjusted Diluted Earnings Per Share[1,2]	$0.92	$0.79	16%

* Millions of dollars, except per share data

[1]Adjusted net income and adjusted diluted earnings per share (non-GAAP financial measures) are defined as reported net income and reported diluted earnings per share, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.
[2]Adjusted diluted earnings per share growth of 16% includes 2% favorable foreign exchange impact, and operational growth of 14%.

INCOME STATEMENT HIGHLIGHTS

	Full Year		
	2019*	2018*	Change
Revenue	$6,260	$5,825	7%
Reported Net Income	1,500	1,428	5%
Reported Diluted Earnings Per Share	$3.11	$2.93	6%
Adjusted Net Income[1]	1,755	1,525	15%
Adjusted Diluted Earnings Per Share[1,2]	$3.64	$3.13	16%

* Millions of dollars, except per share data

[1]Adjusted net income and adjusted diluted earnings per share (non-GAAP financial measures) are defined as reported net income and reported diluted earnings per share, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.
[2]Adjusted diluted earnings per share growth of 16% includes the impact of foreign exchange, which is 0% for the year, and operational growth of 16%.

ADJUSTED INCOME STATEMENT HIGHLIGHTS

	Fourth Quarter				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$1,674	$1,564	7%	(2)%	9%
Adjusted Cost of Sales[2]	527	526	-	(5)%	5%
as a percent of revenue[3]	*31.5%*	*33.6%*	*NA*	*NA*	*NA*
Adjusted SG&A Expenses[2]	452	401	13%	(1)%	14%
Adjusted R&D Expenses[2]	131	124	6%	(1)%	7%
Adjusted Operating Expenses[4]	589	530	11%	(2)%	13%
Effective Tax Rate on Adjusted Income[2]	14.2%	17.3%	*NA*	*NA*	*NA*
Adjusted Net Income[2]	440	382	15%	2%	13%

* Millions of dollars

NA – Not applicable

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Adjusted net income and its components (non-GAAP financial measures) are defined as reported GAAP net income and its components, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Adjusted cost of sales, adjusted selling, general and administrative (SG&A) expenses, adjusted research and development (R&D) expenses, and adjusted tax expenses are income statement line items prepared on the same basis, and, therefore, components of the overall adjusted income measure.
[3]Adjusted gross margin (a non-GAAP financial measure) was 68.5% in the fourth quarter of 2019, and 66.4% in the fourth quarter of 2018.
[4]Adjusted operating expenses (a non-GAAP financial measure) of $589 million in the fourth quarter of 2019, and $530 million in the fourth quarter of 2018 include adjusted amortization of intangible assets of $6 million in 2019 and $5 million in 2018.

ADJUSTED INCOME STATEMENT HIGHLIGHTS

	Full Year				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$6,260	$5,825	7%	(3)%	10%
Adjusted Cost of Sales[2]	1,891	1,876	1%	(6)%	7%
as a percent of revenue[3]	*30.2%*	*32.2%*	*NA*	*NA*	*NA*
Adjusted SG&A Expenses[2]	1,564	1,450	8%	(3)%	11%
Adjusted R&D Expenses[2]	455	430	6%	(1)%	7%
Adjusted Operating Expenses[4]	2,038	1,896	7%	(3)%	10%
Effective Tax Rate on Adjusted Income[2]	18.2%	18.8%	*NA*	*NA*	*NA*
Adjusted Net Income[2]	1,755	1,525	15%	1%	14%

* Millions of dollars

NA – Not applicable

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Adjusted net income and its components (non-GAAP financial measures) are defined as reported GAAP net income and its components, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Adjusted cost of sales, adjusted selling, general and administrative (SG&A) expenses, adjusted research and development (R&D) expenses, and adjusted tax expenses are income statement line items prepared on the same basis, and, therefore, components of the overall adjusted income measure.
[3]Adjusted gross margin (a non-GAAP financial measure) was 69.8% for the full year 2019, and 67.8% for the full year 2018.
[4]Adjusted operating expenses (a non-GAAP financial measure) of $2,038 million for the full year 2019, and $1,896 million for the full year 2018 include adjusted amortization of intangible assets of $19 million in 2019 and $16 million in 2018.

US SEGMENT PERFORMANCE

	Fourth Quarter				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$861	$809	6%	-	6%
Livestock	372	384	(3)%	-	(3)%
Companion Animal	489	425	15%	-	15%
Cost of Sales	187	175	7%	-	7%
Gross Profit	674	634	6%	-	6%
Gross Margin	*78.3%*	*78.4%*	*NA*	*NA*	*NA*
Operating Expenses	176	128	38%	-	38%
Other (Income)/Deductions	-	-	-	-	-
Earnings[2]	498	506	(2)%	-	(2)%

* Millions of dollars, NA – Not applicable

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Defined as income before provision for taxes on income.

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US SEGMENT PERFORMANCE

	Full Year				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$3,203	$2,877	11%	-	11%
Livestock	1,219	1,269	(4)%	-	(4)%
Companion Animal	1,984	1,608	23%	-	23%
Cost of Sales	655	606	8%	-	8%
Gross Profit	2,548	2,271	12%	-	12%
Gross Margin	*79.6%*	*78.9%*	*NA*	*NA*	*NA*
Operating Expenses	543	456	19%	-	19%
Other (Income)/Deductions	-	-	-	-	-
Earnings[2]	2,005	1,815	10%	-	10%

* Millions of dollars, NA – Not applicable

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Defined as income before provision for taxes on income.

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INTERNATIONAL SEGMENT PERFORMANCE

	Fourth Quarter				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$791	$727	9%	(3)%	12%
Livestock	496	488	2%	(3)%	5%
Companion Animal	295	239	23%	(3)%	26%
Cost of Sales	263	240	10%	(3)%	13%
Gross Profit	528	487	8%	(4)%	12%
Gross Margin	*66.8%*	*67.0%*	*NA*	*NA*	*NA*
Operating Expenses	148	148	-	(3)%	3%
Other (Income)/Deductions	-	1	**	**	**
Earnings[2]	380	338	12%	(4)%	16%

* Millions of dollars, NA – Not applicable, **Calculation not meaningful

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Defined as income before provision for taxes on income.

INTERNATIONAL SEGMENT PERFORMANCE

	Full Year				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Revenue	$2,972	$2,890	3%	(6)%	9%
Livestock	1,811	1,885	(4)%	(6)%	2%
Companion Animal	1,161	1,005	16%	(5)%	21%
Cost of Sales	925	929	-	(8)%	8%
Gross Profit	2,047	1,961	4%	(5)%	9%
Gross Margin	*68.9%*	*67.9%*	*NA*	*NA*	*NA*
Operating Expenses	560	559	-	(6)%	6%
Other (Income)/Deductions	-	3	**	**	**
Earnings[2]	1,487	1,399	6%	(4)%	10%

* Millions of dollars, NA – Not applicable, **Calculation not meaningful

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.
[2]Defined as income before provision for taxes on income.

INTERNATIONAL MARKET REVENUE

	Fourth Quarter				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Total International	$791.6	$727.2	9%	(3)%	12%
Australia	46.4	36.8	26%	(7)%	33%
Brazil	86.9	84.6	3%	(7)%	10%
Canada	64.9	64.4	1%	(1)%	2%
China	44.4	41.3	8%	(2)%	10%
France	33.7	38.3	(12)%	(4)%	(8)%
Germany	42.6	34.9	22%	(5)%	27%
Italy	30.1	24.5	23%	(4)%	27%
Japan	40.5	34.9	16%	4%	12%
Mexico	29.4	26.2	12%	-	12%
Spain	28.2	26.8	5%	(5)%	10%
United Kingdom	52.7	46.1	14%	(3)%	17%
Other Developed	100.7	95.5	5%	(5)%	10%
Other Emerging	191.1	172.9	11%	(2)%	13%

* Millions of dollars

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.

INTERNATIONAL MARKET REVENUE

	Full Year				
	2019*	2018*	Change	Foreign Exchange	Operational[1]
Total International	$2,972.2	$2,889.8	3%	(6)%	9%
Australia	195.9	188.6	4%	(8)%	12%
Brazil	293.0	294.7	(1)%	(10)%	9%
Canada	206.4	202.8	2%	(3)%	5%
China	200.1	211.4	(5)%	(4)%	(1)%
France	116.7	129.8	(10)%	(5)%	(5)%
Germany	153.3	146.8	4%	(6)%	10%
Italy	112.0	104.0	8%	(5)%	13%
Japan	158.1	149.0	6%	1%	5%
Mexico	116.6	100.0	17%	(1)%	18%
Spain	114.4	109.9	4%	(6)%	10%
United Kingdom	198.1	181.2	9%	(6)%	15%
Other Developed	370.1	361.4	2%	(6)%	8%
Other Emerging	737.5	710.2	4%	(7)%	11%

* Millions of dollars

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.

FINANCIAL GUIDANCE

Selected Line Items (millions of dollars, except per share amounts)	**Full Year 2020**
Revenue *Operational growth*[1]	$6,650 to $6,800 *7.0% to 9.5%*
Adjusted cost of sales as a percentage of revenue[2]	30% to 31%
Adjusted SG&A expenses[2]	$1,590 to $1,640
Adjusted R&D expenses[2]	$455 to $475
Adjusted interest expense and other (income) / deductions[2]	Approximately $215
Effective tax rate on adjusted income[2]	20% to 21%
Adjusted diluted EPS[2]	$3.90 to $4.00
Adjusted net income[2] *Operational growth*[1,3]	$1,865 to $1,915 *8% to 11%*
Certain significant items and acquisition-related costs[4]	$20 to $30
Reported diluted EPS	$3.53 to $3.65

Exchange rates as of late January 2020

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.

[2]Adjusted net income and its components and adjusted diluted EPS are defined as reported GAAP net income and its components and reported diluted EPS excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Adjusted cost of sales, adjusted selling, general and administrative (SG&A) expenses, adjusted research and development (R&D) expenses, and adjusted interest expense and other (income)/deductions are income statement line items prepared on the same basis, and, therefore, components of the overall adjusted income measure. Effective tax rate on adjusted income (a non-GAAP financial measure) equals the adjusted provision for taxes on income (a non-GAAP financial measure) divided by adjusted income before provision for taxes on income (a non-GAAP financial measure). Adjusted net income and its components, adjusted diluted EPS, and the effective tax rate on adjusted net income, are presented solely to permit investors to more fully understand how management assesses performance. Adjusted net income and its components and adjusted diluted EPS are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components and diluted EPS.

[3]We do not provide a reconciliation of forward-looking non-GAAP adjusted net income operational growth to the most directly comparable GAAP reported financial measure because we are unable to calculate with reasonable certainty the foreign exchange impact of unusual gains and losses, acquisition-related expenses, potential future asset impairments and other certain significant items, without unreasonable effort. The foreign exchange impacts of these items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period.

[4]Primarily includes certain nonrecurring costs related to acquisitions and other charges.

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Q&A

RECONCILIATION OF ADJUSTED NET INCOME TO ADJUSTED EBIT

in USD millions	2013	2014	2015	2016	2017	2018	2019
Adjusted Net Income attributable to Zoetis	$709	$790	$889	$975	$1,185	$1,525	$1,755
Net (loss)/income attributable to noncontrolling interests	(1)	4	-	(2)	(2)	(4)	-
Adjusted Net Income Before Allocation to Noncontrolling Interests[1]	$708	$794	$889	$973	$1,183	$1,521	$1,755
Interest Expense[2]	113	117	124	166	175	206	223
Interest Income[2]	(3)	(6)	(6)	(8)	(13)	(31)	(37)
Income Taxes[2]	292	290	326	415	465	351	390
Adjusted EBIT[3]	$1,110	$1,195	$1,333	$1,546	$1,810	$2,047	$2,331
% of revenue[4]	*24.3%*	*25.0%*	*28.0%*	*31.6%*	*34.1%*	*35.1%*	*37.2%*

[1] Adjusted Net Income Before Allocation to Noncontrolling Interests (a non-GAAP financial measure) is defined as reported U.S. GAAP net income before allocation to noncontrolling interests excluding purchase accounting adjustments, acquisition-related costs and certain significant items.
[2] As included in adjusted net income.
[3] Adjusted Earnings Before Interest and Taxes (EBIT), a non-GAAP financial measure, excludes interest expense net of capitalized interest, interest income and adjusted income taxes (a non-GAAP measure)
[4] Adjusted EBIT margin (a non-GAAP financial measure).

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2019

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,992	(24)	-	(77)	1,891
Gross Profit	4,268	24	-	77	4,369
Selling, General and Administrative expenses	1,638	(72)	-	(2)	1,564
Research & Development Expenses	457	(2)	-	-	455
Amortization of Intangible Assets	155	(136)	-	-	19
Total Operating Expenses	2,250	(210)	-	(2)	2,038
Restructuring Charges and Certain Acquisition-Related Costs	51	-	(43)	(8)	-
Other (Income) / Expenses	(57)	-	-	20	(37)
Income before Provision for Taxes on Income	1,801	234	43	67	2,145
Provision for Taxes on Income	301	78	7	4	390
Income from Continuing Operations	1,500	156	36	63	1,755
Net Income attributable to Zoetis	1,500	156	36	63	1,755
Diluted Earnings Per Share	3.11	0.32	0.08	0.13	3.64

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2018

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,911	(27)	-	(8)	1,876
Gross Profit	3,914	27	-	8	3,949
Selling, General and Administrative expenses	1,484	(32)	-	(2)	1,450
Research & Development Expenses	432	(2)	-	-	430
Amortization of Intangible Assets	117	(101)	-	-	16
Total Operating Expenses	2,033	(135)	-	(2)	1,896
Restructuring Charges and Certain Acquisition-Related Costs	68	-	(63)	(5)	-
Other (Income) / Expenses	(83)	-	-	58	(25)
Income before Provision for Taxes on Income	1,690	162	63	(43)	1,872
Provision for Taxes on Income	266	43	13	29	351
Income from Continuing Operations	1,424	119	50	(72)	1,521
Net Income attributable to Zoetis	1,428	119	50	(72)	1,525
Diluted Earnings Per Share	2.93	0.24	0.10	(0.14)	3.13

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2017

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,775	(7)	-	(7)	1,761
Gross Profit	3,532	7	-	7	3,546
Selling, General and Administrative expenses	1,334	(5)	-	(4)	1,325
Research & Development Expenses	382	(2)	-	-	380
Amortization of Intangible Assets	91	(74)	-	-	17
Total Operating Expenses	1,807	(81)	-	(4)	1,722
Restructuring Charges and Certain Acquisition-Related Costs	19	-	(10)	(9)	-
Other (Income) / Expenses	6	-	-	(5)	1
Income before Provision for Taxes on Income	1,525	88	10	25	1,648
Provision for Taxes on Income	663	37	3	(238)	465
Income from Continuing Operations	862	51	7	263	1,183
Net Income attributable to Zoetis	864	51	7	263	1,185
Diluted Earnings Per Share	1.75	0.10	0.01	0.54	2.40

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2016

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,666	(23)	-	(19)	1,624
Gross Profit	3,222	23	-	19	3,264
Selling, General and Administrative expenses	1,364	(5)	-	(47)	1,312
Research & Development Expenses	376	(2)	-	-	374
Amortization of Intangible Assets	85	(69)	-	-	16
Total Operating Expenses	1,825	(76)	-	(47)	1,702
Restructuring Charges and Certain Acquisition-Related Costs	5	-	(3)	(2)	-
Other (Income) / Expenses	(2)	-	(1)	11	8
Income before Provision for Taxes on Income	1,228	99	4	57	1,388
Provision for Taxes on Income	409	39	-	(33)	415
Income from Continuing Operations	819	60	4	90	973
Net Income attributable to Zoetis	821	60	4	90	975
Diluted Earnings Per Share	1.65	0.12	0.01	0.18	1.96

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2015

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,738	(9)	-	(62)	1,667
Gross Profit	3,027	9	-	62	3,098
Selling, General and Administrative expenses	1,532	-	-	(133)	1,399
Research & Development Expenses	364	(2)	-	(2)	360
Amortization of Intangible Assets	61	(46)	-	-	15
Total Operating Expenses	1,957	(48)	-	(135)	1,774
Restructuring Charges and Certain Acquisition-Related Costs	320	-	(19)	(301)	-
Other (Income) / Expenses	81	-	(2)	(94)	(15)
Income before Provision for Taxes on Income	545	57	21	592	1,215
Provision for Taxes on Income	206	18	(1)	103	326
Income from Continuing Operations	339	39	22	489	889
Net Income attributable to Zoetis	339	39	22	489	889
Diluted Earnings Per Share	0.68	0.08	0.04	0.97	1.77

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2014

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,717	(4)	-	(33)	1,680
Gross Profit	3,068	4	-	33	3,105
Selling, General and Administrative expenses	1,643	-	-	(136)	1,507
Research & Development Expenses	396	(2)	-	(1)	393
Amortization of Intangible Assets	60	(45)	-	-	15
Total Operating Expenses	2,099	(47)	-	(137)	1,915
Restructuring Charges and Certain Acquisition-Related Costs	25	-	(8)	(17)	-
Other (Income) / Expenses	7	-	-	(18)	(11)
Income before Provision for Taxes on Income	820	51	8	205	1,084
Provision for Taxes on Income	233	17	3	37	290
Income from Continuing Operations	587	34	5	168	794
Net Income attributable to Zoetis	583	34	5	168	790
Diluted Earnings Per Share	1.16	0.07	0.01	0.33	1.57

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

2013

in USD millions, except per share data	GAAP[1] Reported	Purchase Accounting	Acquisition-Related Costs	Certain Significant Items	Non-GAAP Adjusted[2]
Cost of Sales	1,669	(2)	-	(42)	1,625
Gross Profit	2,892	2	-	42	2,936
Selling, General and Administrative expenses	1,613	1	-	(188)	1,426
Research & Development Expenses	399	(1)	-	(7)	391
Amortization of Intangible Assets	60	(46)	-	-	14
Total Operating Expenses	2,072	(46)	-	(195)	1,831
Restructuring Charges and Certain Acquisition-Related Costs	26	-	(22)	(4)	-
Other (Income) / Expenses	(9)	-	-	1	(8)
Income before Provision for Taxes on Income	690	48	22	240	1,000
Provision for Taxes on Income	187	16	8	81	292
Income from Continuing Operations	503	32	14	159	708
Net Income attributable to Zoetis	504	32	14	159	709
Diluted Earnings Per Share	1.01	0.06	0.03	0.32	1.42

[1] U.S. generally accepted accounting principles.

[2] Non-GAAP adjusted net income is defined as reported U.S. GAAP net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure and its components are not, and should not be viewed as, substitutes for U.S. GAAP net income and its components. Non-GAAP adjusted net income and its components are presented solely to permit investors to more fully understand how management assesses performance.

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RECONCILIATION OF REPORTED ADJUSTED NET INCOME GROWTH TO NON-GAAP FINANCIAL MEASURES

in USD millions	2013	2014	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	709	790	11%	(2)%	13%

in USD millions	2014	2015	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	790	889	13%	(11)%	24%

in USD millions	2015	2016	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	889	975	10%	(7)%	17%

in USD millions	2016	2017	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	975	1,185	22%	1%	21%

in USD millions	2017	2018	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	1,185	1,525	29%	(2)%	31%

in USD millions	2018	2019	Change	Foreign Exchange	Operational Growth[1]
Adjusted Net Income[2]	1,525	1,755	15%	1%	14%

[1]Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange.

[2]Adjusted net income (a non-GAAP financial measure) is defined as reported U.S. generally accepted accounting principles (GAAP) net income, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.

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RECONCILIATION OF REPORTED REVENUE GROWTH TO NON-GAAP FINANCIAL MEASURES

in USD millions	2012	2013	Change	Foreign Exchange	Operational Growth[1]				
Revenue	4,336	4,561	5%	(2)%	7%				
in USD millions	2013	2014	Change	Foreign Exchange	Operational Growth[1]				
Revenue	4,561	4,785	5%	(2)%	7%				
in USD millions	2014	2015	Change	Foreign Exchange	Operational Growth[1]				
Revenue	4,785	4,765	-	(8)%	8%				
in USD millions	2015	2016	Change	Foreign Exchange	Operational Growth[1]	Acquisitions[2]	Organic Operational Growth[3]	Operational Efficiency Initiative[4]	Normalized Organic Operational Growth[5]
Revenue	4,765	4,888	3%	(2)%	5%	2%	3%	(5)%	8%
in USD millions	2016	2017	Change	Foreign Exchange	Operational Growth[1]				
Revenue	4,888	5,307	9%	1%	8%				
in USD millions	2017	2018	Change	Foreign Exchange	Operational Growth[1]	Acquisitions[2]	Organic Operational Growth[3]		
Revenue	5,307	5,825	10%	-	10%	2%	8%		
in USD millions	2018	2019	Change	Foreign Exchange	Operational Growth[1]	Acquisitions[2]	Organic Operational Growth[3]		
Revenue	5,825	6,260	7%	(3)%	10%	2%	8%		

[1] Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange
[2] 2016 includes PHARMAQ, Abbott Animal Health, Syntex, KL Products, Inc., and Scandinavian Micro Biodevices; 2018 and 2019 only include Abaxis
[3] Organic operational revenue growth (a non-GAAP financial measure) excludes the impact of acquisitions, as well as foreign exchange
[4] Includes product and market rationalizations, as part of the operational efficiency initiative
[5] Normalized organic operational revenue growth (a non-GAAP financial measure) excludes the impact of foreign exchange, the impact of acquisitions, and the operational efficiency initiative

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