

First Quarter 2024 Financial Results

May 2, 2024

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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; R&D costs; timing and likelihood of success; expectations regarding products, product approvals or products under development and expected timing of product launches; disruptions in our global supply chain; 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, dividend payments and share repurchases; tax rates and tax regimes and any changes thereto; 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.

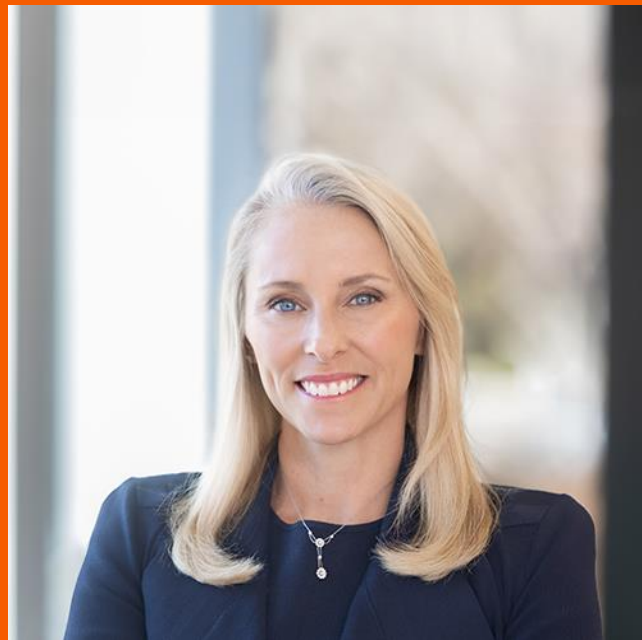
Non-GAAP Financial Information

We use non-GAAP financial measures, such as adjusted net income, adjusted diluted earnings per share and operational results (which exclude 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 press release should not be considered alternatives to measurements required by 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. Reconciliations of non-GAAP financial measures and the most directly comparable GAAP financial measures are included in the tables accompanying this press release and are posted on our website at www.zoetis.com.*

**GAAP refers to U.S. generally accepted accounting principles.*

Kristin Peck

Chief Executive Officer



Key Takeaways

Outstanding Start to 2024

- Generated 12% operational¹ revenue growth and a 15% operational increase in adjusted net income², with U.S. revenue increasing 16% and International revenue up 8% operationally.
- Companion animal revenue grew 20% operationally, driven by our innovative franchises, with double-digit operational growth in both our U.S. and international segments and contributions from both volume and price.
- Although our livestock portfolio declined 1% operationally due to a tough comparative quarter in the U.S. and the impact of the economic conditions in China, we saw growth in our other international markets driven by price.

Updating and Increasing Guidance for 2024

- We are updating our full year reported 2024 guidance for foreign exchange, with an increase to operational growth due to inflation-related price increases in Argentina and the underlying strength in companion animal.
 - Revenue between \$9.050B and \$9.200B with operational growth increased to 8.5% to 10.5%.
 - Reported net income between \$2.450B and \$2.495B; Adjusted net income between \$2.620B and \$2.670B with operational growth increased to 13% to 15%.
 - Reported diluted EPS of \$5.34 to \$5.44 with adjusted diluted EPS between \$5.71 to \$5.81.

¹ Operational results (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.

Wetteny Joseph

Executive Vice President
and Chief Financial Officer



Income Statement Highlights

	First Quarter		
	2024*	2023*	Change
Revenue	\$2,190	\$2,000	10%
Reported Net Income	599	552	9%
Reported Diluted Earnings Per Share	\$1.31	\$1.19	10%
Adjusted Net Income ¹	634	607	4%
Adjusted Diluted Earnings Per Share ¹	\$1.38	\$1.31	5%

* 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.

Adjusted Income Statement Highlights

	First Quarter				
	2024*	2023*	Change	Foreign Exchange	Operational ¹
Revenue	\$2,190	\$2,000	10%	(2)%	12%
Adjusted Cost of Sales ²	642	584	10%	4%	6%
<i>as a percent of revenue³</i>	29.3%	29.2%	NA	NA	NA
Adjusted SG&A Expenses ²	544	498	9%	(1)%	10%
Adjusted R&D Expenses ²	161	142	13%	—%	13%
Adjusted Operating Expenses ⁴	710	646	10%	(1)%	11%
Effective Tax Rate on Adjusted Income ²	19.7%	20.5%	NA	NA	NA
Adjusted Net Income ²	634	607	4%	(11)%	15%
Adjusted Diluted Earnings Per Share ²	\$1.38	\$1.31	5%	(12)%	17%

* Millions of dollars, except per share data NA – Not applicable

¹ Operational results (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 and adjusted research and development (R&D) expenses 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).

³ Adjusted gross margin (a non-GAAP financial measure) was 70.7% and 70.8% in the first quarter of 2024 and 2023, respectively.

⁴ Adjusted operating expenses (a non-GAAP financial measure) of \$710 million in the first quarter of 2024 and \$646 million in the first quarter of 2023 includes adjusted amortization of intangible assets of \$5 million and \$6 million in the first quarter of 2024 and 2023, respectively.

U.S. Segment Performance

	First Quarter		
	2024*	2023*	Change
Revenue	\$1,163	\$1,005	16%
Companion Animal	898	721	25%
Livestock	265	284	(7)%
Cost of Sales	217	203	7%
Gross Profit	946	802	18%
<i>Gross Margin</i>	81.3%	79.8%	NA
Operating Expenses	190	188	1%
Other (Income)/Deductions - net	—	—	**
Earnings ¹	\$756	\$614	23%

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

¹ Defined as income before provision for taxes on income.

International Segment Performance

	First Quarter				
	2024*	2023*	Change	Foreign Exchange	Operational ¹
Revenue	\$1,007	\$978	3%	(5)%	8%
Companion Animal	552	504	10%	(4)%	14%
Livestock	455	474	(4)%	(6)%	2%
Cost of Sales	313	291	8%	1%	7%
Gross Profit	694	687	1%	(7)%	8%
<i>Gross Margin</i>	68.9%	70.2%	NA	NA	NA
Operating Expenses	159	151	5%	(3)%	8%
Other (Income)/Deductions - net	—	1	**	**	**
Earnings ²	\$535	\$535	—%	(9)%	9%

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

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

² Defined as income before provision for taxes on income.

International Segment Performance

	First Quarter				
	2024*	2023*	Change	Foreign Exchange	Operational ¹
Total International	\$1,007	\$978	3%	(5)%	8%
Australia	\$73	\$82	(11)%	(4)%	(7)%
Brazil	\$101	\$84	20%	7%	13%
Canada	\$61	\$50	22%	1%	21%
Chile	\$31	\$39	(21)%	(4)%	(17)%
China	\$76	\$102	(25)%	(3)%	(22)%
France	\$41	\$34	21%	1%	20%
Germany	\$51	\$45	13%	1%	12%
Italy	\$28	\$26	8%	2%	6%
Japan	\$37	\$39	(5)%	(9)%	4%
Mexico	\$44	\$39	13%	10%	3%
Spain	\$32	\$33	(3)%	1%	(4)%
United Kingdom	\$77	\$68	13%	4%	9%
Other Developed Markets	\$127	\$122	4%	—%	4%
Other Emerging Markets	\$228	\$215	6%	(25)%	31%

* Millions of dollars

10 ¹ Operational results (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 2024
Revenue	\$9,050 to \$9,200
<i>Operational growth</i> ¹	8.5% to 10.5%
Adjusted cost of sales as a percentage of revenue ²	Approximately 29.8%
Adjusted SG&A expenses ²	\$2,170 to \$2,220
Adjusted R&D expenses ²	\$665 to \$675
Adjusted interest expense and other (income)/deductions-net ²	Approximately \$200
Effective tax rate on adjusted income ²	20.0% to 21.0%
Adjusted diluted EPS ²	\$5.71 to \$5.81
Adjusted net income ²	\$2,620 to \$2,670
<i>Operational growth</i> ^{1,3}	13% to 15%
Certain significant items and acquisition-related costs ⁴	\$60 - \$65
Reported diluted EPS	\$5.34 to \$5.44

The guidance reflects foreign exchange rates as of late April 2024 and includes the assumed impacts as a result of fluctuations in foreign exchange rates relative to the U.S. dollar compared to weighted average foreign exchange rates from 2023, as noted above.

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-net 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 (income)/costs, net related to divestitures, acquisitions and other charges.

Q&A



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Appendix



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Reconciliation Of Reported Growth To Non-GAAP Financial Measures

	Three months ended March 31,				
	2024*	2023*	Change	Exchange	Operational ¹
<u>Revenue by Product Category</u>					
Key Dermatology	\$360	\$290	24%	(1)%	25%
Key Dermatology (<i>international</i>)	127	106	20%	(3)%	23%
Diagnostics (<i>companion animal</i>)	77	88	(13)%	(1)%	(12)%
Parasiticides (<i>small animal - international</i>)	132	133	(1)%	(7)%	6%
<u>Revenue by Product</u>					
Simparica Trio	243	151	61%	—%	61%
Simparica Trio (<i>international</i>)	38	24	58%	—%	58%
Simparica® (<i>international</i>)	56	52	8%	(14)%	22%
OA pain mAbs (<i>international</i>)	74	44	68%	1%	67%
Librela	100	34	194%	5%	189%
Librela (<i>international</i>)	59	34	74%	3%	71%
Solensia (<i>international</i>)	15	9	67%	13%	54%
Revolution® (<i>international</i>)	33	49	(33)%	(4)%	(29)%

* Millions of dollars

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

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