

Leadership, Innovation and Growth in Animal Health

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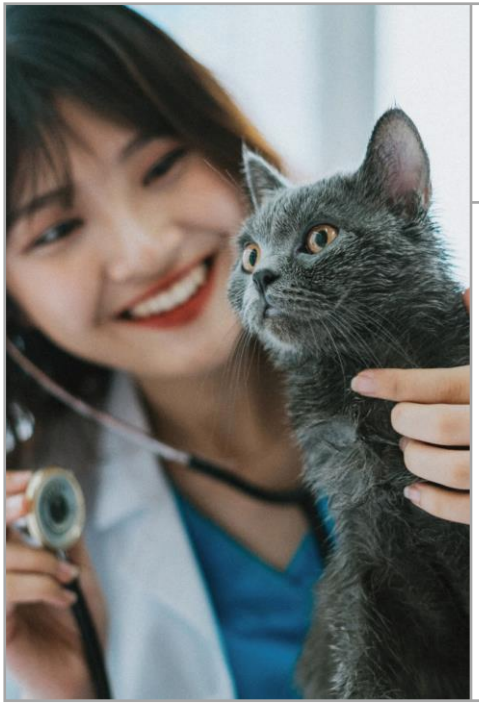
Forward-Looking Statements

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, disruptions in our global supply chain; R&D costs; timing and likelihood of success; expectations regarding products, product approvals or products under development; expected timing of product launches; the impact of the coronavirus (COVID-19) global pandemic and any recovery therefrom on our business, supply chain, customers and employees; 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, foreign exchange rates, tax rate 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2021, 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. Such risks and uncertainties may be amplified by the COVID-19 global pandemic and its potential impact on the global economy and our business. 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 EBIT margin, normalized organic operational growth, organic operational growth, 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 GAAP, such as net income, operating income, and revenue growth, 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 available in the appendix to this presentation.

The World's Leading Animal Health Company



Nurturing the world and humankind by advancing animal care

Providing:

- Medicines
- Vaccines
- Diagnostics
- Technologies

Serving:

- Veterinarians
- Livestock farmers
- Pet owners

$8.0-$8.075B
2022 estimated revenue[1]

~$45B
total addressable Animal Health market[2]

7-8%
Estimated operational revenue growth in 2022[1]

15
Blockbuster products with revenues of $100M or more[3]

[1] Based on the latest full-year guidance as provided in the Q3 2022 earnings release issued on 11/3/22
[2] Based on industry and Zoetis internal estimates
[3] Estimated blockbuster products with revenues of $100M or more as of year-end 2022

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Key Takeaways

Five factors position Zoetis for success and future growth

01 Fundamental drivers of **Animal Health** remain **solid and sustainable**

02 Market leadership built on **diverse, durable and innovation-driven portfolio**

03 **Financial strength** supporting investments in future growth and profitability

04 **Strategically positioned to expand** in large and growing product areas

05 **Proven track record** of value creation and **above-market performance**

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Animal Health is a Growing and Resilient Industry

Steady and predictable growth despite economic headwinds

APPROXIMATELY

$45B[1]

total addressable market

Medicines
Vaccines
Diagnostics
BioDevices
Genetics

Core Animal Health Operational Growth



Over nearly 20 years, the core AH market has grown an average of 5.8% annually, including growth of approximately 2.6% in 2009 – the last global recession

Sources: Vetnosis for historical core market and foreign exchange neutral growth
Internal analysis for segments outside core market and 2022 estimate

[1] Based on industry and Zoetis internal estimates

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Animal Health is Different than Human Health

Sector’s unique dynamics and benefits provide differentiated value



Direct access to decision makers



Self-pay model



Cost-effective R&D



Breadth of species and markets

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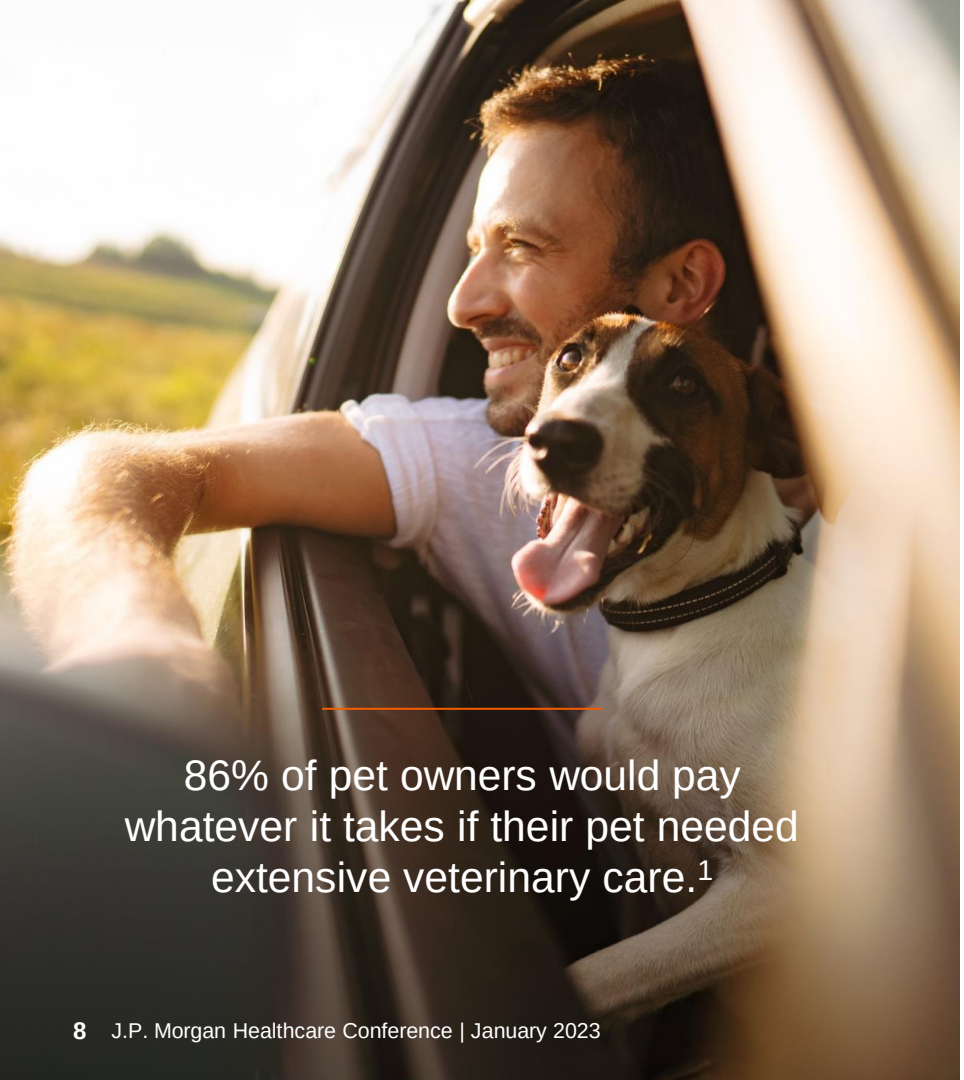
Healthy Animals Meeting Protein Demand

The global population is growing, leading to increased demand for animal protein sources

- **Diverse portfolio** across markets and therapeutic areas to serve wide range of species
- **Nearly 2 billion more mouths to feed by 2050** (*Global pop. of 9.7 billion in 2050*[1])
- Limited **resources** and **climate concerns** are increasing need for **sustainable production** of meat, milk, fish and eggs



[1] Based on estimates from the United Nations



86% of pet owners would pay whatever it takes if their pet needed extensive veterinary care.[1]

The Human-Animal Bond

Pet owners are prioritizing health and wellness of their animals

- **Gen-Z and Millennials** are fueling the **humanization of pets**
- **High income households** often have **more than one pet** and are more **willing to spend** during a down economy
- When faced with a 20% decrease in budget, **pet owners will not spend less on their pets**.[2]

[1] International Survey of Pet Owners and Veterinarians from HABRI/Zoetis. Published January 2022.

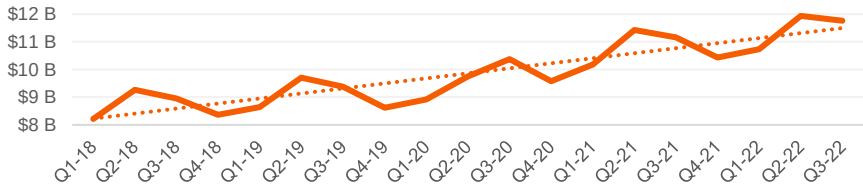
[2] Zoetis Market Research, Dec. 2022

Veterinary Clinic Dynamics

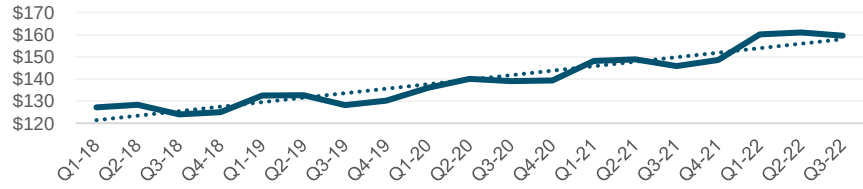
U.S. vet clinic revenue and spend per visit steadily increasing, while visits have declined recently

- **Solid vet clinic growth drivers** saw spike in 2021 due to pandemic, but normalizing to pre-pandemic levels
- 3Q22 U.S. data shows **clinic revenue and spend per visit are up** 5% and 9%, respectively, **despite 4% decline in visits**[1]
- Veterinary **workforce challenges** have limited some clinic capacities
- **Long term revenue** trends remain **positive**, with clinic revenue and spend per visit **up over 25% since 2018**[2]

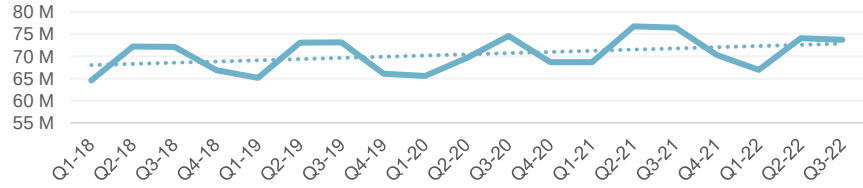
Clinic Revenue



Spend per Visit



Clinic Visits



[1] Based on Q32022 vs. Q32021 Kynetic Data
[2] Based on Q32022 MAT vs. 2018 Kynetic Data

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Diverse, Durable and Innovative Portfolio

Diversity across geographies, species and therapeutic areas drives steady performance

7
therapeutic areas

8
core species

15[1]
blockbusters

~30[2]
year average market life of key brands in portfolio

~300
product lines

>2,000
new products and lifecycle innovations introduced in last 10 years

[1] Estimated number of blockbuster products with revenues of $100M or more as of year-end 2022
[2] Market life refers to the number of years a product has been commercially available.

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World-Leading Growth Franchises

Petcare innovations in dermatology, parasiticides and pain differentiate Zoetis

Dermatology

apoquel® oclacitinib

CYTOPOINT®

- $1.25B market in 2021[1]
- Market grew 23% operationally in 2021[1]
- Zoetis revenue of $1.2B for Apoquel and Cytopoint, growing 24% operationally[2]
- More opportunity to expand with increased awareness, new formulations and species

Parasiticides

Simparica TRIO® (sarolaner, moxidectin, and pyrantel chewable tablets)

revolution® PLUS (selamectin and sarolaner topical solution)

Simparica® (sarolaner) Chewables

ProHeart® 12 (moxidectin)

- $6B+ pet market in 2021[1]
- Market grew 13% operationally per year over last 3 years[1]
- Zoetis revenue of $1.3B, growing 45% operationally[2]

Pain

Librela® Bedinvetmab

Solensia™ (frunevetmab injection)

- Significant unmet need
- >$1B projected peak market[1]
- Zoetis revenue of $94M for Librela and Solensia through 3Q22

[1] Zoetis internal estimates

[2] Revenue FY2021. Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange. Reconciliations of non-GAAP financial measures are available in the appendix to this presentation.

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World Leader in Animal Health[1]

By Species Market Leader in Species Representing ~90% of Our Portfolio by Revenue[3]	
Companion Animal	#1
Cattle	#1
Fish[3]	#1
Swine	#1
Poultry	#5

By Product Category	
Other Pharma[2]	#1
Anti-Infectives	#1
Medicated Feed Additives (MFA)	#2
Vaccines (Biologicals)	#2
Diagnostics[3]	#3
Parasiticides	#3

By Geography	
North America	#1
Latin America	#1
Asia	#1
Eastern Europe	#2
Western Europe	#2

High Growth Franchise Areas[3]	
Dermatology	#1
Pet Pain	#1
Pet Parasiticides	#2

[1] Vetnosis Year-to-Date Q3 2022 Update. Rankings are based on revenues.
[2] Includes pain, sedation, internal medicine, dermatology, etc.
[3] Zoetis internal estimates

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Investing for Growth

Financial strength to continue investing in areas that support future growth and value creation

- Our **top priority** investment is **R&D**, with more than $500M spent in 2021
- Continued investments in **supply network, Direct-To-Consumer** digital campaigns, and **sustainability**
- Targeted **external partnerships** and **business development deals**
- **Return excess capital to shareholders**; with continued share buybacks and 15% dividend increase in 2023

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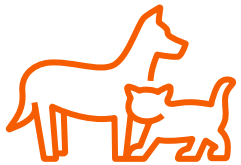
Five Key Growth Drivers in 2023



Companion animal parasiticides



Key dermatology portfolio



Osteoarthritis (OA) pain



Global diagnostics



Growth in emerging markets

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10-Year Reflections

A track record of value creation and above-market performance

	2013	Current
Zoetis Market Cap	$16 billion[1]	~$70 billion[1]
Zoetis Revenue	$4.6 billion	$8-$8.075 billion[2]
Revenue Split: Livestock vs. Companion Animal	64% / 36%[3]	39% / 61%[3]
Operating Margins	24%[3]	38%[3]
Average Revenue per Colleague	~$490,000[3]	~$643,000[3]

>500% total shareholder return since IPO in 2013[4]

[1] Market capitalization as of 12/31/13 ($16b) and 12/30/22 ($68b), respectively
[2] Based on latest full-year guidance as provided in the Q3 2022 earnings release issued on 11/3/22
[3] Based on 2013 and 2021 financial results
[4] Based on initial investment of $26 per share at IPO in 2013

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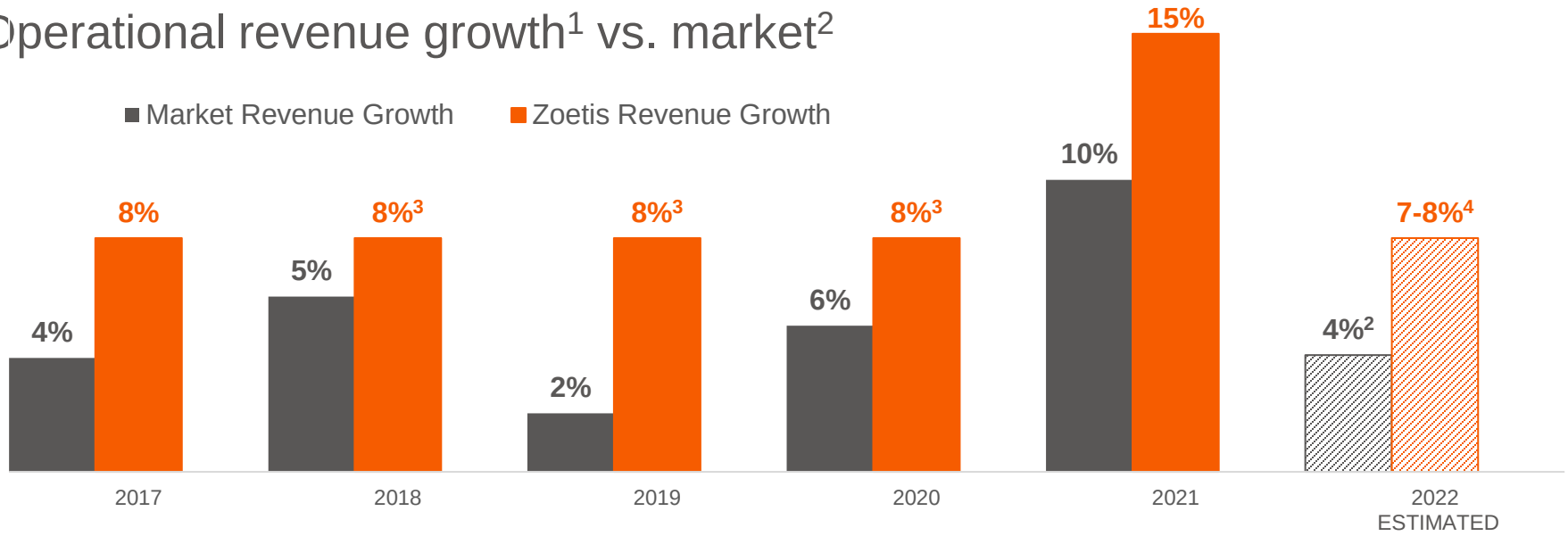
Delivering Above-Market Operational Revenue Growth

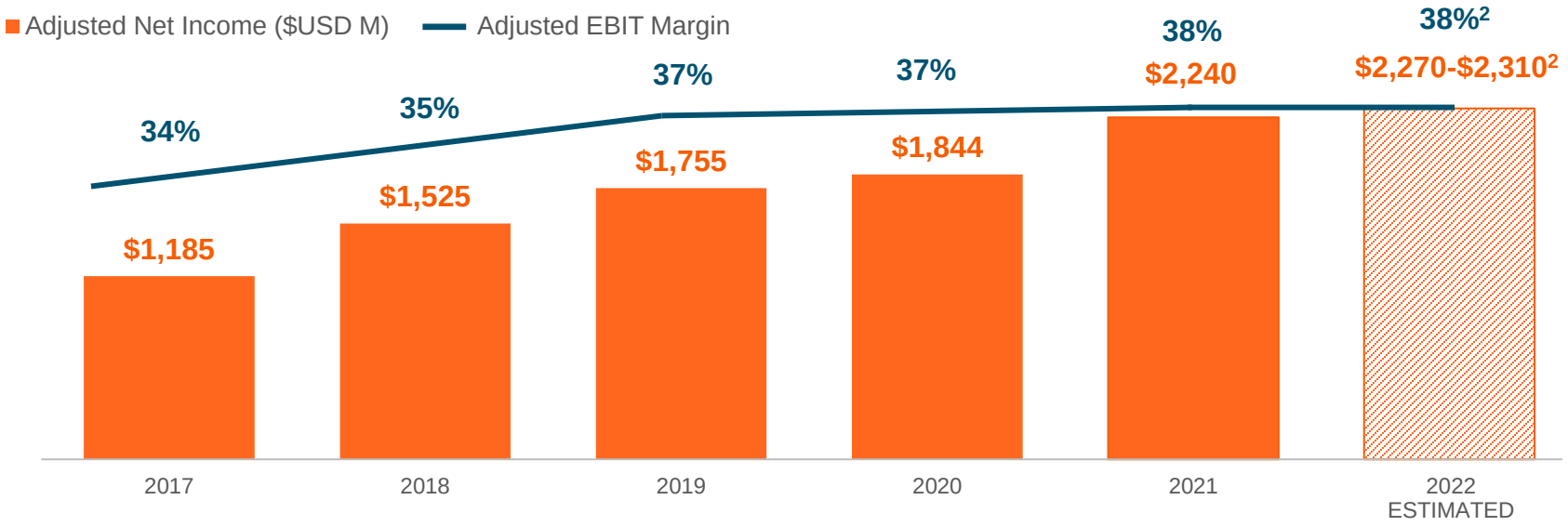
Operational revenue growth[1] vs. market[2]



[1] Operational revenue growth (a non-GAAP financial measure) excludes the impact of foreign exchange. Reconciliations of non-GAAP financial measures are available in the appendix to this presentation.
[2] Vetnosis "Review 2021" dated July 2022. Market estimate for 2022 based on Zoetis internal estimates.
[3] Organic operational growth (a non-GAAP financial measure) excludes the impact of the acquisition of Abaxis in 2018 and 2019 and other acquisitions in 2020, as well as foreign exchange; if included, operational revenue growth was 10%, 10% and 9% in 2018, 2019 and 2020, respectively.
[4] Represents 2022 guidance range for operational revenue growth as provided in Q3 2022 earnings release issued on 11/3/22.

Margin Expansion and Adjusted Net Income Growth Faster than Revenue

Adjusted net income and adjusted EBIT margin[1]

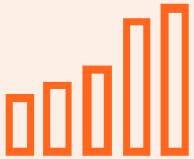


[1]Adjusted net income (a non-GAAP financial measure) is defined as reported U.S. generally accepted accounting principle (GAAP) net income excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Adjusted Earnings Before Interest and Taxes (EBIT) margin, a non-GAAP financial measure, excludes interest expense net of capitalized interest, interest income and adjusted income taxes (a non-GAAP measure). Reconciliations of non-GAAP financial measures are available in the appendix to this presentation.

[2] Based on the latest full-year guidance as provided in the Q3 2022 earnings release issued on 11/3/22

Our Long-Term Value Proposition

Since our IPO in 2013, we have remained **committed to the four tenets of our value proposition**



Grow revenue in line with or faster than the market



Grow adjusted net income faster than revenue



Drive growth through investments in innovation, R&D and business development



Return excess capital to shareholders

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Key Takeaways

01 Fundamental drivers of **Animal Health** remain **solid and sustainable**

02 Market leadership built on **diverse, durable and innovation-driven portfolio**

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04 **Strategically positioned to expand** in large and growing product areas

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Reconciliation Of Reported Growth To Non-GAAP Financial Measures

Dollars in millions	2021	2020	Change	Foreign Exchange	Operational[1]
Revenue by Product Category					
Key Dermatology *(Apoquel and Cytopoint)*	$1,162	$925	26%	2%	24%
Parasiticides *(small animal)*	1,326	909	46%	1%	45%

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

Reconciliation Of Reported Revenue To Non-GAAP Financial Measures

Dollars in millions	Revenue	Change From Prior Year	Foreign Exchange	Operational Growth[1]	Acquisitions[2]	Organic Operational Growth[3]
2017	$5,307	9%	1%	8%	0%	8%
2018	$5,825	10%	—%	10%	2%	8%
2019	$6,260	7%	(3)%	10%	2%	8%
2020	$6,675	7%	(2)%	9%	1%	8%
2021	$7,776	16%	1%	15%	0%	15%

[1] Operational growth (a non-GAAP financial measure) excludes the impact of foreign exchange
[2] 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

Reconciliation Of GAAP Reported To Non-GAAP Adjusted Information

Dollars in millions	2017	2018	2019	2020	2021
Net Income attributable to Zoetis[1]	$864	$1,428	$1,500	$1,638	$2,037
Purchase Accounting Adjustments[2]	51	119	156	142	136
Acquisition-Related Costs[3]	7	50	36	19	10
Certain Significant Items[4]	263	(72)	63	45	57
Adjusted Net Income attributable to Zoetis[5]	$1,185	$1,525	$1,755	$1,844	$2,240

[1] As reported under U.S. generally accepted accounting principles (GAAP).
[2] Purchase accounting adjustments represent expenses incurred associated with the amortization of fair value adjustments to inventory, intangible assets and property, plant and equipment.
[3] Acquisition-related costs represent costs associated with acquiring and integrating newly-acquired businesses, such as transaction costs and integration costs.
[4] Certain significant items comprise substantive, unusual items that, either as a result of their nature or size, would not be expected to occur as part of our normal business on a regular basis, such as restructuring charges and implementation costs associated with our cost-reduction/productivity initiatives that are not associated with an acquisition, certain asset impairment charges, certain legal and commercial settlements and the impact of divestiture-related gains and losses.
[5] Adjusted Net Income (a non-GAAP financial measure) 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 is not, and should be not be, viewed as a substitute for U.S. GAAP net income. Non-GAAP adjusted net income is presented solely to permit investors to more fully understand how management assesses performance.

Reconciliation Of Adjusted Net Income To Adjusted EBIT

Dollars in millions	2017	2018	2019	2020	2021
Adjusted Net Income attributable to Zoetis[1]	$1,185	$1,525	$1,755	$1,844	$2,240
Interest Expense[2]	175	206	223	231	224
Interest Income[2]	(13)	(31)	(37)	(12)	(6)
Income Taxes[2]	465	351	390	413	511
Adjusted EBIT[3]	$1,812	$2,051	$2,331	$2,476	$2,969
% of revenue[4]	***34.1%***	***35.2%***	***37.2%***	***37.1%***	***38.2%***

[1] Adjusted Net Income (a non-GAAP financial measure) 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 is not, and should be not be, viewed as a substitute for U.S. GAAP net income. Non-GAAP adjusted net income is presented solely to permit investors to more fully understand how management assesses performance.
[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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