ZOETIS INVESTOR DAY

NOVEMBER 18, 2014

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, expectations regarding products, future use of cash and dividend payments, 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, 2013, including in the sections thereof captioned "Forward-Looking Information 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 and adjusted diluted earnings per share, to assess and analyze our operational 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. These non-GAAP financial measures 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. 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

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AGENDA

ZOETIS BUSINESS & STRATEGY

REGIONAL OVERVIEWS

- US
- CLAR
- APAC
- EuAfME

RESEARCH & DEVELOPMENT

MANUFACTURING & SUPPLY CHAIN

FINANCIAL OVERVIEW

CONCLUDING REMARKS

Q&A

ZOETIS BUSINESS & STRATEGY

Juan Ramón Alaix
Chief Executive Officer



OUR LONG-TERM VALUE PROPOSITION TO SHAREHOLDERS

GROW REVENUE IN LINE WITH OR FASTER THAN THE MARKET

GROW ADJUSTED NET INCOME[1] FASTER THAN REVENUE

TARGET VALUE-ADDED INVESTMENT OPPORTUNITIES

RETURN CAPITAL TO SHAREHOLDERS

[1] Adjusted Net Income is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

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WHAT YOU WILL HEAR TODAY

- Animal health is an **attractive industry** with **steady and predictable growth drivers**
- As the **industry leader,** Zoetis has the characteristics, business model, financial strengths and strategies to **capitalize on market opportunity**
- We have a clear focus on **creating value for our shareholders**

HOW WE HAVE CREATED SHAREHOLDER VALUE

- Leveraged **competitive advantages** – industry-leading sales force, R&D and manufacturing quality – to generate **7% operational revenue growth** versus 3.6%[1] animal health market growth in 2013
- Grew **adjusted net income[2] significantly faster than revenue** in 2013; expect 8-11% operational growth for adjusted net income in 2014
- Continued showing **high level of R&D productivity,** delivering 180 product approvals in 2013
- Put in place **capital allocation priorities** – increased dividends by 11%, targeted business development and share repurchase program
- Injected an **ownership mindset** to our existing culture, focused on customers, speed and financial discipline to create value for our shareholders

[1] Vetnosis

[2] Adjusted Net Income is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

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WHAT YOU SHOULD EXPECT FROM US

- Continue to deliver **revenue growth in line with or faster than overall market**
- Drive **adjusted net income[1] growth faster than revenue** by improving gross margin and continuing expense discipline
- Invest in enhancing our **competitive advantages**
- Improve **working capital efficiency** through technology initiatives and management incentives
- **Return capital to shareholders** while targeting value-added opportunities to enhance and complement our core business

Multiple drivers of shareholder value

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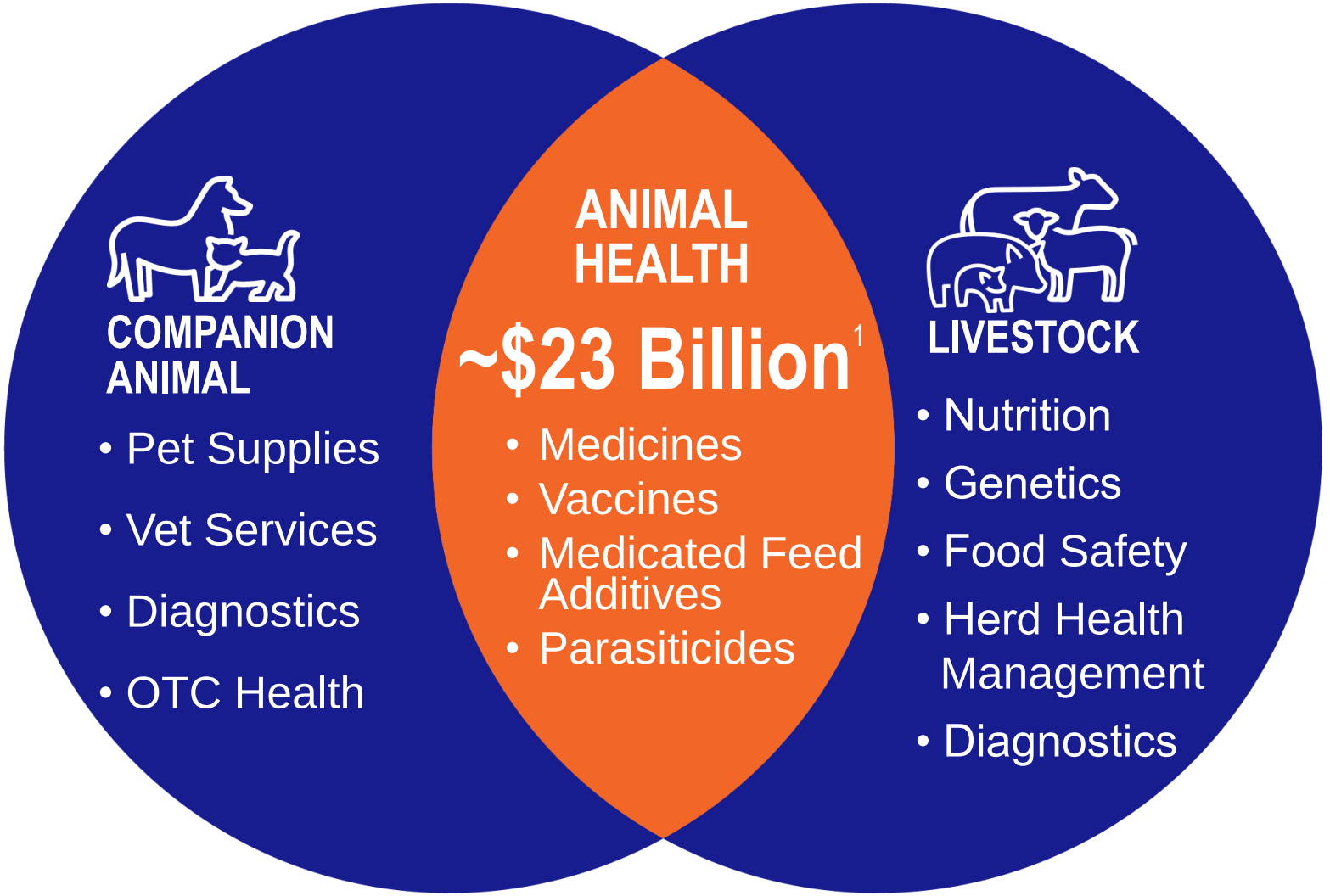
AT THE CORE OF A $100+ BILLION INDUSTRY

$23B GLOBAL ANIMAL HEALTH MARKET EXPECTED TO EXCEED $33B BY 2020[1]



[1] Vetnosis, FX neutral data

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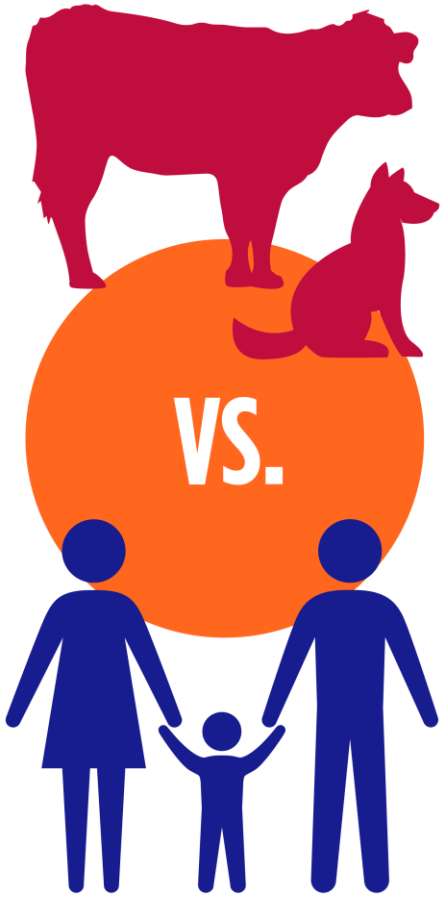
A DISTINCT INDUSTRY

ANIMAL HEALTH DIFFERS FROM HUMAN HEALTH

- Limited third-party payers; direct selling relationships
- Less generic competition; greater brand loyalty
- Innovation combined with focus on product lifecycle development
- More predictable and less costly R&D model
- Complexity of 8 different species and distinct regional needs



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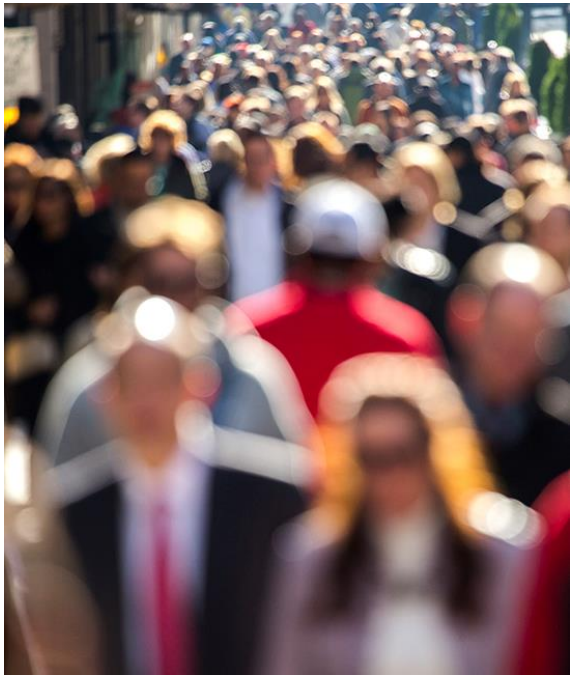
POWERFUL TRENDS CREATING DEMAND

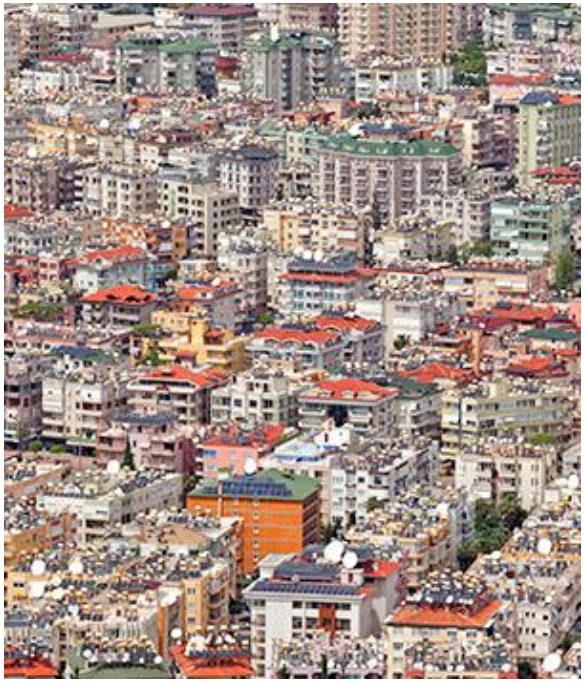
PREDICTABLE, SUSTAINABLE AND FUNDAMENTAL ECONOMIC DRIVERS



POPULATION GROWTH



A GROWING MIDDLE CLASS



INCREASING URBANIZATION

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THE WORLD DEPENDS ON ANIMALS

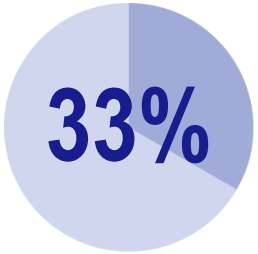
RELYING ON LIVESTOCK FOR NOURISHMENT



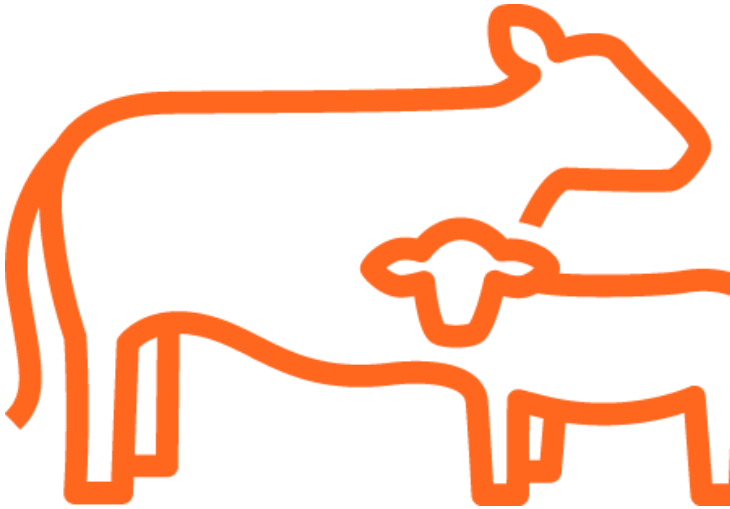
people consume animal protein as milk, meat, poultry, fish and eggs[1]



of the global value of agricultural output[2] is from the livestock sector



of arable land is dedicated to producing feed for livestock[3]



[1] Euromonitor International

[2] SOFA Report 2009

[3] FAO-Agriculture and Consumer Protection Department: Livestock's Long Shadow, Environmental Issues and Options, 2007

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EXPANDING CONSUMPTION OF MEAT AND MILK

2050 POTENTIAL GLOBAL MEAT & MILK CONSUMPTION[1]

Meat



1.3x

2.3x

3.4x

Milk



1.3x

2.4x

4.4x

Increase in global consumption based on:

- **Population growth**
- **Latin American rates[2] + population growth**
- **Developed world rates + population growth**

[1] Assuming 2050 population level at UN medium variant projections, with three scenarios on per-capita consumption

[2] Except developed countries, which stay at 2003 levels

Source: United Nations World Population Prospects: The 2008 Revision Population Database; USDA World Markets Livestock and Poultry; Census Bureau Int. Meat Consumption; FAO The State of Food and Agriculture Report

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THE PRODUCTIVITY IMPERATIVE

CONSTRAINED NATURAL RESOURCES & EMERGING DISEASE LIMIT PRODUCTION

CHALLENGES

- Finite arable land
- Drought
- Climate change
- Urbanization
- Biofuels
- Disease

OPPORTUNITIES

- Long-term pressure on prices will drive profitability for producers
- Sustained rewards for companies that can help food systems address the productivity imperative

Source: International Soil Reference and Information Centre, Oregon State University, Resource Conversation and Food Security; How to Feed the World 2050, FAO; IPCC Fourth Assessment Report; CGD Global Warming and Agriculture: New Country Estimates Show Developing Countries Face Declines in Agriculture Productivity; The Environmental Food Crisis, UNEP; Livestock's Long Shadow, FAO

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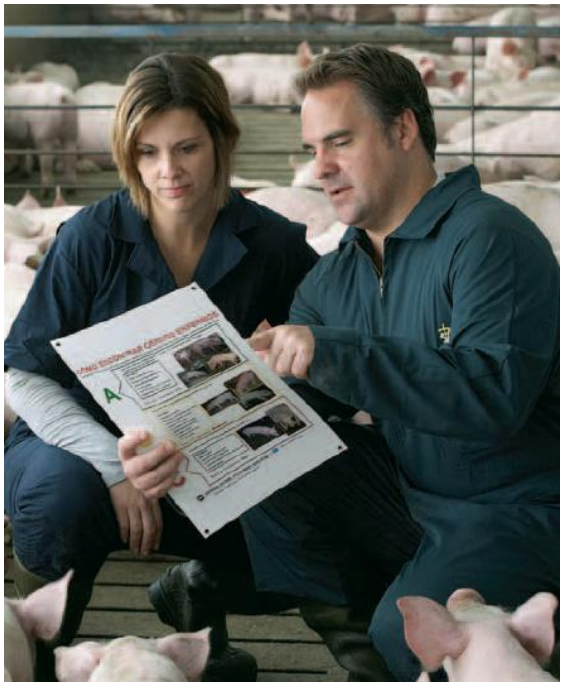
SOLUTIONS TO IMPROVE YIELD AND QUALITY

HOW ANIMAL HEALTH ANSWERS THE PRODUCTIVITY IMPERATIVE



VACCINES, MEDICINES AND MEDICATED FEED ADDITIVES



IMPROVED PRODUCTION PRACTICES AND HEALTHCARE PROTOCOLS



ADVANCED TECHNOLOGIES & DEVICES (DIAGNOSTICS AND GENETICS)

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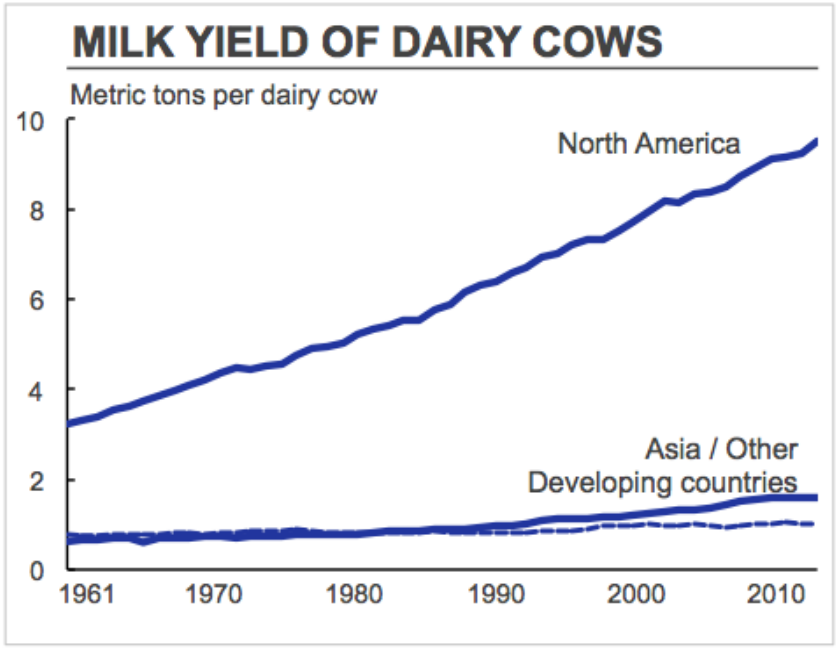
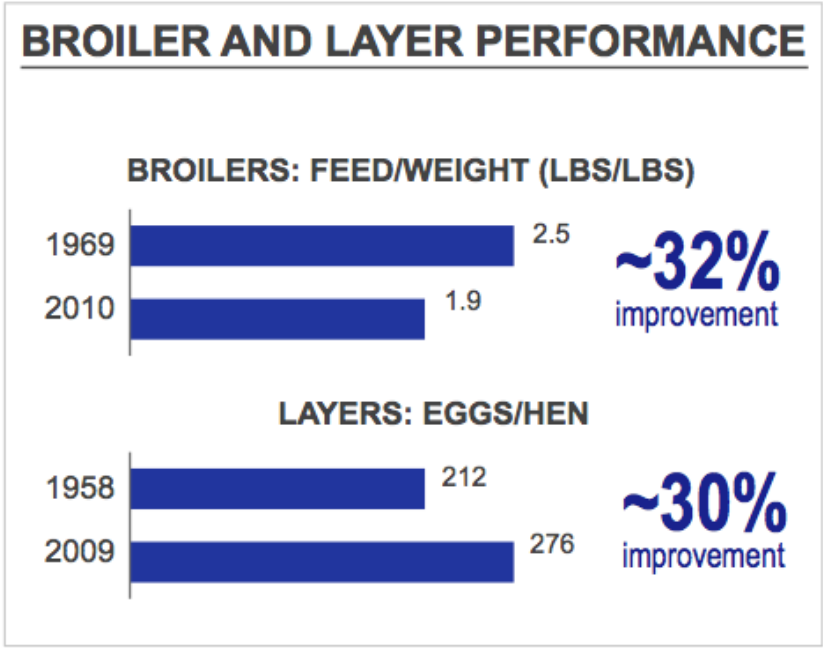
A HISTORY OF PRODUCTIVITY IMPROVEMENTS

ANIMAL HEALTH HAS PLAYED A ROLE





HEALTHIER ANIMALS ARE MORE PRODUCTIVE

Source: UN FAO; FAPRI; USDA; Hill and Kirkpatrick, Annu. Rev. Ecol. Evol. Syst. 2010.41:1-19

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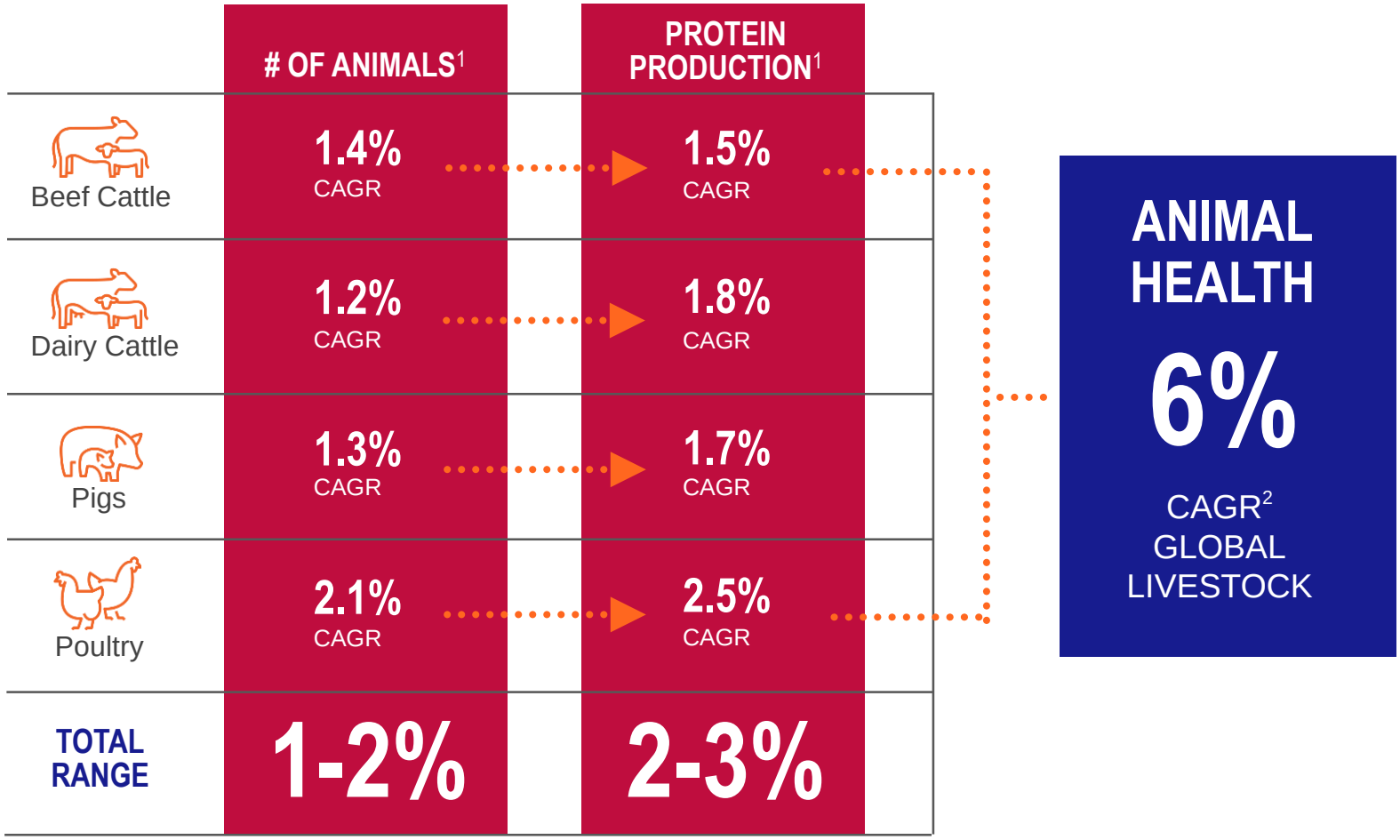
PROTEIN NEEDS FUEL ANIMAL HEALTH

LIMITS ON POPULATION & PRODUCTION DRIVE ANIMAL HEALTH SPEND

PROJECTED GROWTH BY 2023



[1] OECD-FAO Agricultural Outlook 2014-2023

[2] Vetnosis STORM from 2013-2018

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THE NEED FOR HEALTHIER AND PRODUCTIVE ANIMALS DRIVES INDUSTRY GROWTH

- **Higher intensity of medical care** with modernization of production practices
- Delivery of **higher-value technologies** through innovation
- Price growth based on the **value delivered** to veterinarians and producers



THE WORLD DEPENDS ON ANIMALS

COMPANION ANIMALS ENRICH PEOPLE'S LIVES



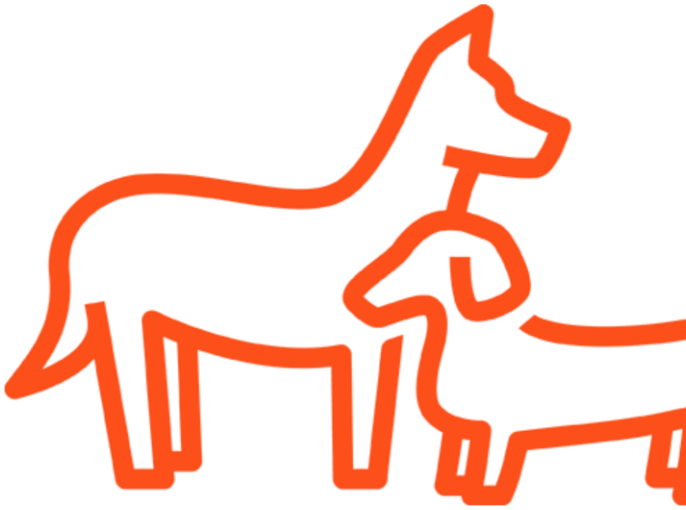
there are more than 225[1] million dogs[2] and 125[1] million cats[2] living in homes worldwide



of American households own at least one dog or cat[3]



pet spending in Brazil, Russia and China has been growing by more than 15% per year[4]



[1] Vetnosis
[2] Viewed as medicalized treatable units by Vetnosis
[3] 2011-2012 APPA National Pet Owners Survey
[4] The Freedonia Group

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PREMIUM PLACED ON FAMILY PETS

PETS ARE BECOMING MORE INTEGRATED INTO HOUSEHOLDS



PETS IN THE YARD

Therapeutic Areas

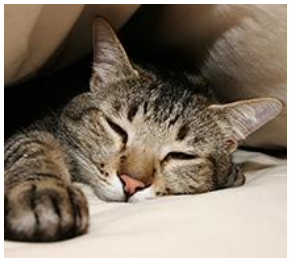
- Vaccines
- Parasiticides



PETS IN THE HOUSE

Therapeutic Areas

- Vaccines
- Parasiticides
- Antibiotics



PETS ON THE BED

Therapeutic Areas

- Vaccines
- Higher-technology antibiotics
- Parasiticides
- Pain/inflammation
- Internal medicine (oncology, cardiology, etc.)
- Geriatric and chronic conditions
- Dermatology
- Services
- E-solutions

U.S. 1960s **U.S. 1980s** **U.S. 2000s**

Emerging markets 2000s **>>>Emerging markets 2010s >>>**

Source: American Pet Products Manufacturers Association National Pet Owners Survey, 2009-10 and 2011-12

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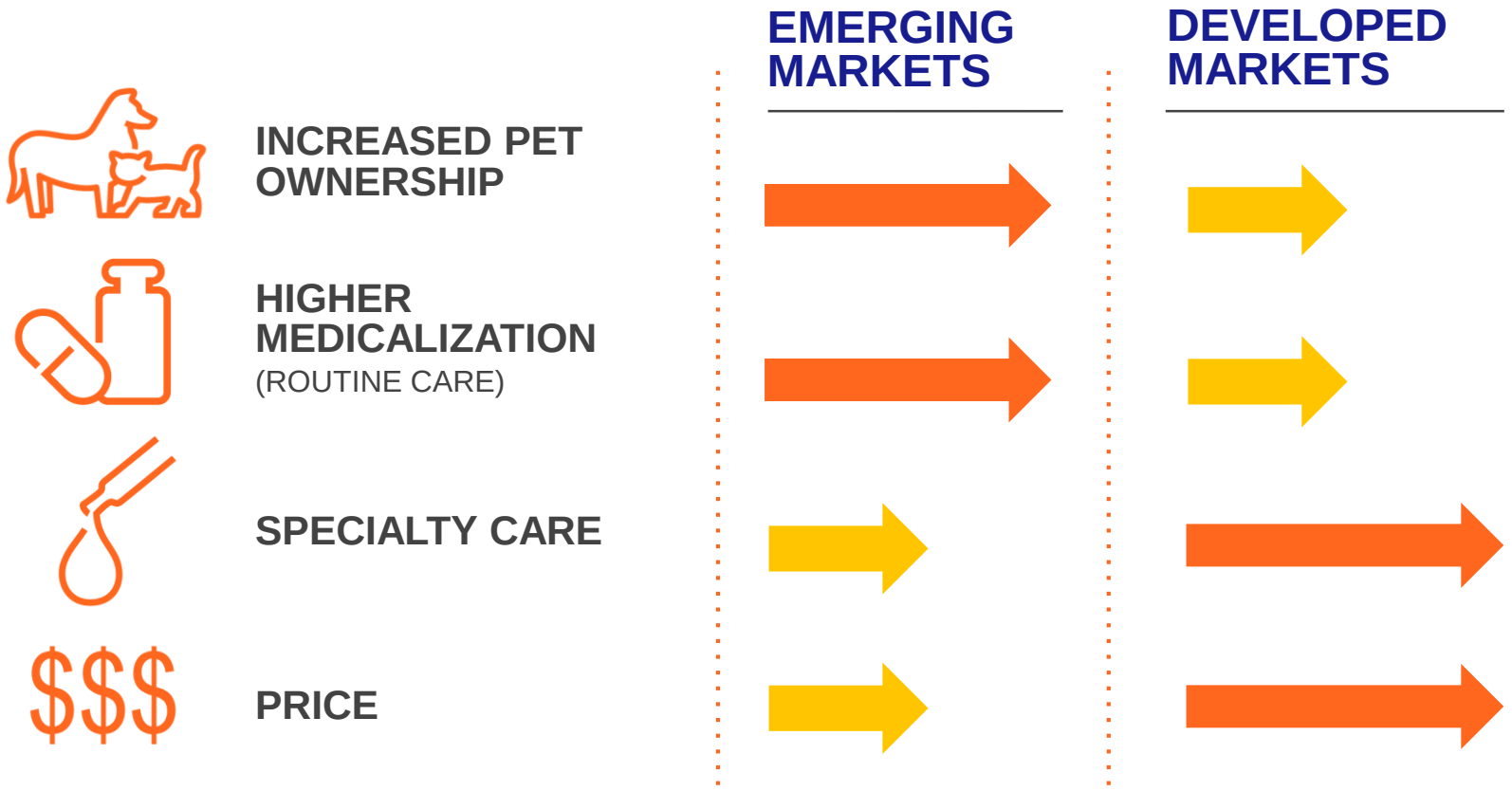
DRIVERS OF PET CARE GROWTH

DISTINCT TRENDS IN EMERGING VS. DEVELOPED MARKETS



5% CAGR[1] GLOBAL COMPANION ANIMAL HEALTH

[1] Vetnosis STORM from 2013-2018

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ANIMAL HEALTH PRESENTS ATTRACTIVE INVESTMENT

- Animal health is an **attractive market**
- Supported by **strong growth drivers**
- **Highly diversified** in many dimensions
- **Unique** characteristics





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HOW WE DELIVER VALUE TO OUR SHAREHOLDERS



MARKET PRESENCE IN

120+

COUNTRIES



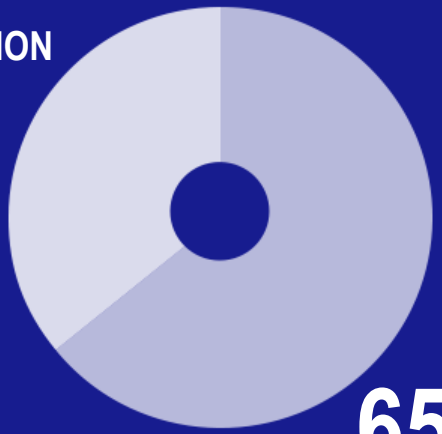
300+

PRODUCT LINES

OUR FOCUS

35%[1]

COMPANION ANIMAL HEALTH*



65%[1]

LIVESTOCK HEALTH*

* As a percentage of 2013 revenue



COLLEAGUES AROUND THE WORLD

9,800+

WE PROVIDE

MEDICINES
VACCINES
DIAGNOSTICS
GENETICS

WORLD LEADER[2]

In discovery, development and manufacture of veterinary vaccines and medicines



[1] Excludes revenue associated with our Client Supply Services (CSS), which represented 1% of total 2013 revenue
[2] Vetnosis Executive Guide 2014

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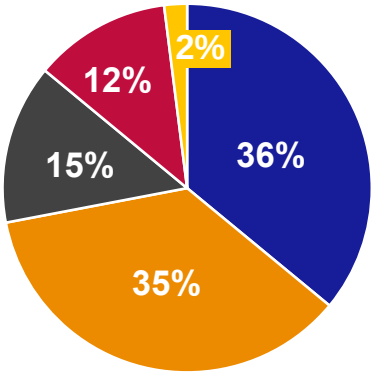
DIVERSE PORTFOLIO PROVIDES STRENGTH

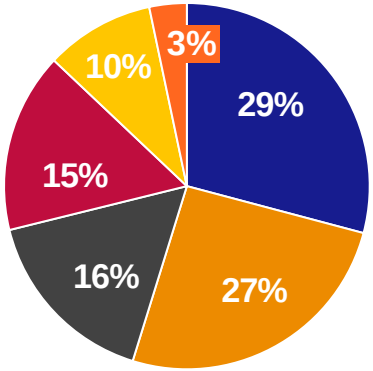
PORTFOLIO DIVERSITY IS CRITICAL TO OUR FINANCIAL RESULTS

REVENUE BY SPECIES[1]



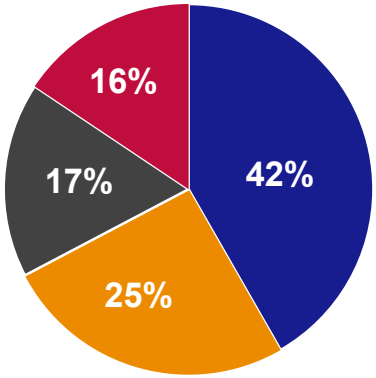
- Cattle
- Companion Animal
- Swine
- Poultry
- Other Livestock

REVENUE BY THERAPEUTIC AREA[1]



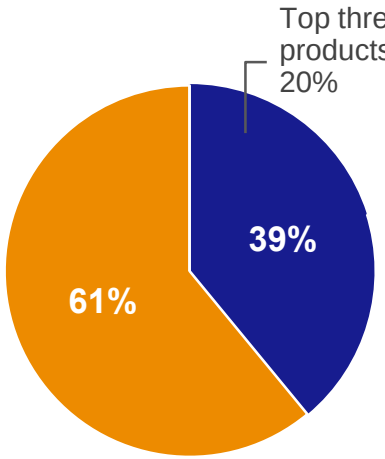
- Anti-infectives
- Vaccines
- Other pharmaceuticals
- Parasiticides
- Medicated feed additives
- Other non-pharma

REVENUE BY SEGMENT[1]



- United States (US)
- Europe, Africa and Middle East (EuAfME)
- Canada and Latin America (CLAR)
- Asia Pacific (APAC)

REVENUE BY PRODUCT LINE



- Top 10 products
- All other product lines

Note: Based on 2013 revenue

[1] Excludes revenue associated with our Client Supply Services (CSS), which represented 1% of total 2013 revenue

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COMPETITIVE ADVANTAGE

THREE INTERCONNECTED CAPABILITIES UNDERPIN BUSINESS MODEL







DIRECT SALES

INNOVATION

HIGH-QUALITY PRODUCTS

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PATH FOR CONTINUED LEADERSHIP

STRATEGIC FOCUS & CORE BELIEFS PROVIDE ROADMAP FOR SUCCESS

LEVERAGE OUR CAPABILITES

- Leverage our local presence and customer relationships
- Invest in innovation to extend our product portfolio
- Provide high-quality products and improve margins

EXTEND OUR REACH

- Further penetrate emerging markets
- Remain the partner of choice for external development
- Expand complementary businesses



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ENHANCING OUR LONG-TERM VALUE PROPOSITION WITH BUSINESS DEVELOPMENT

APPLYING DISCIPLINED PORTFOLIO MANAGEMENT FOR GROWTH

BUSINESS DEVELOPMENT STRENGTHS AND EXPERIENCE

Position of Strength: Core Capabilities and Scale

Experienced in Licensing, Acquisitions, Integrations & Divestitures

Partner of Choice for Animal Health Community

AREAS OF FOCUS

Support for R&D Portfolio

New chemical entities, biological substrates & technologies

Complementary Areas

Devices, Diagnostics, Food Safety

Portfolio Gaps & Geographical Opportunities

ASSESSMENT CRITERIA

Strategic Fit

Clear Synergies

Financial Value

Anti-trust Considerations

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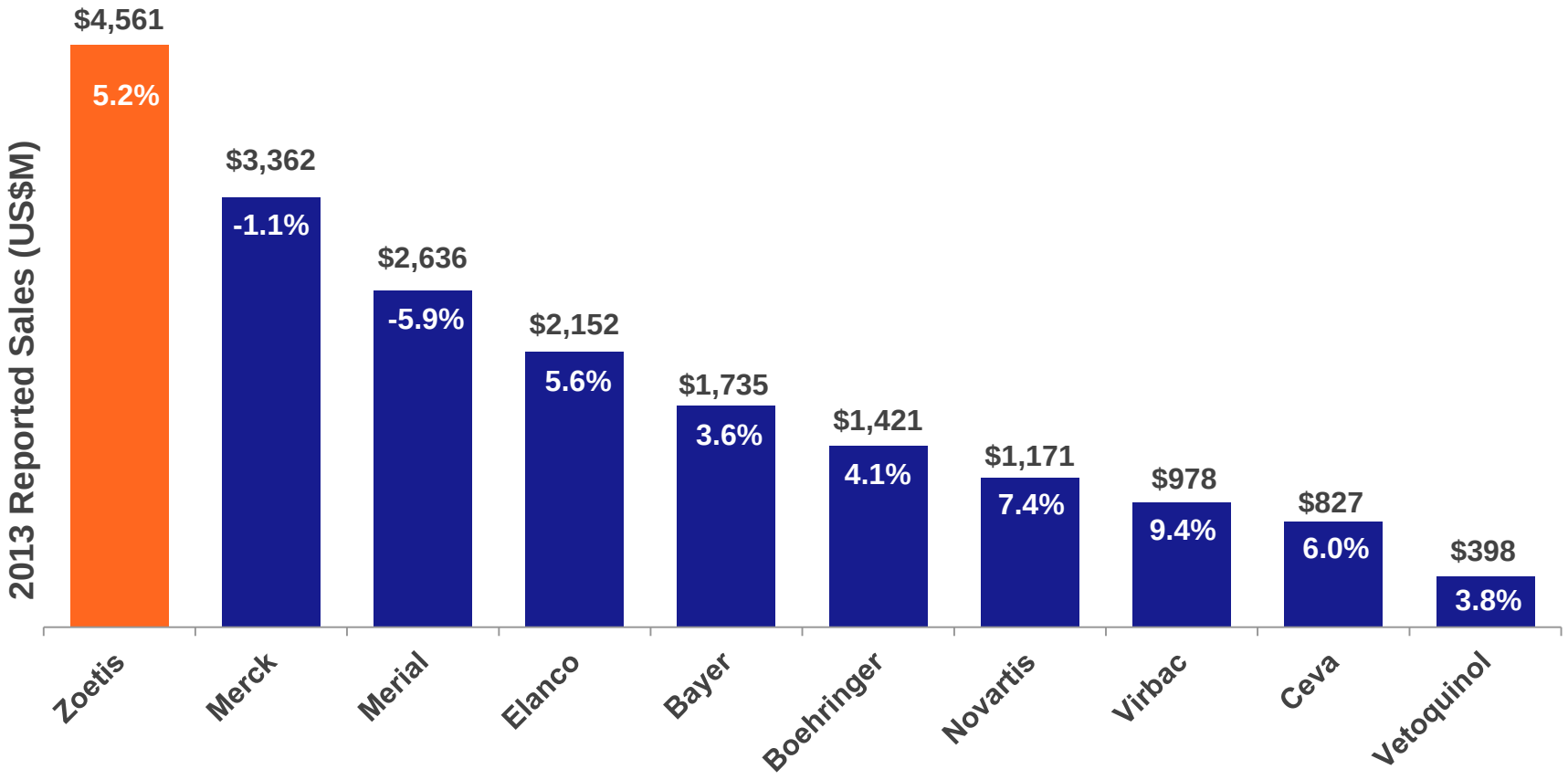
ZOETIS LEADS ANIMAL HEALTH INDUSTRY

SINGULAR FOCUS HELPS DELIVER GROWTH, STABILITY AND STRONG RETURNS

2013 AH REPORTED SALES AND % GROWTH (INCLUDING NON-AH SALES)



2013 Reported performance is the total sales revenue and growth reported by each AH company, which might include Non-Animal Health sales and merger/acquisition activity.

Source: Vetnosis PREMIUM Monitor 110: Q4 2013, from Animal Pharma

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WORLDWIDE MARKET LEADER

WELL POSITIONED ACROSS MULTIPLE GEOGRAPHIES, CATEGORIES & SPECIES

MARKET POSITION BY GEOGRAPHY

North America	#1
Latin America	#1
Asia	#1
Rest of World	#1
Western Europe	#2
Eastern Europe	#2

MARKET POSITION BY PRODUCT CATEGORY

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

MARKET POSITION BY SPECIES

Cattle	#1
Swine	#1
Companion Animal	#2
Poultry	#2

#1 WORLDWIDE

Source: Vetnosis Executive Guide 2014

[1] Includes pain, sedation, internal medicine, etc.

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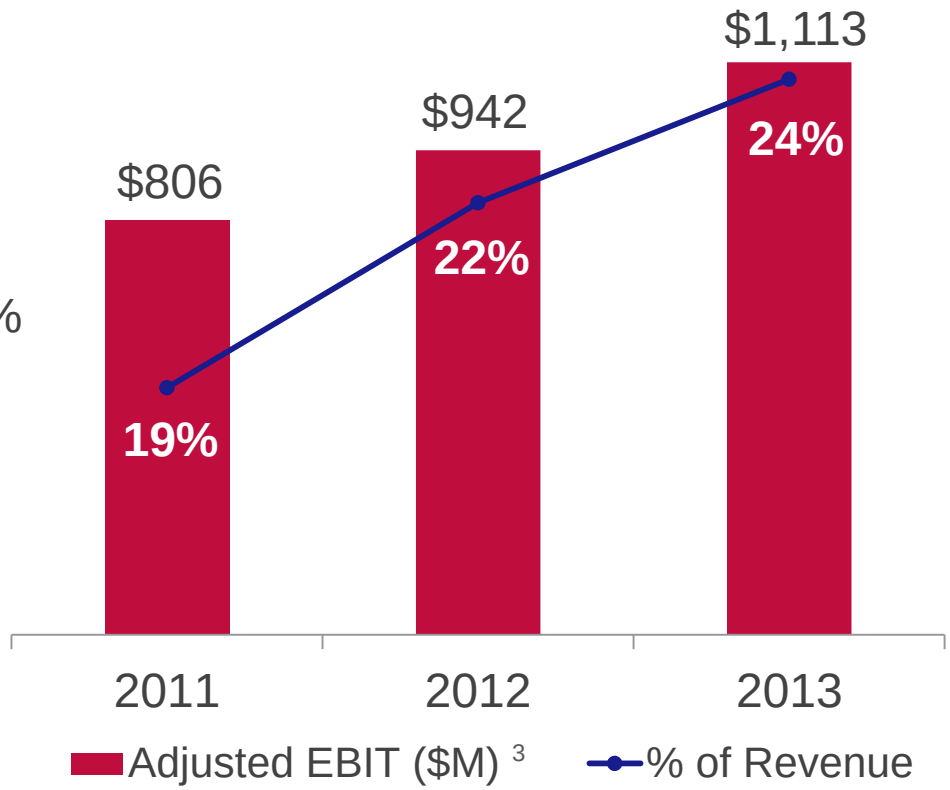
BUSINESS MODEL DRIVES OUTPERFORMANCE

OVER THE LAST THREE YEARS, ZOETIS HAS GROWN IN LINE WITH OR FASTER THAN THE MARKET

REVENUE CAGR 2010 – 2013





Source: Vetnosis; Company Filings

[1] Zoetis reported revenue growth.

[2] Proforma Sales of AH products (as defined by Vetnosis), which excludes Poultry Devices, Agribusiness, Nutritional Feed Additives, Environmental Health, Diagnostics, Genetics, Contract Manufacturing, E-Learning and Consulting Services.

[3] Adjusted Earnings Before Interest and Taxes (EBIT) is calculated before the impact of purchase accounting adjustments, acquisition-related costs and certain significant items and is a non-GAAP financial measure. Adjusted EBIT excludes interest expense net of capitalized interest and adjusted income taxes.

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OUR LONG-TERM VALUE PROPOSITION TO SHAREHOLDERS

GROW REVENUE IN LINE WITH OR FASTER THAN THE MARKET

GROW ADJUSTED NET INCOME[1] FASTER THAN REVENUE

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COMMERCIAL MODEL

Clint Lewis
Executive Vice President &
President, U.S. Operations



GLOBAL LEADERSHIP, SCALE AND SCOPE

Zoetis combines the local presence and knowledge necessary to serve the unique needs of individual customers with the global reach and resources essential to help advance animal health globally.

REVENUE BY REGION

- 42% U.S.
- 25%[1] EuAfME
- 17% CLAR
- 16% APAC



FIELD FORCE COLLEAGUES BY REGION

- 1,275 APAC
- 825 U.S.
- 800 EuAfME
- 600 CLAR

Note: Based on 2013 revenue

[1] Effective in the first quarter of 2014, revenue associated with our Client Supply Services (CSS) organization is reported within Other business activities, separate from our four reportable segments. Reported Revenue for 2013 has been restated to exclude the impact of these activities.

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DIRECT SALES AND MARKETING LEADERSHIP WITH STRONG CUSTOMER RELATIONSHIPS



GLOBAL SCALE



SALES FORCE



TECHNICAL SERVICES

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OUR CUSTOMERS AND THEIR NEEDS VARY FROM REGION TO REGION



WE CALL UPON THREE TIERS OF CUSTOMERS ACROSS ALL MARKETS



DIFFERENCES BETWEEN HUMAN HEALTH & ANIMAL HEALTH DRIVE SELLING APPROACH

HUMAN HEALTH

- GATEKEEPER
- LIMITED TIME
- GOVERNMENT AND THIRD PARTY PAYERS
- ONLY PRODUCT FOCUSED

VS

ANIMAL HEALTH

- DIRECT ACCESS TO DECISION MAKER
- TIME FOR CONSULTATION
- HIGHLY FRAGMENTED CUSTOMER BASE
- PRODUCTS + EXPERTISE + SERVICES





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CUSTOMER ENGAGEMENT FRAMEWORK: SOLUTION SELLING



A compelling **OFFER** can be a combination of **products**, **expertise**, or **services**

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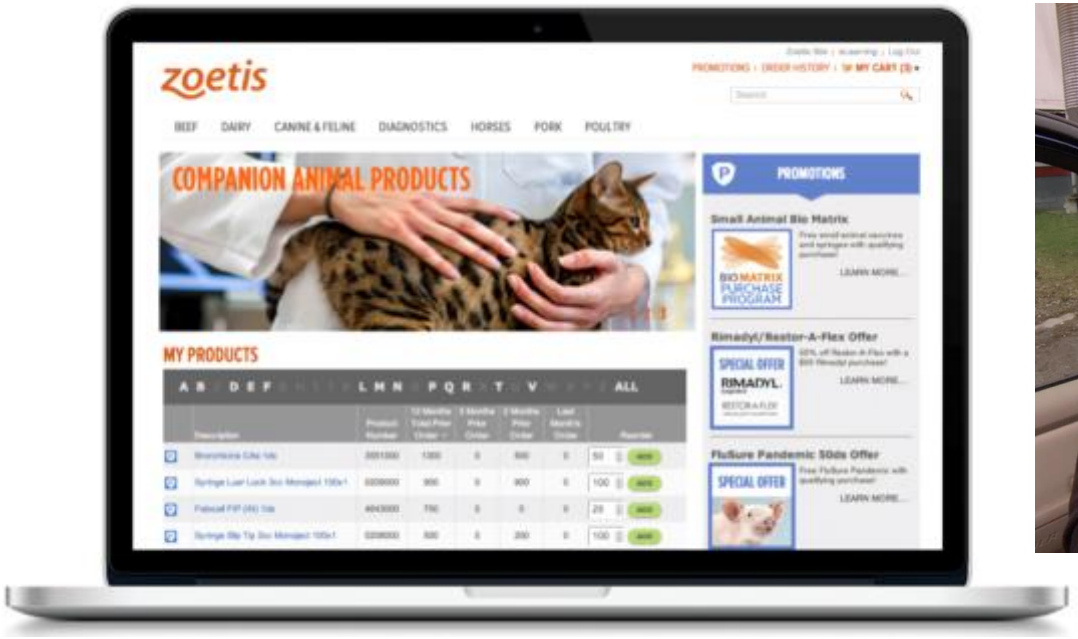
ZOETIS LEADS THE INDUSTRY IN DIGITAL SELLING CAPABILITIES







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U.S. MARKET OVERVIEW



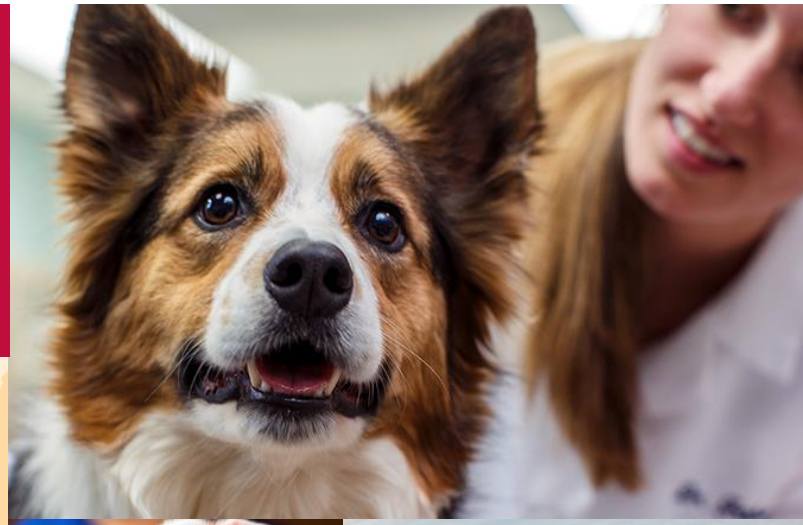
EXPANDING OUR MARKET LEADERSHIP IN THE U.S.



GROWING FASTER THAN THE MARKET IN ALL SPECIES[1]

$1.9B
2013 REVENUE

825
FIELD FORCE COLLEAGUES













LARGEST ZOETIS SEGMENT (REVENUE)

[1] Vetnosis

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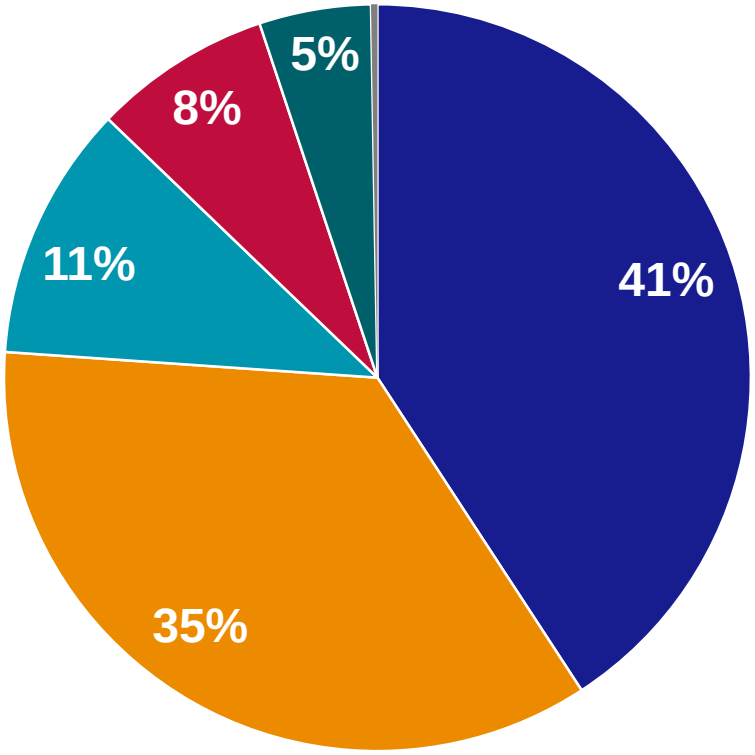
AN INTRODUCTION TO THE U.S. MARKET

DIVERSIFIED REGIONAL REVENUE TARGETS KEY SPECIES

2013 U.S. SEGMENT REVENUE – BY SPECIES



Companion Animal

- Dogs/Cats
- Horses

Livestock

- Cattle
- Swine
- Poultry
- Other

2013 Revenue: $1,902M

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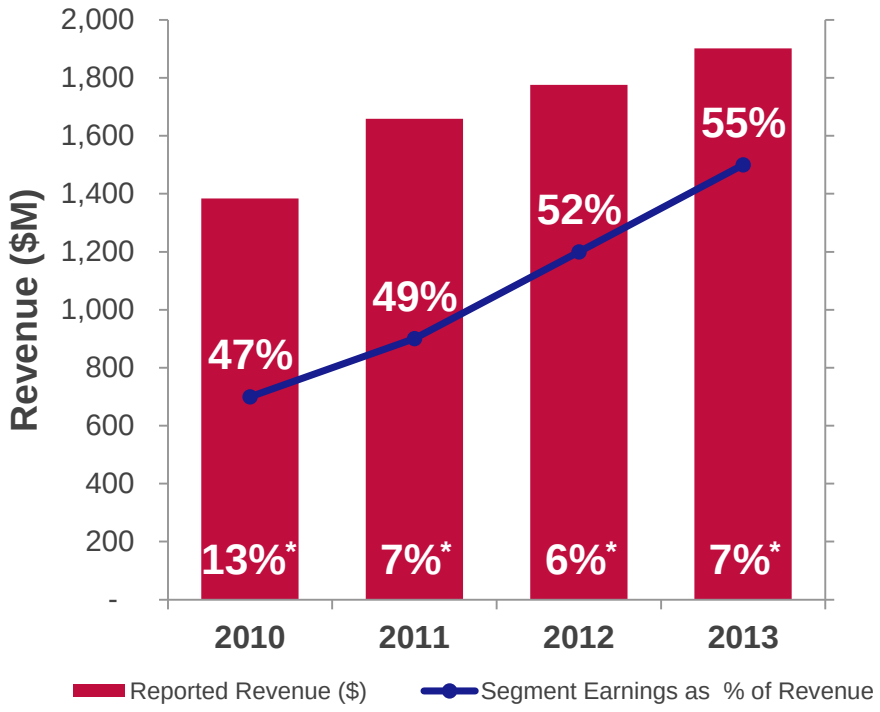
OUR BUSINESS IN THE U.S. MARKET

HISTORICALS AND OUTLOOK

U.S. Segment Revenue & Earnings[1]



- **Steady, consistent revenue performance**
  - **2014 YTD: 6% growth**
  - **Outperforming the market[2]**
- **Continued growth in profitability**
- **Expected long-term average revenue growth:**
  - **Mid single digits**

[1] Defined as income before provision for taxes on income

[2] Vetnosis

* Represents Operational/Base revenue growth, which reflects changes in Reported growth excluding the impact of incremental revenues from: the acquisition of King Animal Health, acquired by Pfizer on January 31, 2011, and Fort Dodge Animal Health (FDAH), acquired by Pfizer on October 15, 2009; government–mandated divestitures of legacy FDAH and our legacy products in connection with the FDAH acquisition

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KEY TRENDS DRIVING GROWTH

COMPANION ANIMALS

- Overall spending per pet is growing[1]
- Role of the veterinarian is most important; alternate channels are evolving



LIVESTOCK

- Increased demand, both domestically and globally, across all protein segments[2]
- Increased producer profitability
- Increased value for each animal
- Continued scrutiny on antibiotics use in livestock



[1] The Freedonia Group

[2] United Nations World Population Prospects: The 2008 Revision Population Database; USDA World Markets Livestock and Poultry; Census Bureau Int. Meat Consumption; FAO The State of Food and Agriculture Report

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KEY U.S. APPROACHES FOR GROWTH

Maximize Performance of Our Portfolio



Building on Our Existing Portfolio



Grow Complementary Businesses



Expand & Leverage

Our Influence Across the Stakeholder Chain

Increase Penetration & Revenue with Strategic Customers



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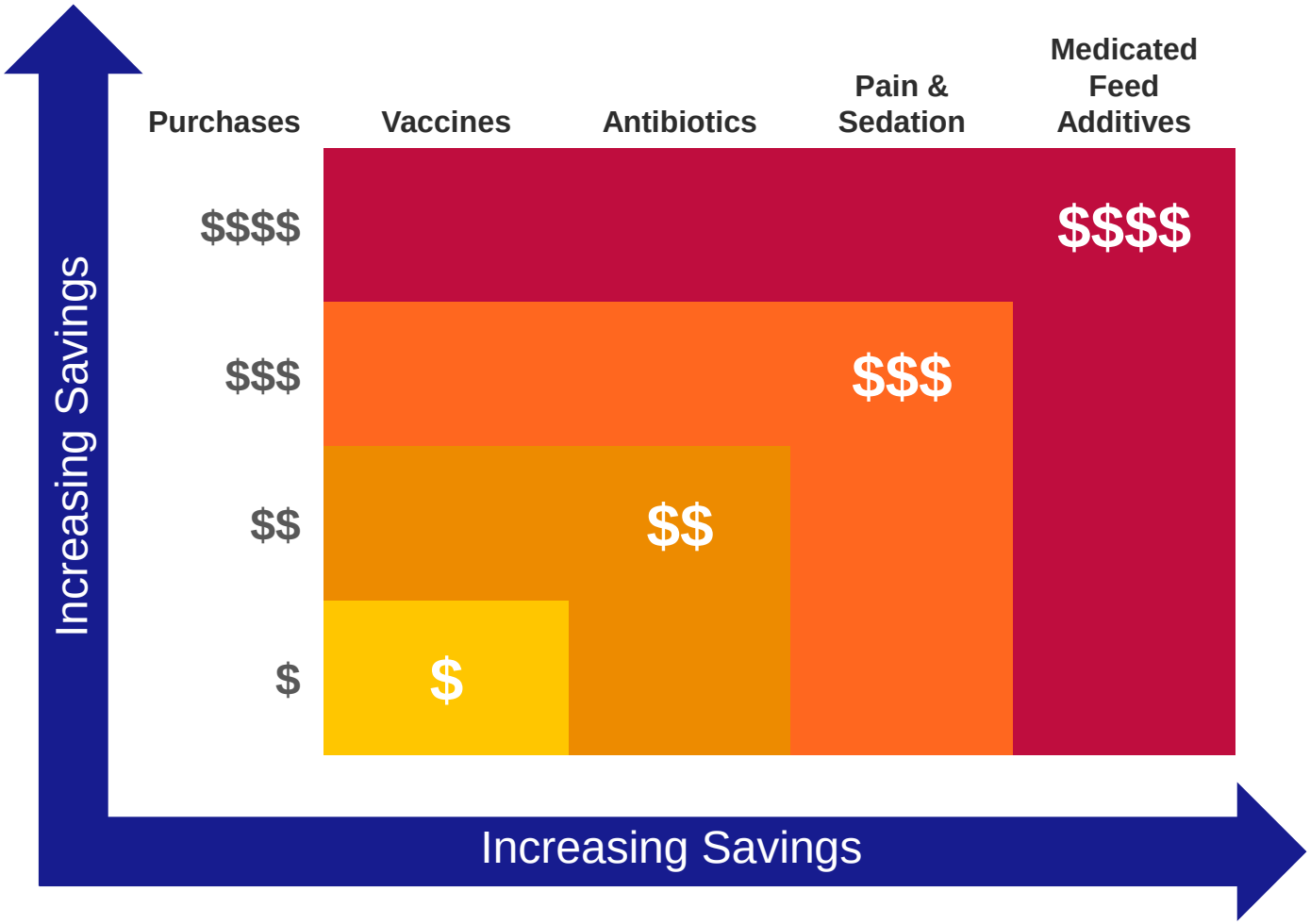
BRINGING ALL THE PIECES TOGETHER TO DRIVE GROWTH



PORTFOLIO PROGRAMS DRIVE CUSTOMER VALUE AND LOYALTY



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CUSTOMERS RECOGNIZE THE VALUE OF OUR FIELD FORCE

OVERALL RANKING

1	**Zoetis**
2	**Elanco**
3	**Merial**
4	**Novartis**
5	Hill's
6	Iams/P&G Pet Care
7	**Boehringer Ingelheim**
8	Royal Canin
9	**Merck**
10	Nestle Purina PetCare

2012 Sales Force Effectiveness Study, Brakke Consulting Inc.

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U.S. KEY TAKEAWAYS

- **Largest Zoetis segment (42% of revenue)**
- **Growing faster than market in all species**[1]
- **#1 animal health company in U.S.**

[1] Vetnosis

CLAR MARKET OVERVIEW

Joyce Lee
Executive Vice President
& Area President, Canada
& Latin America Region



MARKET LEADER IN CLAR, THE WORLD'S FASTEST GROWING REGION



$778M
2013 REVENUE

22
COUNTRIES

600
FIELD FORCE COLLEAGUES





OUR 2ND AND 3RD LARGEST MARKETS



2/3 OF THE WORLD'S NATURAL RESOURCES ARE IN CLAR[1]

[1] Inter-America Development Bank

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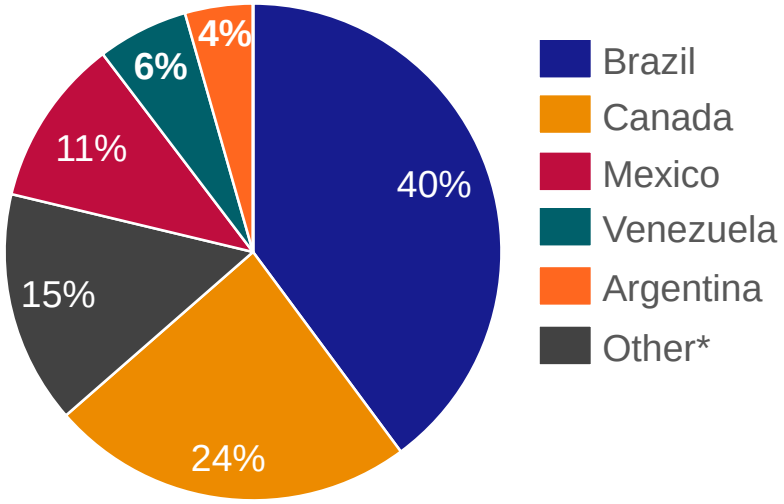
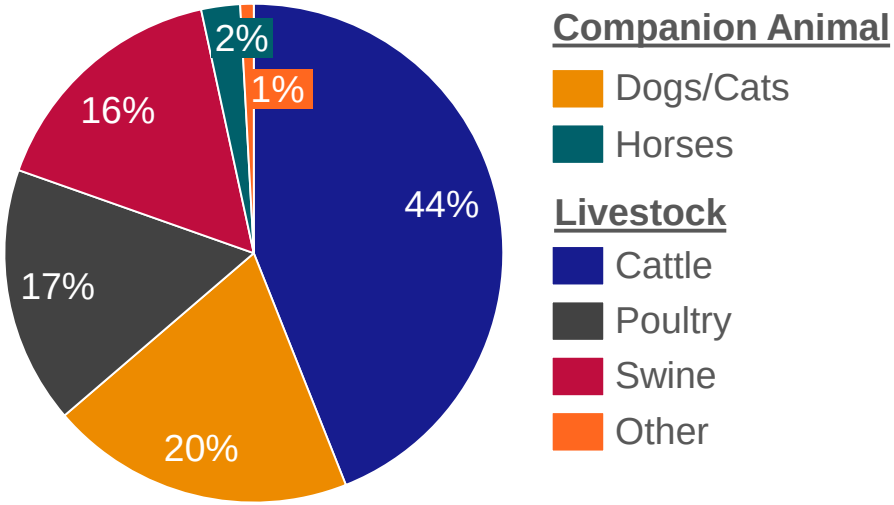
AN INTRODUCTION TO THE CLAR MARKET

2013 CLAR SEGMENT REVENUE

BY COUNTRY



BY SPECIES



2013 Revenue: $778M

* Includes key markets such as Chile, Colombia and Peru

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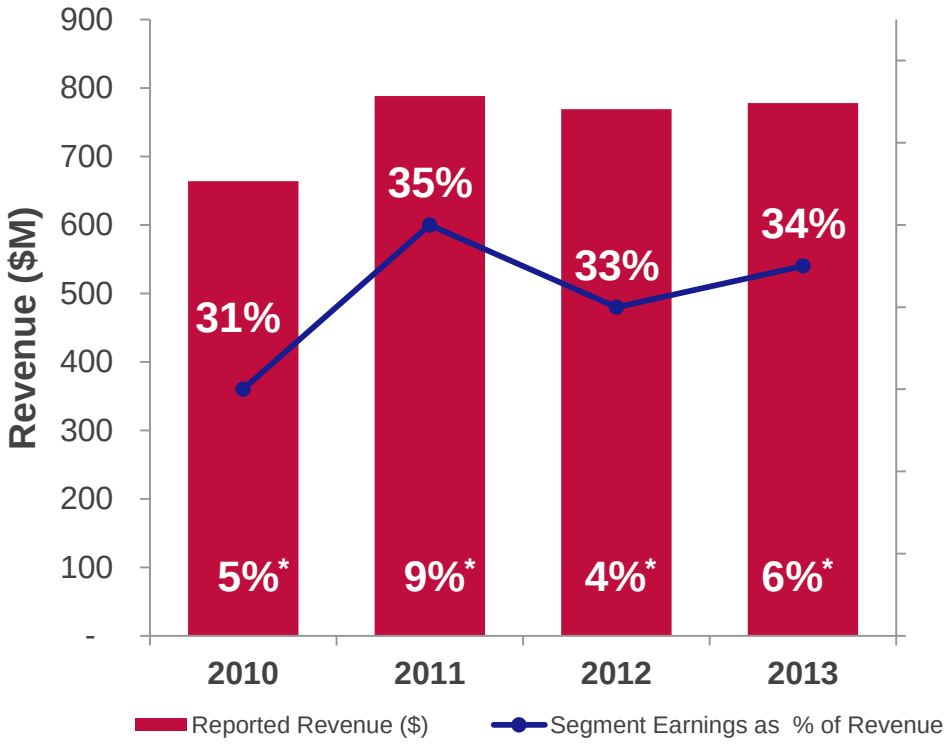
OUR BUSINESS IN THE CLAR MARKET

HISTORICALS AND OUTLOOK

CLAR Segment Revenue & Earnings[1]



- Recent acceleration in revenue growth
  - 2014 YTD: 12% operational growth
  - Outperforming rest of industry[2]
- Significant improvement in profitability
- Expected long-term average operational revenue growth:
  - High single digits

[1] Defined as income before provision for taxes on income

[2] Vetnosis

* Represents Operational/Base revenue growth, which reflects changes in Reported growth excluding the impact of incremental revenues from: the acquisition of King Animal Health, acquired by Pfizer on January 31, 2011, and Fort Dodge Animal Health (FDAH), acquired by Pfizer on October 15, 2009; government–mandated divestitures of legacy FDAH and our legacy products in connection with the FDAH acquisition; and foreign exchange

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KEY TRENDS DRIVING GROWTH

A RAPIDLY GROWING MIDDLE CLASS[1]

- Strong population growth and increased middle class will drive growth in protein consumption and pet spending



INCREASING INTERNAL CONSUMPTION & INCREASING EXPORTS[2]

HARMONIZING OF REGULATORY STANDARDS



EARLY-ADOPTER MENTALITY

- Driving increasing modernization in animal production
- Ideal market for new product introductions

ABUNDANT NATURAL RESOURCES

[1] Fundação Getúlio Vargas
[2] InterAmerican Development Bank, Statistics Canada

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KEY CLAR APPROACHES FOR GROWTH

Leverage Commercial Model

Fully utilize our people and systems to bring results to our company and customers



Invest in Emerging Markets



Capitalize on our growing expertise in the companion animal business with both veterinarians and pet owners

Invest in Innovation

Realize our investment in value-based technical services and outcomes research



Extract Maximum Value from Our Offerings

We must maximize our margins by focusing on ways to bring value to customers in the most profitable way possible for Zoetis



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CAPITALIZING ON OUR THREE INTERCONNECTED CAPABILITIES

EXTENDING TERRAMICINA PRODUCT LIFECYCLE





COMMERCIAL MODEL + **INNOVATION R&D** + **WORLD-CLASS MANUFACTURING**

TERRAMICINA LA

- 60+ year product
- We are able to continue to extend the lifecycle
- Customer concern goes beyond just disease treatment
- Local R&D and Manufacturing in Brazil responded quickly
- Launched within 3 years and now planning launches in other Latin American markets

Terramicina® mais+



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CLAR KEY TAKEAWAYS

- **Increasing middle class spending on meat and pets**
- **Land and water are the fuel to increase productivity and meet demand**
- **Commercial teams with deep relationships and the passion to deliver results**
- **Market leader and growing faster than the market[1]**

[1] Vetnosis

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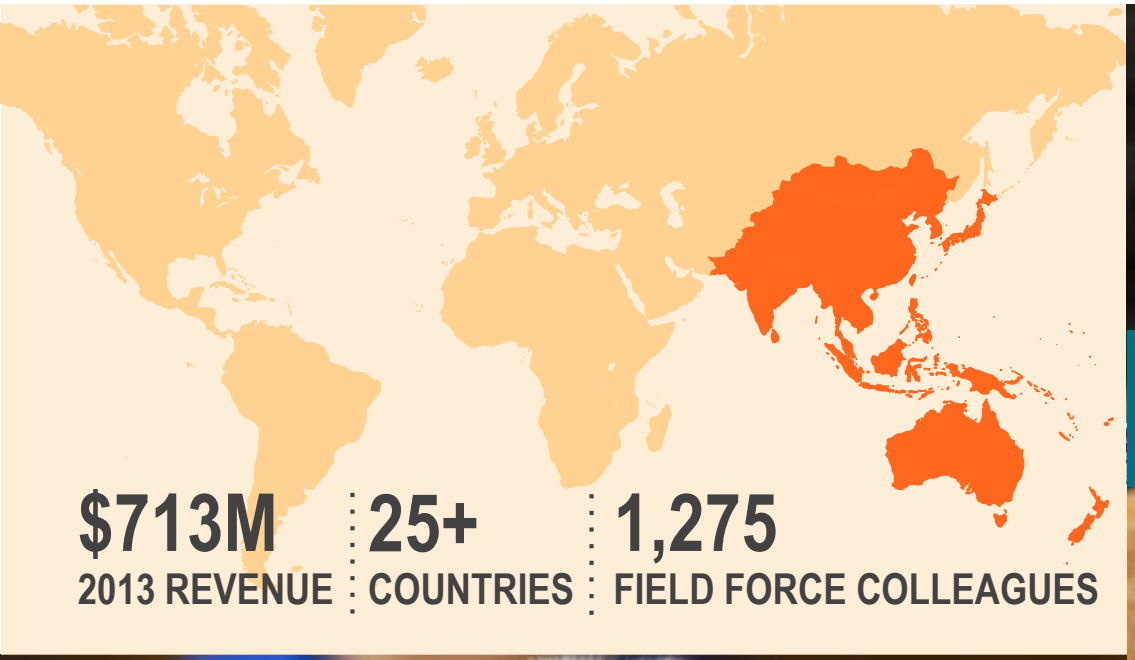
APAC MARKET OVERVIEW

Dr. Stefan Weiskopf
Executive Vice President and
Area President, Asia Pacific Region



EXPANDING OUR MARKET LEADERSHIP IN ASIA PACIFIC



$713M
2013 REVENUE

25+
COUNTRIES

1,275
FIELD FORCE COLLEAGUES





8 MANUFACTURING SITES



3 RESEARCH AND DEVELOPMENT SITES

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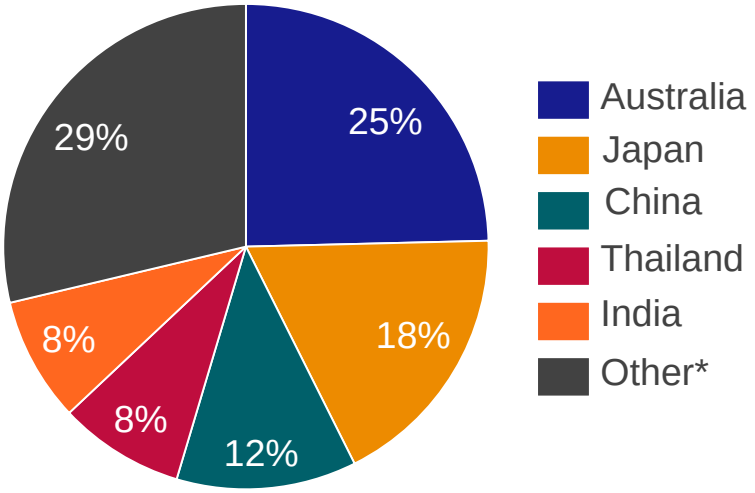
AN INTRODUCTION TO THE APAC MARKET

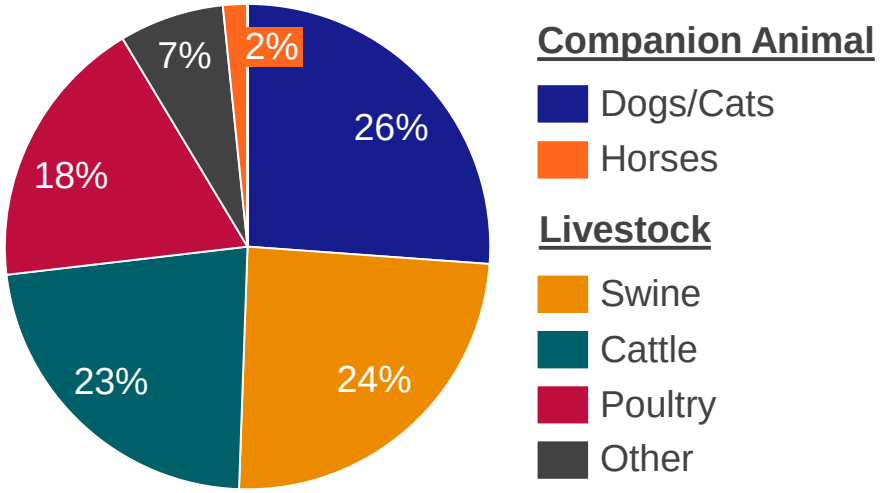
DIVERSITY AND BALANCE IN GROWTH MARKETS

2013 APAC SEGMENT REVENUE

BY COUNTRY



BY SPECIES



2013 Revenue: $713M

*Includes markets such as Korea, New Zealand, Taiwan, etc.

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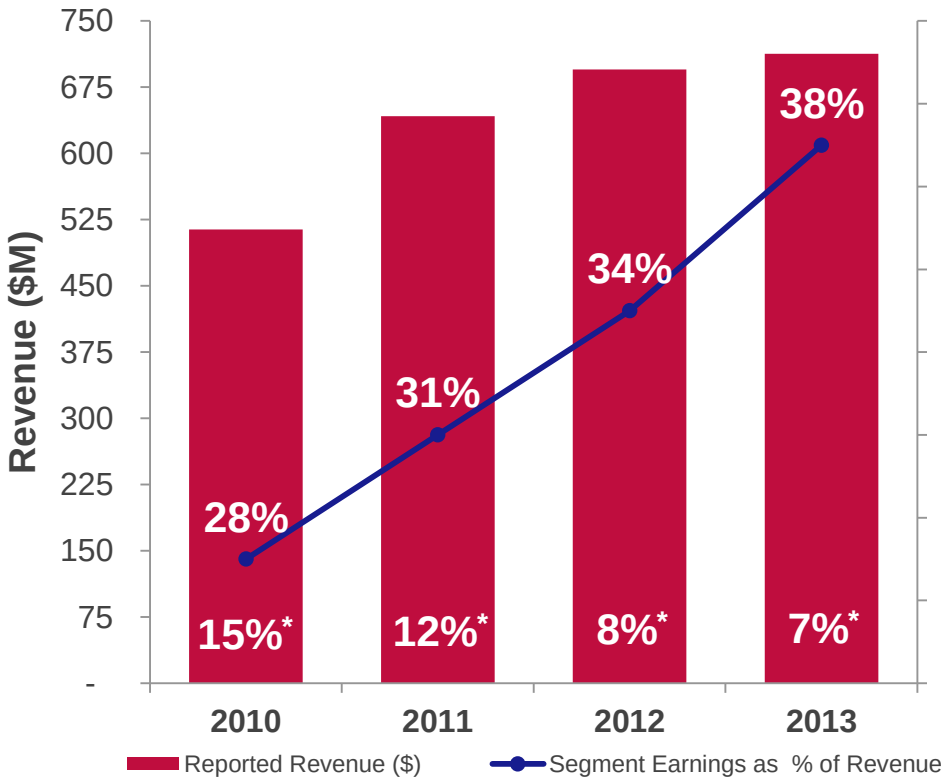
OUR BUSINESS IN APAC

HISTORICALS AND OUTLOOK

APAC Segment Revenue & Earnings[1]



- **Fast growth supported by emerging markets, tempered by slower growth in developed markets**
- **Outperforming the market[2]**
- **Significant improvement in profitability**
- **Long-term average operational revenue growth expected:**
  - **High single digits**

[1] Defined as income before provision for taxes on income

[2] Vetnosis

* Represents Operational/Base revenue growth, which reflects changes in Reported growth excluding the impact of incremental revenues from: the acquisition of King Animal Health, acquired by Pfizer on January 31, 2011, and Fort Dodge Animal Health (FDAH), acquired by Pfizer on October 15, 2009; government–mandated divestitures of legacy FDAH and our legacy products in connection with the FDAH acquisition; and foreign exchange

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KEY TRENDS DRIVING GROWTH

DIVERSE MARKETS IN REGION

- Significant differences between developed markets (Japan, Australia, New Zealand) and emerging markets (China, India, Southeast Asia)

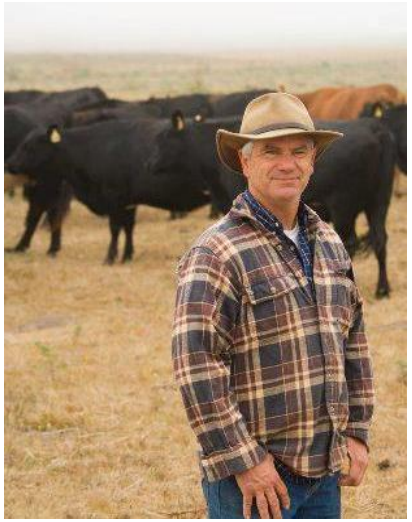


POSITIVE DEMOGRAPHICS & ECONOMICS

- 46% of growth for region to come from China
- Swine is the fastest growing species[1]

INCREASED MODERNIZATION IN ANIMAL PRODUCTION[2]

- More consolidation of production especially in emerging markets



STRONG EXPORTS FROM AUSTRALIA & NEW ZEALAND[3]

- Export hub for beef and dairy

GROWTH IN COMPANION ANIMAL BUSINESS

- Growing and more affluent middle class, aging societies

[1] OECD-FAO Agricultural Outlook 2014-2023
[2] China Livestock Yearbook
[3] McKinsey: IMF World Economic Outlook, Firm Water Initiative; SAGE 2009; CGD Global Warming and Agriculture: New Country Estimates Show Developing Countries Face Declines in agriculture productivity; Phillips McDougall; FAO; ASTI; IMF primary commodity prices, August 2012

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KEY APAC APPROACHES FOR GROWTH



Leverage Our Local Presence & Customer Relationship

Win in Pockets of High Growth

with focus on emerging markets and select species segments in developed markets



Broaden Portfolio

To Increase Market Access

through leveraging R&D and business development efforts



Drive Entrepreneurial Mindset

through talent management



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WIN IN CHINA
ZOETIS' INTERCONNECTED CAPABILITIES

- Invested in best-in-class field force (largest field force of all MNCs)
- Formed joint venture (JV) with local partner for high-quality vaccine manufacturing
- Established local R&D partnership to fuel JV pipeline with first product launch in 2013 (Rui Lan An = PRRS vaccine)
- Commercialization of Rui Lan An through Zoetis China field force



Within 12 months of launch, Rui Lan An is:

- Second largest PRRS vaccine among multinational companies in China
- Fourth largest Zoetis product in China

PRRS: Porcine Reproductive and Respiratory Syndrome
MNC: Multinational Company

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APAC KEY TAKEAWAYS

- **Market leader and growing faster than the market[1]**
- **China will contribute to ~50% of growth with swine as the fastest growing species**
- **Our interconnected capabilities of innovation, quality and commercial strength position us to win in APAC**

[1] Vetnosis

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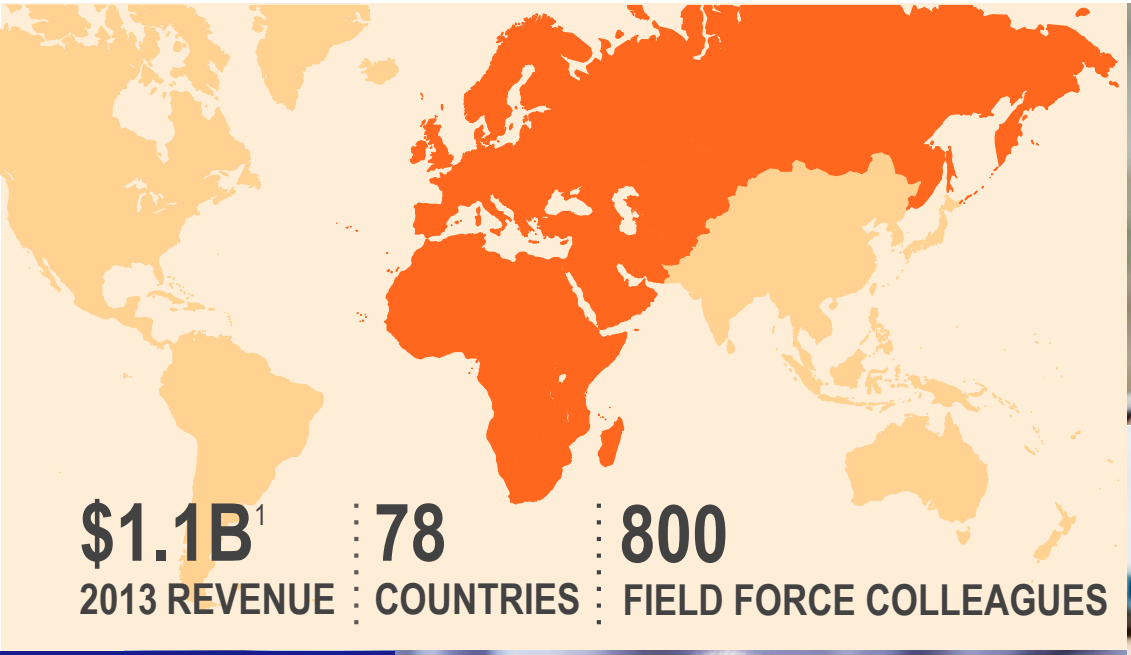
EUAFME MARKET OVERVIEW

Dr. Alejandro Bernal
Executive Vice President
and Area President,
Europe, Africa
& Middle East Region



OUR BUSINESS IN EUROPE, AFRICA AND THE MIDDLE EAST



$1.1B[1] 2013 REVENUE

78 COUNTRIES

800 FIELD FORCE COLLEAGUES



SPENDING PER PET INCREASED 2X IN LAST 10 YEARS[2]



FAST GROWTH IN EMERGING MARKETS



[1] Effective in the first quarter of 2014, revenue associated with our Client Supply Services (CSS) organization is reported within Other business activities, separate from our four reportable segments. Reported Revenue for 2013 has been restated to exclude the impact of these activities.

[2] FEDIAF

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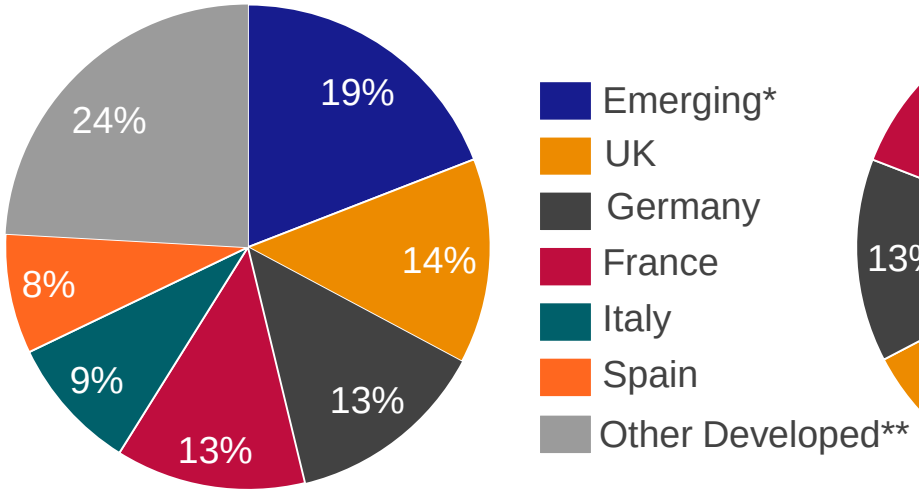
AN INTRODUCTION TO THE EUAFME MARKET

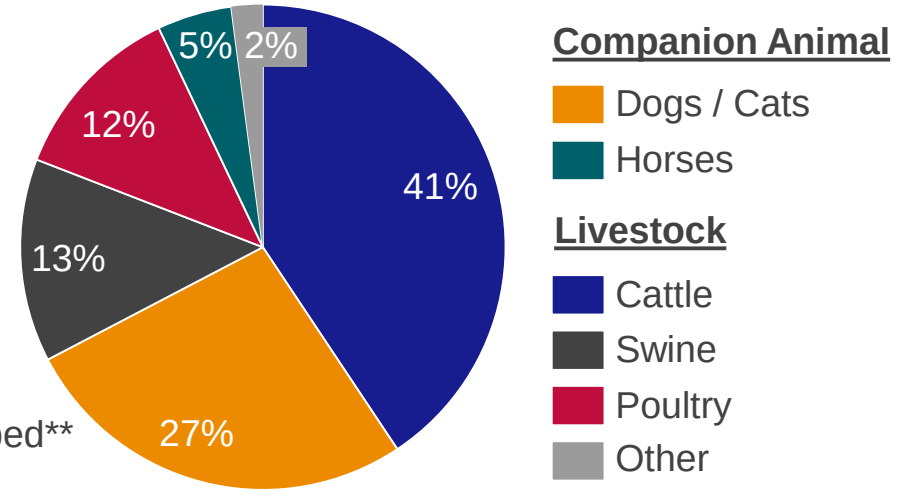
DIVERSE REGION ACROSS COUNTRIES AND SPECIES

2013 EUAFME SEGMENT REVENUE

BY COUNTRY



BY SPECIES



2013 Revenue: $1,115M[1]

[1] Effective in the first quarter of 2014, revenue associated with our Client Supply Services (CSS) organization is reported within Other business activities, separate from our four reportable segments. Reported Revenue for 2013 has been restated to exclude the impact of these activities.
* Emerging includes Russia and Commonwealth of Independent States, Africa, Turkey and Egypt, the Middle East, Iran and Caucasus, and Israel.
**Other Developed includes key markets such as Netherlands, Poland and Ireland.

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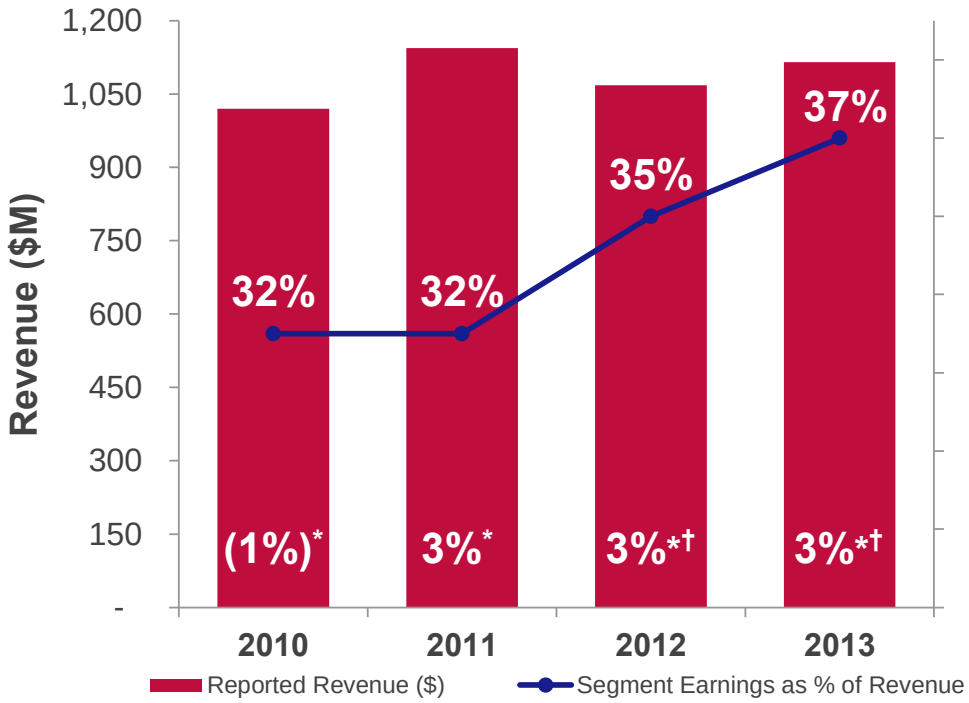
OUR BUSINESS IN THE EUAFME MARKET

HISTORICALS AND OUTLOOK

EuAfME Segment Revenue & Earnings[1]



- **Consistent 3% operational growth; in line, or faster than the market[2]**
- **Progressive and strong profitability improvements**
- **Expected long-term average operational revenue growth:**
  - **Low to mid single digits**

[1] Defined as income before provision for taxes on income

[2] Vetnosis

* Represents Operational/Base revenue growth, which reflects changes in Reported growth excluding the impact of incremental revenues from: the acquisition of King Animal Health, acquired by Pfizer on January 31, 2011, and Fort Dodge Animal Health (FDAH), acquired by Pfizer on October 15, 2009; government–mandated divestitures of legacy FDAH and our legacy products in connection with the FDAH acquisition; and foreign exchange

† Effective in the first quarter of 2014, revenue and earnings associated with our Client Supply Services (CSS) organization are reported within *Other business activities*, separate from our four reportable segments. Reported Revenue for 2013 and 2012 has been restated to exclude the impact of these activities. Prior to 2012, CSS revenue and earnings were not captured separately, therefore, 2011 and 2010 Reported Revenue has not been restated.

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KEY TRENDS DRIVING GROWTH

TWO DIFFERENT MARKET DYNAMICS

(Western Europe & Emerging Markets)

- Tailored strategies / diversified business

INCREASING CONSUMER INFLUENCE

(Farmers, Pet Owners, Consumers)

- New stakeholders (retailers, NGO's)

REGULATORY SCRUTINY

(Anti-infectives, Generics, Animal Welfare)

- Lead the dialogue with policy makers and customers



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KEY EUAFME APPROACHES FOR GROWTH

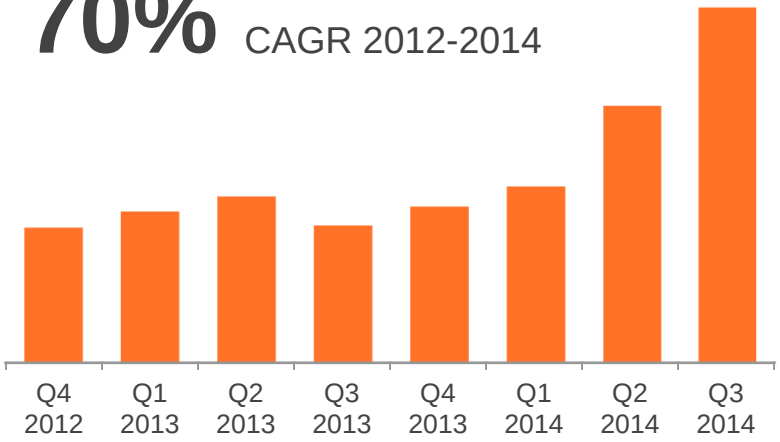


CASE STUDY: SUCCESS IN INNOVATION

POULVAC®
E. COLI

Poulvac E. coli Sales – EuAfME

70% CAGR 2012-2014



- First vaccine to market
- Responds to market needs
- Exclusive patented innovation

46%

layers and breeders vaccinated in France within first 2 years[1]



[1] Zoetis Internal Analysis

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EUAFME KEY TAKEAWAYS

- **A large and diverse region with strong growth opportunities**
- **Customer engagement, geographic expansion and innovation as key strategic priorities**
- **Unique fundamentals to deliver revenue growth and margin improvements for Zoetis**

WE'LL BE RIGHT BACK

RESEARCH & DEVELOPMENT

Dr. Catherine Knupp
Executive Vice President
and President of R&D



OUR R&D MODEL IS FOCUSED ON THE UNIQUE NEEDS OF THE ANIMAL HEALTH INDUSTRY

ANIMAL HEALTH R&D HAS DISTINCT ADVANTAGES VERSUS HUMAN HEALTH R&D



More predictable results

Higher success rate

Shorter cycle time

Lower overall cost



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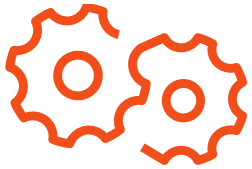
OUR R&D MODEL IS DIFFERENTIATED BY STRENGTHS IN MULTIPLE AREAS



GLOBAL GRASP OF CUSTOMER NEEDS



EXTENSIVE INTERNAL EXPERTISE & CAPABILITIES



PARTNER OF CHOICE FOR EXTERNAL ALLIANCES



REGULATORY EXPERTISE WORLDWIDE

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ZOETIS' CAPABILITIES DELIVER A RANGE OF PRODUCTS TO MEET CUSTOMER NEEDS



R&D INVESTMENT IS ALLOCATED BASED ON REVENUE OPPORTUNITIES

CUSTOMER NEEDS DEFINE OPPORTUNITIES FOR R&D INVESTMENT TO DRIVE REVENUE GROWTH

CUSTOMER NEEDS
CURRENT & FUTURE



R&D AREAS OF INTEREST



MARKET GROWTH & DIFFERENTIATION



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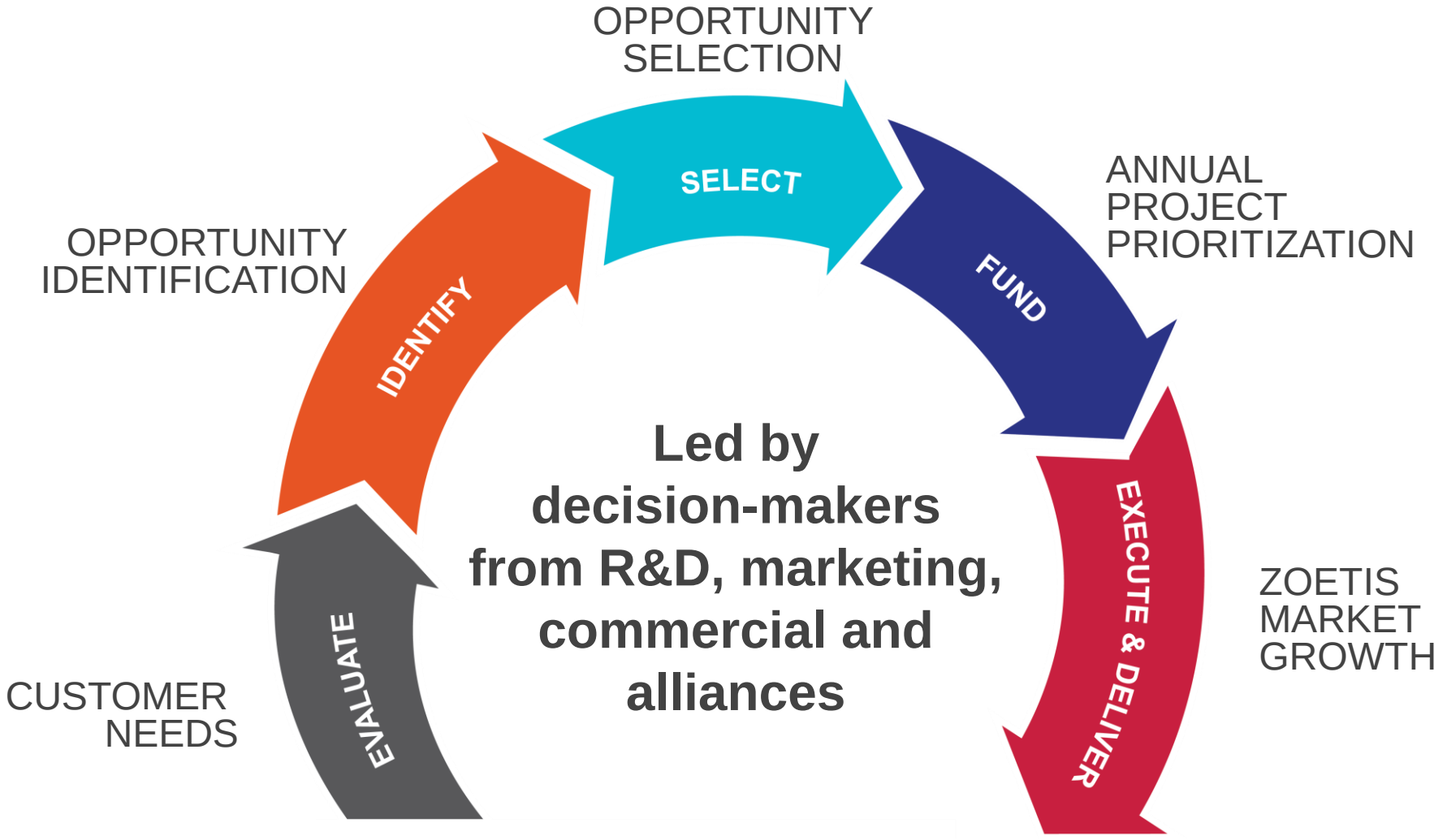
A STRUCTURED PROCESS GUIDES PORTFOLIO PRIORITIZATION AND EXECUTION



INVESTMENT DECISIONS ARE BASED ON FOUR KEY CRITERIA



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OUR GLOBAL PRESENCE FACILITATES EXECUTION AND DELIVERY TO A GLOBAL MARKET



• Co-located with a manufacturing operation

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PRODUCT INNOVATION BUILDS ENDURING BRANDS

OUR MODEL DELIVERS CUSTOMER-FOCUSED INNOVATION



URGENT NEED DEMANDS SPEED TO MARKET

EMERGING INFECTIOUS DISEASES REQUIRE SPEED TO MARKET

ZOETIS HAS THE CAPABILITES CRITICAL TO SUCCESS

1. Strong relationships with surveillance centers of excellence worldwide
2. Deep scientific knowledge in infectious diseases and product development
3. Manufacturing to scale up production rapidly at the highest quality

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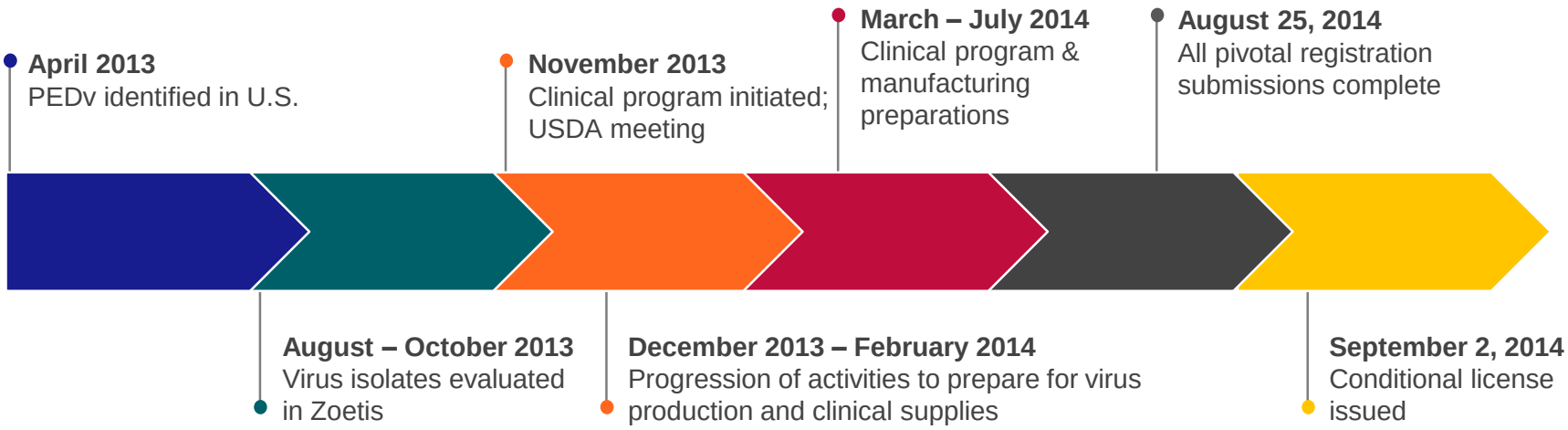
CUSTOMER NEED DRIVES RAPID RESPONSE

ACROSS BUSINESS, R&D AND MANUFACTURING



- Porcine Epidemic Diarrhea Virus – *or PEDv* – has killed 10% of the U.S. pig population and infected 50%[1] of sows
- The virus has been identified in other countries, including Canada, Korea, Spain, Portugal, Japan and Mexico, and it is a major concern for the swine industry
- Zoetis continues to research solutions to detect and prevent PEDv in multiple markets



[1] April 2014 Swine Health Monitoring Project

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NEW PRODUCT INNOVATION FIRST AND BEST IN CLASS

NEW PRODUCT INNOVATION IN ALLERGIC SKIN DISEASE TRANSFORMS MARKETS



Novel Targeted Therapy



CUSTOMER NEED

- Expertise in dermatology
- New scientific insights
- Influence with regulators

NEW PRODUCT INNOVATION

- Proven efficacy
- Improved safety
- Rapid onset

TARGET THE CAUSE, NOT JUST THE SYMPTOMS

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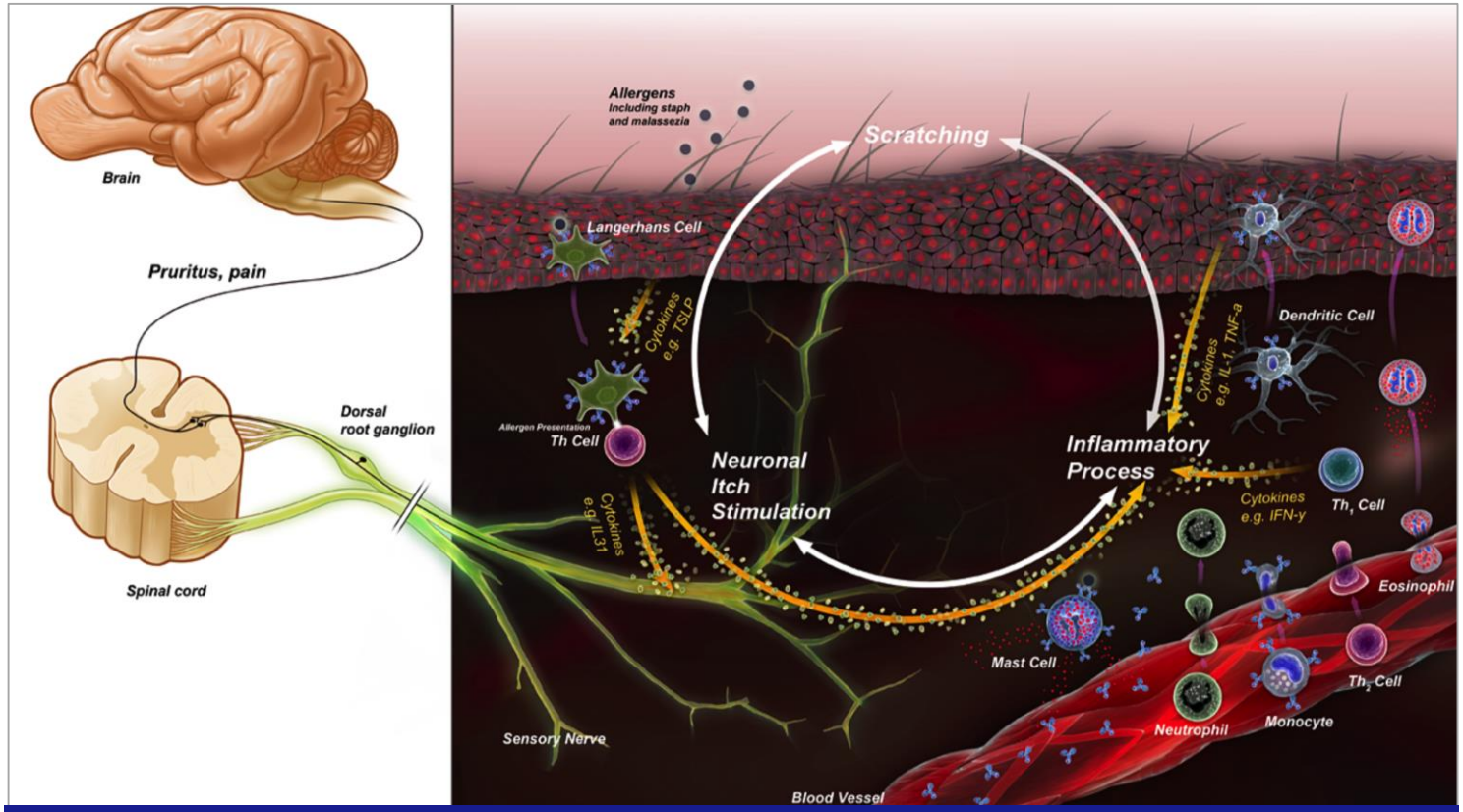
KNOWLEDGE IN ALLERGIC SKIN DISEASE WILL YIELD FUTURE PRODUCTS



4 ISSUED PATENTS, 10+ PUBLICATIONS,
28+ CONFERENCE ABSTRACTS CREATED
PLATFORM FOR CONTINUOUS INNOVATION

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CONTINUOUS INNOVATION BUILDS ENDURING BRANDS

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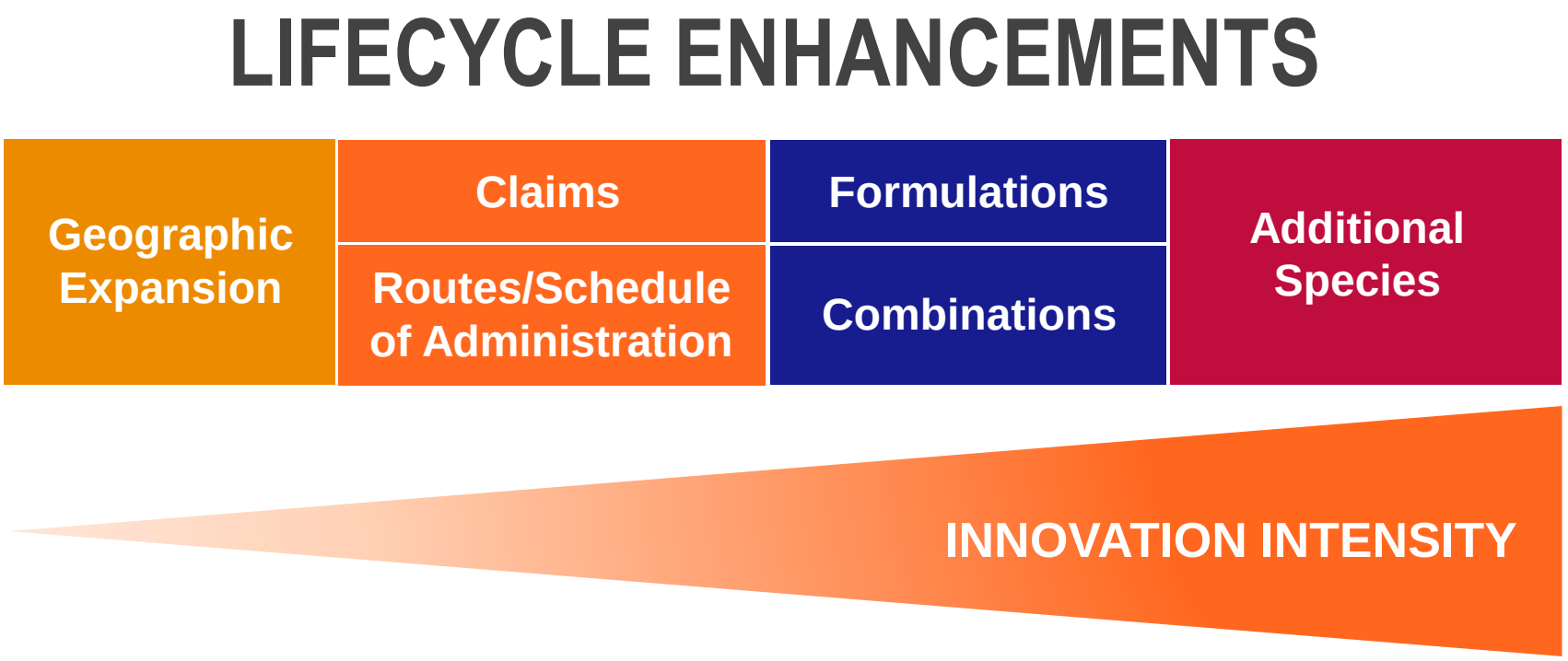
LIFECYCLE IMPROVEMENTS ARE DIVERSE AND IMPERATIVE TO MARKET LEADERSHIP



THE CEFTIOFUR FRANCHISE

A REMARKABLE BRAND LIFECYCLE SUCCESS STORY FOR 25 YEARS

FIRST APPROVAL 1988



Naxcel/Excenel
- Sterile Powder

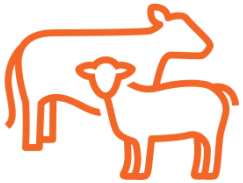


RTU (ready to use)
- Convenient Ready-to-Use
- Longer shelf life

MOST RECENT APPROVAL 3Q 2013

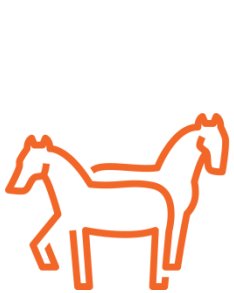


RTU-EZ
- Reformulated to come out easier





CCFA
- Sustained release; one treatment









Spectramast
- Broad spectrum for today's mastitis



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CONTINUOUS INNOVATION BUILDS ENDURING BRANDS

PLANNING FOR A CONTINUOUS FLOW OF PRODUCTS



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THE FUTURE IS NOW

DEPTH AND BREADTH OF PORTFOLIO ENSURES SUSTAINED DELIVERY OF VALUE

BIOPHARMACEUTICALS	VACCINES	PHARMACEUTICALS

CROSS SPECIES

Parasiticides
Infectious Disease
- Prevention
- Treatment

Pain/Inflammation

SPECIES SPECIFIC

Companion Animal

Allergy/Dermatology
Sedation/Anesthesia
Renal/Cardiovascular

Livestock

Reproduction
Food Safety
Performance

Complementary Solutions

Genetics
Diagnostics
Biodevices

TIME TO MARKET



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POISED TO SHAPE THE FUTURE

ZOETIS HAS THE CHARACTERISTICS AND CAPABILITIES TO SHAPE AND EXPLOIT THIS FUTURE

Customized vaccination protocols delivered with genomic profiles for performance

Prevention and early detection of disease through diagnostics and prophylactic treatments

Unrivaled safety through precision care



RESEARCH & DEVELOPMENT GENERATES REVENUE GROWTH

KEY TAKEAWAYS

- **Breadth of capabilities** to deliver on unique and complex needs of the animal health industry
- **Rigorous approach** to evaluating, selecting and prioritizing project investments based on growth and revenue opportunities
- **Robust portfolio** addressing species, therapy segment and regional needs
- Track record of **delivering first and best-in-class products** to optimize care over the life of an animal
- Creates **new innovations** that become the base for enduring brands



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MANUFACTURING & SUPPLY

Kristin Peck
Executive Vice President
and Group President



KEY FEATURES OF ZOETIS MANUFACTURING

DELIVERING QUALITY, RELIABLE SUPPLY AT A COMPETITIVE COST

$1.67 BILLION
Cost of goods sold[1]



3,800 COLLEAGUES

APPROXIMATELY **14K** FINISHED GOOD **SKUs**

200 THIRD-PARTY MANUFACTURERS IN **30** COUNTRIES

300+ PRODUCT LINES

27 MANUFACTURING FACILITIES

8 MAJOR MANUFACTURING TECHNOLOGIES AND PLATFORMS

46 INSPECTIONS[2]
0 CRITICAL DEFICIENCIES

[1] Based on 2013 data
[2] Regulatory inspections since January 2013

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HIGH-QUALITY, TRUSTED PRODUCTS

CUSTOMERS' TOP PRIORITIES FOCUS ON SUPPLY

Q: HOW IMPORTANT ARE THESE ATTRIBUTES IN YOUR SELECTION OF AN ANIMAL HEALTH PROVIDER?

1. Provides **high-quality**, trusted products	**92%**
2. Delivers products with **consistent performance**	**86%**
3. Delivers products **on time**	**80%**
4. Always has **products available** when needed	**80%**
5. **Responds quickly** to my needs	**80%**
6. Provides me with good customer service	79%
7. Helps me secure fair and competitive prices	76%
8. Is easy to do business with	75%

➔ **Top 5 provider attributes related to dimensions of manufacturing and supply**

➔ **Zoetis outranked ALL competitors on performance in these areas**

2012 Internal Customer Research, Pfizer Animal Health

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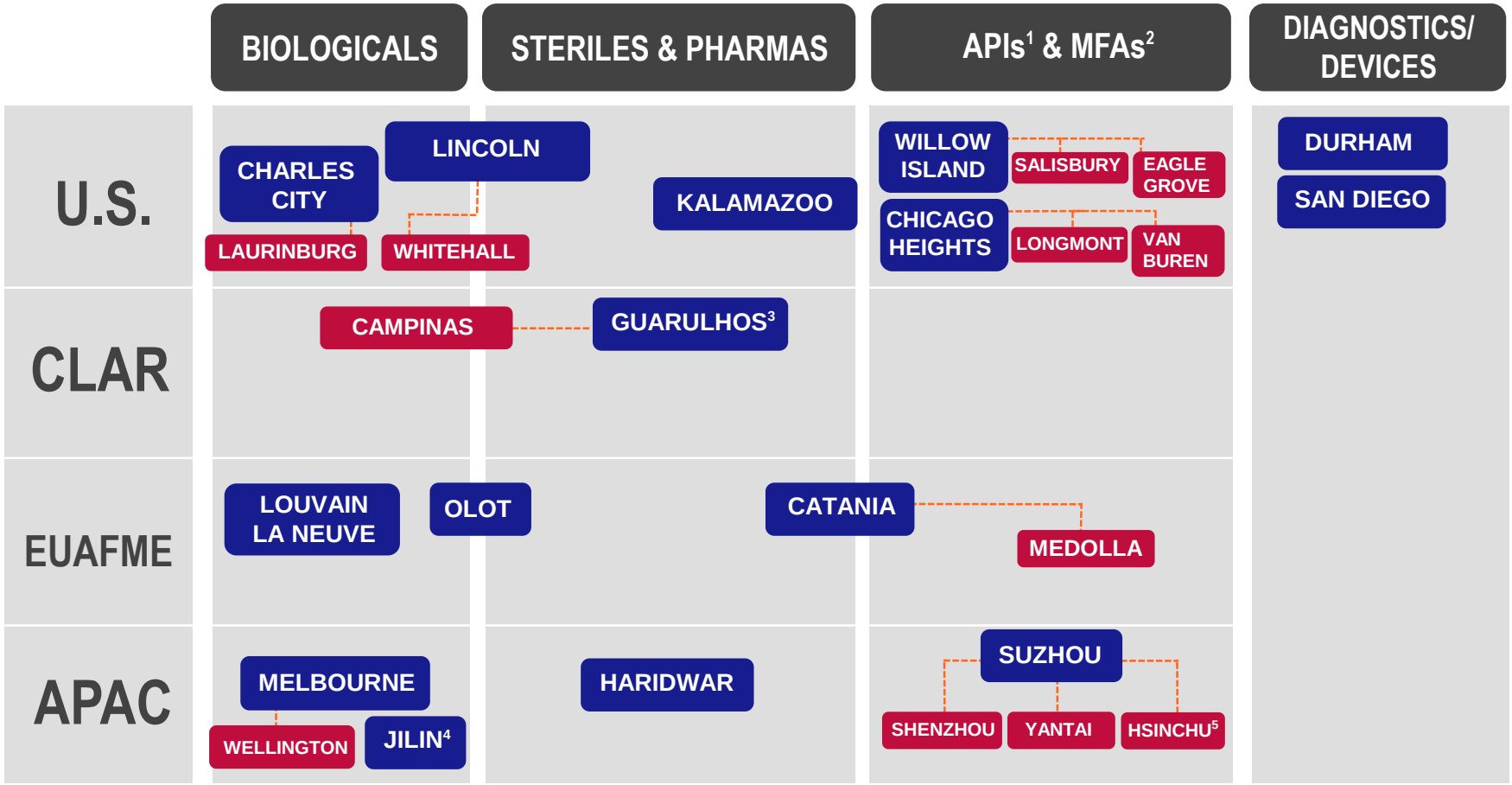
DESIGNED FOR GLOBAL CUSTOMER BASE

DIVERSE NETWORK OF SITES, TECHNOLOGIES AND EXPERTISE



[1]Active Pharmaceutical Ingredients [2] Medicated Feed Additives [3] Guarulhos is leased back to Pfizer [4] Jilin is a Chinese joint venture [5] Hsinchu is a Taiwanese joint venture

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SOURCING FOR THE BEST SOLUTION

BALANCE INTERNAL AND EXTERNAL RESOURCES FOR EFFICIENCY AND EXPERTISE

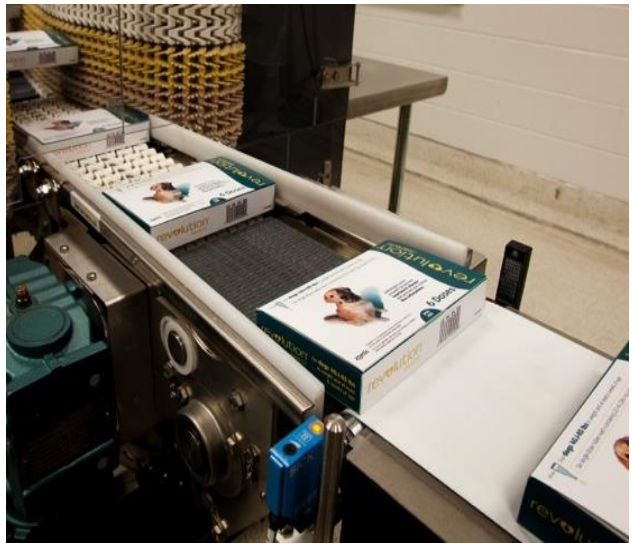
INTERNAL

- Maximizes internal capacity and cost efficiency
- Responsible for approximately 65% of manufacturing spend
- Retains core specialties and expertise (Bios)
- 27 internal sites in 10 countries

EXTERNAL

- Provides supplemental capacity
- Responsible for approximately 35% of manufacturing spend
- Access to niche products and technologies
- 200 CMOs in 30 countries
- Leverage scale of low-cost producers





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MANUFACTURING EXECUTION & EXCELLENCE

HISTORY OF MANAGING COMPLEXITY OF ANIMAL HEALTH SUPPLY

- Consistent excellence in quality
- Track record and culture of continuous improvement
- Manage complex changes while maintaining high-quality supply
- Partner on innovation for rapid development and supply
- Disciplined management of integrations and cost structure



EVOLVING OUR SUPPLY NETWORK

ENABLING FUTURE GROWTH WITH GREATER EFFICIENCY

ZOETIS NETWORK STRATEGY

PRINCIPLES

1. **Investment in biologics and high-value pharma formulations** while leveraging strategic partnerships for other technologies (e.g., solids)
2. **Global sourcing excellence** for major technology platforms through world-class Centers of Excellence (CoEs)
3. **Tailoring for local market access/requirements** or specialized needs
4. **Innovation** to create industry-leading capacity for future business drivers and increase speed to market
5. Step change in focus on **lean improvements and end-customer service orientation**

IMPACT

Revenue growth that reflects a changed platform focus

Enhanced **reliability of supply** through capacity/capability investments and network simplification

Production margin improvement that meets/exceeds shareholder expectations

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NETWORK STRATEGY
MOVING FORWARD

1

LEAN, FIT AND AGILE
- Lean/Six Sigma quality improvement program
- Reduce inventory and waste
- Create working capital
- Focus on speed-to-market improvements

by 2017

2

FOCUSED EXCELLENCE AND SIMPLIFICATION
- Simplify internal plant network
- Focus investment on future platforms of growth
- Initiate first phase of Centers of Excellence creation

by 2020

3

INVESTING IN GROWTH
- Perform second phase of CoEs creation
- Continue investment in future growth platforms
- Focus on additional long-term biologics capacity

by 2023

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KEY TAKEAWAYS

- Delivering quality, reliable supply at a competitive cost
- Managing diverse, global network of technologies, sites and partners
- Optimizing network for future growth and efficiency



FINANCIAL OVERVIEW



Paul Herendeen
Executive Vice President,
Chief Financial Officer

FOUR ELEMENTS OF VALUE CREATION

Revenue Growth

- Market leader gaining share with diverse portfolio
- Sustain revenue growth through innovation and lifecycle development

Operating Margin Improvement

- Improve gross profit margin through price, mix, efficiency and optimized manufacturing network
- Leverage existing sales and marketing resources; maintain R&D productivity
- Minimize G&A costs while supporting global business

Value-Added Business Development

- Focus on supporting R&D portfolio and adding complementary businesses
- Utilize mix of licensing, partnerships and acquisitions to strengthen portfolio

Return Capital to Shareholders

- Regular dividend, growing over time
- Share repurchase program

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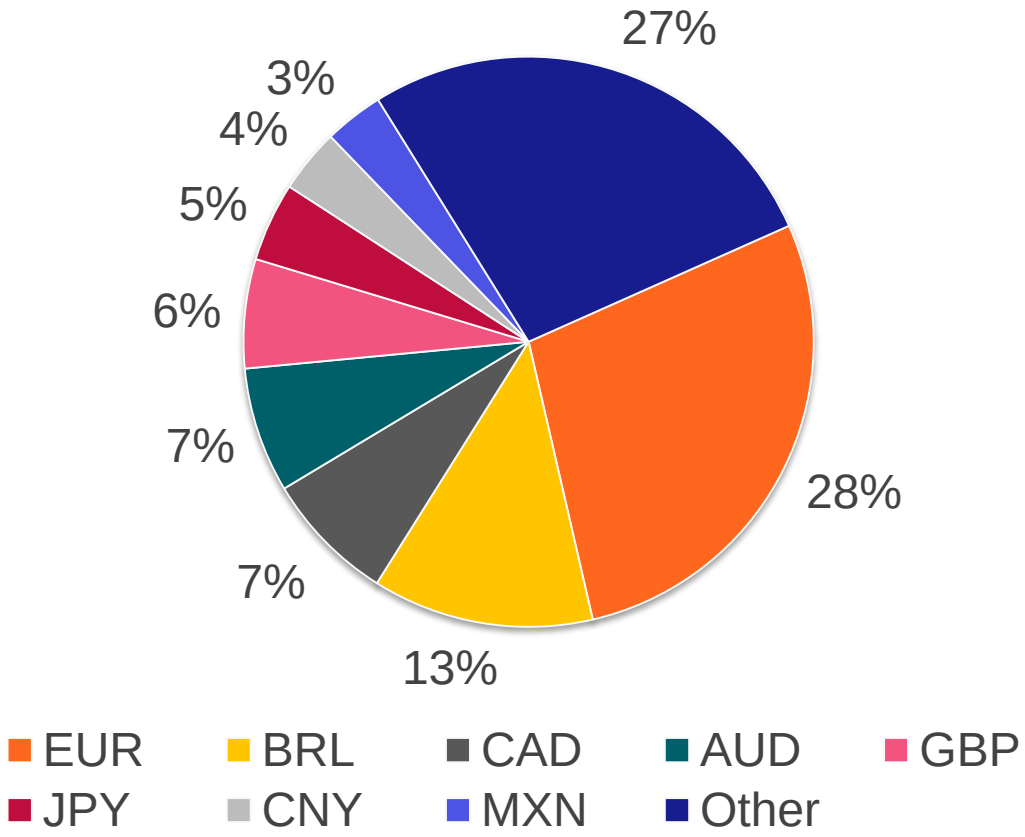
CURRENCY FOOTPRINTS

2013 Non-USD Revenue by Currency



- Exposure to **more than 35 currencies** across the globe
- Translation & other risks
- We focus on **operational results**

~54% NON-USD SALES

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REVENUE GROWTH IN ANIMAL HEALTH
SETTING EXPECTATIONS

- **Global animal health market delivering steady growth**
  - Some years higher, some years lower
  - Mid-single-digit growth over the long term

- **Zoetis to grow in line with or faster than the market**
  - Supported by **DIVERSITY**, **DURABILITY**, **RESILIENCY** of our revenue stream

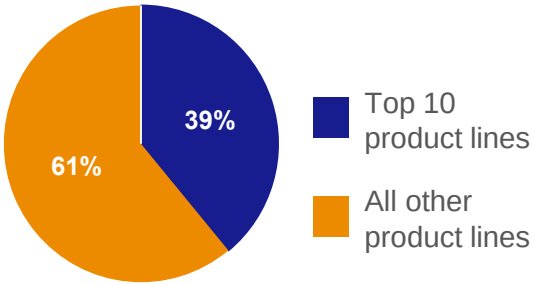
DIVERSE REVENUE STREAM BY MANY DIMENSIONS

DIVERSE

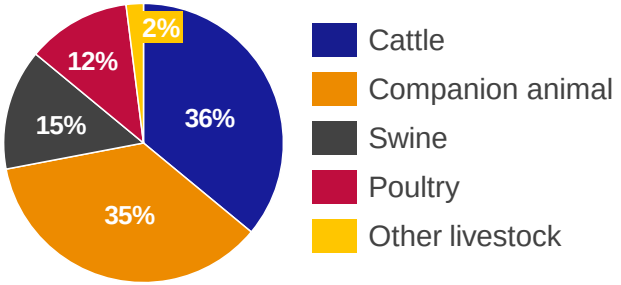
DURABLE

RESILIENT

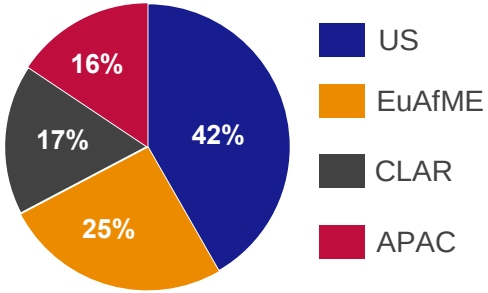
REVENUE BY PRODUCT LINE



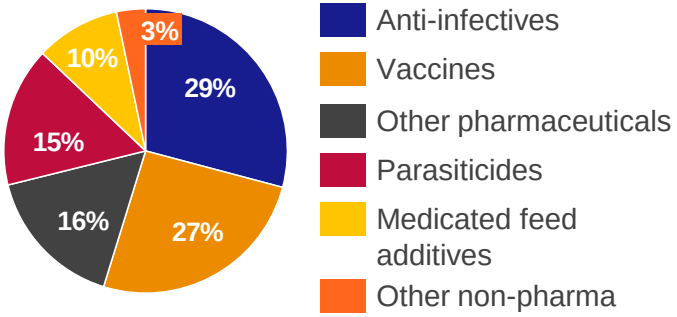
REVENUE BY SPECIES[1]



REVENUE BY SEGMENT[1]



REVENUE BY THERAPEUTIC AREA[1]



Note: Based on 2013 revenue

[1] Excludes revenue associated with our Client Supply Services (CSS), which represented 1% of total 2013 revenue

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LONG-DURATION PRODUCT FRANCHISES

DIVERSE

DURABLE

RESILIENT

~20% of Revenue Covered by Exclusive IP

Average Product Duration of Top 25 = 27 Years

Product Line	Therapeutic Area	Year Introduced	Years on Market	% of 2013 Sales
Ceftiofur injectable line	Anti-infective	1988	26	~6-7% each
Revolution/Stronghold	Parasiticide	1999	15	
Draxxin	Anti-infective	2004	10	
Rimadyl	Other Pharma	1997	17	~2-3% each
Convenia	Anti-infective	2007	7	
Clavamox/Synulox	Anti-infective	1994	20	
Lincomycin line	MFA	1967	47	
Dectomax	Parasiticide	1993	21	
Aureomycin	MFA	1953	61	
Terramycin	MFA	1952	62	~1-2% each
BMD	MFA	1954	60	
Vanguard line	Vaccine	1978	36	
Rispoval® line	Vaccine	1982	32	
Lasalocid line	MFA	1976	38	
Vanguard® L4	Vaccine	1978	36	
Cydectin	Parasiticide	1986	28	
Embrex® devices	Other	1988	26	
Lutalyse	Other	1972	42	
Suvaxyn® PCV/Fostera™ PCV	Vaccine	2006 / 2011	8 / 3	
Cerenia	Other	2007	7	
Orbeseal/Teatseal	Other	2001	13	
Bovi-Shield® line	Vaccine	1998	16	
ProHeart	Parasiticide	2001	13	
RespiSure® line	Vaccine	1990	24	
Improvac/Improvest/Vivax	Vaccine	1998	16	

Top 25 = 59%

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STEADY REVENUE GROWTH WITH LOW VARIABILITY

DIVERSE

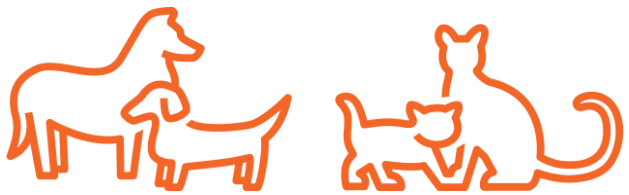
DURABLE

RESILIENT

2006 – 2013 Animal Health Industry Revenue Growth	**5.6% CAGR[1]**
2009 Animal Health Industry Revenue Growth	**Low single digits (excl. currency)**



PROTEIN IS A DIETARY STAPLE



OWNERS PRIORITIZE THEIR PET SPENDING

[1] Data calculated from IFAH Annual Report 2006 and IFAH Annual Report 2013, as sourced by Vetnosis

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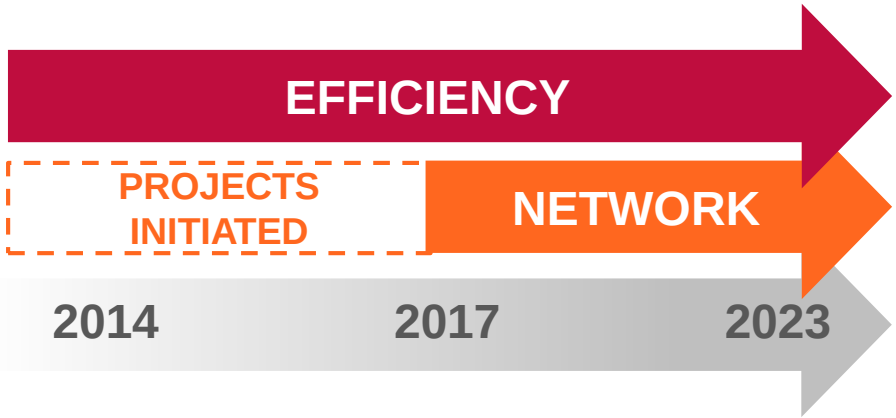
IMPROVING COGS & GROSS MARGINS

MODEST IMPROVEMENTS IN NEAR TERM, ACCELERATION BEYOND 2017

Long-term Benefits: Optimize Manufacturing



Enduring Factors:

- Price +
- Mix + / -

- Diversity of portfolio presents challenge to COGS
- Long timelines to shift manufacturing network
- Near-term opportunities are inherent in the business
- Incremental 200 bps of gross profit margin from manufacturing network strategy by 2020

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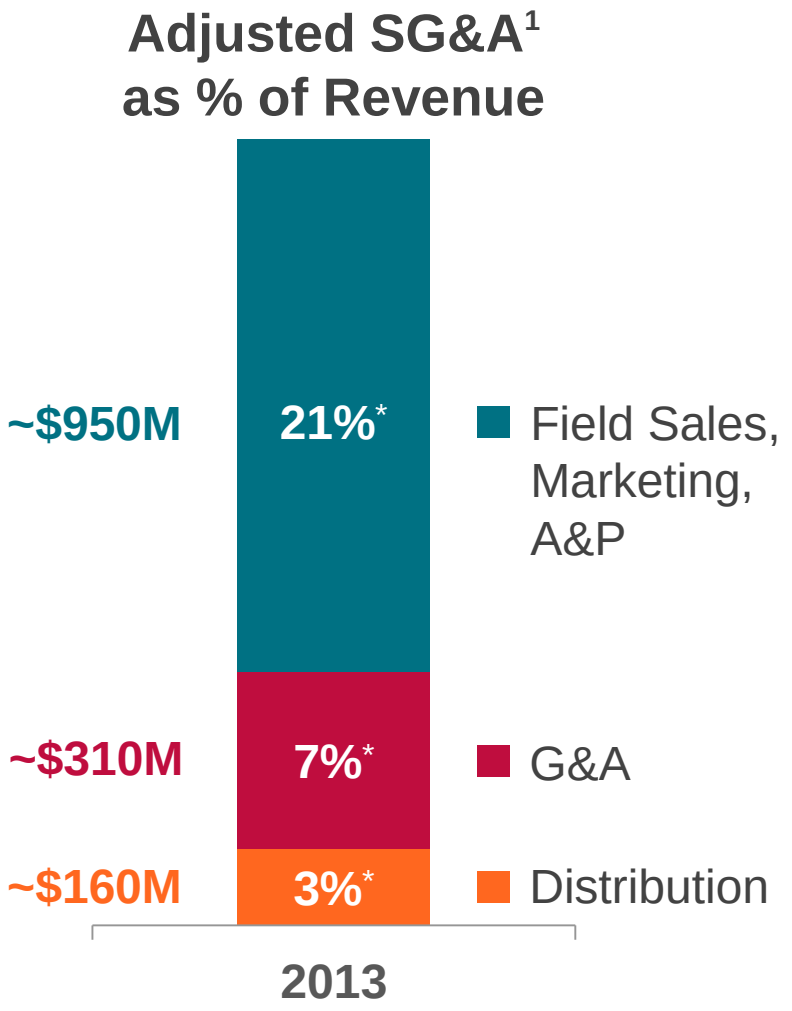
LEVERAGING KEY ASSETS IN SG&A



Key assets
with capabilities in place

Growing to steady state
by year-end 2015

Growth with sales volume

2013 Adjusted SG&A[1]: $1,426M

[1] Adjusted selling, general and administrative expenses (SG&A) is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.
* Certain amounts and percentages may reflect rounding adjustments.

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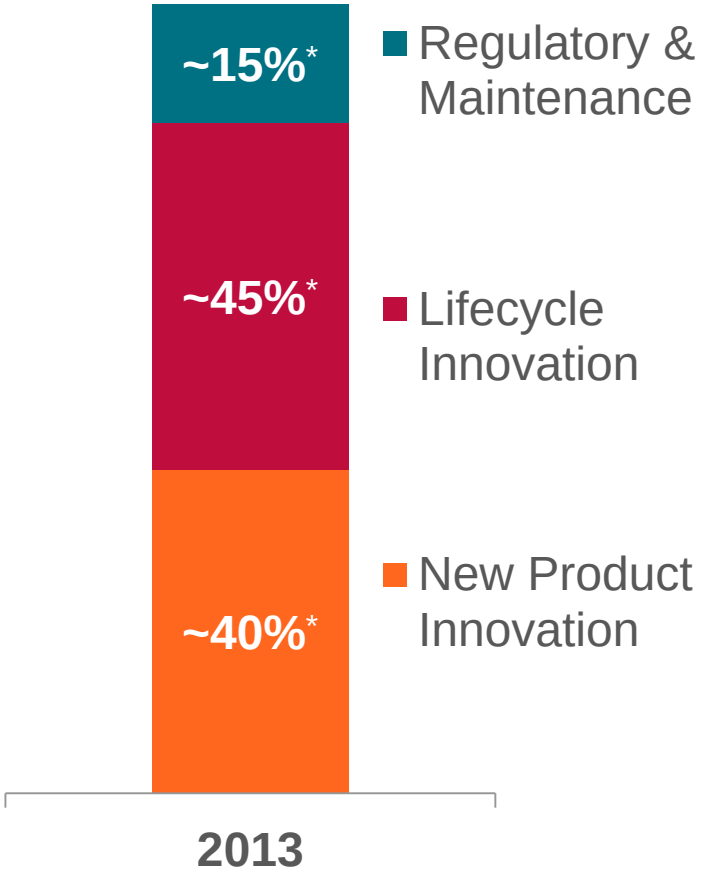
THE VALUE OF OUR R&D ENGINE

% of Adjusted R&D[1]



Maintaining the portfolio

- Global effort to maintain marketability of ~14,000 SKUs

Nurturing lifecycle development

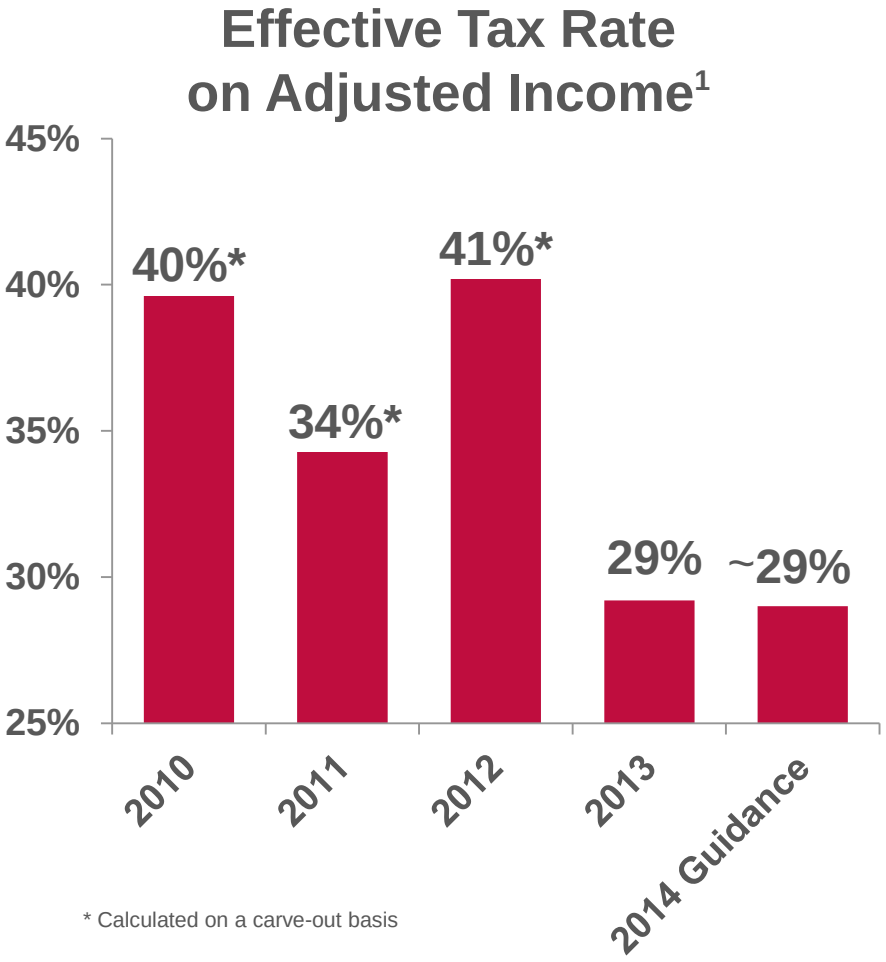
- More than 600 product approvals over the last 5 years[2]
- Average duration of top 25 products = 27 years

Track record of innovation

- APOQUEL, CONVENIA, CERENIA, DRAXXIN, FOSTERA, IMPROVAC PEDV, RIMADYL

[1] Adjusted research and development expenses (R&D) is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items.
[2] Zoetis internal data
* Certain amounts and percentages may reflect rounding adjustments.

STABILIZING OUR TAX STRUCTURE



* Calculated on a carve-out basis

- Stabilized tax rate
- Best-in-class operating model
  - Incentive tax rulings in Belgium and Singapore
- Modest improvement over time
- "Evolution" not "revolution"

[1] Adjusted Net Income is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

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RELATIVELY FIXED NET ASSET BASE

Net Asset Components ($B)



Total Net Assets: $5.0B[1]

[1] Excluding debt

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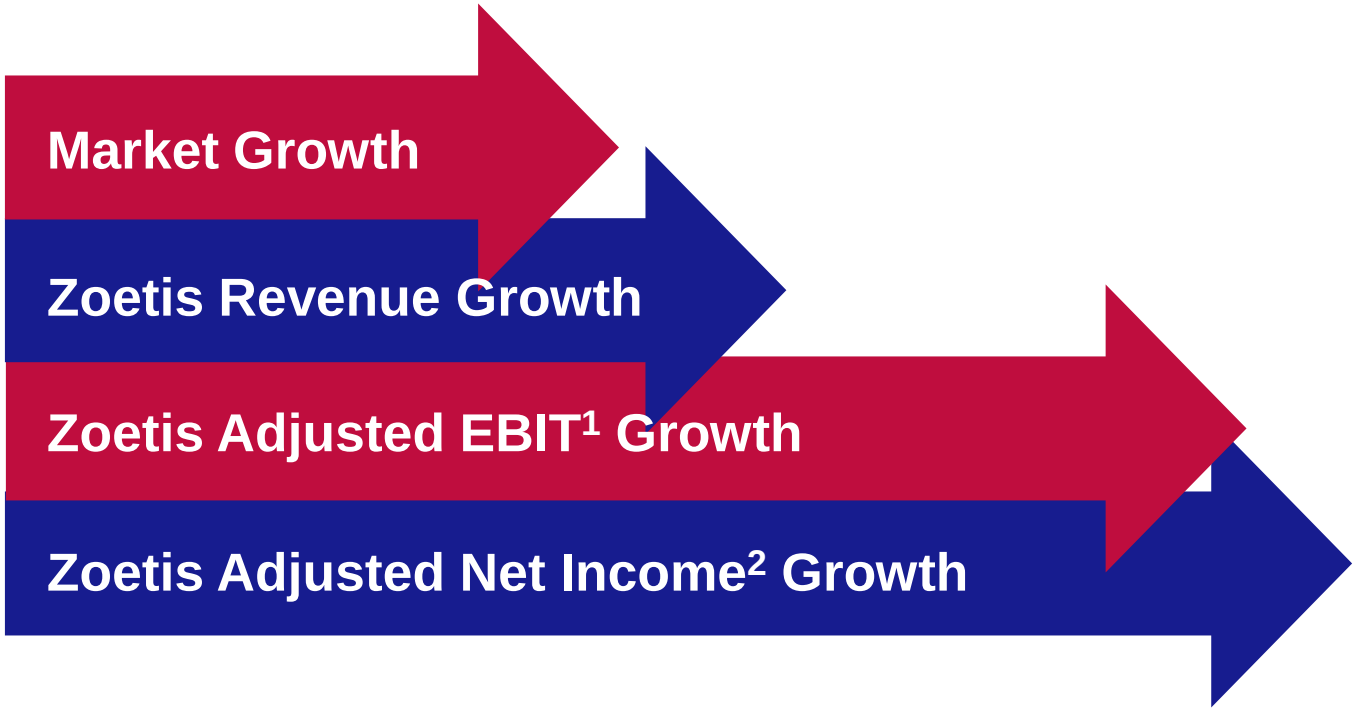
INCREASING RETURN ON NET ASSETS



STRONG ADJUSTED NET INCOME[2] GROWTH ON A RELATIVELY FIXED NET ASSET BASE

[1] Adjusted Earnings Before Interest and Taxes (EBIT) is calculated before the impact of purchase accounting adjustments, acquisition-related costs and certain significant items and is a non-GAAP financial measure. Adjusted EBIT excludes interest expense net of capitalized interest and adjusted income taxes.

[2] Adjusted Net Income is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

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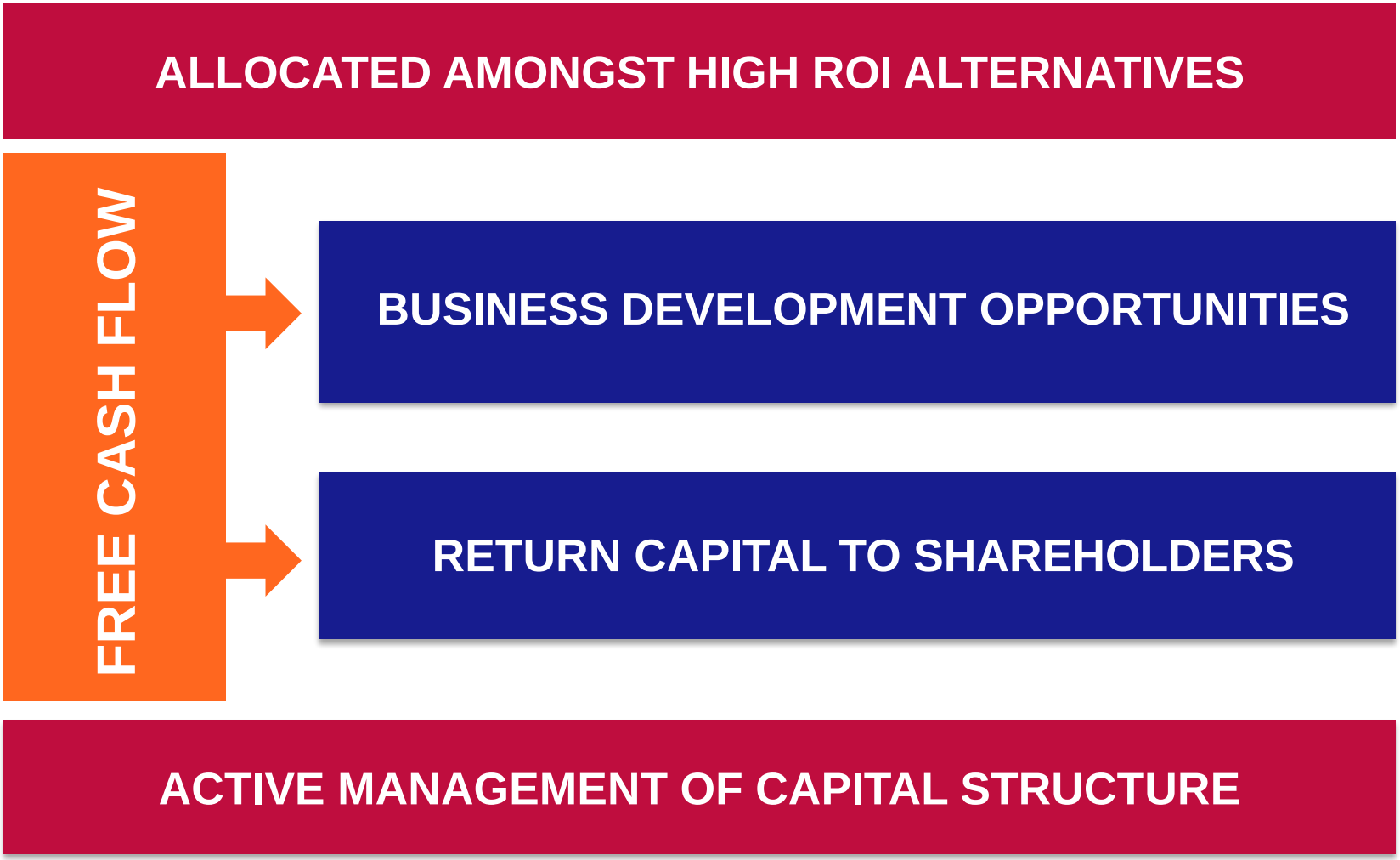
CAPITAL ALLOCATION PRIORITIES FOR ZOETIS



FINANCIAL GUIDANCE

Selected Line Items	2015	2016 - 2017
Revenue *Operational Growth*[1]	$4,850 million to $4,950 million *6.5% to 8.5%*	
Adjusted cost of sales as a percentage of revenue[2]	Approximately 35.5%	
Adjusted SG&A expenses[2]	$1,470 million to $1,520 million	
Adjusted R&D expenses[2]	$385 million to $405 million	
Adjusted interest expense and other (income) / deductions[2]	Approximately $110 million	
Effective tax rate on adjusted income[2]	Approximately 29%	
Adjusted diluted EPS[2]	$1.61 to $1.68	
Adjusted Net Income *Operational Growth*[1]	$810 million to $845 million *12% to 16%*	
Certain significant items[3] and acquisition-related costs	$130 to $150 million	
Reported diluted EPS	$1.36 to $1.43	

[1] Growth excluding the impact of foreign exchange

[2] Adjusted net income and its components and adjusted diluted EPS are defined as reported U.S. generally accepted accounting principles (GAAP) net income and its components and reported diluted EPS excluding purchase accounting adjustments, acquisition-related costs and certain significant items.

[3] Primarily includes certain nonrecurring costs related to becoming an independent public company, such as new branding (including changes to the manufacturing process for required new packaging), the creation of stand alone systems and infrastructure, site separation, certain legal registration and patent assignment costs, as well as other charges.

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FINANCIAL GUIDANCE

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Revenue *Operational Growth*[1]	$4,850 million to $4,950 million *6.5% to 8.5%*	*5% to 7% annually*
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CONCLUDING REMARKS



ADDRESSING CUSTOMER NEEDS

ZOETIS ADVANTAGE GOES BEYOND PRODUCTS AND SERVICES

PROVIDER/ VETERINARIAN NEEDS

More efficient production to drive profitability

Meaningful innovation to address unmet needs and emerging disease

Higher premiums placed on healthier pets and livestock

Quality, safety and reliability

INDUSTRY VALUE

Vaccines, medicines and feed additives to prevent and treat disease

Technologies and programs to increase efficiency and production

Pet medicines and treatments to address unmet needs, provide specialty care and create value

ZOETIS COMPETITIVE ADVANTAGE

Global Leadership & Scale

Local Presence & Customer Relationships

Diverse Portfolio

Interconnected Capabilities

Singular Focus

OUR LONG-TERM VALUE PROPOSITION



GROW REVENUE IN LINE WITH OR FASTER THAN THE MARKET[1]

- AH Market growing mid single digits[3]
- Zoetis 2015 Full Year Guidance: 6.5% - 8.5%
- Zoetis 2016 – 2017 Full Year Guidance: 5% - 7% annually



GROW ADJUSTED NET INCOME[2] FASTER THAN REVENUE

- Zoetis 2015 Full Year Guidance: 12% - 16%
- Zoetis 2016 – 2017 Full Year Guidance: 11% - 16% annually



TARGET VALUE-ADDED INVESTMENT OPPORTUNITIES

- Remain Partner of Choice
- Focus on Value-Added Licensing, Acquisitions, Integrations & Divestitures
- Purchase of Abbott Animal Health Assets



RETURN CAPITAL TO SHAREHOLDERS

- Continued dividend payments
- Utilization of $500M Share Repurchase Program

[1] Growth excluding the impact of foreign exchange
[2] Adjusted Net Income is a non-GAAP measure and defined as the corresponding reported U.S. generally accepted accounting principles (GAAP) income statement line item, excluding purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.
[3] Vetnosis

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Q&A


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