

First Quarter 2025 Financial Results

May 6, 2025



zoetis

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; expectations regarding competing products; expectations regarding the timing and financial impact of divestitures; disruptions in our global 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, tariffs 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 net income margin, adjusted EBITDA margin, adjusted diluted EPS, operational results (which excludes the impact of foreign exchange) and organic operational results (which exclude the impact of foreign exchange and certain acquisitions and divestitures), 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.

Presenters



Strategy and Business Update

Kristin Peck
Chief Executive Officer



Financial Performance

Wetteny Joseph
Executive Vice President and
Chief Financial Officer

Strong Start to 2025

Revenue

\$2.2B



9%

organic operational¹ YoY

5% Volume | 4% Price

Adj. Net Income²

\$662M



6%

organic operational¹ YoY

Adj. Diluted EPS²

\$1.48



8%

organic operational¹ YoY

KEY HIGHLIGHTS

Strong growth across species and geographies, fueled by sustained demand for market-leading franchises

Simparica franchise grew 19% operationally³ and gaining share, driven by omni-channel strategy

Key Dermatology franchise grew 10% operationally³, continuing to expand the market

OA pain franchise grew 15% operationally³, remain focused on strategies to accelerate adoption

Committed to executing our strategy, maintaining operational excellence and allocating capital

¹ Organic operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange and certain acquisitions and divestitures.

² Adjusted net income and its components 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 and divestiture-related costs and certain significant items.

³ Operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange.

Investments for Growth

Advancements in Innovation

Simparica Trio®



Gained a new label indication in the U.S. to prevent flea tapeworm infections by killing vector fleas in treated dogs,

making it the only canine combination parasiticide indicated to prevent flea tapeworm infections, at the source, by killing vector fleas before transmission. Simparica Trio also received approval in South Korea.



Avian Influenza Vaccine, H5N2 Subtype, Killed Virus



Received a conditional license in the U.S. and Canada for use in chickens.



Poultvac® Procerta® HVT-IBD-ND and HVT-IBD



Received approval in the EU and Brazil, and the U.K., respectively.



Poultvac® IB Primer and QX



Received approval for an association claim that includes cross protection against 793B and variant 2 strains of infectious Bronchitis virus (IBV).



Revolution® Plus



Received approval in the U.K. for an additional claim related to efficacy against notoedres mange.



Suvaxyn® PRRS MLV



Received approval for an additional claim to use in lactating sows.



First Quarter Segment Highlights

United States

U.S. Segment Revenue

\$1.2B

6% organic operational growth¹ Year over Year (YOY)

U.S. Companion Animal Revenue

\$1.0B

8% growth YOY

U.S. Livestock Revenue

\$0.2B

2% organic operational¹ decline YOY

International

Int'l. Segment Revenue

\$1.0B

11% organic operational growth¹ YOY

Int'l. Companion Animal Revenue

\$0.6B

10% operational growth² YOY

Int'l. Livestock Revenue

\$0.4B

12% organic operational growth¹ YOY

¹ Organic operational results (a non-GAAP financial measure) excludes the impact of foreign exchange and certain acquisitions and divestitures.

² Operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange.

Note: Companion Animal portfolio not impacted by Medicated Feed Additive divestiture

Reported to Organic Operational Results

Understanding First Quarter 2025 Underlying Results

	First Quarter						
(millions of dollars)	2025	2024	Reported Change	Foreign Exchange	Operational ¹	Divestitures	Organic Operational ²
U.S.							
Companion animal	\$973	\$898	8%	—%	8%	—%	8%
Livestock	210	265	(21)%	—%	(21)%	(19)%	(2)%
	1,183	1,163	2%	—%	2%	(4)%	6%
International							
Companion animal	573	552	4%	(6)%	10%	—%	10%
Livestock	435	455	(4)%	(8)%	4%	(8)%	12%
	1,008	1,007	—%	(7)%	7%	(4)%	11%
Total							
Companion animal	1,546	1,450	7%	(2)%	9%	—%	9%
Livestock	645	720	(10)%	(5)%	(5)%	(12)%	7%
Contract manufacturing & human health	29	20	45%	(6)%	51%	—%	51%
	\$2,220	\$2,190	1%	(4)%	5%	(4)%	9%

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

² Organic operational results (a non-GAAP financial measure) excludes the impact of foreign exchange and divestitures.

2025 Updated Guidance

Revenue

\$9,425M - \$9,575M

Prior guidance: \$9,225M - \$9,375M

Adj. Net Income¹

\$2,775M - \$2,825M

Prior guidance: \$2,700M - \$2,750M

Adj. Diluted EPS¹

\$6.20 - \$6.30

Prior guidance: \$6.00 - \$6.10

Organic Operational Growth²

6% - 8%

Revenue

Prior guidance unchanged

5% - 7%

Adj. Net Income¹

Prior guidance: 6% - 8%

KEY ASSUMPTIONS

Reflects the favorable impact of foreign exchange rates as of late April.

Reaffirming double-digit growth outlook across Simparica, Key Dermatology, and OA pain franchises.

Estimate of enacted tariff-related costs, excluding potential impact of future tariffs.

¹ Adjusted net income (ANI) and its components 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 and divestiture-related costs and certain significant items.

² Organic operational results (a non-GAAP financial measure) excludes the impact of foreign exchange and certain acquisitions and divestitures.

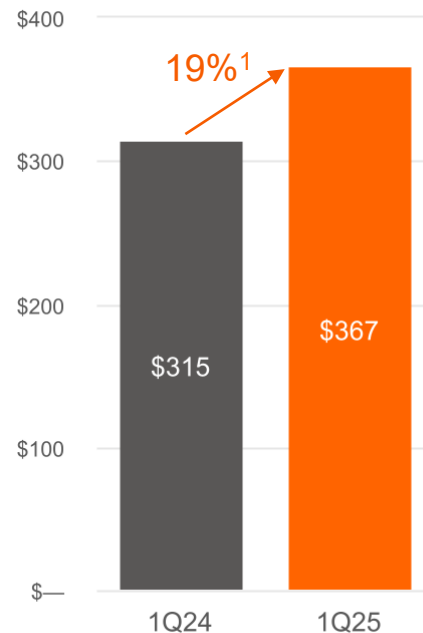
Simparica Franchise

- Simparica franchise **grew 19%** operationally, fueled by ongoing shift toward triple-combination – the fastest growing segment in animal health
 - In the U.S., **60%** of puppies are now on triple combinations - a clear signal of the market's trajectory
- **Omni-channel strategy** continues to expand the overall parasiticide category and drive market share gain
- Simparica Trio **remains the market-leading canine parasiticide**, and the trusted choice for vets and pet owners
- Simparica and Simparica Trio were **the top-selling paras** in International markets
- **Expanded U.S. label** to include the prevention of flea tapeworm infections



(Millions of dollars)

1Q Revenue YoY



¹ Operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange.

Key Dermatology Franchise

- Key dermatology franchise **grew revenue 10%** operationally
- **Comprehensive and differentiated portfolio** offers unmatched flexibility to pet owners
- **Retail strategy** continues to drive growth and compliance across Apoquel brands, where Apoquel remains the **top-selling derm product** in retail in the U.S.
- **Apoquel Chewable conversion** continues to increase globally
- **20M** dogs worldwide remain untreated or under treated, signaling potential for continued market expansion, driven by new patient growth

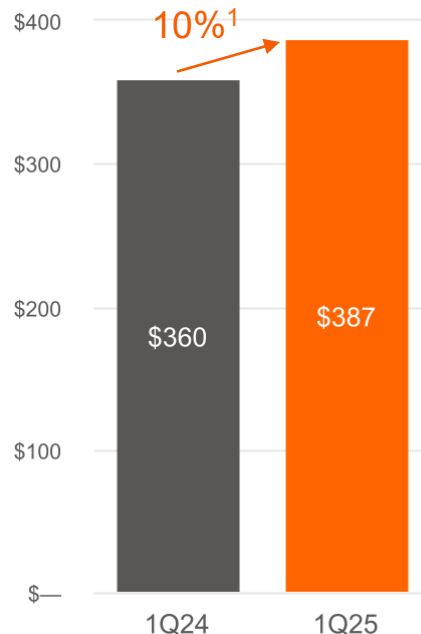
apoquel
chewable
(oclacitinib chewable tablet)

apoquel
oclacitinib

CYTOPOINT

(Millions of dollars)

1Q Revenue YoY



¹ Operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange.

Osteoarthritis (OA) Pain mAb Franchise

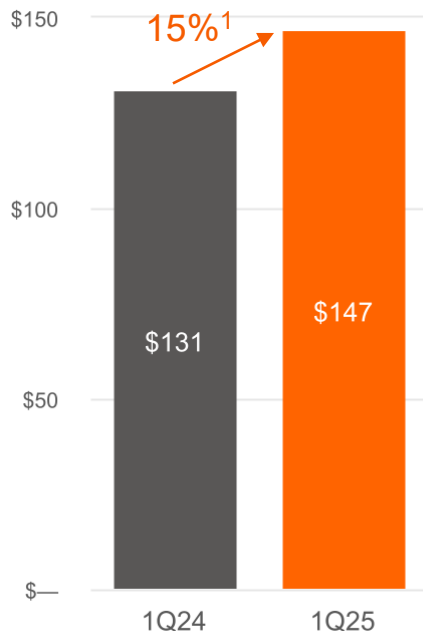
- OA pain franchise **grew revenue 15%** operationally
- We continue to **build and scale a new category** of care through engagement and education in an effort to accelerate adoption
 - Advancing medical education and partnering with Key Opinion Leaders
 - Investing in post-launch studies to generate real-world insights
 - Launching 360 campaigns, including targeted DTC efforts, to drive awareness and demand
- **~40% of dogs suffer from OA** at some point in their lifetime, while less than 20% of dogs with OA received treatment, signaling room for future growth

11 ¹ Operational results (a non-GAAP financial measure) is defined as results excluding the impact of foreign exchange.



(Millions of dollars)

1Q Revenue YoY



Our Continued Commitment to Value Creation

Key components of our three to five-year outlook



Grow revenue faster than the market

- Broaden existing key franchises
- Innovate and build new franchise opportunities
- Expand across attractive emerging markets
- Accelerate commercial excellence to take share



Invest in innovation and growth capabilities

- Prioritize R&D investment in the highest ROIC¹ opportunities
- Transform the standard of care through innovative products
- Increase supply chain capabilities, capacity and agility
- Deliver greater value to vets, producers and pet owners



Increase adjusted net income faster than revenue

- Expand revenue in higher margin product categories
- Leverage scale to drive bottom line performance
- Optimize and simplify to increase productivity and efficiency



Return excess capital to shareholders

- Reinvest in the business to drive growth
- Target strategic business development to enhance innovation
- Grow dividend above adjusted net income
- Continue systematic share buybacks

Grow annual revenue
mid-to-high single digits²

Drive ROIC¹ accretion²

Enable margin improvement²

Maintain balance between
investments and return of capital

¹ ROIC stands for Return On Invested Capital.

12 ² Targeted average over the forecast period.

Financial Results and Guidance

Income Statement Highlights

	First Quarter		
	2025	2024	Change
<i>(millions of dollars, except per share data)</i>			
Revenue	\$2,220	\$2,190	1%
Reported Net Income	631	599	5%
Reported Diluted Earnings Per Share	\$1.41	\$1.31	8%
Adjusted Net Income ¹	662	634	4%
Adjusted Diluted Earnings Per Share ¹	\$1.48	\$1.38	7%

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 and divestiture-related costs and certain significant items.

Note: results are not reflective of organic operational results.

Adjusted Income Statement Highlights

	First Quarter				
	2025	2024	Change	Foreign Exchange	Operational ¹
<i>(millions of dollars)</i>					
Revenue	\$2,220	\$2,190	1%	(4)%	5%
Adjusted Cost of Sales ²	620	642	(3)%	(10)%	7%
<i>as a percent of revenue³</i>	27.9%	29.3%	NA	NA	NA
Adjusted SG&A Expenses ²	554	544	2%	(2)%	4%
Adjusted R&D Expenses ²	157	161	(2)%	—%	(2)%
Adjusted Operating Expenses ⁴	715	710	1%	(2)%	3%
Effective Tax Rate on Adjusted Income ²	21.9%	19.7%	NA	NA	NA
Adjusted Net Income ²	\$662	\$634	4%	2%	2%

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 and divestiture-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 72.1% in the first quarter of 2025 and 70.7% in the first quarter of 2024.

⁴ Adjusted operating expenses (a non-GAAP financial measure) of \$715 million in the first quarter of 2025 and \$710 million in the first quarter of 2024 includes adjusted amortization of intangible assets of \$4 million and \$5 million in the first quarter of 2025 and 2024, respectively.

Note: operational results are not reflective of organic operational results.

U.S. Segment Performance

	First Quarter		
	2025	2024	Change
<i>(millions of dollars)</i>			
Revenue	\$1,183	\$1,163	2%
Companion Animal	973	898	8%
Livestock	210	265	(21)%
Cost of Sales	199	217	(8)%
Gross Profit	984	946	4%
Gross Margin	83.2%	81.3%	NA
Operating Expenses	205	190	8%
Other (Income)/Deductions-net	—	—	—%
Earnings ¹	\$779	\$756	3%

NA – Not applicable, **Calculation not meaningful

¹ Defined as income before provision for taxes on income.

Note: results are not reflective of organic operational results.

International Segment Performance

	First Quarter				
	2025	2024	Change	Foreign Exchange	Operational ¹
<i>(millions of dollars)</i>					
Revenue	\$1,008	\$1,007	—%	(7)%	7%
Companion Animal	573	552	4%	(6)%	10%
Livestock	435	455	(4)%	(8)%	4%
Cost of Sales	302	313	(4)%	(14)%	10%
Gross Profit	706	694	2%	(4)%	6%
<i>Gross Margin</i>	<i>70.0%</i>	<i>68.9%</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
Operating Expenses	154	159	(3)%	(7)%	4%
Other (Income)/Deductions-net	1	—	**	**	**
Earnings ²	\$551	\$535	3%	(4)%	7%

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.

Note: operational results are not reflective of organic operational results.

International Segment Performance

	First Quarter				
	2025	2024	Change	Foreign Exchange	Operational ¹
<i>(millions of dollars)</i>					
Total International	\$1,008	\$1,007	—%	(7)%	7%
Australia	75	73	3%	(5)%	8%
Brazil	88	101	(13)%	(19)%	6%
Canada	67	61	10%	(7)%	17%
Chile	34	31	10%	(1)%	11%
China	60	76	(21)%	(1)%	(20)%
France	40	41	(2)%	(4)%	2%
Germany	51	51	—%	(4)%	4%
Italy	29	28	4%	(5)%	9%
Japan	36	37	(3)%	(5)%	2%
Mexico	37	44	(16)%	(15)%	(1)%
Spain	33	32	3%	(4)%	7%
United Kingdom	77	77	—%	(1)%	1%
Other Developed Markets	133	127	5%	(6)%	11%
Other Emerging Markets	248	228	9%	(8)%	17%

* Millions of dollars

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

Note: operational revenue results are not reflective of organic operational results.

Financial Guidance

Selected Line Items (millions of dollars, except per share amounts)	Full Year 2025 as of May 6, 2025	Full Year 2025 as of February 13, 2025 (Prior Guidance)
Revenue <i>Organic operational growth</i> ¹	\$9,425 to \$9,575 6% to 8%	\$9,225 to \$9,375 6% to 8%
Adjusted cost of sales as a percentage of revenue ²	Approximately 28.5%	Approximately 28.0%
Adjusted SG&A expenses ²	\$2,340 to \$2,390	\$2,300 to \$2,350
Adjusted R&D expenses ²	\$690 to \$700	\$680 to \$690
Adjusted interest expense and other (income)/deductions-net ²	Approximately \$180	Approximately \$200
Effective tax rate on adjusted income ²	Approximately 21%	Approximately 21%
Adjusted diluted EPS ²	\$6.20 to \$6.30	\$6.00 to \$6.10
Adjusted net income ² <i>Organic operational growth</i> ^{1,3}	\$2,775 to \$2,825 5% to 7%	\$2,700 to \$2,750 6% to 8%
Certain significant items and acquisition and divestiture-related costs ⁴	Approximately \$45	Approximately \$30
Reported diluted EPS	\$5.85 to \$5.95	\$5.70 to \$5.80

The guidance reflects foreign exchange rates as of late April 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 2024, as noted above.

¹ Organic operational results (a non-GAAP financial measure) excludes the impact of foreign exchange and certain acquisitions and divestitures.

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 and divestiture-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



Appendix



Reconciliation Of Reported Growth To Non-GAAP Financial Measures

	First Quarter				
	2025	2024	Change	Foreign Exchange	Operational ¹
<i>(millions of dollars)</i>					
<u>Revenue by Product Category</u>					
Key Dermatology	\$387	\$360	8%	(2)%	10%
Key Dermatology (<i>international</i>)	138	127	9%	(6)%	15%
OA Pain mAbs	147	131	12%	(3)%	15%
OA Pain mAbs (<i>international</i>)	82	74	11%	(5)%	16%
<u>Revenue by Product</u>					
Simparica franchise	367	315	17%	(2)%	19%
Simparica franchise (<i>international</i>)	106	94	13%	(10)%	23%
Simparica (<i>international</i>)	61	56	9%	(13)%	22%
Simparica Trio (<i>international</i>)	46	38	21%	(5)%	26%
Librela (<i>international</i>)	65	59	10%	(4)%	14%
Solensia (<i>international</i>)	18	15	20%	(7)%	27%

Reconciliation Of GAAP To Non-GAAP Financial Measures

Reported Results to Organic Operational Results

	First Quarter						
	2025	2024	Change	Foreign Exchange	Operational ¹	Divestitures	Organic Operational ²
<i>(millions of dollars, except per share data)</i>							
Adjusted net income	\$662	\$634	4%	2%	2%	(4)%	6%
Adjusted diluted EPS	1.48	1.38	7%	3%	4%	(4)%	8%

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

² Organic operational results (a non-GAAP financial measure) excludes the impact of foreign exchange and divestitures.

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