

# 2021 Earnings – Fourth Quarter

February 24, 2022

***Elanco***

# Notices and Disclaimers

**Forward-Looking Statements.** This presentation contains forward-looking statements including, without limitation, statements concerning expected synergies and cost savings, product launches and revenue from such products, cost savings and expenses related to restructuring actions, the impact of the COVID-19 pandemic and related disruptions on our business, our 2022 full year and first quarter guidance and long-term expectations, our expectations regarding debt levels, our industry and our operations, performance and financial condition and, including in particular, statements relating to our business, the economy and other future conditions. Such statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in those forward-looking statements. Important factors that could cause actual results to differ materially are set forth in our earnings release, dated February 24, 2022, which is included as an exhibit to our Form 8-K furnished to the SEC on such date; and in our SEC filings, including our most recent reports on Forms 10-K and 10-Q. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this presentation. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. We caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this presentation. Any forward-looking statement made by us in this presentation speaks only as of the date thereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should be viewed as historical data.

**Non-GAAP Financial Measures.** This presentation contains non-GAAP financial measures, such as revenue excluding the impact of foreign exchange rate effects, adjusted constant currency revenue growth, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net (income) loss, adjusted EPS, adjusted gross profit and adjusted gross margin and net debt leverage, which we use to assess and analyze our operational results and trends. Reconciliation of non-GAAP financial measures and reported GAAP financial measures are included in the tables in the appendix to this presentation and are posted on our website at [www.elanco.com](http://www.elanco.com). These non-GAAP measures are not, and should not be viewed as, substitutes for U.S. GAAP reported measures.

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# On Today's Call



**Jeff Simmons**

Elanco Animal Health  
*President and CEO*



**Ellen De Brabander**

Elanco Animal Health  
*Executive Vice President,  
Innovation, Regulatory Affairs  
and Business Development*



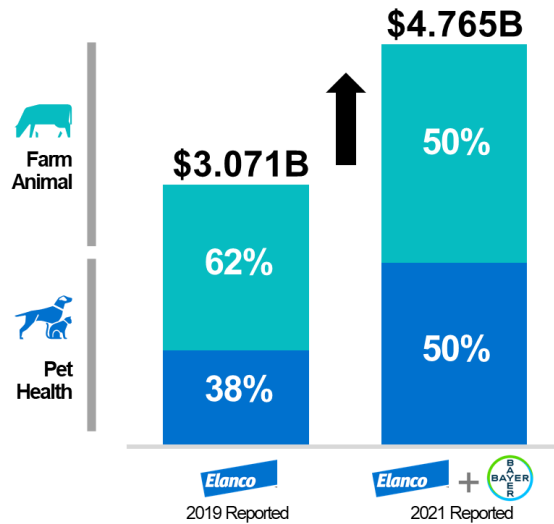
**Todd Young**

Elanco Animal Health  
*Executive Vice President,  
Chief Financial Officer*

# Building an Animal Health Leader

## Building a Leader

REVENUE<sup>(1)</sup>



- + Scale
- + Global reach
- + Mix
- + Enhanced pipeline

**Completed independent standup**  
**Integrating Bayer & Kindred**

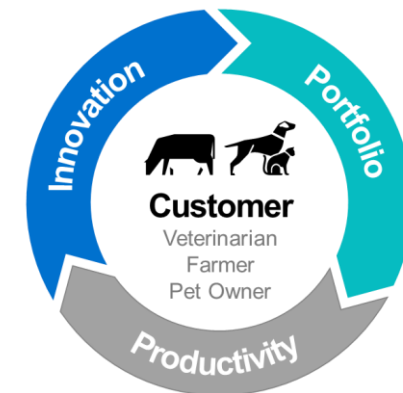
## Consistently Delivering

✓ **2021**

- + Revenue grew 7% compared to pro forma combined company estimates<sup>(2)</sup>
  - Pet Health +10%
  - Farm Animal +6%
- + Adj. Gross Margin<sup>(3)</sup> of 56.6%, advancing towards 60% goal
- + Adj. EBITDA<sup>(3)</sup> of \$1,057M, or 22.2% of sales and Adjusted EPS<sup>(3)</sup> of \$1.05
- + Ended year with strong cash position of \$638 million
- + Achieved net leverage ratio<sup>(3)</sup> target of 5.5x

## Strengthening through Strategic Actions

- ✓ Proactive, decisive actions to drive expanded value creation
- + Optimized footprint
- + Focused and increased pipeline value
- + Simplified structure



(1) Reported revenue includes contribution from contract manufacturing, which has been excluded from the percentage breakdown for Pet Health and Farm Animal categories.

(2) Refer to slide 24 for more information on the calculation of 2020 pro forma combined company revenue.

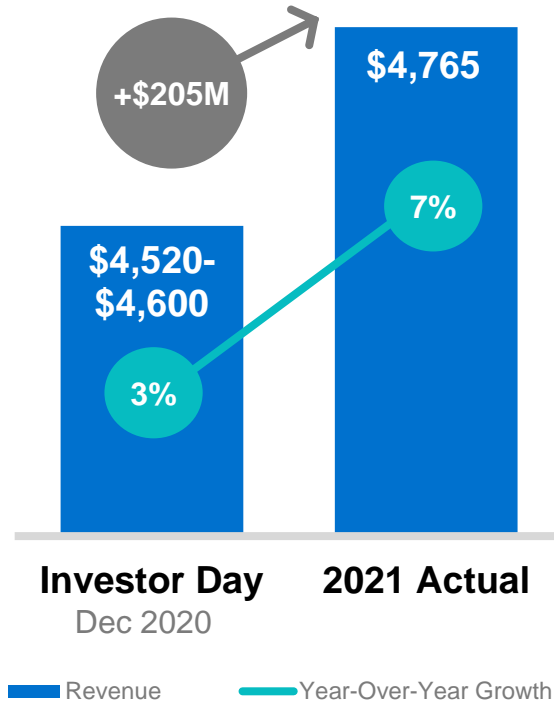
(3) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

# Outperformed Initial Investor Day Guidance in 2021

\$ Millions Except Per Share Data

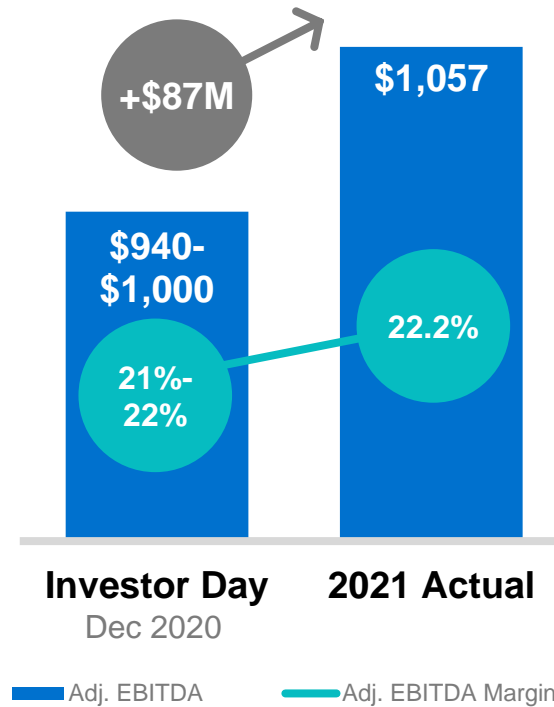
## 2021 Revenue

vs. Initial Guidance Midpoint



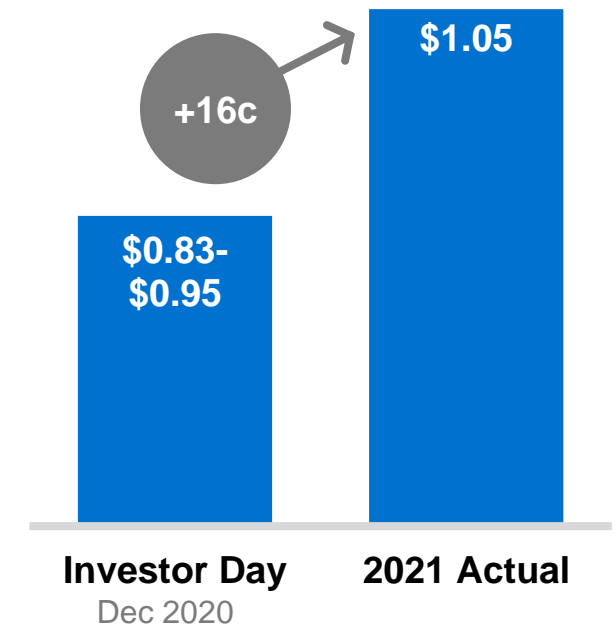
## 2021 Adj. EBITDA<sup>(1)</sup>

vs. Initial Guidance Midpoint



## 2021 Adj. EPS<sup>(1)</sup>

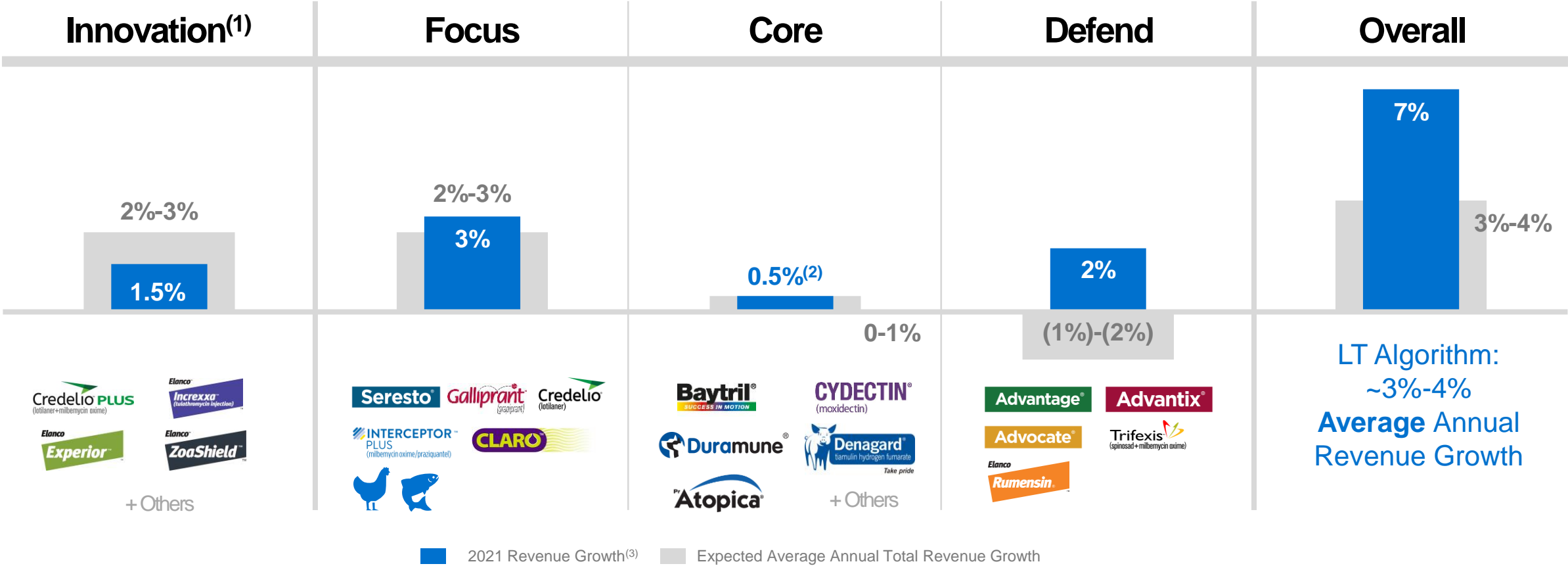
vs. Initial Guidance Midpoint



Note: Refer to slide 24 for more information on the calculation of 2020 pro forma combined company revenue.

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

# 2021 Growth Driven by Durable, Global Portfolio



(1) As defined during the company's 2020 Investor Day, innovation revenue includes all projects entering the market in 2021 through 2025, including both new products and lifecycle management.  
 (2) Core growth is partially offset by a decline in contract manufacturing, decreasing Core growth contribution of 1% by 0.5%.  
 (3) Represents comparison to the 2020 pro forma combined company revenue reference base. Refer to slide 24 for more information on the calculation of 2020 pro forma combined company revenue.

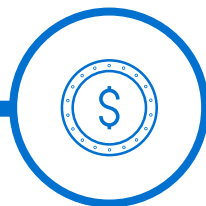
# 2022 Guidance Projects Continued Margin Expansion



## Growth

Revenue  
growth of 2 to 3%<sup>(1)</sup>  
at constant currency

Innovation expected to  
deliver **\$120 to \$160  
million**, or 1 to 2 ppts  
of total growth



## Profitability

Adjusted EBITDA<sup>(2)</sup> of  
**\$1,140 to \$1,180 million**,  
growth of 10%  
expected at midpoint

Adj. Gross Margin<sup>(2)</sup> of  
**57.0% to 58.0%**,  
growth of 90 bps  
at midpoint



## Results

Adjusted EPS<sup>(2)</sup> of  
**\$1.18 to \$1.24**,  
growth of 15%  
expected at midpoint














**~4.75x** Net Leverage  
Ratio<sup>(3)</sup> expected at  
2022 Year-End

(1) Non-GAAP financial measure, representing expected revenue growth excluding the impact of foreign exchange rates, which we estimate to be approximately \$95 million unfavorable in 2022 compared to 2021.

(2) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

(3) Net leverage ratio calculated as gross debt less cash & equivalents on our balance sheet divided by adjusted EBITDA. Does not include Term Loan B covenant-related adjustments that reduce this leverage ratio.

# Expected 2022 Revenue Drivers by Category

Portfolio	Tailwinds 	Headwinds 
 <p data-bbox="267 706 445 828"><b>Pet Health</b></p>	<p data-bbox="522 378 1337 421">Price growth in key brands above historical levels</p> <hr/> <p data-bbox="522 521 1261 564">Growth from key Focus Brands and Vaccines</p> <div data-bbox="522 592 1197 656">     </div> <hr/> <p data-bbox="522 714 1337 771">2021 and 2022 new launches led by </p> <hr/> <p data-bbox="522 813 1274 863">Continued growth in China, led by </p>	<p data-bbox="1579 371 2204 456">Contract Manufacturing declines drag growth, but accretive</p> <hr/> <p data-bbox="1579 521 2407 606">Competitive pressure in U.S. parasiticides market (~\$60M)</p> <hr/> <p data-bbox="1579 714 2140 771">Generic pressure for </p> <hr/> <p data-bbox="1579 813 2395 863">Competitive entrant in dog OA pain markets (EU)</p>
 <p data-bbox="254 1106 445 1228"><b>Farm Animal</b></p>	<p data-bbox="522 949 1375 992">Stabilizing global poultry markets and aqua markets</p> <hr/> <p data-bbox="522 1056 1337 1142">China swine producer profitability and investment expected to improve in H2</p> <hr/> <p data-bbox="522 1206 1465 1263">2021 and 2022 new launches led by  </p>	<p data-bbox="1579 949 2356 992">Continued generic pressure in cattle and swine</p> <hr/> <p data-bbox="1579 1056 2420 1142">Low pork prices in China driving limited investment expected to continue through mid-year</p>

# R&D Well-Positioned to Deliver and Refill Pipeline

## 2021 and 2022 New Launches

2021 launches led by Experior, Zoashield & Credelio Plus

2022 at least **7 approvals and launches** in major markets<sup>(1)</sup>, weighted towards Pet Health



**expected to contribute \$120m to \$160m of innovation revenue<sup>(2)</sup> in 2022**

## 2022 Submissions

Expect **5-7 submissions** to regulatory authorities in major markets<sup>(1)</sup>


Expect to submit up to **2 differentiated Pet Health potential blockbusters** in the U.S., in spaces of Dermatology and Parasiticides

## Well-Positioned For Success

**One Elanco R&D** fully integrated

**Robust, Focused Pipeline** allocated across research & development phases

**Experienced & Capable Team** consistency in transition



**Committed to Deliver \$600m to \$700m of Innovation Revenue<sup>(2)</sup> by 2025**

(1) Major markets include U.S., European Union, United Kingdom, Brazil, China, Japan, Australia, as well as Canada in some limited project settings.

(2) As defined during the company's 2020 Investor Day, innovation revenue includes all projects entering the market in 2021 through 2025, including both new products and lifecycle management.

# Financial Results

Q4 and Full Year 2021



**Elanco**

Fourth Quarter 2021

# Financial Performance Highlights

\$ millions, except per share values	2021	2020	Change (\$)	Change (%)
<b>Reported</b>				
Revenue	\$1,113	\$1,140	\$(27)	(2)%
Net Loss	\$(97)	\$(323)	\$226	70%
Earnings Per Share Diluted	\$(0.20)	\$(0.66)	\$0.46	70%
<b>Adjusted<sup>(1)</sup></b>				
Net Income	\$105	\$57	\$48	84%
Earnings Per Share Diluted	\$0.21	\$0.12	\$0.09	75%
EBITDA	\$212	\$176	\$36	20%
EBITDA Margin	19.0%	15.4%	NM	360 bps

Note: Numbers may not add due to rounding

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Fourth Quarter 2021

# Adjusted<sup>(1)</sup> Income Statement Highlights

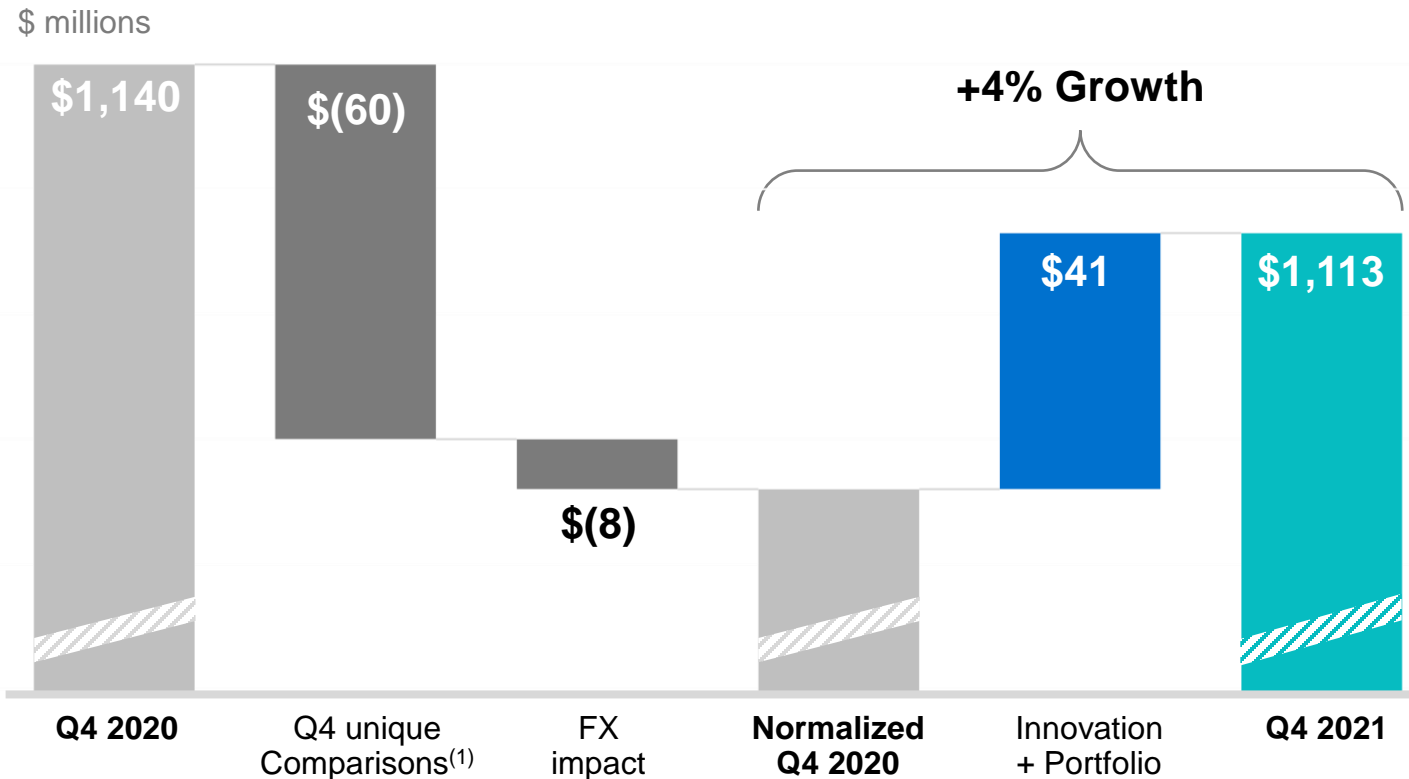
\$ millions, except per share values	2021	2020	Change (\$)	Change (%)
<b>Revenue</b>	<b>\$1,113</b>	<b>\$1,140</b>	<b>\$(27)</b>	<b>(2)%</b>
<b>Cost of Sales</b>	<b>\$512</b>	<b>\$539</b>	<b>\$(27)</b>	<b>(5)%</b>
<b>Adjusted Gross Profit</b>	<b>\$601</b>	<b>\$601</b>	<b>-</b>	<b>-</b>
Adjusted Gross Margin	54.0%	52.7%	NM	130 bps
<b>Operating Expense</b>	<b>\$421</b>	<b>\$487</b>	<b>\$(66)</b>	<b>(14)%</b>
<b>Interest Expense, Net</b>	<b>\$55</b>	<b>\$60</b>	<b>\$(5)</b>	<b>(8)%</b>
Effective Tax Rate	14.6%	16.5%	NM	(190) bps
<b>Adjusted Net Income</b>	<b>\$105</b>	<b>\$57</b>	<b>\$48</b>	<b>84%</b>
<b>Adjusted Earnings Per Share Diluted</b>	<b>\$0.21</b>	<b>\$0.12</b>	<b>\$0.09</b>	<b>75%</b>
<b>Adjusted EBITDA</b>	<b>\$212</b>	<b>\$176</b>	<b>\$36</b>	<b>20%</b>
Adjusted EBITDA Margin	19.0%	15.4%	NM	360 bps

Note: Numbers may not add due to rounding

(1) Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Fourth Quarter 2021

# Innovation and Portfolio Delivered Revenue Growth of ~4% at Constant Currency<sup>(1)</sup>



## Revenue Drivers

- + Innovation products
- + Portfolio growth driven by pet health, poultry and aqua, offset by pressure in China swine
- Shift to FX headwind in the quarter
- Previously disclosed items representing \$60 million, unfavorably impacting Q4 comparisons

(1) Revenue growth was unfavorably impacted by approximately \$60 million of previously disclosed items that benefited the fourth quarter of 2020, including a purchasing shift by a large U.S. pet health customer, a short-term competitor stock-out benefiting our U.S. cattle vaccines and implants business, the exit of certain products and reduced contract manufacturing from the sale of the Shawnee, KS manufacturing facility and discontinued production of human growth hormone for Eli Lilly and Company, our former parent company, at the end of 2020.

Full Year 2021

# Adjusted<sup>(1)</sup> Income Statement Highlights

\$ millions, except per share values

	2021	2020	Change (\$)	Change (%)
<b>Revenue</b>	<b>\$4,765</b>	<b>\$3,273</b>	<b>\$1,492</b>	<b>46%</b>
<b>Cost of Sales</b>	<b>\$2,070</b>	<b>\$1,571</b>	<b>\$499</b>	<b>32%</b>
<b>Adjusted Gross Profit</b>	<b>\$2,695</b>	<b>\$1,702</b>	<b>\$993</b>	<b>58%</b>
Adjusted Gross Margin	56.6%	52.0%	NM	460 bps
<b>Operating Expense</b>	<b>\$1,773</b>	<b>\$1,323</b>	<b>\$450</b>	<b>34%</b>
<b>Interest Expense, Net</b>	<b>\$236</b>	<b>\$147</b>	<b>\$89</b>	<b>61%</b>
Effective Tax Rate	22.9%	14.6%	NM	830 bps
<b>Adjusted Net Income</b>	<b>\$514</b>	<b>\$207</b>	<b>\$307</b>	<b>148%</b>
<b>Adjusted Earnings Per Share Diluted</b>	<b>\$1.05</b>	<b>\$0.47</b>	<b>\$0.58</b>	<b>123%</b>
<b>Adjusted EBITDA</b>	<b>\$1,057</b>	<b>\$529</b>	<b>\$528</b>	<b>100%</b>
Adjusted EBITDA Margin	22.2%	16.1%	NM	600 bps

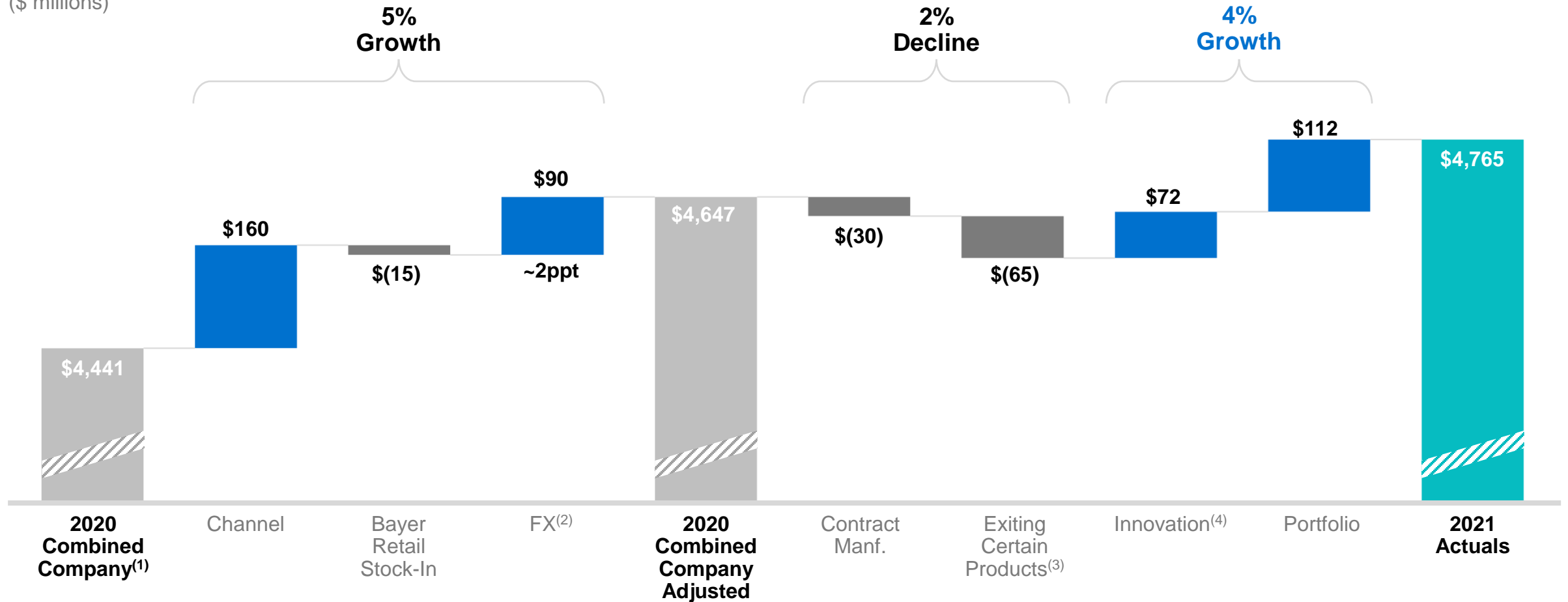
Note: Numbers may not add due to rounding

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

Full Year 2021

# Revenue Growth of 7%, includes 4% from Innovation & Portfolio at Constant Currency

(\$ millions)



Note: Numbers may not add due to rounding

(1) Refers to the 2020 pro forma combined company reference base, reference slide 24 for further details. (2) Refers to the estimated impact of foreign exchange rates for the combined company. (3) Refers to the impact from exiting certain low margin distribution agreements across both legacy Elanco and Bayer portfolios. (4) Innovation revenue includes projects entering the market in 2021 including both new products and lifecycle management.

# Key Balance Sheet and Cash Flow Metrics

## Debt Balances as of December 31, 2021

\$ millions



Note: Numbers may not add due to rounding

(1) Net debt is a non-GAAP measure calculated as gross debt less cash and cash equivalents on our balance sheet. Gross debt is the sum of current portion of long-term debt and long-term debt and excludes unamortized debt issuance costs (2) Net leverage ratio calculated as gross debt less cash and cash equivalents on our balance sheet divided by adjusted EBITDA. This calculation does not include Term Loan B covenant-related adjustments that reduce this leverage ratio.

## Operating Cash Flow of \$223 million in Q4

Full Year 2021 \$483 million

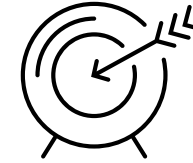
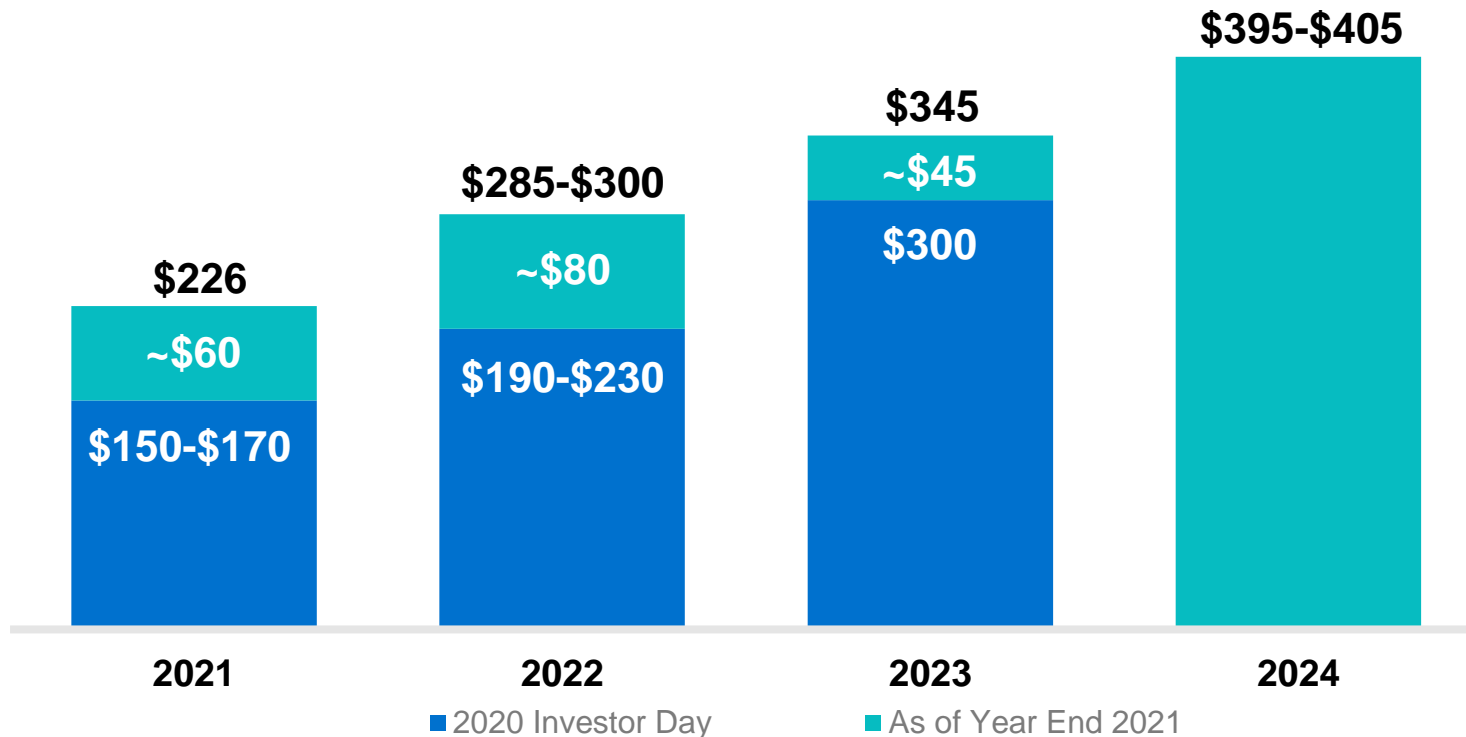
Achieved expected year-end net leverage ratio<sup>(2)</sup> of 5.5x

Days sales outstanding decreased to 73 days vs. 81 days at the end of Q3 2021, driven by improved execution on collections globally

# Value Capture Ahead of Schedule and Expected to Increase

## Adj. EBITDA Synergy Expectations<sup>(1)</sup>

Cumulative (\$ millions)



**2021 synergies exceeded initial expectations by ~\$60 million**

**2023 expected cumulative synergies of \$345 million** increased from \$300 million

**2024 synergy expectations of \$395-\$405 million** with \$50-\$60 million incremental expected from ERP system and business process integration

(1) In 2022, we expect the one-time cost to achieve synergies to be ~\$260 million, including an incremental \$100-\$120 million to deliver the incremental synergies of \$45 million from the November 30, 2021 restructuring actions and \$50-\$60 million from our ERP system and business process integration.

# Financial Guidance

Q1 and Full Year 2022



**Elanco**

2022 Full Year

# Financial Guidance

\$ millions, except per share values

	2022	Comments
Revenue	<b>\$4,745-\$4,800</b>	Reflects constant currency growth of 2% to 3%
Reported Net Income	\$4-\$27	
Adjusted EBITDA <sup>(1)</sup>	<b>\$1,140-\$1,180</b>	Reflects growth of 10% at the midpoint
Reported Diluted EPS	\$0.01-\$0.07	
Adjusted Diluted EPS <sup>(1)</sup>	<b>\$1.18-\$1.24</b>	Reflects growth of 15% at the midpoint



## Impact of FX

expected to be a 2% headwind on top-line, with dollar strength compared to 2021



## Balanced Outlook

with Innovation and Focus brands driving growth, amidst the continued challenges of a competitive backdrop

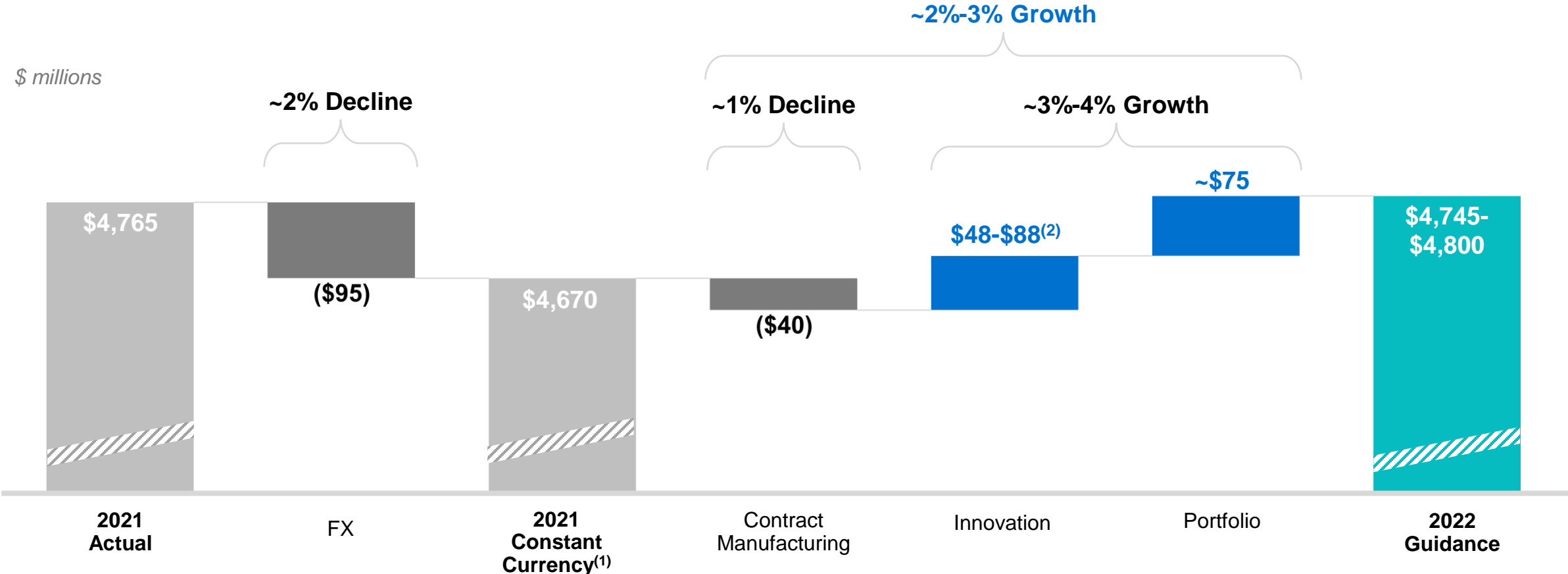


## Margin Expansion

expected with productivity and synergies offsetting inflation while continuing to strategically invest

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations. Slide 37 includes further assumptions associated with 2022 full year guidance.

# 2022 Revenue Growth of 2% to 3% at Constant Currency



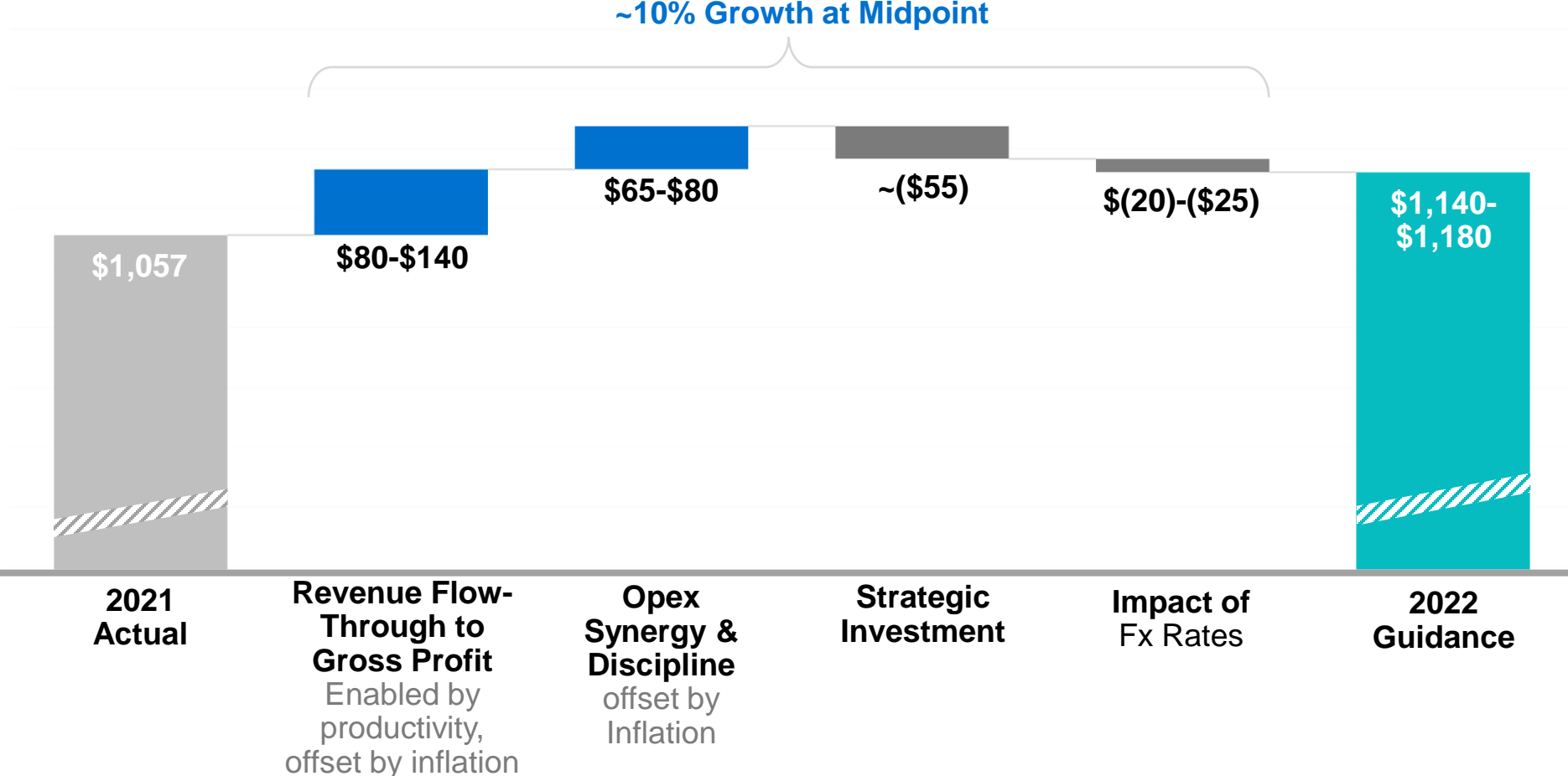
Note: Numbers may not add due to rounding

(1) Non-GAAP financial measure, representing revenue excluding the impact of foreign exchange rates.

(2) Represents expected year-over-year incremental innovation-related revenue. 2021 innovation-related revenue was \$72 million, with total contribution in 2022 expected to be between \$120 to \$160 million.

# 2022 Adjusted EBITDA Growth In-line With Long-Term Algorithm

Adj. EBITDA<sup>(1)</sup> Bridge  
(\$ millions)



Note: Numbers may not add due to rounding  
(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

# Financial Guidance

\$ millions, except per share values

<b>Total Revenue</b>	<b>\$1,200 – \$1,230</b>
Reported Net Income	\$7 – \$33
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$310 – \$340</b>
Reported Diluted EPS	\$0.01 – \$0.07
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	<b>\$0.33 – \$0.38</b>



## Impact of FX

expected to be a ~\$30M, or ~(2)ppt, headwind on top-line, with dollar strength compared to 2021



## Portfolio Growth

unfavorably impacted by reductions in contract manufacturing and pressure in China swine, together representing a ~(2)ppt headwind to growth



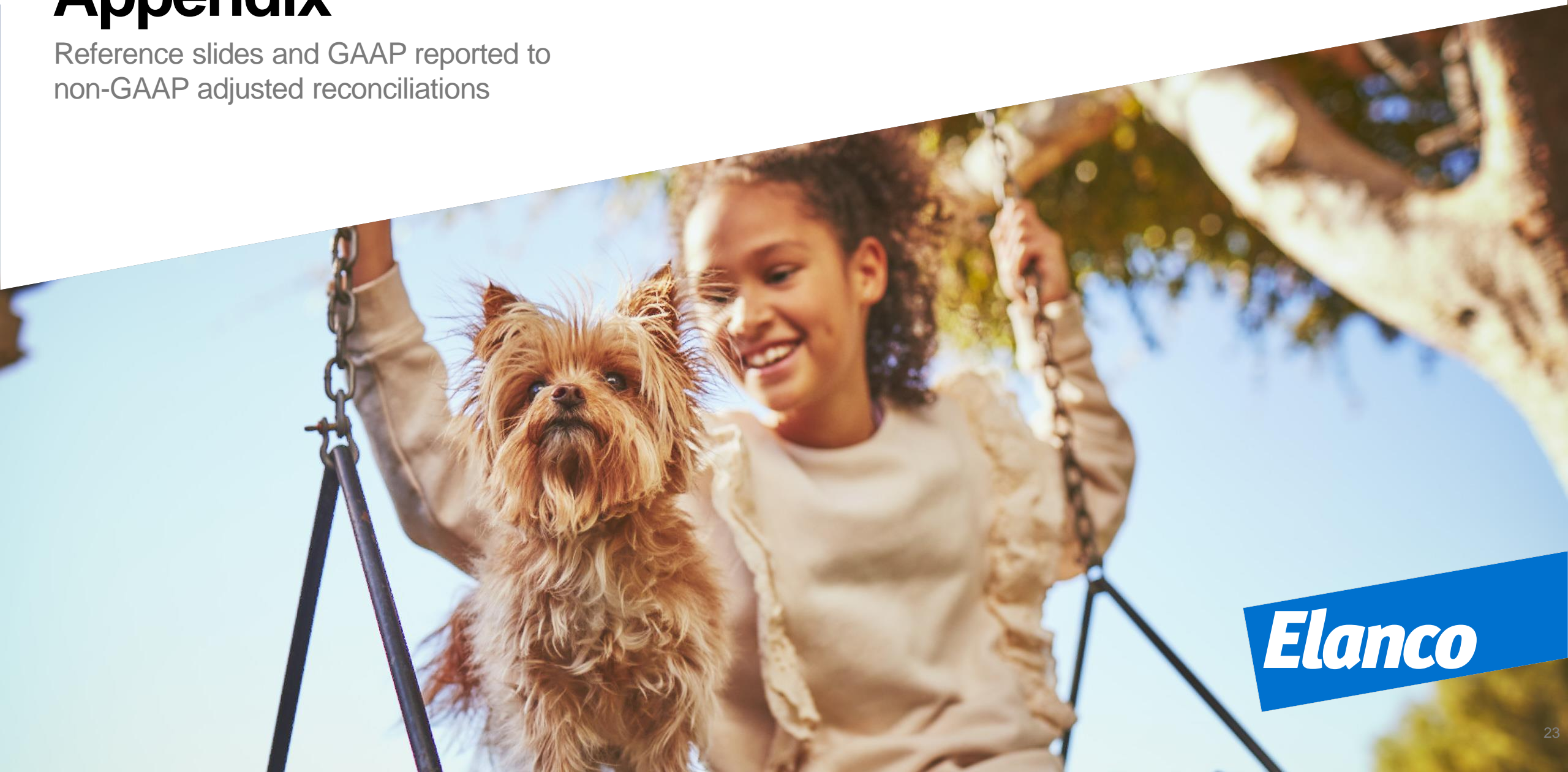
## Operating Expenses

improvement expected with synergy outweighing inflation while making strategic investments, despite \$30M shift out in Q1'21

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

# Appendix

Reference slides and GAAP reported to  
non-GAAP adjusted reconciliations



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## Combined Company Revenue

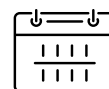
# 2020 Reference Base<sup>(1)</sup>

\$ millions

<b>Elanco Reported Revenue</b>	<b>\$3,273</b>
<b>Bayer Animal Health (Prior to Close)<sup>(2)</sup></b>	<b>\$1,249</b>
Less: Divestitures from Combined Company <sup>(3)</sup>	\$82
<b>Combined Company Revenue</b>	<b>\$4,441</b>



**Updated from  
Investor Day**  
with Q4  
reported revenue



**Assumes Bayer Animal  
Health transaction**  
closed January 1, 2020



**Assumes related divestitures**  
completed January 1, 2020  
and accounting  
reclassifications complete

(1) This reference base is materially correct based on the public filings of Bayer and Elanco; however, due to certain data limitations, including foreign exchange rates, these numbers may have some non-material differences to actuals. This reference base is a good faith summary to provide better financial context to investors about the performance of Elanco in 2021.

(2) Includes revenue from Bayer Animal Health for the first seven months of 2020, that has been adjusted for differences in accounting methodologies between IFRS and GAAP, and for foreign exchange rates

(3) Less revenue from products that were included in Elanco and Bayer reported revenue prior being divested, in most cases, as of August 1, 2020. Divestitures from legacy Elanco include: Osurnia, Capstar, StandGuard, Vecoxan, Itrafungol, and Clomicalm. Divestitures from legacy Bayer Animal Health include: Drontal (in certain markets), Profender, Avenge, Maggo, and Zapp Encore

Fourth Quarter 2021

## Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Volume	Total	CER Growth <sup>(1)</sup>
<b>Pet Health</b>	<b>\$494</b>	<b>4%</b>	<b>0%</b>	<b>(5)%</b>	<b>(1)%</b>	<b>0%</b>
<b>Farm Animal</b>	<b>\$604</b>	<b>(2)%</b>	<b>(1)%</b>	<b>1%</b>	<b>(1)%</b>	<b>0%</b>
Contract Manufacturing	\$15	-	-	(48)%	(48)%	(48)%
<b>Total Elanco</b>	<b>\$1,113</b>	<b>1%</b>	<b>(1)%</b>	<b>(3)%</b>	<b>(2)%</b>	<b>(2)%</b>

Note: Reported revenue in millions. Numbers may not add due to rounding.

(1) CER = Constant Exchange Rate, a non-GAAP measure, is defined as revenue growth excluding the impact of foreign exchange.

Fourth Quarter 2021

# Revenue by Geography and Species

\$ in millions	U.S.	U.S. Change	International	International Change	Global	Global Change
<b>Pet Health</b>	<b>\$300</b>	<b>(2)%</b>	<b>\$194</b>	<b>1%</b>	<b>\$494</b>	<b>(1)%</b>
Cattle	-	-	-	-	\$254	-
Poultry	-	-	-	-	\$199	-
Swine	-	-	-	-	\$118	-
Aqua	-	-	-	-	\$33	-
<b>Farm Animal</b>	<b>\$199</b>	<b>8%</b>	<b>\$405</b>	<b>(5)%</b>	<b>\$604</b>	<b>(1)%</b>
<b>Contract Manufacturing</b>	<b>\$4</b>	<b>(75)%</b>	<b>\$11</b>	<b>(15)%</b>	<b>\$15</b>	<b>(48)%</b>
<b>Total Elanco</b>	<b>\$503</b>	<b>(1)%</b>	<b>\$610</b>	<b>(4)%</b>	<b>\$1,113</b>	<b>(2)%</b>
% of Total Elanco	45%		55%			

Note: Numbers may not add due to rounding

Full Year 2021

# Financial Performance Highlights

\$ millions, except per share values	2021	2020	Change (\$)	Change (%)
<b>Reported</b>				
Revenue	\$4,765	\$3,273	\$1,492	46%
Net Loss	\$(472)	\$(560)	\$88	16%
Earnings Per Share Diluted	\$(0.97)	\$(1.27)	\$0.30	24%
<b>Adjusted<sup>(1)</sup></b>				
Net Income	\$514	\$207	\$307	148%
Earnings Per Share Diluted	\$1.05	\$0.47	\$0.58	123%
EBITDA	\$1,057	\$529	\$528	100%
EBITDA Margin	22.2%	16.1%	NM	600 bps

Note: Numbers may not add due to rounding

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Full Year 2021

## Revenue by Geography and Species











	U.S.	International	Global	Reported Growth	Pro forma Combined Company Growth
<b>Pet Health</b>	<b>\$1,373</b>	<b>\$979</b>	<b>\$2,351</b>	<b>73%</b>	<b>10%</b>
Cattle	-	-	\$1,008	—	—
Poultry	-	-	\$716	—	—
Swine	-	-	\$464	—	—
Aqua	-	-	\$144	—	—
<b>Farm Animal</b>	<b>\$718</b>	<b>\$1,613</b>	<b>\$2,332</b>	<b>27%</b>	<b>6%</b>
Contract Manufacturing	\$33	\$49	\$82	3%	(18)%
<b>Total Elanco</b>	<b>\$2,124</b>	<b>\$2,641</b>	<b>\$4,765</b>	<b>46%</b>	<b>7%</b>
% of Total Elanco	45%	55%	100%		

Note: Numbers may not add due to rounding

Full Year 2021

# Revenue Performance by Country

\$ millions

	Revenue	% of Total	Change <sup>(1)</sup>
 <b>United States</b>	\$2,091	44%	7%
 <b>China</b>	\$273	6%	35%
 <b>United Kingdom</b>	\$176	4%	21%
 <b>Brazil</b>	\$147	3%	(2)%
 <b>Italy</b>	\$129	3%	13%
 <b>France</b>	\$119	3%	10%
 <b>Japan</b>	\$119	2%	3%
 <b>Australia</b>	\$117	2%	(1)%
 <b>Spain</b>	\$113	2%	24%
 <b>Canada</b>	\$108	2%	3%
<b>Other Int'l</b>	\$1,291	27%	(4)%
<b>Contract Manufacturing</b>	\$82	2%	(18)%
<b>Total</b>	<b>\$4,765</b>	<b>100%</b>	<b>7%</b>

Note: Numbers may not add due to rounding

(1) Represents the year over year change in reported revenue. Refers to the 2020 pro forma combined company reference base, reference slide 24 for further details.

Full Year 2021

## Impact of Price, Rate, and Volume on Revenue

	Revenue	Price <sup>(1)</sup>	FX Rate <sup>(2)</sup>	Legacy Elanco Volume	Legacy Bayer Volume <sup>(3)</sup>	Total	CER Growth <sup>(4)</sup>
<b>Pet Health</b>	<b>\$2,351</b>	<b>4%</b>	<b>1%</b>	<b>8%</b>	<b>60%</b>	<b>73%</b>	<b>72%</b>
<b>Farm Animal</b>	<b>\$2,332</b>	<b>0%</b>	<b>1%</b>	<b>4%</b>	<b>22%</b>	<b>27%</b>	<b>26%</b>
Contract Manufacturing	\$82	—	—	(70)%	73%	3%	3%
<b>Total Elanco</b>	<b>\$4,765</b>	<b>2%</b>	<b>1%</b>	<b>4%</b>	<b>39%</b>	<b>46%</b>	<b>45%</b>

Note: Reported revenue in millions. Numbers may not add due to rounding. The comparison period in 2020 includes revenue from animal health products acquired from Bayer beginning on August 1, 2020, the acquisition date.

(1) Represents the impact of price on growth attributable to the legacy Elanco portfolio in the first 7 months of 2021 and for the total combined company in the last 5 months of 2021.

(2) Represents the impact of foreign exchange rate on growth attributable to the legacy Elanco portfolio in the first 7 months of 2021 and for the total combined company in the last 5 months of 2021.

(3) Represents the impact of total year-over-year change in revenue from the legacy Bayer portfolio in the first 7 months of 2021 and the impact of volume on growth attributable to the legacy Bayer portfolio in the last 5 months of 2021.

(4) CER = Constant Exchange Rate, a non-GAAP measure, is defined as revenue growth excluding the impact of foreign exchange.

Fourth Quarter 2021

## Adjusted EBITDA Reconciliation

\$ millions

	2021	2020
<b>Reported Net Loss</b>	<b>\$(97)</b>	<b>\$(323)</b>
Net Interest Expense	\$55	\$60
Income Tax Expense (Benefit)	\$(24)	\$5
Depreciation and Amortization	\$174	\$222
<b>EBITDA</b>	<b>\$108</b>	<b>\$(36)</b>
Non-GAAP Adjustments		
Cost of Sales	-	\$57
Asset Impairment, Restructuring, and Other Special Charges	\$110	\$167
Accelerated Depreciation <sup>(1)</sup>	\$(1)	\$(11)
Other Income, Net	\$(5)	\$(2)
<b>Adjusted EBITDA</b>	<b>\$212</b>	<b>\$176</b>
<b>Adjusted EBITDA Margin</b>	<b>19.0%</b>	<b>15.4%</b>

Note: Numbers may not add due to rounding

(1) Represents depreciation of certain assets that was accelerated during the periods presented. This amount must be added back to arrive at adjusted EBITDA because it is included in asset impairment, restructuring, and other special charges but it has already been excluded from EBITDA in the "depreciation and amortization" row above

Fourth Quarter 2021

## Reconciliation of GAAP Reported to Non-GAAP Adjusted Income Statement Items

\$ millions

	2021			2020		
	GAAP Reported	Adjusted Items	Non- GAAP	GAAP Reported	Adjusted Items	Non- GAAP
Cost of Sales <sup>(1)</sup>	\$512	–	\$512	\$596	\$57	\$539
Amortization of Intangible Assets	\$139	\$139	–	\$164	\$164	–
Asset Impairment, Restructuring and Other Special Charges <sup>(2)(3)</sup>	\$110	\$110	–	\$167	\$167	–
Other (Income) Expense, Net <sup>(4)(5)</sup>	\$(3)	\$(5)	\$2	\$(16)	\$(2)	\$(14)
<b>Income (Loss) Before Taxes</b>	<b>\$(121)</b>	<b>\$244</b>	<b>\$123</b>	<b>\$(318)</b>	<b>\$386</b>	<b>\$68</b>
Provision for Taxes <sup>(6)(7)</sup>	\$(24)	\$(42)	\$18	\$5	\$(6)	\$11
<b>Net Income (Loss)</b>	<b>\$(97)</b>	<b>\$202</b>	<b>\$105</b>	<b>\$(323)</b>	<b>\$380</b>	<b>\$57</b>
<b>Earnings (Loss) per Share Diluted</b>	<b>\$(0.20)</b>	<b>\$0.41</b>	<b>\$0.21</b>	<b>\$(0.66)</b>	<b>\$0.78</b>	<b>\$0.12</b>
Adjusted Weighted Average Shares Outstanding Diluted <sup>(8)</sup>	487.4	489.8	489.8	486.2	488.2	488.2

Note: Numbers may not add due to rounding  
See slide 33 for details of adjustments to certain GAAP reported measures

## Details of Adjustments to Certain GAAP Reported Measures

### For the three months ended December 31, 2021 and 2020:

- 1) 2020 excludes amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health (\$57 million).
- 2) 2021 excludes charges associated with integration efforts and external costs related to the acquisitions of Bayer Animal Health and KindredBio (\$21 million), severance (\$85 million), asset impairments (\$3 million), and asset write-downs (\$2 million), and the settlement of a legal matter (\$2 million), partially offset by curtailment gains recognized due to the remeasurement of pension benefit obligations resulting from workforce reductions associated with our recent restructuring programs (\$2 million).
- 3) 2020 excludes charges associated with integration efforts and external costs related to the acquisition of businesses, including the acquisition of the animal health business of Bayer, and charges primarily related to independent stand-up costs and other related activities (\$106 million), severance (\$24 million), asset impairments (\$14 million), facility exit costs and asset write-downs (\$12 million), a one-time expense associated with our agreement to build a new corporate headquarters (\$9 million), registration fees for Elanco common shares sold by Bayer AG during the quarter (\$1 million), and a payment for acquired IPR&D from a collaboration arrangement (\$1 million).
- 4) 2021 excludes the gain recorded on the sale of certain equine assets (\$4 million) and the impact of a decrease in the fair value of the Prevtex contingent consideration (\$1 million).
- 5) 2020 excludes the impact of a decrease in the fair value of the Prevtex contingent consideration (\$2 million).
- 6) 2021 represents the income tax expense associated with the adjusted items, partially offset by the impact of the valuation allowance recorded against our deferred tax assets during the period (\$40 million).
- 7) 2020 represents the income tax expense associated with the adjusted items, partially offset by the impact of the valuation allowance recorded against our U.S. deferred tax assets during the period (\$75 million).
- 8) During the three months ended December 31, 2021 and 2020, we reported a GAAP net loss and thus potential dilutive common shares were not assumed to have been issued since their effect is anti-dilutive. During the same period, we reported non-GAAP net income. As a result, potential dilutive common shares would not have an anti-dilutive effect, and diluted weighted average shares outstanding for purposes of calculating Adjusted EPS include 2.4 million and 2.0 million, respectively, of common stock equivalents.

Full Year 2021

## Adjusted EBITDA Reconciliation

\$ millions

	2021	2020
<b>Reported Net Loss</b>	<b>\$(472)</b>	<b>\$(560)</b>
Net Interest Expense	\$236	\$150
Income Tax Expense (Benefit)	\$(95)	\$(112)
Depreciation and Amortization	\$716	\$517
<b>EBITDA</b>	<b>\$385</b>	<b>\$(5)</b>
Non-GAAP Adjustments		
Cost of Sales	\$64	\$96
Asset Impairment, Restructuring, and Other Special Charges	\$628	\$623
Accelerated Depreciation <sup>(1)</sup>	\$(6)	\$(17)
Other Income, Net	\$(14)	\$(168)
<b>Adjusted EBITDA</b>	<b>\$1,057</b>	<b>\$529</b>
<b>Adjusted EBITDA Margin</b>	<b>22.2%</b>	<b>16.1%</b>

Note: Numbers may not add due to rounding

(1) Represents depreciation of certain assets that was accelerated during the periods presented. This amount must be added back to arrive at adjusted EBITDA because it is included in asset impairment, restructuring, and other special charges but it has already been excluded from EBITDA in the "depreciation and amortization" row above

Full Year 2021

## Reconciliation of GAAP Reported to Non-GAAP Adjusted Income Statement Items

\$ millions

	2021			2020		
	GAAP Reported	Adjusted Items	Non- GAAP	GAAP Reported	Adjusted Items	Non- GAAP
Cost of Sales <sup>(1) (2)</sup>	\$2,134	\$64	\$2,070	\$1,667	\$96	\$1,571
Amortization of Intangible Assets	\$556	\$556	–	\$360	\$360	–
Asset Impairment, Restructuring and Other Special Charges <sup>(3) (4)</sup>	\$628	\$628	–	\$623	\$623	–
Interest Expense, Net of Capitalized Interest <sup>(5)</sup>	\$236	–	\$236	\$150	\$3	\$147
Other (Income) Expense, Net <sup>(6)(7)</sup>	\$5	\$(14)	\$19	\$(178)	\$(168)	\$(10)
<b>Income (Loss) Before Taxes</b>	<b>\$(567)</b>	<b>\$1,234</b>	<b>\$667</b>	<b>\$(672)</b>	<b>\$914</b>	<b>\$242</b>
Provision for Taxes <sup>(8)(9)</sup>	\$(95)	\$(248)	\$153	\$(112)	\$(147)	\$35
<b>Net Income (Loss)</b>	<b>\$(472)</b>	<b>\$986</b>	<b>\$514</b>	<b>\$(560)</b>	<b>\$767</b>	<b>\$207</b>
<b>Earnings (Loss) per Share Diluted</b>	<b>\$(0.97)</b>	<b>\$2.02</b>	<b>\$1.05</b>	<b>\$(1.27)</b>	<b>\$1.74</b>	<b>\$0.47</b>
Adjusted Weighted Average Shares Outstanding Diluted <sup>(10)</sup>	487.2	488.9	488.9	441.4	442.6	442.6

Note: Numbers may not add due to rounding  
See slide 36 for details of adjustments to certain GAAP reported measures

## Details of Adjustments to Certain GAAP Reported Measures

### For the year ended December 31, 2021 and 2020:

- 1) 2021 excludes amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health (\$64 million).
- 2) 2020 excludes amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health (\$90 million), charges associated with the write-off of marketing inventory recorded from the acquisition of Bayer Animal Health (\$2 million), and a one-time payment to settle outstanding obligations to a contract manufacturing organization in connection with a divestiture (\$4 million).
- 3) 2021 excludes charges associated with integration efforts and external costs related to the acquisitions of Bayer Animal Health and KindredBio, and charges primarily related to independent stand-up costs and other related activities (\$162 million), a charge associated with the settlement of a liability for future royalty and milestone payments triggered in connection with our acquisition of KindredBio (\$26 million), costs associated with the sale of our manufacturing sites in Shawnee, Kansas and Speke, U.K. and other business development transactions (\$5 million), severance accruals net of reversals (\$110 million), asset impairments (\$66 million), asset write-downs (\$278 million), and the settlement of legal matters (\$10 million), partially offset by curtailment gains recognized due to the remeasurement of our pension benefit obligations resulting from workforce reductions associated with our recent restructuring programs (\$29 million).
- 4) 2020 excludes charges associated with integration efforts and external costs related to the acquisition of businesses, including the acquisition of the animal health business of Bayer, and charges primarily related to independent stand-up costs and other related activities (\$424 million), severance accruals net of reversals (\$155 million), asset impairments (\$17 million), facility exit costs and asset write-downs (\$17 million), a one-time payment associated with our agreement to build a new corporate headquarters (\$9 million), the settlement of a legal matter (\$3 million), registration fees for Elanco common shares sold by Bayer AG during the quarter (\$1 million), and a payment for acquired IPR&D from a collaboration arrangement (\$1 million), partially offset by adjustments to write-downs of assets held for sale (\$1 million) and the gain on the sale of our R&D facility in Prince Edward Island, Canada (\$4 million).
- 5) 2020 excludes the debt extinguishment losses recorded in connection with the repayments of our existing term loan facilities (\$3 million).
- 6) 2021 excludes up-front payments received and equity issued to us in relation to license and asset assignment agreements (\$9 million), the gain recorded on the sale of certain equine assets (\$4 million), and the impact of a decrease in the fair value of the Prevtex contingent consideration (\$1 million).
- 7) 2020 excludes the gains recorded in relation to the divestiture of several products as required as a result of the acquisition of the animal health business of Bayer (\$157 million), a hedging gain related to the closing of the acquisition of the animal health business of Bayer (\$6 million), the gain on our sale of land and buildings in New South Wales, Australia (\$45 million) and the impact of a decrease in the fair value of the Prevtex contingent consideration (\$4 million), partially offset by financing commitment and advisory fees associated with the Bayer Animal Health acquisition (\$36 million) and a loss recorded in relation to the divestiture of products (\$7 million).
- 8) 2021 represents the income tax expense associated with the adjusted items, partially offset by a net increase in the valuation allowance recorded against our deferred tax assets during the period (\$42 million).
- 9) 2020 represents the income tax expense associated with the adjusted items, partially offset by the impact of the valuation allowance recorded against our U.S. deferred tax assets during the period (\$75 million).
- 10) During the year ended December 31, 2021 and 2020, we reported a GAAP net loss and thus potential dilutive common shares were not assumed to have been issued since their effect is anti-dilutive. During the same period, we reported non-GAAP net income. As a result, potential dilutive common shares would not have an anti-dilutive effect, and diluted weighted average shares outstanding for purposes of calculating Adjusted EPS include 1.7 million and 1.2 million, respectively, of common stock equivalents.

2022 Full Year

# Financial Guidance & Additional Assumptions

\$ millions, except  
per share values

<b>Total Revenue</b>	<b>\$4,745 – \$4,800</b>
Adjusted Gross Margin <sup>(1)</sup>	57% – 58%
Operating Expenses	\$1,710 – \$1,740
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$1,140 – \$1,180</b>
<b>Adjusted EBITDA Margin<sup>(1)</sup></b>	<b>24.0% – 24.6%</b>
Depreciation	Approx. \$145
Interest Expense, Net of Capitalized Interest	Approx. \$220
Tax Rate	23% – 24%
<b>GAAP Earnings per Share</b>	<b>\$0.01 – \$0.07</b>
<b>Adjusted Earnings per Share<sup>(1)</sup></b>	<b>\$1.18 – \$1.24</b>
Weighted Average Diluted Share Count	Approx. 500 million
Capital Expenditures	\$145 – \$150
Net Cash Impact from Bayer Integration and Restructuring	Approx. \$260

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Full Year 2022

## EPS Guidance Reconciliation

<b>Reported Earnings per Share</b>	<b>\$0.01 – \$0.07</b>
Amortization of Intangible Assets	\$1.11
Asset Impairment, Restructuring, and Other Special Charges <sup>(1)</sup>	\$0.39 – \$0.43
<b>Subtotal</b>	<b>\$1.50 – \$1.54</b>
Tax Impact of Adjustments	\$(0.33) – \$(0.37)
<b>Total Adjustments to Earnings per Share</b>	<b>\$1.17</b>
<b>Adjusted Earnings per Share<sup>(2)</sup></b>	<b>\$1.18 – \$1.24</b>

Note: Numbers may not add due to rounding

(1) Asset impairment, restructuring, and other special charges adjustments primarily relate to integration efforts of acquired businesses, including the animal health business of Bayer, and other related activities.

(2) Adjusted EPS is calculated as the sum of reported EPS and total adjustments to EPS

Full Year 2022

## EBITDA Guidance Reconciliation

\$ millions

<b>Reported Net Income</b>	<b>\$4 – \$27</b>
Net Interest Expense	Approx. \$220
Income Tax Provision	\$4 – \$26
Depreciation	Approx. \$145
Intangible Amortization	Approx. \$560
Accelerated Depreciation	Approx. \$30
<b>EBITDA</b>	<b>\$953 – \$1,012</b>
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$205
Accelerated Depreciation and Other Special Charges	Approx. \$(30)
<b>Adjusted EBITDA</b>	<b>\$1,140 – \$1,180</b>
<b>Adjusted EBITDA Margin</b>	<b>24.0% – 24.6%</b>

Note: Numbers may not add due to rounding

First Quarter 2022

## EPS Guidance Reconciliation

<b>Reported Earnings per Share</b>	<b>\$0.01 – \$0.07</b>
Amortization of Intangible Assets	\$0.28
Asset Impairment, Restructuring, and Other Special Charges <sup>(1)</sup>	\$0.09 – \$0.12
<b>Subtotal</b>	<b>\$0.36 – \$0.40</b>
Tax Impact of Adjustments	\$(0.05) – \$(0.09)
<b>Total Adjustments to Earnings (Loss) per Share</b>	<b>\$0.31 – \$0.32</b>
<b>Adjusted Earnings per Share<sup>(2)</sup></b>	<b>\$0.33 – \$0.38</b>

Note: Numbers may not add due to rounding

(1) Asset impairment, restructuring, and other special charges adjustments primarily relate to integration efforts of acquired businesses, including the animal health business of Bayer, and other related activities.

(2) Adjusted EPS is calculated as the sum of reported EPS and total adjustments to EPS

First Quarter 2022

## EBITDA Guidance Reconciliation

\$ millions

<b>Reported Net Income</b>	<b>\$7 – \$33</b>
Net Interest Expense	Approx. \$55
Income Tax Provision	\$7 – \$32
Depreciation	Approx. \$36
Intangible Amortization	Approx. \$140
Accelerated Depreciation	Approx. \$7
<b>EBITDA</b>	<b>\$255 – \$305</b>
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$55
Accelerated Depreciation and Other Special Charges	Approx. \$(7)
<b>Adjusted EBITDA</b>	<b>\$310 – \$340</b>
<b>Adjusted EBITDA Margin</b>	<b>26.0% – 27.7%</b>

Note: Numbers may not add due to rounding