

2024 Earnings – Fourth Quarter

February 25, 2025

Elanco

Notices and Disclaimers

Forward-Looking Statements. This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements concerning product launches and revenue from such products, our 2025 full year and first quarter guidance, long-term expectations, our expectations regarding debt levels, and expectations regarding our industry and our operations, performance and financial condition, and including, in particular, statements relating to our business, growth strategies, distribution strategies, product development efforts and future expenses. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important risk factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions, including but not limited to the following: operating in a highly competitive industry; the success of our research and development (R&D) and licensing efforts; the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein; competition from generic products that may be viewed as more cost-effective; changes in regulatory restrictions on the use of antibiotics in farm animals; an outbreak of infectious disease carried by farm animals; risks related to the evaluation of animals; consolidation of our customers and distributors; the impact of increased or decreased sales into our distribution channels resulting in fluctuations in our revenues; our dependence on the success of our top products; our ability to complete acquisitions and divestitures and to successfully integrate the businesses we acquire; our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements; manufacturing problems and capacity imbalances, including at our contract manufacturers; fluctuations in inventory levels in our distribution channels; risks related to the use of artificial intelligence (AI) in our business; our dependence on sophisticated information technology systems and infrastructure, including the use of third-party, cloud-based technologies, and the impact of outages or breaches of the information technology systems and infrastructure we rely on; the impact of weather conditions, including those related to climate change, and the availability of natural resources; demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern; the loss of key personnel or highly skilled employees; adverse effects of labor disputes, strikes and/or work stoppages; the effect of our substantial indebtedness on our business, including restrictions in our debt agreements that limit our operating flexibility and changes in our credit ratings that lead to higher borrowing expenses and may restrict access to credit; changes in interest rates that may adversely affect our earnings and cash flows; risks related to the write-down of goodwill or identifiable intangible assets; the lack of availability or significant increases in the cost of raw materials; risks related to our presence in foreign markets; risks related to currency rate fluctuations; risks related to underfunded pension plan liabilities; our current plan not to pay dividends and restrictions on our ability to pay dividends; the potential impact that actions by activist shareholders could have on the pursuit of our business strategies; risks related to tax expense or exposure; actions by regulatory bodies, including as a result of their interpretation of studies on product safety; the possible slowing or cessation of acceptance and/or adoption of our farm animal sustainability initiatives; the impact of increased regulation or decreased governmental financial support related to the raising, processing or consumption of farm animals; risks related to the modification of foreign trade policy; the impact of litigation, regulatory investigations, and other legal matters, including the risk to our reputation and the risk that our insurance policies may be insufficient to protect us from the impact of such matters; challenges to our intellectual property rights or our alleged violation of rights of others; misuse, off-label or counterfeiting use of our products; unanticipated safety, quality or efficacy concerns and the impact of identified concerns associated with our products; insufficient insurance coverage against hazards and claims; compliance with privacy laws and security of information; and risks related to environmental, health and safety laws and regulations. For additional information about the factors that could cause actual results to differ materially from forward-looking statements, please see the company's latest Form 10-K and Form 10-Qs filed with the Securities and Exchange Commission. We undertake no duty to update forward-looking statements.

Non-GAAP Financial Measures. This presentation contains non-GAAP financial measures, such as revenue excluding the impact of the aqua business and/or the impact of foreign exchange rate effects, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income (loss), adjusted EPS, adjusted gross profit, adjusted gross margin, net debt 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. These non-GAAP measures are not, and should not be viewed as, substitutes for U.S. GAAP reported measures.

Notes. On July 9, 2024, the company completed the divestiture of its aqua business. Revenue growth excluding the impact of prior year aqua revenue is referred to in this presentation as organic revenue growth.

On Today's Call

Jeff Simmons

Elanco Animal Health
*President and
Chief Executive Officer*



Todd Young

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



Accelerating Growth Through Delivering Our Diverse Portfolio of Innovation

2024 Full Year Results

- Revenue **\$4,439M**
- Adj EBITDA¹ **\$910M**
- Adj EPS¹ **\$0.91**
- Operating Cash **\$541M**

¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations. ²Constant currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates. Organic excludes the aqua business, which was divested July 9, 2024.



Solid Q4 Performance

Revenue, adj. EBITDA, adj. EPS, and net leverage all in line with guidance despite emerging FX headwinds; **4% organic CC² revenue growth**



Diverse Portfolio, Stabilizing Base

6th consecutive quarter of underlying growth, with all four quadrants positive or stable; **9 of top 10 countries** and **top 5 product franchises** achieved organic CC revenue growth in 2024



Innovation Tracking Above Expectations

2024 innovation revenue contribution of \$461M vs. \$420-\$450M target; **raising 2025 target to \$640-\$720M** driven by our six potential blockbusters



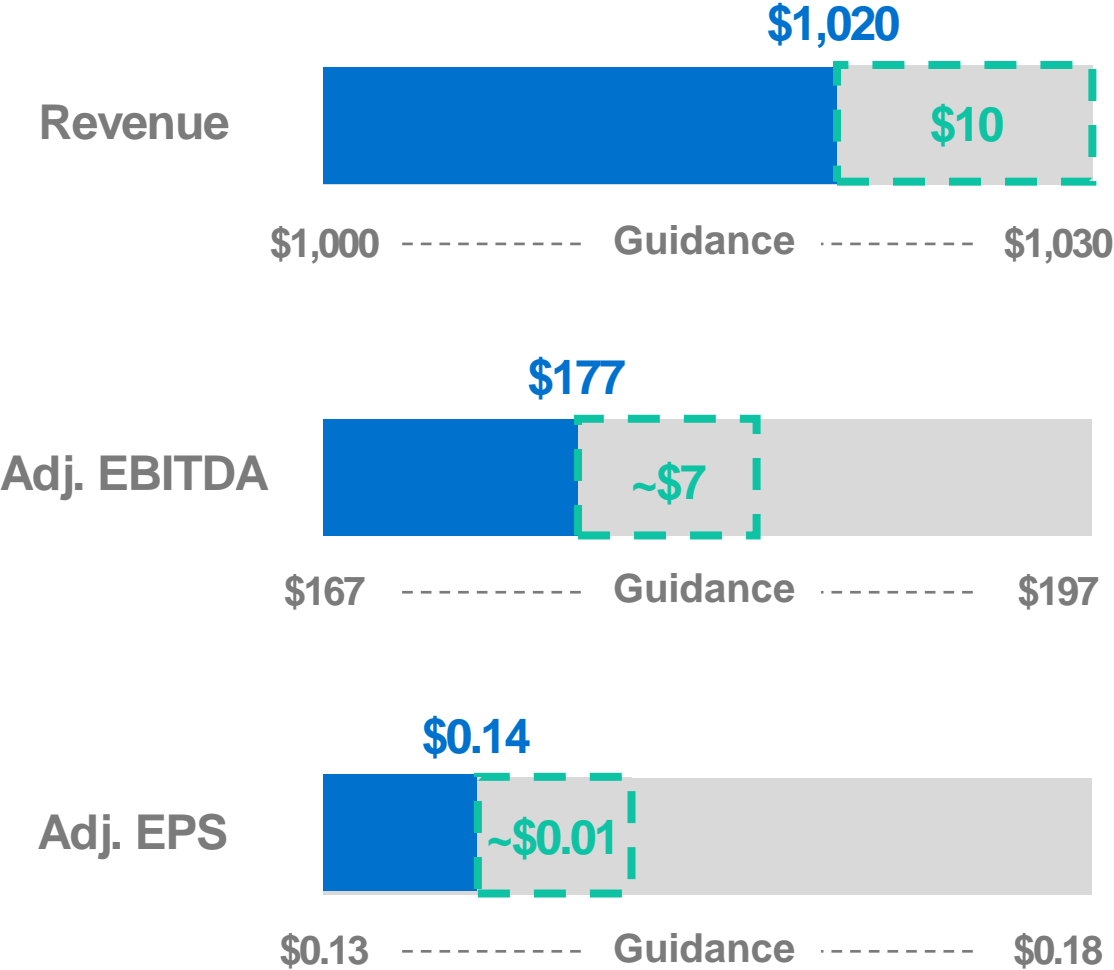
Unchanged 2025 Organic CC Expectations

2025 guidance vs. November outlook **fully driven by FX headwinds**; continue to expect **acceleration in organic CC revenue growth to 4%-6%**; **adjusted EBITDA expected to grow 1%-5%** excl. estimated impacts of FX and aqua

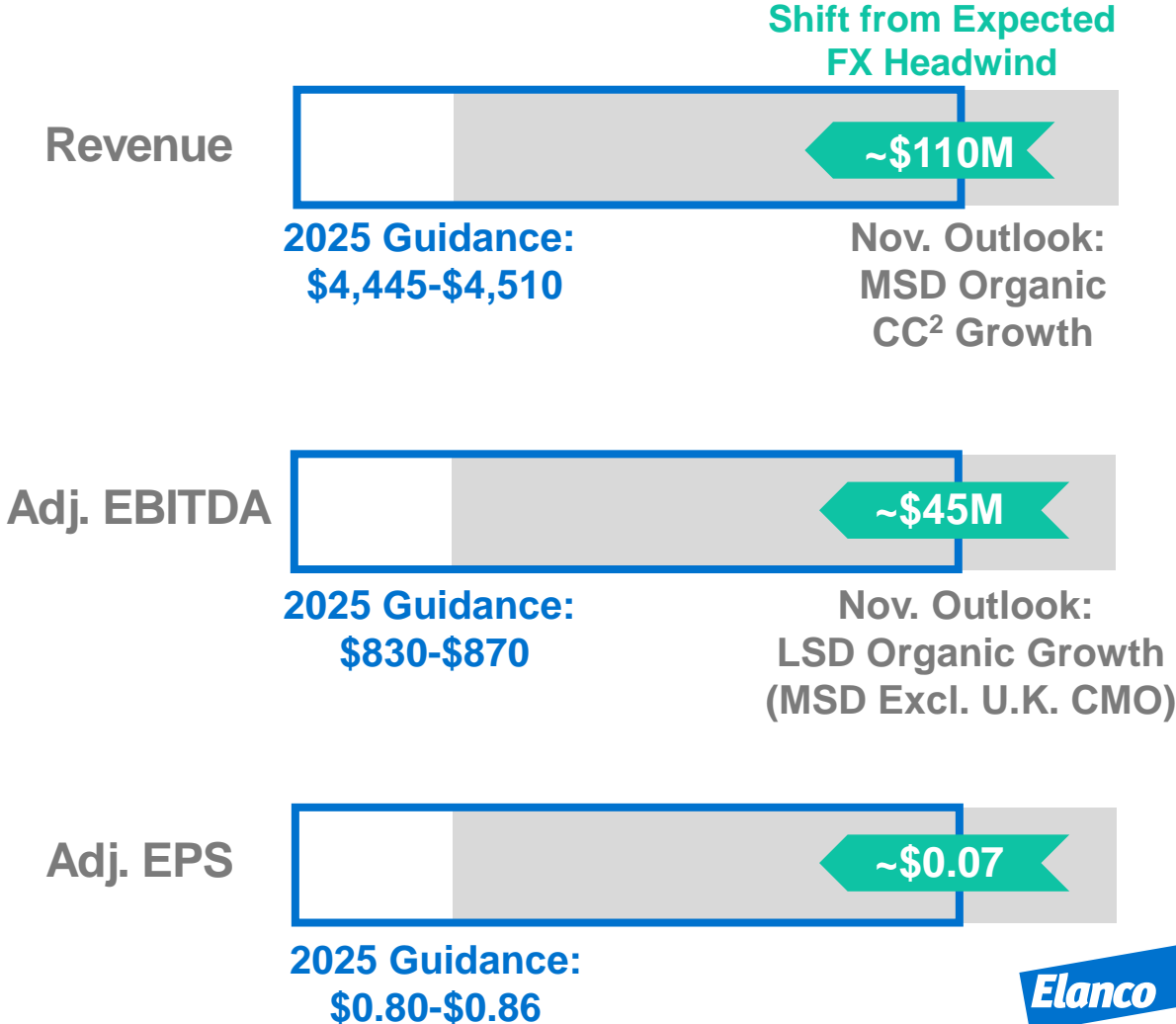
2025 Guidance vs. November Outlook Fully Driven by FX Headwinds

Q4 Results and FX Impact vs. November Call

\$ millions, except per share values



2025 Guidance and FX Impact vs. November Outlook¹



LSD is low-single digit (1%-3%), MSD is mid-single digit (4%-6%).

¹Estimated FX impact since November outlook and expected FX impact year over year are approximately equal.

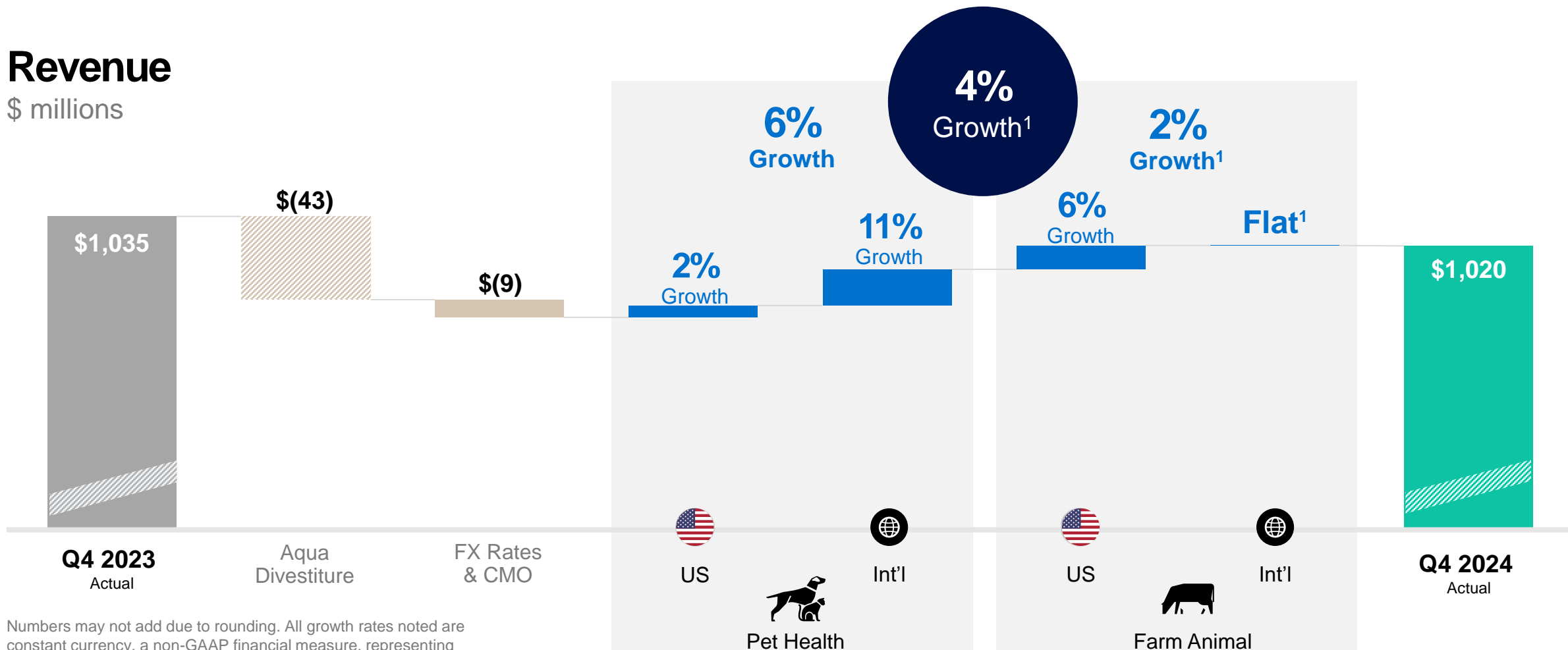
²Organic CC = Excludes revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Q4 2023 to Q4 2024 Revenue Bridge

4% Organic Constant Currency Revenue Growth

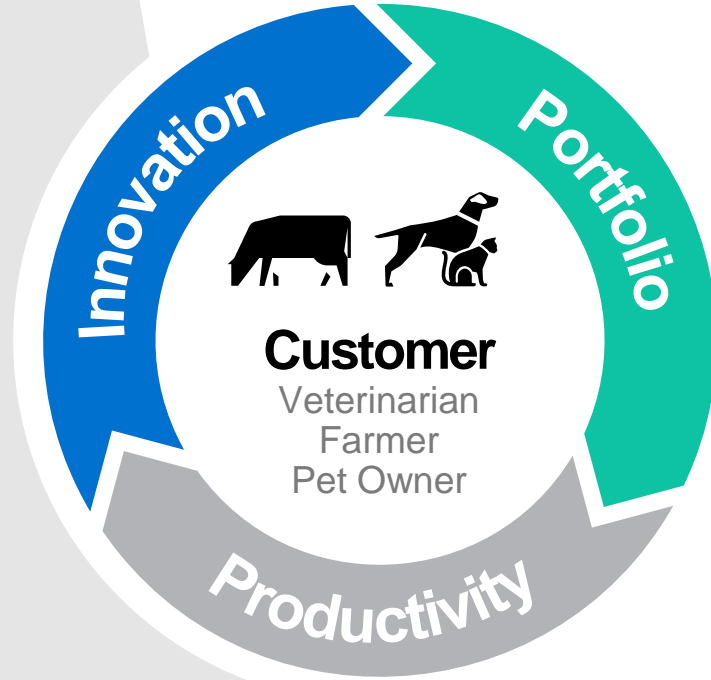
Revenue

\$ millions



Numbers may not add due to rounding. All growth rates noted are constant currency, a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.
¹Represents organic growth which excludes the estimated impact of the aqua business, which was divested July 9, 2024.

IPP
 Innovation,
 Portfolio,
 Productivity
 Recent Highlights



Deliver Consistent, High-Impact Innovation

5 New Products
 Received 2024 U.S. approval and market authorization

Exporior
 Achieved blockbuster status in the U.S. alone

Credelio Quattro
 Launched and shipped product in January 2025

Optimize Our Diverse Portfolio to Grow Share

Pet Portfolio
 1 of 2 AH companies in all 4 key PH markets – para, dermat, pain, vaccines

U.S. Farm Animal Leadership
 #1 in beef, swine, and poultry¹

Broad-Based Growth
 9 of top 10 countries and top 5 product franchises grew in 2024 (organic cc²)

Continuously Improve Productivity & Cash Flow

Debt Paydown
 Net leverage ratio of 4.3x vs. 5.6x at 2023 year-end

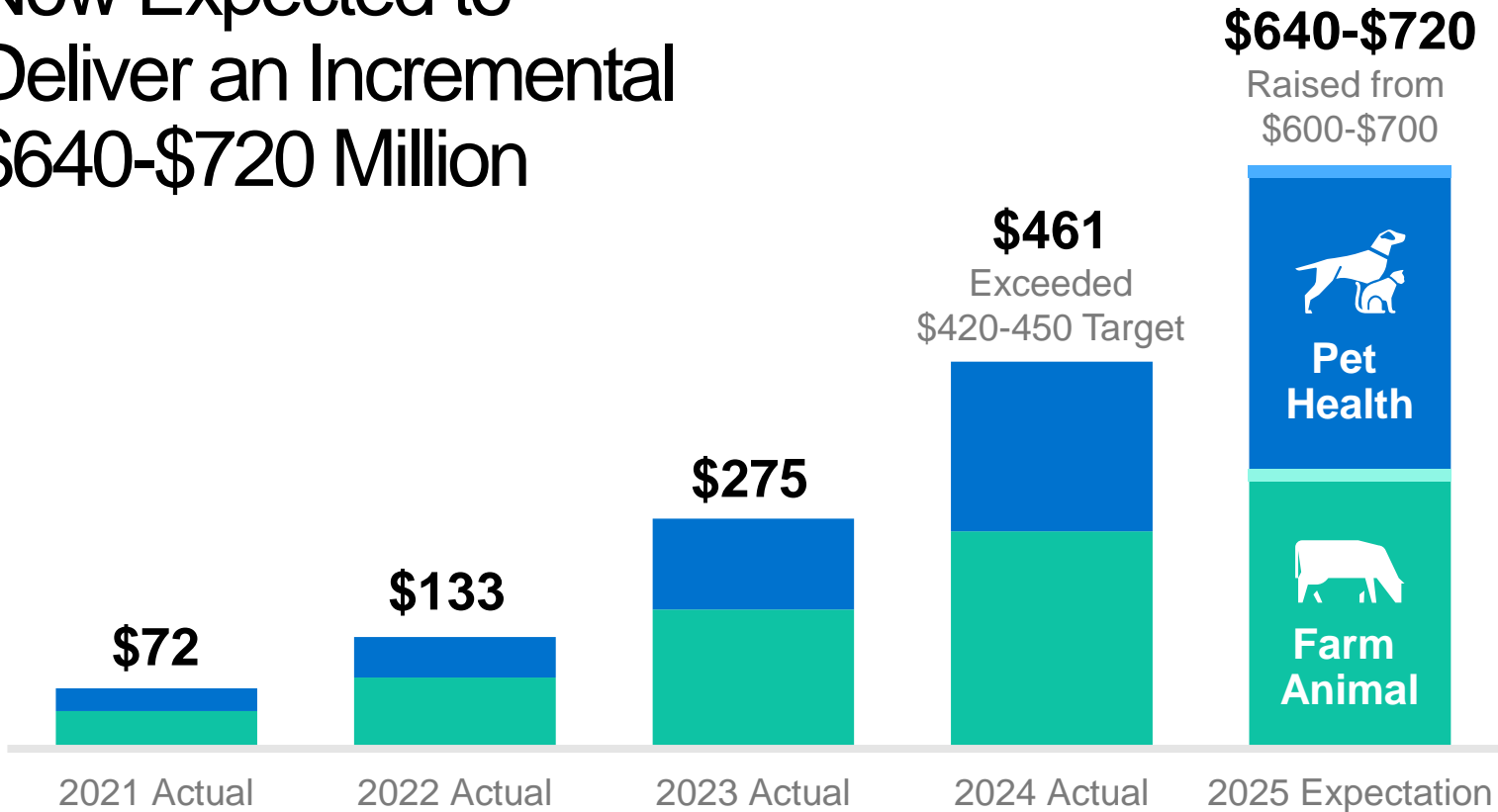
Working Capital
 Full-year operating cash improvement of \$270M to \$541M

UK Site Acquisition
 Completed transaction to secure farm animal supply

Consistent Progress Across Our Strategic Priorities

¹Per Q3 CEESA International Sales Survey (CISS). Updated quarterly survey occurs after animal health companies report earnings.
²Organic CC = Excludes revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

2025 Innovation Sales Target Raised: Now Expected to Deliver an Incremental \$640-\$720 Million



Big 6 Innovation early in launch curve with this portfolio exceeding the corporate gross margin average

Note: Expected innovation revenue of \$640-\$720 million is incremental in reference to 2020 sales and does not include the expected impact of cannibalization on the base portfolio.

Updates on Select Major Innovation Products

Zenrelia™



- Achieved use in over 8,000 U.S. clinics, representing penetration of nearly 30%
- Momentum driving acceleration of DTC marketing
- Product launched in Brazil, Japan, Canada; EU, UK, Australia approvals expected in 2025

Credelio Quattro™



- January U.S. launch, ahead of the major parasiticide season
- Approval submissions initiated in Japan and Australia
- DTC investment timed with season

AdTab™

Chewable Tablets



- Accelerated launch trajectory through DTC investment
- Now projecting blockbuster status at peak sales
- European product; UK approval expected in 2025

Canine Parvovirus Monoclonal Antibody



- Strategic interventions underway to accelerate penetration across all channels
- Canada conditional approval received in January

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Experior™



- First farm animal industry blockbuster in over a decade
- Recent FDA approved combination clearance for heifers expected to continue market expansion opportunity

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Bovaer®



- 1M+ cows now activated in UpLook™
- Nine CPGs have contracts with Athian to purchase carbon credits in 2025

Financial Results

Fourth Quarter 2024

ElancoTM



Fourth Quarter 2024

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Organic ¹ Volume	Aqua Volume	Total	Organic CC ² Change
Pet Health	\$439	3%	0%	3%	0%	6%	6%
Cattle	\$253		(2)%			2%	3%
Poultry	\$213		(1)%			(3)%	(2)%
Swine	\$104		(1)%			6%	7%
Aqua	\$0					(100)%	
Farm Animal	\$570	3%	(2)%	(1)%	(7)%	(7)%	2%
Contract Mfg. / Other	\$11					22%	
Total Elanco	\$1,020	3%	(1)%	1%	(4)%	(1)%	4%

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

¹Organic excludes the aqua business, which was divested July 9, 2024.

²Constant currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.

Fourth Quarter 2024

Revenue by Geography and Species

	2024	2023	Change (%)	Organic CC ¹ Change (%)
US Pet Health	\$253	\$247	2%	2%
Int'l Pet Health	\$186	\$169	10%	11%
Total Pet Health	\$439	\$416	6%	6%
US Farm Animal	\$223	\$211	6%	6%
Int'l Farm Animal ¹	\$347	\$399	(13)%	0%
Total Farm Animal¹	\$570	\$610	(7)%	2%
Contract Mfg. / Other	\$11	\$9	22%	
Total Elanco¹	\$1,020	\$1,035	(1)%	4%

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

¹Organic CC Change = Representing revenue change excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Fourth Quarter 2024

Adjusted¹ Income Statement Highlights

Including Impact from Aqua Divestiture

\$ millions, except per share values	2024	2023	Change (\$) ²	Change (%) ²
Revenue	\$1,020	\$1,035	\$(15)	(1)%
Cost of Sales	\$501	\$516	\$(15)	(3)%
Adjusted Gross Profit	\$519	\$519	\$0	0%
Adjusted Gross Margin	50.9%	50.1%	NM	80 bps
Operating Expense	\$381	\$371	\$10	3%
Interest Expense, Net	\$46	\$67	\$(21)	(31)%
Other Expense	\$(5)	\$16	\$(21)	(131)%
Effective Tax Rate	26.2%	39.7%	NM	NM
Adjusted Net Income	\$72	\$39	\$33	85%
Adjusted Earnings Per Share Diluted	\$0.14	\$0.08	\$0.06	75%
Adjusted EBITDA	\$177	\$165	\$12	7%
Adjusted EBITDA Margin	17.4%	15.9%	NM	150 bps

Note: Numbers may not add due to rounding.

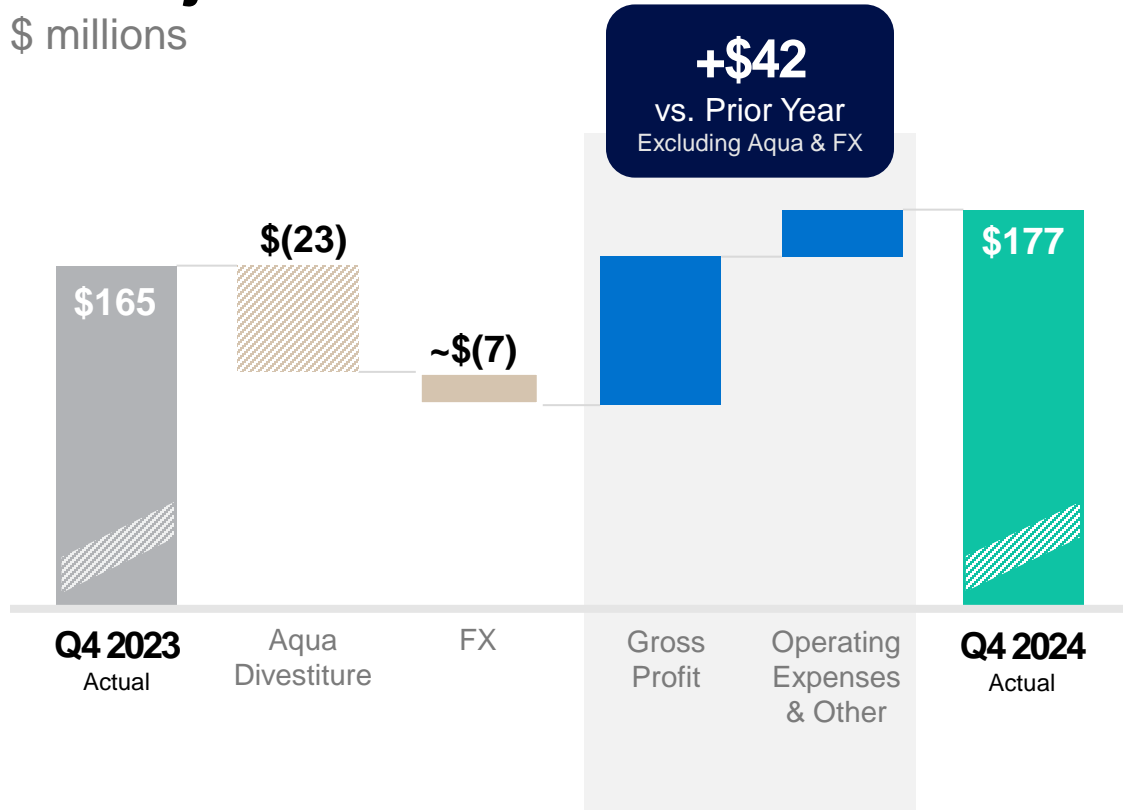
¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.²Comparisons have not been adjusted for the unfavorable impact of the aqua divestiture which was completed on July 9, 2024.

Fourth Quarter 2024

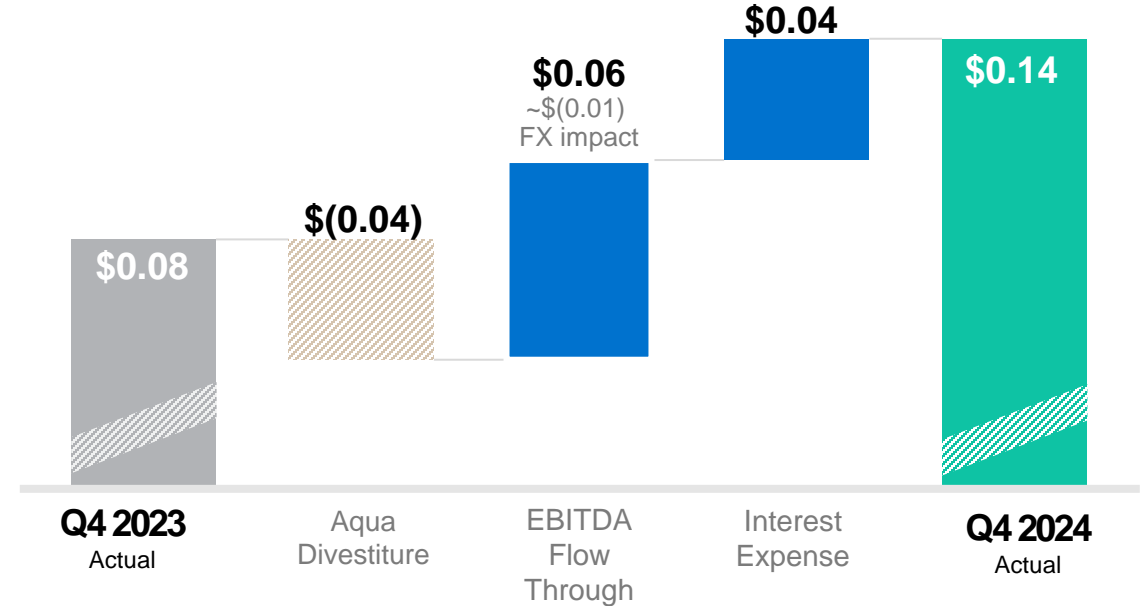
Adjusted EBITDA and Adjusted EPS Drivers

Q4 Adjusted EBITDA

\$ millions



Q4 Adjusted EPS



Note: Numbers may not add due to rounding and ranges.

Full Year 2024

Adjusted¹ Income Statement Highlights

Including Impact from Aqua Divestiture

\$ millions, except per share values	2024	2023	Change (\$) ²	Change (%) ²
Revenue	\$4,439	\$4,417	\$22	0%
Cost of Sales	\$2,003	\$1,929	\$74	4%
Adjusted Gross Profit	\$2,436	\$2,488	\$(52)	(2)%
Adjusted Gross Margin	54.9%	56.3%	NM	(140) bps
Operating Expense	\$1,658	\$1,612	\$46	3%
Interest Expense, Net	\$223	\$277	\$(54)	(19)%
Other Expense	\$3	\$33	\$(30)	(91)%
Effective Tax Rate	18.1%	22.3%	NM	NM
Adjusted Net Income	\$452	\$439	\$13	3%
Adjusted Earnings Per Share Diluted	\$0.91	\$0.89	\$0.02	2%
Adjusted EBITDA	\$910	\$979	\$(69)	(7)%
Adjusted EBITDA Margin	20.5%	22.2%	NM	(170) bps

Note: Numbers may not add due to rounding.

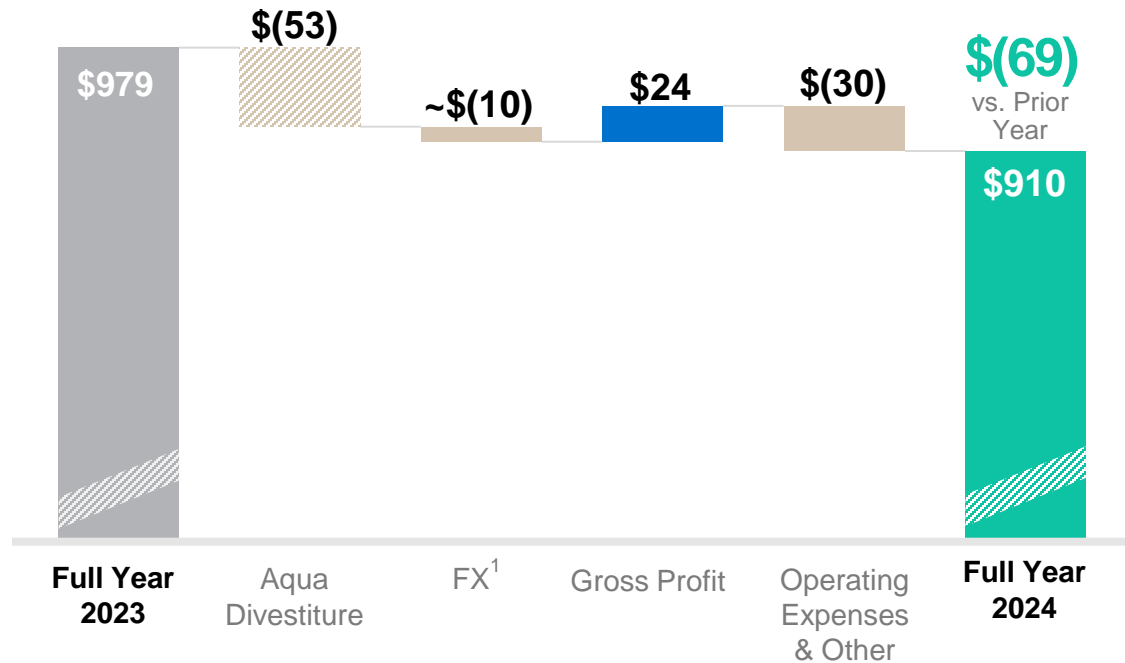
¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.²Comparisons have not been adjusted for the unfavorable impact of the aqua divestiture which was completed on July 9, 2024.

2023 to 2024 Full Year Bridge

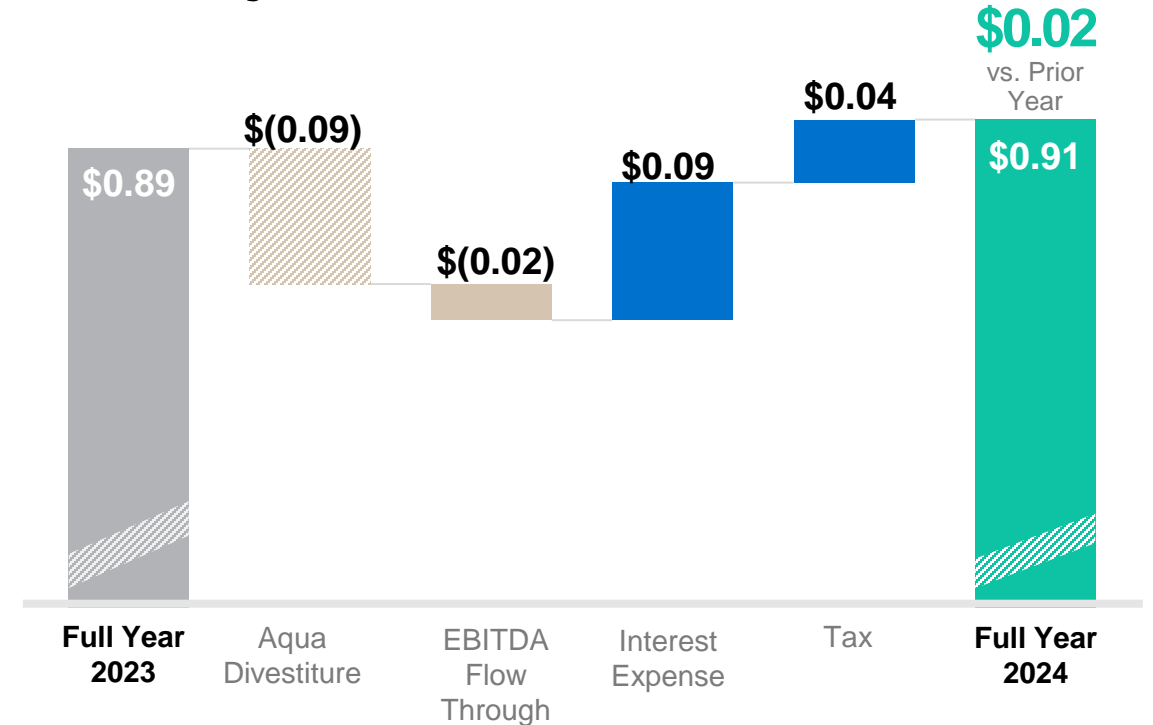
Adjusted EBITDA and Adjusted EPS Drivers

2024 Adjusted EBITDA

\$ millions



2024 Adjusted EPS

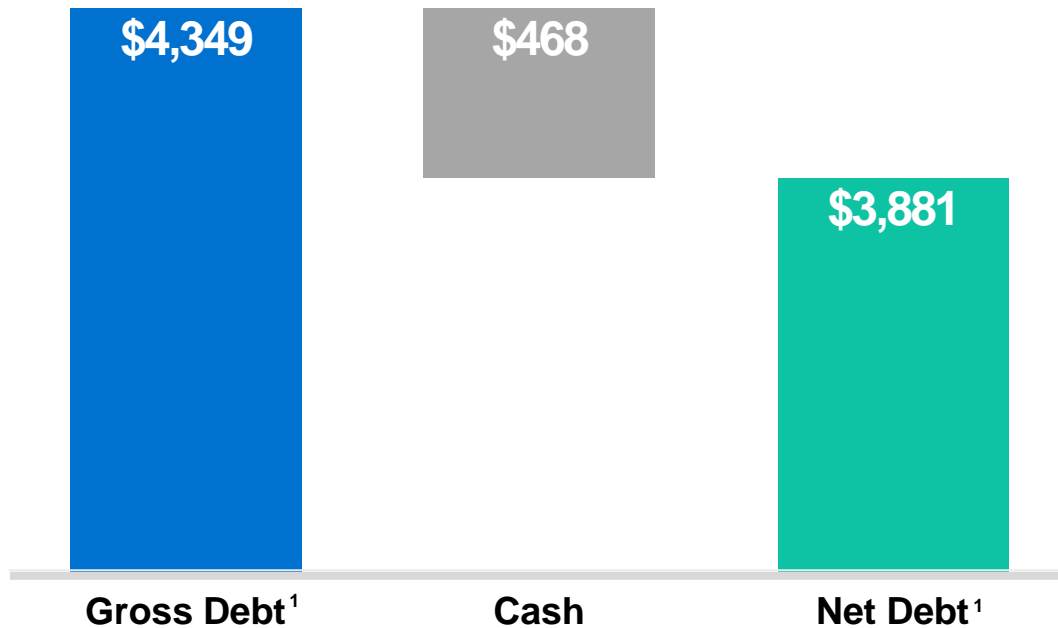


Note: Numbers may not add due to rounding. ¹FX impact is estimated.

Key Balance Sheet and Cash Flow Metrics

Debt Balances as of December 31, 2024

\$ millions



\$38M of Debt Paydown in Q4 2024

Adjusted net leverage ratio² decreased to 4.3x from 5.6x at the end of 2023

Full Year Gross Debt Reduction of \$1.48B

Exceeded 2024 deleveraging goal of mid-4x adjusted net leverage ratio

FY Operating Cash Flow of \$541M

\$270M improvement driven by disciplined working capital management and lower project expenses

Days Sales Outstanding (DSO)³ at 75 Days

An improvement of 4 days compared to Q4 2023

Note: Numbers may not add due to rounding.

¹Net 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. ²Net leverage ratio calculated as gross debt less cash and cash equivalents on our balance sheet divided by adjusted EBITDA. ³DSO calculated as the trailing 12-month average.

Financial Guidance

First Quarter and Full Year 2025

Elanco

TM



2025 Full Year

Financial Guidance

\$ millions, except per share values

	February	Comments
Revenue	\$4,445 - \$4,510	Expect price growth of 2%
Reported Net (Loss) Income	\$(25) - \$7	
Adjusted EBITDA ¹	\$830 - \$870	Includes operating expenses up 6% CC
Reported Diluted EPS	\$(0.05) - \$0.01	
Adjusted Diluted EPS ¹	\$0.80 - \$0.86	Expect improved interest expense



FX Headwinds

Expected impact vs. prior year and November outlook of ~\$110M to revenue, ~\$45M to adj. EBITDA, and ~\$0.07 to adj. EPS



Adjusted EBITDA Cadence

H1 weighting less than prior years, reflecting strategic investments in launches and innovation revenue ramp



Net Leverage Ratio

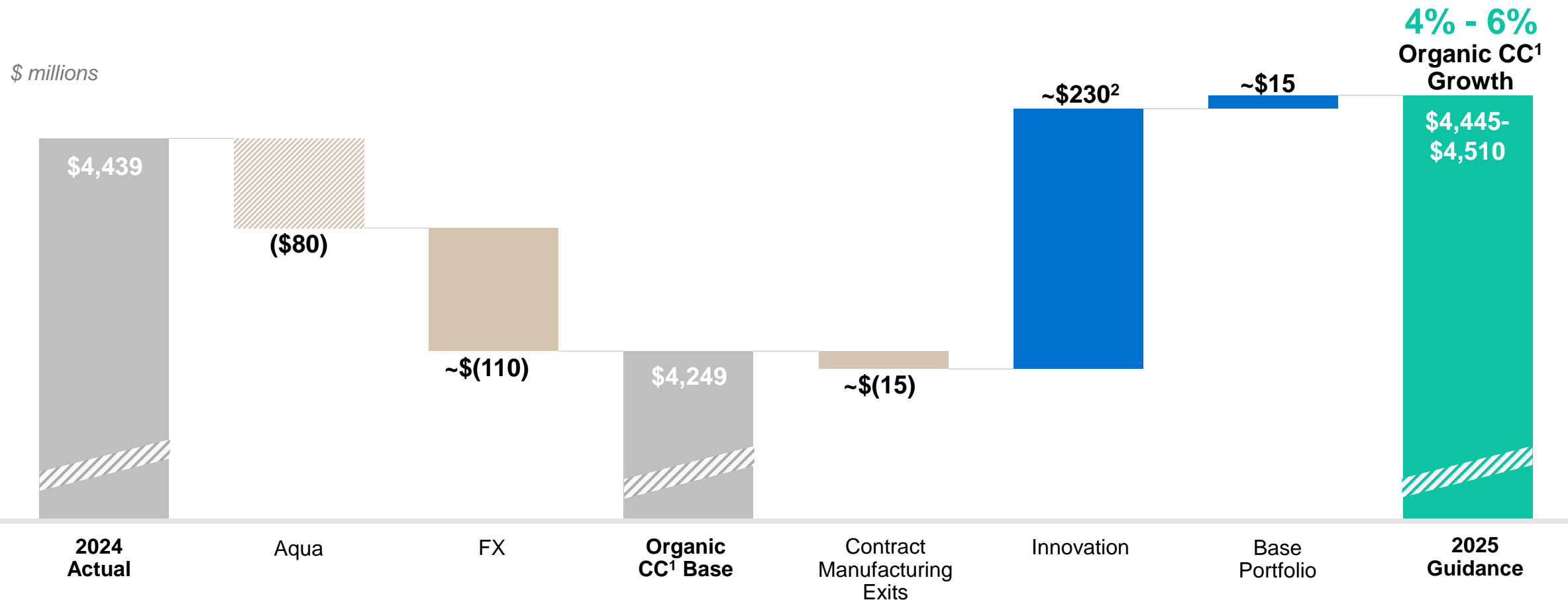
Expected in low-to-mid 4x range by the end of 2025, incorporating FX headwinds to adjusted EBITDA

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

²Organic CC Growth = Representing revenue growth excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

2024 to 2025 Full Year Revenue Bridge

Expect MSD Organic CC¹ Revenue Growth Driven by Our Diverse Portfolio of Innovation



Note: Numbers may not add due to rounding.

¹Organic CC Growth = Representing revenue growth excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

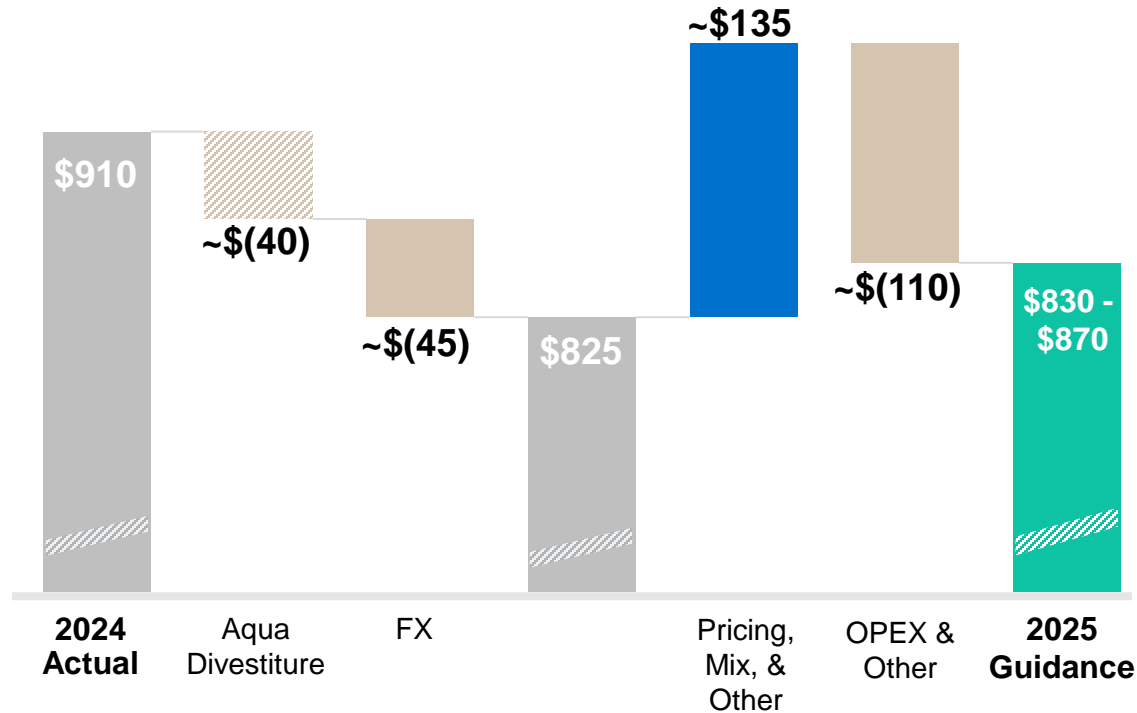
²Refers to growth at the midpoint of the updated innovation guidance range on a constant currency basis

2024 to 2025 Full Year Bridge

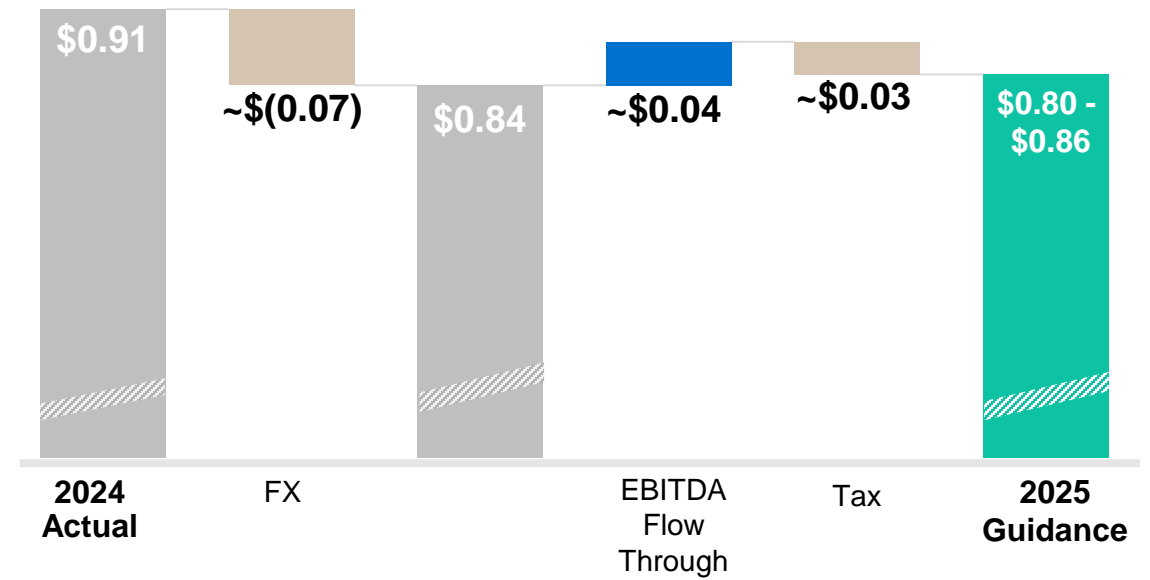
Adjusted EBITDA and Adjusted EPS Drivers

2025 Adjusted EBITDA

\$ millions



2025 Adjusted EPS



Note: Numbers may not add due to rounding and ranges.

First Quarter 2025

Financial Guidance

\$ millions, except per share values

	Q1 Guidance	Comments
Revenue	\$1,155 - \$1,180	Expect 2-4% organic CC ² growth
Reported Net Income	\$13 - \$41	
Adjusted EBITDA ¹	\$240 - \$260	Includes operating expenses up 6-8% CC
Reported Diluted EPS	\$0.03 - \$0.08	
Adjusted Diluted EPS ¹	\$0.29 - \$0.34	Includes benefit of one-time discrete tax benefit



FX Headwinds

Expected impact of ~\$40M to revenue, ~\$15M to adjusted EBITDA, and ~\$0.03 to adjusted EPS



Additional Q1 Assumptions

Interest expense expected to be ~\$45M; adjusted EPS benefit from HSD tax rate

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

²Organic CC Growth = Representing revenue growth excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Tailwinds & Headwinds Driving 2025 Guidance Assumptions



Tailwinds

Innovation sales ramp to \$640-\$720M with multiple drivers, including: Zenrelia, Credelio Quattro, AdTab, CPMA, Bovaer, Experior

OTC Pet Health retail strength

Beef, Poultry, & Swine leadership

Price growth

Lower interest expense



Headwinds

Foreign exchange rate impact

Competition in U.S. Pet Health vet clinic business

Farm Animal generics and poor swine economics

Gross profit headwind related U.K. CMO (\$25-\$35M)

Elevated strategic investment in launching expected blockbusters

Increased CAPEX to support capacity expansion for mAb manufacturing (\$225-\$255M)



Expected Outcomes

Growth

Organic CC¹
Revenue up MSD

Innovation

Delivering Our Diverse
Portfolio of Launches

Cash

Continued Operating
Discipline and Improvements

¹Organic CC Growth = Representing revenue growth excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Elanco's Strategic Trajectory: Powerful Momentum into 2025

2018-2020

Established Foundation Focused on Animal Health

Acquisitions for portfolio diversity; Spin-out of Eli Lilly with 2018 IPO; Dedicated sites & systems

2019-2021

Balanced Mix & Increased Scale

Portfolio diversifying acquisition of Bayer Animal Health increased global scale, with productivity focus

2021-2024

Innovation Delivered & Enhanced Capabilities

Late-stage pipeline delivered; Strategy streamlined; Launch efforts re-imagined

2025 & Beyond

Poised for Sustainable Revenue Growth

Multiple potential blockbusters in market and a stabilizing base to drive growth

Accelerating contribution from innovation, majority already approved, and a stabilizing base business expected to drive sustainable growth. Leveraging the existing cost base allows for expected margin expansion in 2026 and beyond

Appendix

Reference slides and GAAP reported to non-GAAP
adjusted reconciliations

Elanco

TM



Full Year 2024

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Organic ¹ Volume	Aqua Volume	Total	Organic CC ² Change
Pet Health	\$2,143	3%	0%	(1)%	0%	2%	2%
Cattle	\$1,007		(1)%			6%	7%
Poultry	\$796		(1)%			4%	5%
Swine	\$366		(1)%			(4)%	(3)%
Aqua	\$81					(52)%	
Farm Animal	\$2,250	2%	(1)%	2%	(4)%	(1)%	4%
Contract Mfg. / Other	\$46					10%	
Total Elanco	\$4,439	3%	(1)%	0%	(2)%	0%	3%

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

¹Organic excludes the aqua business, which was divested July 9, 2024.

²Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.

Full Year 2024

Revenue by Geography and Species











	2024	2023	Total (%)	Organic CC ¹ Change (%)
US Pet Health	\$1,213	\$1,242	(2)%	(2)%
Int'l Pet Health	\$930	\$862	8%	9%
Total Pet Health	\$2,143	\$2,104	2%	2%
US Farm Animal	\$819	\$729	12%	12%
Int'l Farm Animal	\$1,431	\$1,542	(7)%	0%
Total Farm Animal	\$2,250	\$2,271	(1)%	4%
Contract Mfg. / Other	\$46	\$42	10%	
Total Elanco	\$4,439	\$4,417	0%	3%

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

¹Organic CC Change = Representing revenue change excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Full Year 2024

Revenue Performance by Top Ten Countries






	Total	% of Total	Organic CC Change ¹
 United States	\$2,036	46%	3%
 China	\$196	4%	-3%
 Brazil	\$190	4%	9%
 United Kingdom	\$159	4%	4%
 Italy	\$120	3%	5%
 Canada	\$118	3%	10%
 Mexico	\$117	3%	6%
 France	\$117	3%	11%
 Spain	\$88	2%	32%
 Germany	\$87	2%	3%
Other International	\$1,211	27%	1%
Total	\$4,439	100%	3%

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

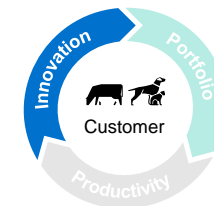
¹Organic CC Change = Representing revenue change excluding revenue from the aqua business, which was divested July 9, 2024, and the impact of foreign exchange rates.

Full Year 2024















Revenue Performance for Select Products

	2024 Revenue	% of Total	CC Change ¹
	\$458	10%	2%
	\$365	8%	10%
	\$288	6%	16%
	\$260	6%	8%
	\$221	5%	14%

Note: Reported revenue in millions. Numbers may not add due to rounding. ¹Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates. ²Includes the entire Advantage Family line of products ³Includes Credelio Dog and Credelio Cat.



Seven Potential Blockbusters Expected to Fuel Revenue Growth in 2025 and Beyond

Asset	Market Focus	Species	Approval ¹	Launch ²	Peak Sales Opportunity ³	Commentary
Experior Ammonia Reduction	U.S. Beef Feedlot (Rx)					First-in-class ; Combo clearance approval to drive expanded use in heifers → Blockbuster in U.S. alone
Canine Parvovirus Monoclonal AB (CPMA)	U.S. Vet (Rx)		Q2 2023 <i>conditional</i>	Q3 2023		First-in-class ; Elanco's first monoclonal antibody; pursuing full approval via USDA
AdTab Oral Flea/Tick	EU Retail (OTC)		Q2 2023	Q2 2023		→ Sales expectations increased to blockbuster potential
Bovaer® Methane Reduction	U.S. Dairy		Q2 2024	Q3 2024		First-in-class
Zenrelia™ Dermatology	Global Vet (Rx)		Q3 2024	Q3 2024		Differentiated efficacy and convenience ; Int'l approvals to date: Brazil, Japan, Canada
Credelio Quattro™ Endecto Parasiticide	U.S. Vet (Rx)		Q4 2024	→ January 2025		Differentiated coverage launching into fast growing endecto market segment
IL-31 SA Antibody Dermatology	Global Vet (Rx)		→ Q4 2025	→ H1 2026		Differentiated monoclonal antibody pending USDA approval

 ≥\$100M  Update since Q3 2024 Earnings Call

¹Expected approval timing is subject to regulatory agency outcomes. ²Expected launch timing is based on regulatory agency outcomes and internal estimates and could change as programs evolve. ³Potential peak sales represent the level of annual sales expected for a product on a global basis at its peak.

Full Year 2025

Financial Guidance & Additional Assumptions

\$ millions, except
per share values

	February
Total Revenue	\$4,445 – \$4,510
Adjusted Gross Margin ¹	53.9% – 54.6%
Operating Expenses	\$1,700 – \$1,720
Adjusted EBITDA¹	\$830 – \$870
Adjusted EBITDA Margin¹	18.7% – 19.3%
Depreciation	Approx. \$150
Adjusted Interest Expense, Net	Approx. \$200
Tax Rate	21% – 22%
Adjusted Earnings per Share¹	\$0.80 – \$0.86
Weighted Average Diluted Share Count	Approx. 500 million
Capital Expenditures	\$225 – \$255
Cash Taxes	Approx. \$240
Cash Interest	Approx. \$240

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

Fourth Quarter 2024

Adjusted EBITDA Reconciliation

\$ millions

	2024	2023
Reported Net Loss	\$(8)	\$(141)
Net Interest Expense	\$46	\$67
Income Tax (Benefit) Expense	\$(43)	\$14
Depreciation and Amortization	\$164	\$171
EBITDA	\$159	\$111
Non-GAAP Adjustments		
Asset Impairment, Restructuring, and Other Special Charges	\$7	\$36
Other Expense, Net	\$11	\$18
Adjusted EBITDA	\$177	\$165
Adjusted EBITDA Margin	17.4%	15.9%

Numbers may not add due to rounding.

Fourth Quarter 2024

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

\$ millions, except
per share values

	2024			2023		
	GAAP Reported	Adjusted Items	Non-GAAP	GAAP Reported	Adjusted Items	Non-GAAP
Cost of Sales	\$501	\$0	\$501	\$516	\$0	\$516
Amortization of Intangible Assets	\$130	\$130	\$0	\$138	\$138	\$0
Asset Impairment, Restructuring and Other Special Charges ¹	\$7	\$7	\$0	\$36	\$36	\$0
Interest Expense, Net of Capitalized Interest	\$46	\$0	\$46	\$67	\$0	\$67
Other Expense (Income), Net ²	\$6	\$11	\$(5)	\$34	\$18	\$16
(Loss) Income Before Taxes	\$(51)	\$149	\$98	\$(127)	\$192	\$65
Income Tax (Benefit) Expense ³	\$(43)	\$(69)	\$26	\$14	\$(12)	\$26
Net (Loss) Income	\$(8)	\$80	\$72	\$(141)	\$180	\$39
(Loss) Earnings per Share Diluted⁴	\$(0.02)	\$0.16	\$0.14	\$(0.29)	\$0.37	\$0.08
Adjusted Weighted Average Shares Outstanding Diluted	494.4	498.4	498.4	492.8	494.9	494.9

Numbers may not add due to rounding.
See slide 30 for details of adjustments to certain GAAP reported measures.

Fourth Quarter 2024

Details of Adjustments to Certain GAAP Reported Measures

For the three months ended December 31, 2024 and 2023:

- (1) Adjustments of \$7 million for the three months ended December 31, 2024, primarily related to intangible asset impairments. Adjustments of \$36 million for the three months ended December 31, 2023, related primarily to a \$26 million impairment of a contract asset related to a favorable supply agreement and charges associated with integration efforts and external costs related to the prior acquisition of Bayer Animal Health.
- (2) Adjustments of \$11 million for the three months ended December 31, 2024, primarily consisted of an \$8 million write-down of the retained equity interest in our previously divested BiomEdit R&D platform and the impact of hyperinflationary accounting in Turkey. The adjustments of \$18 million for the three months ended December 31, 2023, primarily related to an accrual for the potential settlement of a previously disclosed matter with the SEC (\$12.5 million), a write-off of an acquisition-related tax indemnification receivable from Bayer (\$10 million) and the impact of hyperinflationary accounting in Turkey (\$5 million), partially offset by decreases related to contingent consideration payable (\$8 million).
- (3) Adjustments of \$69 million for the three months ended December 31, 2024, represent the income tax expense associated with the adjusted items discussed above, partially offset by an \$81 million increase in the valuation allowance recorded against our deferred tax assets during the period. Adjustments of \$12 million for the three months ended December 31, 2023, represented the income tax expense associated with the adjusted items discussed above, partially offset by an \$80 million increase in the valuation allowance recorded against our deferred tax assets during the period.
- (4) During the three months ended December 31, 2024 and 2023, we reported a GAAP net loss and thus, potential dilutive common shares were not assumed to have been issued since their effect was anti-dilutive. During the same periods, we reported non-GAAP net income. As a result, potential dilutive common shares would not have had an anti-dilutive effect, and diluted weighted-average shares outstanding for purposes of calculating adjusted EPS include 4.0 million and 2.1 million, respectively, of common stock equivalents.

Full Year 2024

**Adjusted
EBITDA
Reconciliation**

\$ millions

	2024	2023
Reported Net Income (Loss)	\$338	\$(1,231)
Net Interest Expense	\$235	\$277
Income Tax Expense	\$150	\$36
Depreciation and Amortization	\$662	\$694
EBITDA	\$1,385	\$(224)
Non-GAAP Adjustments		
Cost of Sales	\$0	\$2
Asset Impairment, Restructuring, and Other Special Charges	\$150	\$127
Goodwill Impairment	\$0	\$1,042
Gain on Divestiture	\$(640)	\$0
Accelerated Depreciation and Amortization ¹	\$0	\$(10)
Other Expense, Net	\$15	\$42
Adjusted EBITDA	\$910	\$979
Adjusted EBITDA Margin	20.5%	22.2%

Numbers may not add due to rounding.

¹Represents depreciation and amortization 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 2024

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

\$ millions, except
per share values

	2024			2023		
	GAAP Reported	Adjusted Items	Non- GAAP	GAAP Reported	Adjusted Items	Non- GAAP
Cost of Sales	\$2,003	\$0	\$2,003	\$1,931	\$2	\$1,929
Amortization of Intangible Assets	\$527	\$527	\$0	\$548	\$548	\$0
Asset Impairment, Restructuring and Other Special Charges ¹	\$150	\$150	\$0	\$127	\$127	\$0
Gain on Divestiture	\$(640)	\$(640)	\$0	\$0	\$0	\$0
Goodwill Impairment	\$0	\$0	\$0	\$1,042	\$1,042	\$0
Interest Expense, Net of Capitalized Interest ²	\$235	\$12	\$223	\$277	\$0	\$277
Other Expense, Net ³	\$18	\$15	\$3	\$75	\$42	\$33
Income (Loss) Before Taxes	\$488	\$64	\$552	\$(1,195)	\$1,761	\$566
Income Tax Expense (Benefit) ⁴	\$150	\$50	\$100	\$36	\$(91)	\$127
Net Income (Loss)	\$338	\$114	\$452	\$(1,231)	\$1,670	\$439
Earnings (Loss) per Share Diluted⁵	\$0.68	\$0.23	\$0.91	\$(2.50)	\$3.39	\$0.89
Adjusted Weighted Average Shares Outstanding Diluted	497.3	497.3	497.3	492.3	493.7	493.7

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

Full Year 2024

Details of Adjustments to Certain GAAP Reported Measures

For the year ended December 31, 2024 and 2023:

- (1) Adjustments of \$150 million for the year ended December 31, 2024, principally included impairment charges of \$53 million related to a pet health IPR&D asset (IL-4R) and \$15 million of asset impairments tied to the financial difficulties of a former contract manufacturing supply partner, \$44 million of costs associated with our restructuring plan announced in February 2024 and \$18 million of transaction costs related to the sale of our aqua business. Adjustments of \$127 million for the year ended December 31, 2023, primarily related to \$93 million of charges associated with the integration efforts and external costs related to the acquisition of Bayer Animal Health and a \$26 million impairment of a contract asset related to a favorable supply agreement.
- (2) Adjustments of \$12 million for the year ended December 31, 2024, were attributable to the write-off of previously deferred financing costs associated with our Term Loan debt, given accelerated principal repayments made in 2024.
- (3) Adjustments of \$15 million for the year ended December 31, 2024, primarily consisted of an \$8 million write-down of the retained equity interest in our previously divested BiomEdit R&D platform and the impact of hyperinflationary accounting in Turkey. Adjustments of \$42 million for the year ended December 31, 2023, included settlement provisions related to the Seresto class action lawsuits (\$15 million), an accrual for the potential settlement of a previously disclosed matter with the SEC (\$12.5 million), a write-off of an acquisition-related tax indemnification receivable from Bayer (\$10 million) and the impact of hyperinflationary accounting in Turkey (\$7 million), partially offset by decreases in contingent consideration (\$4 million).
- (4) Adjustments of \$50 million for the year ended December 31, 2024, represent the income tax expense associated with the gain on divestiture of our aqua business (\$170 million), offset by the income tax affects associated with the other adjusted items reflected above and a decrease in the valuation allowance recorded against our deferred tax assets during the period (\$77 million). Adjustments of \$91 million for the year ended December 31, 2023, represent the income tax affects associated with the adjusted items discussed above, partially offset by an increase in the valuation allowance recorded against our deferred tax assets during the period (\$93 million).
- (5) During the year ended December 31, 2023, we reported a GAAP net loss and thus, potential dilutive common shares were not assumed to have been issued since their effect was anti-dilutive. During the same period, we reported non-GAAP net income. As a result, potential dilutive common shares would not have had an anti-dilutive effect, and diluted weighted-average shares outstanding for purposes of calculating adjusted EPS include 1.4 million of common stock equivalents.

Full Year 2025

EBITDA Guidance Reconciliation

\$ millions

Reported Net (Loss) Income	\$(25) - \$7
Net Interest Expense	Approx. \$200
Income Tax (Income) Expense	\$(18) - \$(6)
Depreciation and Amortization	Approx. \$640
EBITDA	\$792 - \$842
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$20
Other Expense, Net	Approx. \$15
Adjusted EBITDA	\$830 - \$870
Adjusted EBITDA Margin	18.7% - 19.3%

Note: Numbers may not add due to rounding.

Full Year 2025

EPS Guidance Reconciliation

Reported (Loss) Earnings per Share	\$(0.05) - \$0.01
Amortization of Intangible Assets	Approx. \$1.02
Asset Impairment, Restructuring, and Other Special Charges	\$0.05 - \$0.03
Other Expense, Net	\$0.03 - \$0.04
Subtotal	\$1.10 - \$1.09
Tax Impact of Adjustments	\$(0.25) - \$(0.24)
Total Adjustments to Earnings per Share	\$0.85 - \$0.85
Adjusted Earnings per Share¹	\$0.80 - \$0.86

Note: Numbers may not add due to rounding.

¹Adjusted EPS is calculated as the sum of reported EPS and total adjustments to EPS.

First Quarter 2025

EBITDA Guidance Reconciliation

\$ millions

Reported Net Income	\$13 - \$41
Net Interest Expense	Approx. \$45
Income Tax Expense (Income)	\$0 - \$(3)
Depreciation and Amortization	Approx. \$160
EBITDA	\$219 - \$244
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$15
Other Expense, Net	Approx. \$5
Adjusted EBITDA	\$240 - \$260
Adjusted EBITDA Margin	21.0% - 22.2%

Note: Numbers may not add due to rounding.

First Quarter 2025

EPS Guidance Reconciliation

Reported Earnings per Share	\$0.03 - \$0.08
Amortization of Intangible Assets	Approx. \$0.26
Asset Impairment, Restructuring, and Other Special Charges ¹	\$0.03 - \$0.02
Other Expense, Net	\$0.01 - \$0.01
Subtotal	\$0.30 - \$0.29
Tax Impact of Adjustments	\$(0.03) - \$(0.03)
Total Adjustments to Earnings per Share	\$0.27 - \$0.26
Adjusted Earnings per Share²	\$0.29 - \$0.34

Note: Numbers may not add due to rounding.

¹Asset impairment, restructuring, and other special charges adjustments primarily relate to costs associated with the divestiture of the aqua business and charges related to the restructuring plan announced in February 2024.

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



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