



Third Quarter and Year to Date Results

November 6, 2018

SAFE HARBOR PROVISION

This contains management’s current intentions and expectations for the future, all of which are forward- looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “estimate”, “seek”, “intend”, “expect”, “believe”, “target”, “anticipate”, “plan” and similar expressions are intended to identify forward-looking statements. Actual results may differ materially due to various factors.

There are significant risks and uncertainties in animal health research and product development. There can be no guarantees that pipeline products will receive the necessary regulatory approvals or that they will prove to be commercially successful. The company’s results may also be affected by such factors as the timing of launches of new products; market uptake of recently launched products; competitive developments affecting current products; unexpected safety or other concerns associated with the company’s products; issues with product supply stemming from manufacturing difficulties or disruptions; regulatory changes or other developments; litigation involving current or future products; unauthorized disclosure of trade secrets or other confidential data stored in the company’s information systems and networks; changes in tax law and regulations, including the impact of tax reform legislation enacted in December 2017 and related guidance; changes in inflation, interest rates, and foreign currency exchange rates; asset impairments and restructuring charges; changes in accounting standards promulgated by the Financial Accounting Standards Board and the Securities and Exchange Commission (SEC); acquisitions and business development transactions and related integration costs; and the impact of exchange rates and global macroeconomic conditions.

For additional information about the factors that could cause actual results to differ materially from forward-looking statements, please see the company’s Prospectus related to its initial public offering filed with the SEC on September 21, 2018. You should not place undue reliance on forward-looking statements, which speak only as of the date of this release. Except as is required by law, the company expressly disclaims any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this release.

The company undertakes no duty to update forward-looking statements.

KEY MESSAGES FOR THE THIRD QUARTER



Sales Growing |

Returned to growth this year, accelerated in Q3
Strong performance in Targeted Growth Categories

Delivering Commitment to Innovation |

New product approvals, launches and an R&D
collaboration

Margin Expansion |

The Customer
Continued progress on Productivity agenda

Met Our Expectations |

In first quarter as a publicly traded company

THIRD QUARTER KEY EVENTS:

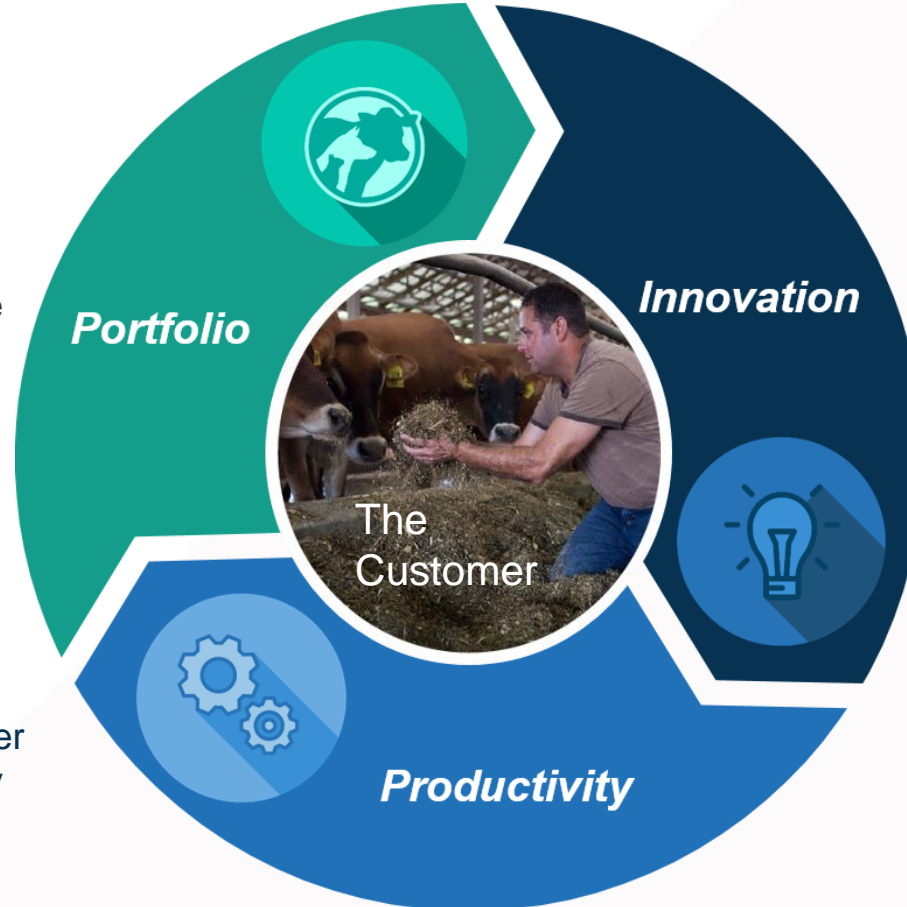


Drive Growth of Portfolio

- Core Revenue \$733.4 million, +15% on a performance basis*
- +19% in Targeted Growth Categories on a performance basis
- Re-introduction of Galliprant 100mg dose
- Credelio exceeding clinic penetration expectations in first 9 months of launch

Drive Productivity - Expand Margins

- 4% year over year price growth in quarter
- Completed sale of Larchwood, IA facility
- Lean Manufacturing and Spend Control Tower

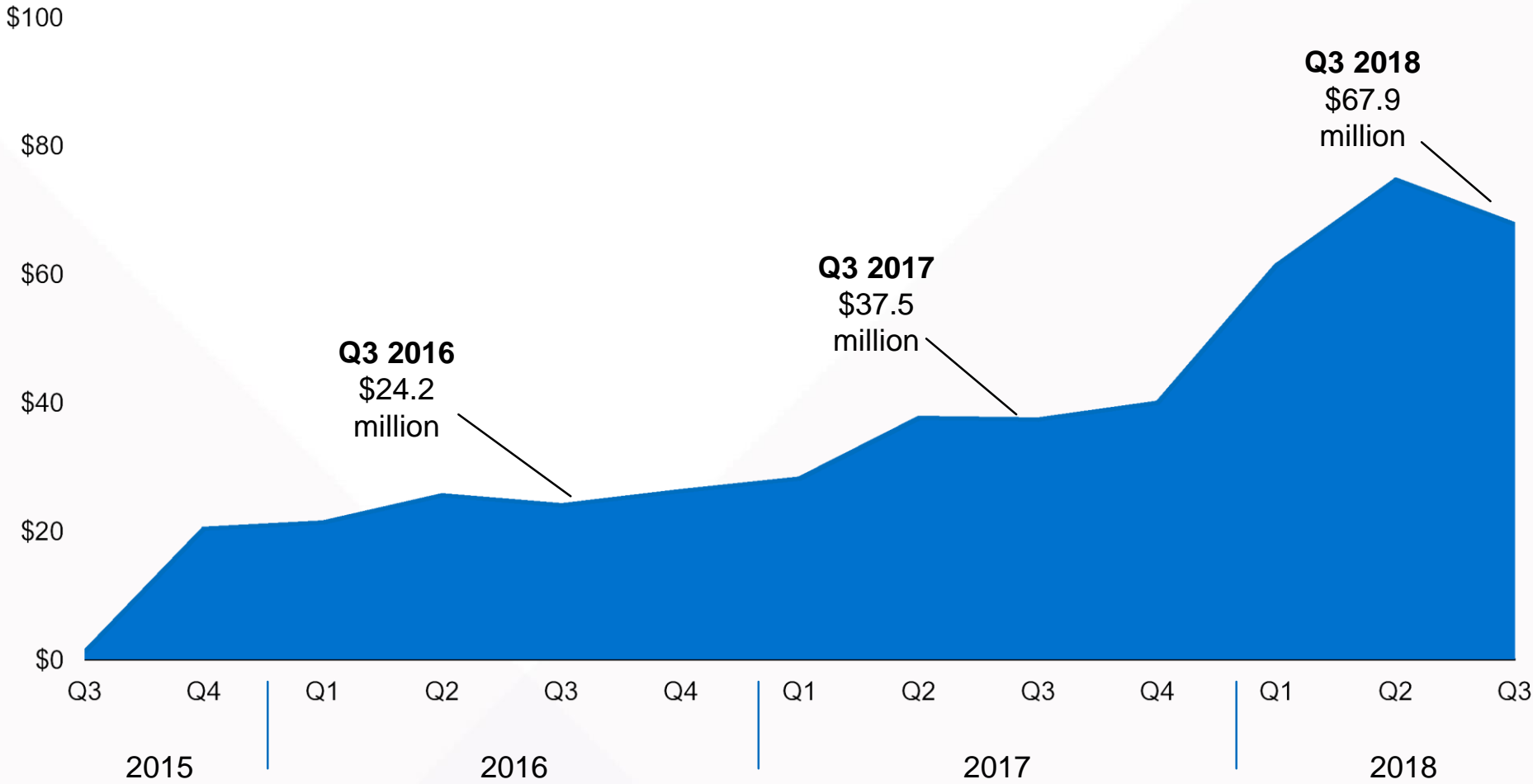


Deliver Innovation

- Launch of 2 new products; 11 newly launched products grew 81% YOY to \$67.9 million
- Launch of **Prevacent PRRS** vaccine and nutritional health product, **Correlink**
- Molecule expansion of **Credelio** for cats in EU
- Withdrawal of **Imvixa** application for marketing authorization in Norway
- Signed agreement with **Novozymes** for nutritional health collaboration in cattle

* Percentages on performance basis, calculated as the sum of price change and volume change removing the impact of foreign currency.

UPDATE ON NEW PRODUCT LAUNCH PROGRESS



New Products Include:

COMPANION ANIMAL

- Interceptor[®] Plus
- Osumnia[®]
- Galliprant[®]
- Credelio[™]





FOOD ANIMAL

- Imrestor^{®*}
- Invixa[™]
- Kavault[®]
- Integrity[®]
- Clynav[™]
- Prevacent[®] PRRS
- Correlink[™]

*Marketing of this product has been suspended while additional indications are pursued

STRONG SALES MOMENTUM IN TARGETED CATEGORIES



		2018	
		Q3*	YTD*
	Companion Animal Disease Prevention	35%	15%
	Companion Animal Therapeutics	28%	13%
	Food Animal Future Protein & Health	2%	9%
Targeted Growth Categories		19%	12%
	Food Animal Ruminants & Swine	9%	2%
Core Growth		15%	8%
Strategic Exits		(43)%	(43)%
Total Elanco Growth		11%	5%

* Percentages on performance basis, calculated as the sum of price change and volume change removing the impact of foreign currency.

2018 INCOME STATEMENT - REPORTED



(dollars in millions; except per share data)

	Q3 2018	vs PY	YTD 2018	vs PY
Revenue	\$761.1	9%	\$2,267.5	6%
Costs, expenses, and other:				
Cost of sales	369.8	(2)%	1,161.3	7%
Research and development	58.9	(5)%	185.5	(2)%
Marketing, selling & administrative	179.0	(8)%	550.1	(6)%
Amortization of intangible assets	48.7	(6)%	147.3	(9)%
Asset impairments, restructuring and other special charges	12.4	(48)%	82.8	(56)%
Other-net, (income) expense	13.5	NM	24.2	NM
Income (loss) before income taxes	\$78.8	NM	\$116.3	NM
Income Taxes	18.6	60%	46.2	(36)%
Net Income	\$60.2	NM	\$70.1	NM
EPS basic and diluted	\$0.16	NM	\$0.19	NM

"REPORTED" RESULTS

Include all financial results as reported in accordance with Generally Accepted Accounting Principles (GAAP)

"ADJUSTED" MEASURES

Start with **"REPORTED" RESULTS**

Include adjustments for items such as:

- Asset impairment, restructuring and other special charges
- Acquired in-process R&D charges and other income and expenses from business development activities
- Amortization of intangible assets

2018 CERTAIN INCOME STATEMENT LINE ITEMS as ADJUSTED



(dollars in millions; except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018		2017	2018		2017
	Adjusted	vs PY	Adjusted	Adjusted	vs PY	Adjusted
Total Revenue	\$761.1	9%	\$697.1	\$2,267.5	6%	\$2,134.7
Gross Profit	\$389.7	19%	\$326.7	\$1,144.8	6%	\$1,078.1
<i>% of revenue</i>	51.2%	4 pp	46.9%	50.5%	-	50.5%
Total Operating Expense*	\$237.9	(7)%	\$256.6	\$735.6	(5)%	\$772.7
Total Operating Income	\$151.8	117%	\$70.1	\$409.2	34%	\$305.4
<i>% of revenue</i>	19.9%	10 pp	10.1%	18.0%	4 pp	14.3%
Other-net, (Income) Expense	\$13.5	NM	\$0.9	\$15.7	NM	\$4.6
Effective Tax Rate	22.3%	**	**	17.1%	**	**
Net income	\$107.4	108%	\$51.6	\$326.4	57%	\$208.0
EPS basic and diluted	\$0.29		\$0.14	\$0.89		\$0.57

Refer to slide 15 or 17, respectively for the reconciliation between GAAP and Non-GAAP.

*Includes research and development expense as well as marketing, selling and administrative expense

**For periods prior to IPO, effective tax rate was computed on a separate company basis, and therefore may not be indicative of actual results.

EFFECT OF PRICE/RATE/VOLUME ON REVENUE



	Q3 2018 (dollars in millions)						YTD 2018 (dollars in millions)					
	Revenue	Price	FX Rate	Volume	Total	Perf*	Revenue	Price	FX Rate	Volume	Total	Perf*
CA Disease Prevention	\$188.6	13%	(1)%	22%	34%	35%	\$603.9	8%	1%	7%	16%	15%
CA Therapeutics	80.5	7%	(1)%	21%	27%	28%	211.1	9%	3%	4%	16%	13%
FA Future Protein & Health	162.8	3%	(3)%	(1)%	(1)%	2%	502.1	4%	1%	5%	10%	9%
FA Ruminants and Swine	301.5	—	(2)%	10%	8%	9%	881.1	—	1%	2%	3%	2%
Core Revenue	\$733.4	4%	(2)%	11%	13%	15%	\$2,198.2	4%	1%	4%	9%	8%
Strategic Exits	\$27.7	(3)%	—	(39)%	(42)%	(43)%	\$69.3	(2)%	—	(41)%	(42)%	(43)%
Total Elanco	\$761.1	4%	(2)%	7%	9%	11%	\$2,267.5	3%	1%	2%	6%	5%

* Percentages on performance basis, calculated as the sum of price change and volume change removing the impact of foreign currency.

REVENUE BY GEOGRAPHY



	Q3 2018 (dollars in millions)						YTD 2018 (dollars in millions)					
	Global		US		International		Global		US		International	
	Revenue	Perf*	Revenue	Perf*	Revenue	Perf*	Revenue	Perf*	Revenue	Perf*	Revenue	Perf*
Core Revenue	\$733.4	15%	\$359.4	29%	\$374.0	4%	\$2,198.2	8%	\$1,055.8	11%	\$1,142.4	5%
Strategic Exits	\$27.7	(43)%	\$22.8	(45)%	\$4.9	(25)%	\$69.3	(43)%	\$52.8	(50)%	\$16.5	17%
Total Elanco	\$761.1	11%	\$382.2	19%	\$378.9	4%	\$2,267.5	5%	\$1,108.6	5%	\$1,158.9	5%

* Percentages on performance basis, calculated as the sum of price change and volume change removing the impact of foreign currency.

2018 FINANCIAL GUIDANCE



Full-Year 2018 Guidance

(dollars in billions, except per share amounts)

Revenue	\$3.05	to	\$3.08
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GAAP EPS	\$0.31	to	\$0.33
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Cost of sales			0.11
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Amortization of intangible assets			0.54
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Asset impairments, restructuring and other special charges			0.25
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Other-net, (income) expense			0.02
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Income before taxes	\$1.23	to	\$1.25
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Provision for income taxes			(0.09)
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Adjusted EPS	\$1.14	to	\$1.16
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Guidance reflects foreign exchange rates:

- Euro at 1.17
- Pound at 1.30
- Real at 4.14
- Yen at 111.39
- Australian Dollar at 0.73



Elanco

TM

Food and Companionship
Enriching Life

SUPPLEMENTAL SLIDES



QTD RECONCILIATION OF GAAP REPORTED to NON-GAAP



(dollars in millions; except per share data)

	Three months ended September 30, 2018			Three months ended September 30, 2017		
	GAAP Reported	Adjusted Items	Non-GAAP	GAAP Reported	Adjusted Items	Non-GAAP
Cost of sales	\$ 369.8	\$ (1.6)	\$ 371.4	\$ 376.2	\$ 5.8	\$ 370.4
Amortization of intangible assets	48.7	48.7	—	51.6	51.6	—
Asset impairments, restructuring and other special charges	12.4	12.4	—	23.7	23.7	—
Other-net, (income) expense	13.5	—	13.5	(1.9)	(2.8)	0.9
Income before Taxes	78.8	59.5	138.3	(9.1)	78.3	69.2
Provision for taxes	18.6	(12.3)	30.9	11.6	(6.0)	17.6
Net income	\$ 60.2	47.2	\$ 107.4	\$ (20.7)	72.3	\$ 51.6
Earnings per share						
basic and diluted	\$ 0.16	\$ 0.13	\$ 0.29	\$ (0.06)	\$ 0.20	\$ 0.14

See slide 16 for details on items included in the adjustments for each line.

QTD INCOME STATEMENT NOTES

2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- **Cost of goods sold excludes charges primarily associated with inventory adjustments related to the suspension of commercial activities for Imrestor (\$0.9 million), as well as the closure of the Larchwood, IA facility (\$0.7 million).**
- **Impairments, restructuring and other special charges excludes charges largely associated with the closure of the site at Larchwood, IA and other facilities (\$7.5 million), as well as restructuring charges (\$4.9 million) related to integration and other activities.**
- **Other-net, (income) expense excludes contingent consideration related to Aratana.**
- **Income tax represents the income tax expense associated with the adjusted items.**

2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- **Cost of goods sold excludes charges entirely associated with the incremental purchase accounting charges related to inventory valuation due to inventory that was subsequently sold.**
- **Impairments, restructuring and other special charges excludes charges primarily associated with restructuring charges (\$12.2 million) related to integration activities as well as impairment expenses primarily associated with facility closures (\$11.5 million).**
- **Other-net, (income) expense excludes contingent consideration related to Aratana.**
- **Income tax represents the income tax expense associated with the adjusted items.**

YTD RECONCILIATION OF GAAP REPORTED to NON-GAAP



(dollars in millions; except per share data)

	Nine months ended September 30, 2018			Nine months ended September 30, 2017		
	GAAP Reported	Adjusted Items	Non-GAAP	GAAP Reported	Adjusted Items	Non-GAAP
Cost of sales	\$ 1,161.3	\$ 38.6	\$ 1,122.7	\$ 1,088.9	\$ 32.3	\$ 1,056.6
Amortization of intangible assets	147.3	147.3	—	161.0	161.0	—
Asset impairments, restructuring and other special charges	82.8	82.8	—	189.3	189.3	—
Other-net, (income) expense	24.2	8.5	15.7	—	(4.6)	4.6
Income before Taxes	116.3	277.2	393.5	(77.2)	378.0	300.8
Provision for taxes	46.2	(20.9)	67.1	72.0	(20.8)	92.8
Net income	\$ 70.1	\$ 256.3	\$ 326.4	\$ (149.2)	\$ 357.2	\$ 208.0
Earnings per share						
basic and diluted	\$ 0.19	\$ 0.70	\$ 0.89	\$ (0.41)	\$ 0.98	\$ 0.57

See slide 18 for details on items included in the adjustments for each line.

YTD INCOME STATEMENT NOTES

2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- Cost of goods sold excludes charges primarily associated with inventory adjustments related to the suspension of commercial activities for Imrestor (\$34.7 million), as well as the closure of the Larchwood, IA facility (\$3.9 million).
- Impairments, restructuring and other special charges excludes charges primarily associated with impairment and exit costs primarily associated with other facility closures (\$75.1 million) as well as restructuring charges (\$7.7 million) related to integration activities and impairment related to the suspension of commercial activities for Imrestor.
- Other-net, (income) expense excludes contingent consideration related to Aratana.
- Income tax represents the income tax expense associated with the adjusted items.

2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- Cost of goods sold excludes charges entirely associated with the incremental purchase accounting charges related to inventory valuation due to inventory that was subsequently sold.
- Impairments, restructuring and other special charges excludes charges primarily associated with restructuring charges (\$137.2 million) related to integration activities as well as impairment expenses primarily associated with facility closures (\$24.3 million) and impairments on in-process research and development (\$43.8 million) partially offset by the gain on sale of an asset (\$16.0 million).
- Other-net, (income) expense excludes contingent consideration related to Aratana.
- Income tax represents the income tax expense associated with the adjusted items.

RECONCILIATION OF GAAP REPORTED to NON-GAAP



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
As Reported EPS	\$0.16	\$(0.06)	\$0.19	\$(0.41)
Cost of sales	—	0.03	0.11	0.09
Amortization of intangible assets	0.13	0.14	0.40	0.44
Asset impairments, restructuring and other special charges	0.03	0.06	0.23	0.52
Other-net, (income) expense	—	(0.01)	0.02	(0.01)
Income before taxes	\$0.16	\$0.22	\$0.76	\$1.03
Provision for tax on income	(0.03)	(0.02)	(0.06)	(0.05)
Total Adjustments to EPS	\$0.13	\$0.20	\$0.70	\$0.98
Adjusted EPS	\$0.29	\$0.14	\$0.89	\$0.57

NET INCOME (LOSS) to EBIT, EBITDA and Adjusted EBITDA

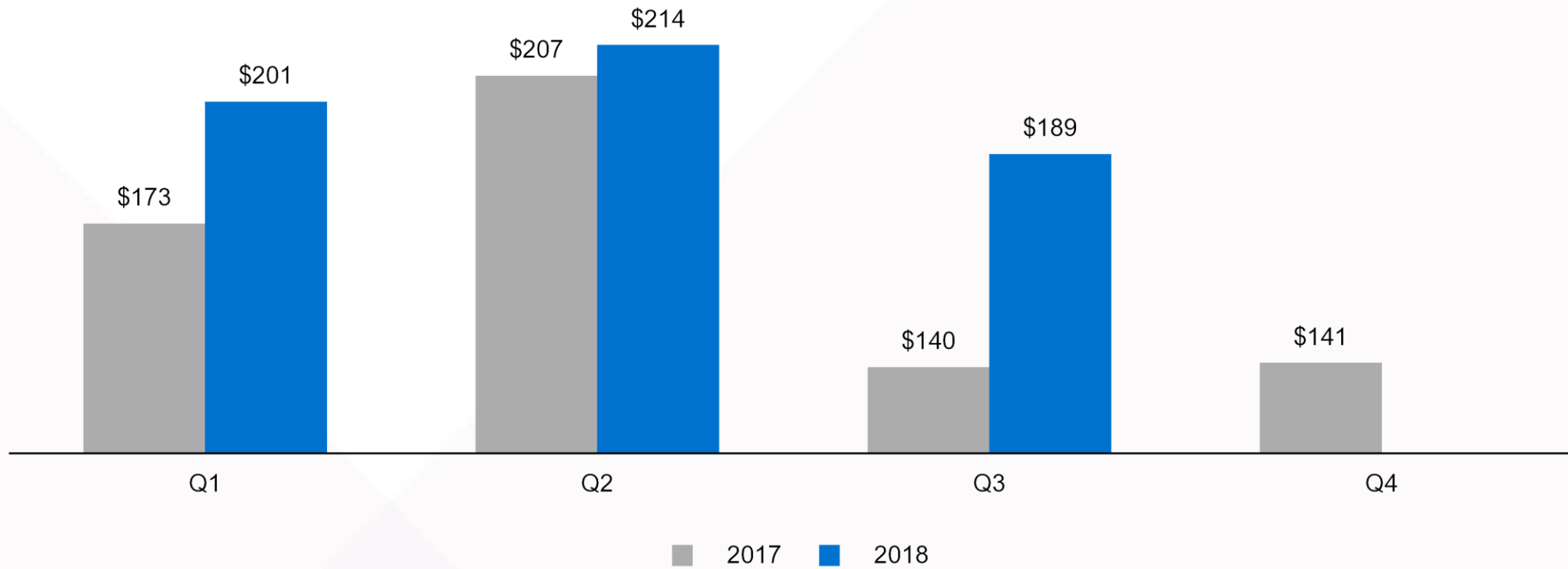


(dollars in millions)

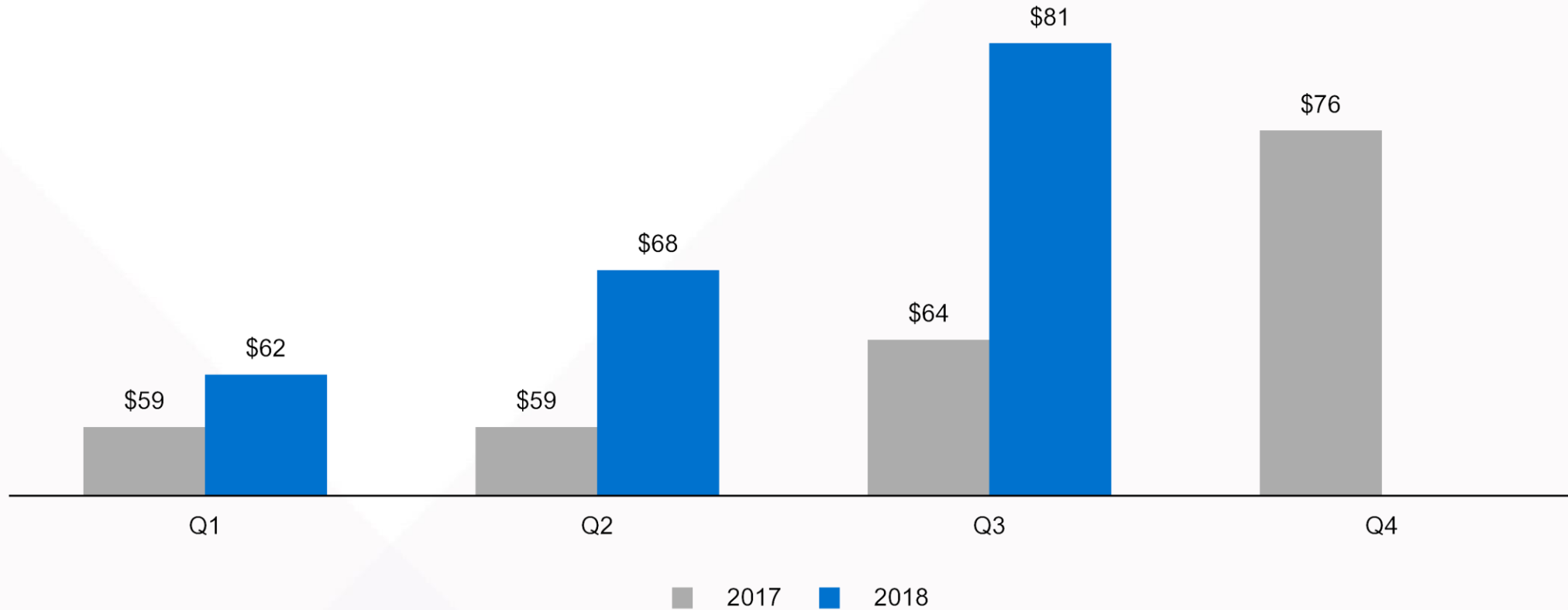
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Reported Net Income (loss)	\$60.2	\$(20.7)	\$70.1	\$(149.2)
Net interest expense	8.6	—	8.6	—
Income tax expense	18.6	11.6	46.2	72.0
Earnings before Interest and Taxes (EBIT)	87.4	(9.1)	124.9	(77.2)
Depreciation and amortization	72.7	75.2	222.3	231.3
EBITDA*	\$160.1	\$66.1	\$347.2	\$154.1
Cost of sales	\$ (1.6)	\$ 5.8	\$ 38.6	\$ 32.3
Asset impairments, restructuring and other special charges	12.4	23.7	82.8	189.3
Other-net, (income) expense	—	(2.8)	8.5	(4.6)
Adjusted EBITDA	\$170.9	\$92.8	\$477.1	\$371.1

*EBITDA - EBIT further adjusted for depreciation and amortization.

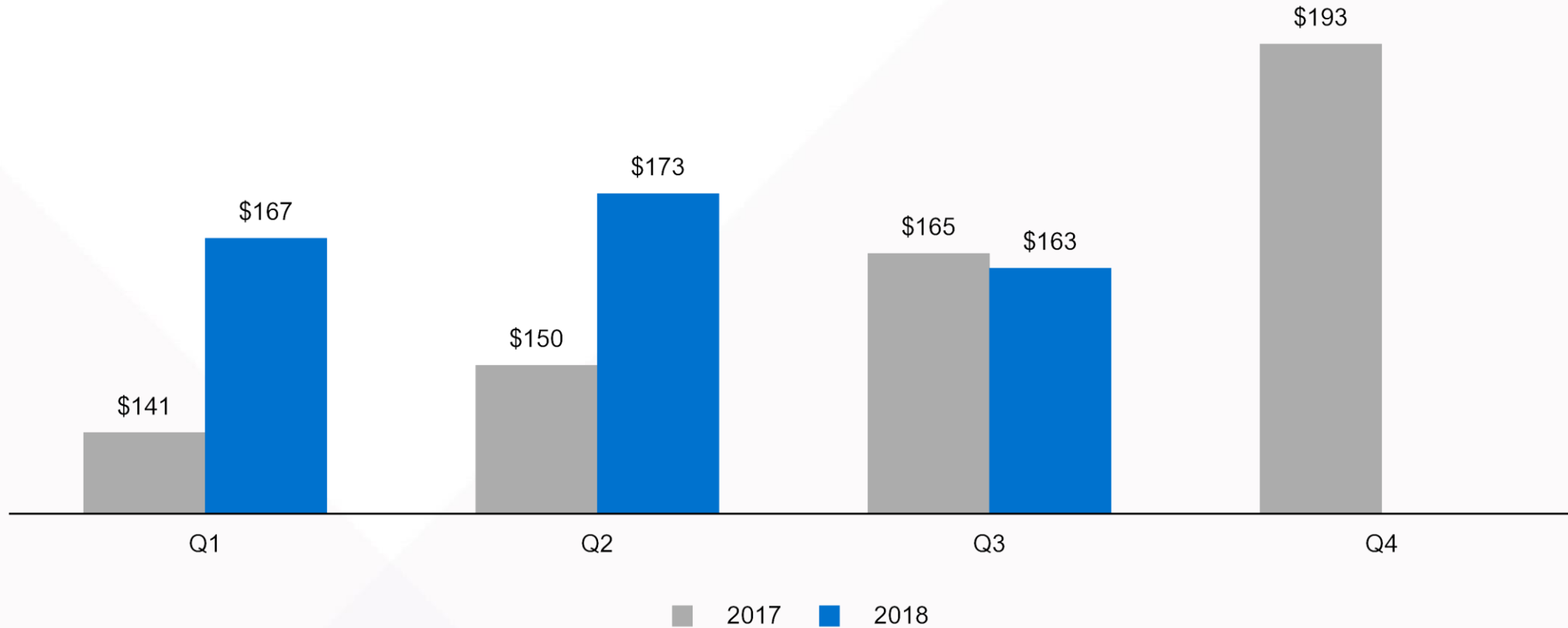
Q3 2018 CA DISEASE PREVENTION SALES INCREASED 34%



Q3 2018 CA THERAPEUTICS SALES INCREASED 27%



Q3 2018 FA FUTURE PROTEIN & HEALTH SALES WERE \$163 million



Q3 2018 FA RUMINANTS and SWINE SALES WERE \$302 million

