



2020 Earnings Third Quarter

November 6, 2020

SAFE HARBOR PROVISION



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 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, heightened competition, including from innovation or generics; the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein; changes in regulatory restrictions on the use of antibiotics in food animals; the impact on our operations, the supply chain, customer demand, and our liquidity as a result of the coronavirus (COVID-19) global health pandemic; our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements; an outbreak of infectious disease carried by food animals; the success of our R&D and licensing efforts; our ability to complete acquisitions and successfully integrate the businesses we acquire, including the animal health business of Bayer AG (Bayer); the impact of the COVID-19 global health pandemic on our ability to achieve the anticipated revenue, earnings, accretion and other benefits associated with the acquisition of the animal health business of Bayer; misuse, off-label or counterfeiting use of our products; unanticipated safety, quality or efficacy concerns associated with our products; the impact of weather conditions and the availability of natural resources; disruption in our supply chain due to manufacturing issues experienced by our contract manufacturers; consolidation of our customers and distributors; the impact of increased or decreased sales to our channel distributors resulting in higher or lower inventory levels held by them in advance of or trailing actual customer demand, which could lead to variations in quarterly revenue results; risks related to our presence in emerging markets; changes in U.S. foreign trade policy, imposition of tariffs or trade disputes; the impact of global macroeconomic conditions; and the effect on our business resulting from our separation from Eli Lilly and Company (Lilly), including the various costs associated with transition to a standalone entity, including the ability to standup our enterprise resource planning (ERP) system and other information technology systems.

For additional information about the factors that could cause actual results to differ materially from forward-looking statements, please see the company's latest Forms 10-K and subsequent form 10-Qs filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements

DISCIPLINED EXECUTION



Top Line Results |

Legacy Elanco revenue at the high-end of guidance
COVID-19 pressure as anticipated in Farm Animal

Margin Improvement |

Bayer, productivity, and price underpinning 90 bps adj. GM gain
Diligent operating expense control

Bayer Animal Health Integration |





Initial actions driving at least \$100 million in annual savings
On track for \$275 to \$300 million in total synergies

Working Capital & Cash |

Deleveraging begun with \$100 million Term Loan repayment
Continued improvement in days sales outstanding

Q3 REVENUE SUMMARY BY CATEGORY



		Legacy Elanco	Growth	Legacy Bayer	Total	Total Growth
	Pet Health Disease Prevention	\$197.3	(5)%	\$99.7	\$297.0	43%
	Pet Health Therapeutics	\$89.8	2%	\$13.5	\$103.3	17%
	Farm Animal Future Protein & Health	\$165.0	(13)%	\$15.9	\$180.9	(4)%
	Farm Animal Ruminants & Swine	\$231.3	(12)%	\$61.0	\$292.3	12%
	Core Elanco	683.4	(9)%	\$190.1	\$873.5	17%
	Contract Manufacturing	\$10.6	(40)%	\$5.5	\$16.1	(10)%
	Total Elanco	\$694.0	(10)%	\$195.6	\$889.6	16%

Note: Reported revenue in millions. Percentages exclude the impact of foreign currency. For presentation of results including impact of foreign currency, see slide 10.

MARKET & PERFORMANCE UPDATE



U.S. PET HEALTH

- Industry **V-shaped recovery** continuing
- Maintained overall dispensing market share for legacy Elanco, **building share in key products***
- **Distributor strategy yielding results**

U.S. FARM ANIMAL

- Livestock **production showing improvements**
- Legacy Elanco **COVID-19 pressure lessening** sequentially
- **Rumensin** continuing to **track better** than generic assumptions

INTERNATIONAL

- Macroeconomic and consumption **trends pressuring poultry and aqua**
- **Credelio** and **Credelio for Cats** leading growth
- Encouraging growth in **China swine**

BAYER ANIMAL HEALTH

- Estimated **underlying growth** remains in **mid-single digits**
- **Integration moving swiftly** while managing complexities

*Source: Kynetec

IPP STRATEGY CONTINUING TO DELIVER

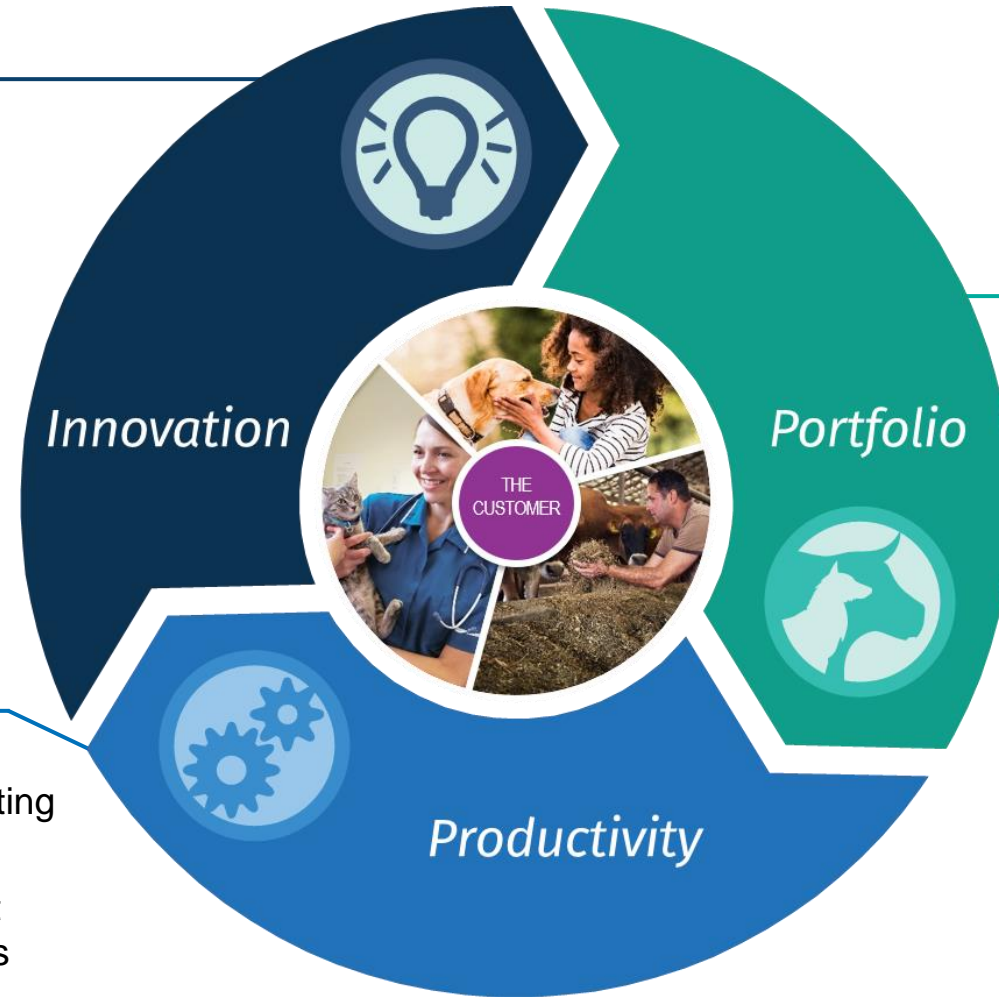
Elanco

Innovate & Differentiate

- Increxxa, an injectable antibiotic, received European CVMP approval
- Elura, a weight loss management treatment for cats with chronic kidney disease, received U.S. FDA CVM approval
- Four of five approvals have been received for launches expected by the end of 2021

Unlock Value

- Ended Q3 with \$660 million in cash and equivalents, reflecting disciplined operating expense and cash management
- Initial restructuring actions will deliver at least \$100 million in annual cost savings
- Manufacturing productivity, independent company stand up, and ERP development are on track



Drive Portfolio Growth

- Legacy Elanco revenue from 14 products launched or acquired since 2015 grew 18%, adjusting for divestitures and prior year new retail customer sell-in
- Inclusion of Bayer provides scale and expanded geographic scope, especially in Pet Health
- Elanco, including legacy Bayer, is now the leader in the U.S. flea, tick, and heartworm retail market, and outgrew that market in Q3

REPORTED INCOME STATEMENT



Q3

YTD

Millions; except per share data

	2020 Reported	2019 Reported	2020 Reported	2019 Reported
Revenue	\$889.6	\$771.3	\$2,133.6	\$2,284.0
Costs, expenses, other:				
Cost of Sales	441.8	360.4	1,070.4	1,060.2
Research and development	88.1	69.9	214.3	202.8
Marketing, selling, and administrative	277.7	192.3	622.5	574.3
Amortization of intangible assets	95.6	50.7	196.2	149.0
Asset impairments, restructuring, and other special charges	262.2	77.2	456.4	133.9
Interest expenses, net of capitalized interest	48.1	18.7	89.4	60.2
Other – net (income) expense	(114.9)	14.6	(161.7)	21.1
Income (loss) before income taxes	\$(209.0)	\$(12.5)	\$(353.9)	\$82.5
Income taxes	(74.0)	(22.5)	(116.6)	5.1
Net income (loss)	\$(135.0)	\$10.0	\$(237.3)	\$77.4
Earnings (loss) per share diluted	\$(0.29)	\$0.03	\$(0.56)	\$0.21

Refer to slides 18-21 for the reconciliation between GAAP and Non-GAAP and definition of margin calculation.

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

COMPARISON MEASURES



"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

CERTAIN INCOME STATEMENT ITEMS AS ADJUSTED



	Q3			YTD		
Millions; except per share data	2020 Adjusted	2019 Adjusted	Change	2020 Adjusted	2019 Adjusted	Change
Revenue	\$889.6	\$771.3	15%	\$2,133.6	\$2,284.0	(7)%
Gross margin	54.2%	53.3%	90 Bps	51.7%	53.6%	(190) Bps
Total operating expense*	365.8	262.2	40%	836.8	777.1	8%
Operating income	116.7	148.9	(22)%	265.4	447.5	(41)%
Interest expense, net	46.0	18.7	146%	86.5	60.2	44%
Effective tax rate	9.7%	9.6%	10 Bps	13.8%	18.2%	(440) Bps
Net income	\$60.3	\$111.7	(46)%	\$150.1	\$306.2	(51)%
Earnings per share diluted	\$0.13	\$0.30	(57)%	\$0.35	\$0.83	(58)%

Refer to slides 18-21 for the reconciliation between GAAP and Non-GAAP and definition of margin calculation.

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

EFFECT OF PRICE/RATE/VOLUME ON REVENUE



Millions

Q3 2020

YTD 2020

	Revenue	Price	FX Rate	Volume*	Total	CER** Growth	Revenue	Price	FX Rate	Volume*	Total	CER** Growth
PH Disease Prevention	297.0	6%	(0)%	37%	43%	43%	613.6	3%	(1)%	(3)%	(1)%	0%
PH Therapeutics	103.3	3%	1%	14%	18%	17%	247.1	2%	(1)%	(3)%	(2)%	(1)%
FA Future Protein & Health	180.9	3%	(1)%	(7)%	(5)%	(4)%	518.8	3%	(2)%	(4)%	(3)%	(1)%
FA Ruminants and Swine	292.3	(2)%	(1)%	13%	10%	12%	703.1	0%	(1)%	(12)%	(13)%	(12)%
Core Revenue	\$873.5	2%	(1)%	15%	16%	17%	\$2,082.6	2%	(1)%	(7)%	(6)%	(5)%
Contract Manufacturing	16.1	(1)%	(2)%	(9)%	(13)%	(10)%	51.0	0%	(2)%	(23)%	(25)%	(23)%
Total Elanco	\$889.6	2%	(1)%	14%	15%	16%	\$2,133.6	2%	(1)%	(7)%	(6)%	(5)%

Note: Numbers may not add due to rounding

*Revenue from the Bayer Animal Health acquisition is reflected in volume. As is typical with acquisitions, we will continue to report the addition of the Bayer business in volume for the next four quarters.

**CER = Constant exchange rate

REVENUE BY GEOGRAPHY



Millions	Q3 2020						YTD 2020					
	Global		US		International		Global		US		International	
	Revenue	Change	Revenue	Change	Revenue	Change	Revenue	Change	Revenue	Change	Revenue	Change
Core Revenue	\$873.5	17%	\$413.8	11%	\$459.7	22%	\$2,082.6	(5)%	\$942.9	(16)%	\$1,139.7	6%
Contract Manf.	16.1	(10)%	7.7	(51)%	8.4	223%	51.0	(23)%	26.6	(45)%	24.4	29%
Total Elanco	\$889.6	16%	\$421.5	9%	\$468.1	23%	\$2,133.6	(5)%	\$969.5	(17)%	\$1,164.1	7%

Note: Numbers may not add due to rounding
Growth rates excluding the impact of foreign exchange rates.

BALANCE SHEET



Working Capital Improvements |

Discipline around discretionary operating expense
Continued improvement in days sales outstanding

Strong Liquidity Position |

\$660 million in cash and equivalents
\$100 million Term Loan repayment

Independent Stand Up Cash Needs |

Stand up cash needs now \$280 to \$320 million, including COVID-19 related challenges; go-live still on schedule

Bayer Animal Health Integration |

Cost of Bayer ERP system at \$72 million

	Q4 2020
Total Revenue	\$1,020 - \$1,060 million
Core Revenue (excluding Contract Manufacturing)	\$985 - \$1,025 million
Contract Manufacturing	Approx. \$35 million

Considerations

Guidance considers the following:

- An estimate of approximately **\$20 to \$30 million in COVID-19 related headwinds**. The impact is assumed to be less severe sequentially with no recurrence of lockdowns in key markets and is concentrated in Farm Animal
- Anticipated **\$10 million of further unwind of Bayer inventory** that had been pulled forward by retailers
- **Other discrete headwinds** to growth including divestitures as part of executing the Bayer acquisition, lapping sales of Posilac inventory, shift in trade funds accounting, awaiting regulatory clearance in India, and the impact of deferring the typical January 1st price increase at Bayer to our February timeframe
- Channel inventory reductions were completed in Q2

HEALTHY PURPOSE

Elanco's approach to sustainability and ESG commitments is called Elanco Healthy Purpose™. This is a framework of commitments and actions that is focused on advancing the well-being of animals, people and the planet, enabling us to realize our vision of **'Food and companionship enriching life'**.

Elanco Healthy Purpose™ addresses societal challenges and underscores Elanco's role in improving the health and wellbeing of the majority of the world's animals.

Learn more about our commitment at:
<https://www.elanco.com/responsibility/our-commitment>



A woman with long blonde hair, seen from behind, is holding a happy golden retriever puppy. The puppy is looking towards the camera with its tongue out. They are standing in front of a red metal fence. In the background, behind the fence, a dark-colored dog with a yellow tag numbered '4' is visible.

Elanco

TM

Food and Companionship
Enriching Life

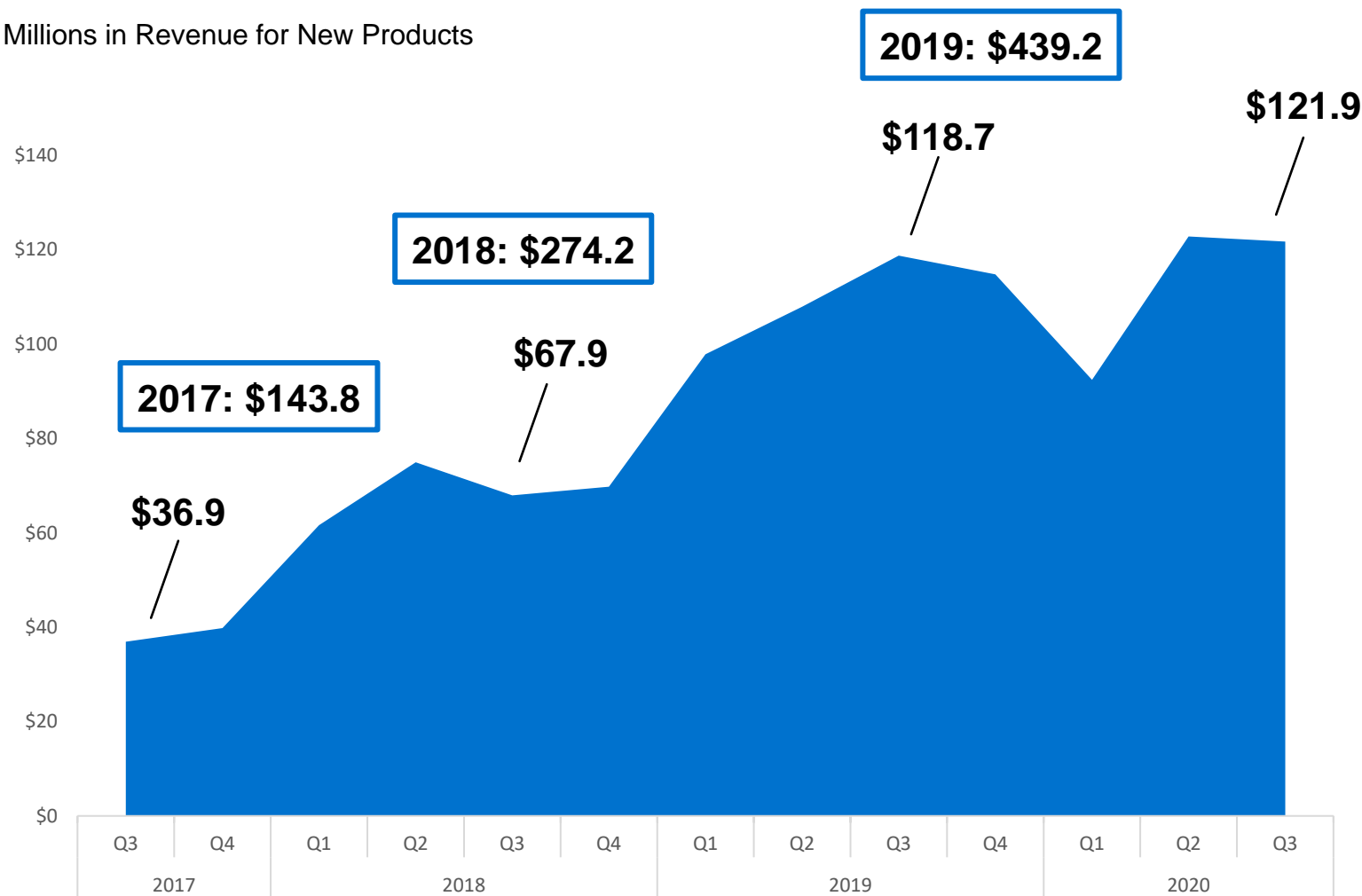
SUPPLEMENTAL SLIDES



NEW PRODUCT PROGRESS

Elanco

Millions in Revenue for New Products



Products Include:

COMPANION ANIMAL

- Interceptor[®] Plus
- Osrnia^{®**}
- Galliprant[®]
- Credelio[®]
- Entyce[®]
- Nocita[®]
- Tanovea[®]

FOOD ANIMAL

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

2020 Q3

+9% excluding divestitures**
+18% further excluding 2019 customer stock-in***

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

**Osrnia was divested as of deal close on August 1, 2020, growth rate excludes revenue from August and September 2019.

***Growth excluding customer stock in in third quarter of 2019, and Osrnia revenue August and September 2019.

Q3 RECONCILIATION OF GAAP to NON-GAAP



Millions; except per share data

	Q3 2020			Q3 2019		
	GAAP Reported	Adjusted Items	Non-GAAP	GAAP Reported	Adjusted Items	Non-GAAP
Gross profit	\$447.8	\$34.7	\$482.5	\$410.9	\$0.2	\$411.1
Operating income	\$82.0	\$34.7	\$116.7	\$148.7	\$0.2	\$148.9
Amortization of intangible assets	95.6	95.6	—	50.7	50.7	—
Asset impairment, restructuring and other special charges	262.2	262.2	—	77.2	77.2	—
Interest expense, net	48.1	2.1	46.0	18.7	—	18.7
Other-net (income) expense	(114.9)	(118.8)	3.9	14.6	8.0	6.6
Income (loss) before taxes	\$(209.0)	275.8	\$66.8	\$(12.5)	\$136.1	\$123.6
Provision for taxes	(74.0)	(80.5)	6.5	(22.5)	(34.4)	11.9
Net income (loss)	\$(135.0)	\$195.3	\$60.3	\$10.0	\$101.7	\$111.7
Earnings (loss) per share diluted	\$(0.29)	\$0.42	\$0.13	\$0.03	\$0.27	\$0.30

See slide 19 for details on items included in the adjustments for each line.

Q3 2020 INCOME STATEMENT NOTES



Q3 2020 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO EXCLUDE:

- Amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health (\$33.2 million) and charges associated with the write-off of marketing inventory recorded from the acquisition of Bayer Animal Health (\$1.5 million).
- 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 (\$131.1 million), severance (\$130.2 million), and asset write-downs (\$1.3 million), partially offset by adjustments to previous write-downs of assets held for sale (\$0.4 million).
- The debt extinguishment loss recorded in connection with the partial repayment of our existing term loan facility (\$2.1 million).
- 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 (\$156.4 million) and a hedging gain related to the closing of the acquisition of the animal health business of Bayer (\$6.0 million), partially offset by a loss recorded in relation to the divestiture of products (\$7.3 million) and debt issuance costs (\$36.3 million).

Q3 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO EXCLUDE:

- Amortization of inventory fair value adjustments recorded from the acquisitions of Aratana and Prevtec (\$0.6 million), partially offset by favorable inventory adjustments for the suspension of commercial activities of Imrestor® (\$0.4 million).
- Charges associated with integration efforts and external costs related to the acquisition of businesses and charges primarily related to independent stand-up costs and other related activities (\$46.1 million), facility exit costs and asset impairments (\$20.7 million), and severance (\$17.5 million), partially offset by a favorable adjustment from reversals for severance programs (\$7.1 million).
- Charges resulting from an increase in the Aratana contingent consideration (\$7.5 million) and impairment of intangible assets as a result of the Prevtec acquisition (\$0.5 million).

FOR ALL PERIODS:

- Income tax represents the income tax expense associated with the adjusted items.
- Adjusted Gross Margin is adjusted Gross Profit divided by Revenue.

YTD RECONCILIATION OF GAAP to NON-GAAP



Millions; except per share data

	YTD 2020			YTD 2019		
	GAAP Reported	Adjusted Items	Non-GAAP	GAAP Reported	Adjusted Items	Non-GAAP
Gross profit	\$1,063.2	\$39.0	\$1,102.2	\$1,223.8	\$0.8	\$1,224.6
Operating income	\$226.4	\$39.0	\$265.4	\$446.7	\$0.8	\$447.5
Amortization of intangible assets	196.2	196.2	—	149.0	149.0	—
Asset impairment, restructuring and other special charges	456.4	456.4	—	133.9	133.9	—
Interest expense, net	89.4	2.9	86.5	60.2	—	60.2
Other-net (income) expense	(161.7)	(166.4)	4.7	21.1	8.0	13.1
Income (loss) before taxes	(\$353.9)	\$528.1	\$174.2	\$82.5	\$291.7	\$374.2
Provision for taxes	(116.6)	(140.7)	24.1	5.1	(62.9)	68.0
Net income (loss)	(\$237.3)	\$387.4	\$150.1	\$77.4	\$228.8	\$306.2
Earnings (loss) per share diluted	(\$0.56)	\$0.91	\$0.35	\$0.21	\$0.62	\$0.83

See slide 21 for details on items included in the adjustments for each line.

YTD 2020 INCOME STATEMENT NOTES



YTD 2020 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO EXCLUDE:

- Amortization of inventory fair value adjustments recorded from the acquisition of the animal health business of Bayer (\$33.2 million) and charges associated with the write-off of marketing inventory recorded from the acquisition of the animal health business of Bayer (\$1.5 million), and a one-time payment to settle outstanding obligations to a contract manufacturing organization in connection with a divestiture (\$4.3 million).
- Charges associated with integration efforts and external costs related to the acquisition of businesses, including the pending acquisition of the animal health business of Bayer, and charges primarily related to independent stand-up costs and other related activities (\$318.5 million), facility exit costs and asset write-downs (\$4.3 million), severance (\$131.8 million), the settlement of a legal matter (\$3.2 million), and the impairment of intangible assets (\$3.5 million), partially offset by adjustments to write-downs of assets held for sale (\$0.4 million), a favorable adjustment from reversals for severance programs that are no longer active (\$0.7 million), and the gain on the sale of our R&D facility in Prince Edward Island, Canada (\$3.8 million).
- The debt extinguishment loss recorded in connection with the partial repayment of our existing term loan facility (\$2.9 million).
- 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 (\$156.4 million), a hedging gain related to the closing of the acquisition of the animal health business of Bayer (\$6.0 million), the gain on our sale of land and buildings in New South Wales, Australia (\$45.6 million) and the impact of a decrease in the fair value of the Pevtec contingent consideration (\$2.1 million), partially offset by a loss recorded in relation to the divestiture of products (\$7.3 million) and debt issuance costs (\$36.3 million).

YTD 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO EXCLUDE:

- Amortization of inventory fair value adjustments recorded from the acquisitions of Aratana and Pevtec (\$0.6 million) and inventory adjustments for the suspension of commercial activities of Imrestor (\$0.2 million).
- Charges associated with integration efforts and external costs related to the acquisition of businesses and charges primarily related to independent stand-up costs and other related activities (\$100.1 million), facility exit costs and asset impairments (\$24.7 million), and severance (\$19.5 million), partially offset by a favorable adjustment from reversals for severance programs (\$10.4 million).
- Charges resulting from an increase in the Aratana contingent consideration (\$7.5 million) and the write-off of marketing authorizations as a result of the acquisition of Pevtec (\$0.5 million).

RECONCILIATION OF GAAP REPORTED TO NON-GAAP EPS



	Q3		YTD	
	2020	2019	2020	2019
As reported EPS	\$(0.29)	\$0.03	\$(0.56)	\$0.21
Cost of sales	0.08	0.00	0.09	0.00
Amortization of intangible assets	0.21	0.14	0.46	0.40
Asset impairment, restructuring and other special charges	0.57	0.21	1.07	0.36
Other-net (income) expense	(0.26)	0.02	(0.39)	0.02
Interest expense, net of capitalized interest	0.00	—	0.01	—
Subtotal	\$0.59	\$0.37	\$1.24	\$0.79
Tax impact of adjustments	(0.17)	(0.09)	(0.33)	(0.17)
Total adjustments to EPS	\$0.42	\$0.28	\$0.91	\$0.62
Adjusted EPS⁽¹⁾	\$0.13	\$0.30	\$0.35	\$0.83

Numbers may not add due to rounding. (1) Adjusted EPS is calculated as the sum of As Reported EPS and Total Adjustments to EPS.

NET INCOME TO EBITDA AND ADJUSTED EBITDA

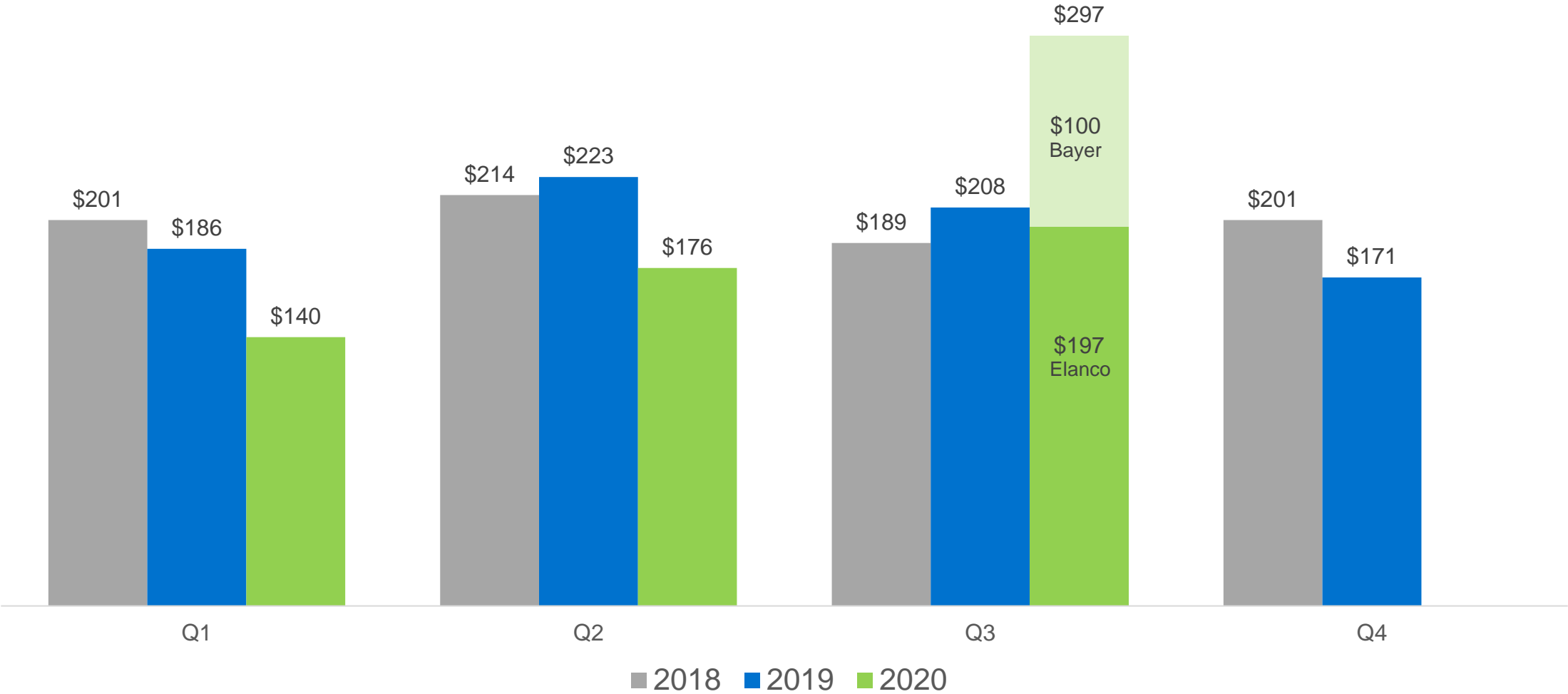


(dollars in millions)

	Q3		YTD	
	2020	2019	2020	2019
Reported net income (loss)	\$(135.0)	\$10.0	\$(237.3)	\$77.4
Net interest expense	48.1	18.7	89.4	60.2
Income tax expense (benefit)	(74.0)	(22.5)	(116.6)	5.1
Depreciation and amortization	132.2	78.7	294.7	231.1
EBITDA	\$(28.7)	\$84.9	\$30.2	\$373.8
Non-GAAP adjustments:				
Cost of sales	\$34.7	\$0.2	\$39.0	\$0.8
Asset impairment, restructuring and other special charges	262.2	77.2	456.4	133.9
Accelerated depreciation and amortization ⁽¹⁾	(1.3)	—	(6.6)	—
Other net (income) expense	(118.8)	8.0	(166.4)	8.0
Adjusted EBITDA	\$148.1	\$170.3	\$352.6	\$516.5
<i>Adjusted EBITDA margin</i>	16.6%	22.1%	16.5%	22.6%

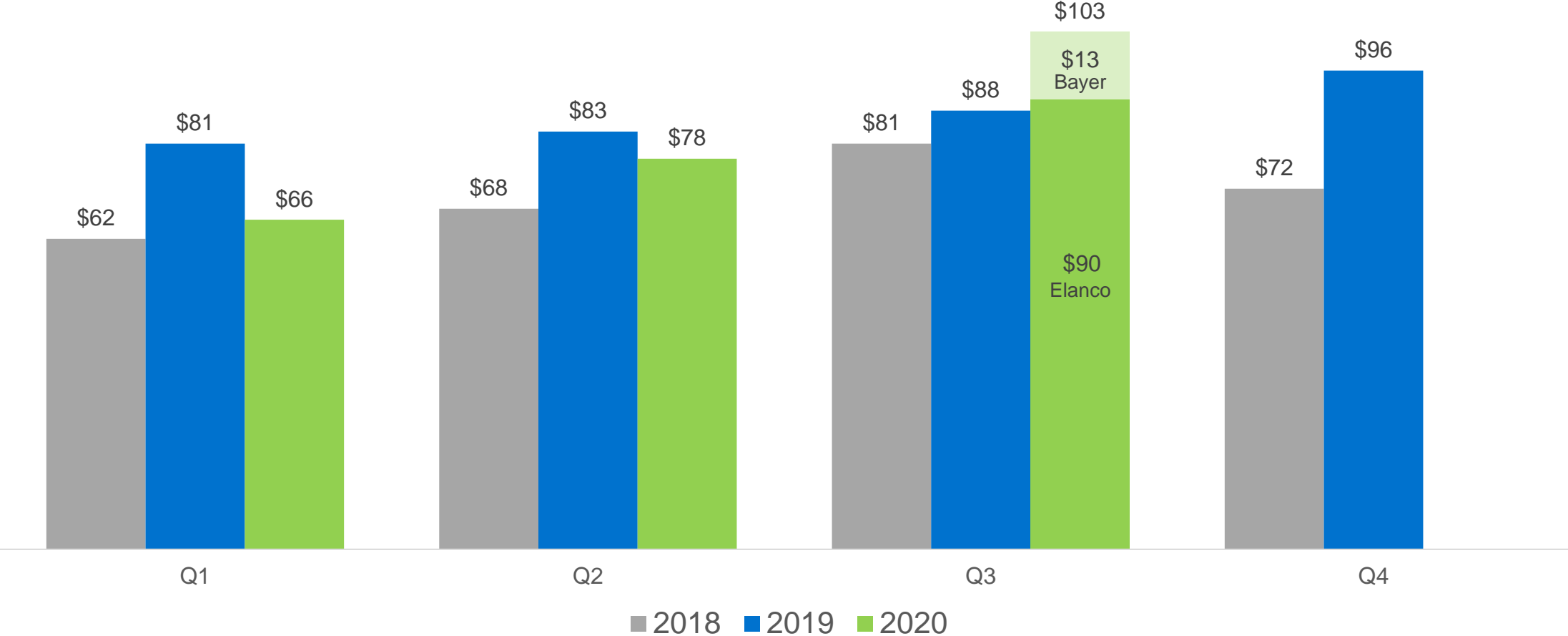
(1) Represents depreciation and amortization of certain assets that was accelerated during the three and nine months ended September 30, 2020. This amount must be added back to arrive at Adjusted EBITDA because it is included in Asset impairment, restructuring and other special charges but it has already been excluded from EBITDA in the "Depreciation and amortization" row above.

Q3 2020 PH PREVENTION SALES INCREASED 43%



Note: Amounts and growth rates in reported dollars; dollars in millions

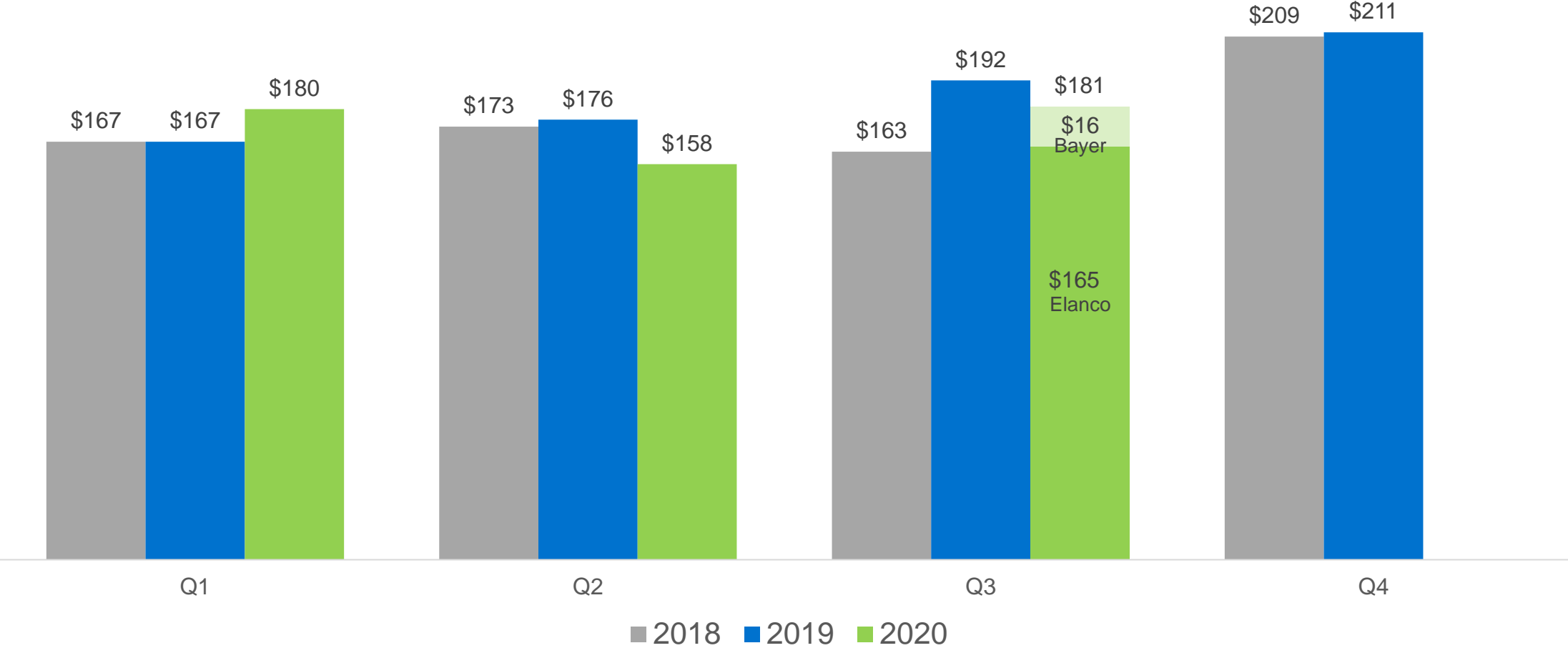
Q3 2020 PH THERAPEUTICS SALES INCREASED 18%



Note: Amounts and growth rates in reported dollars; dollars in millions

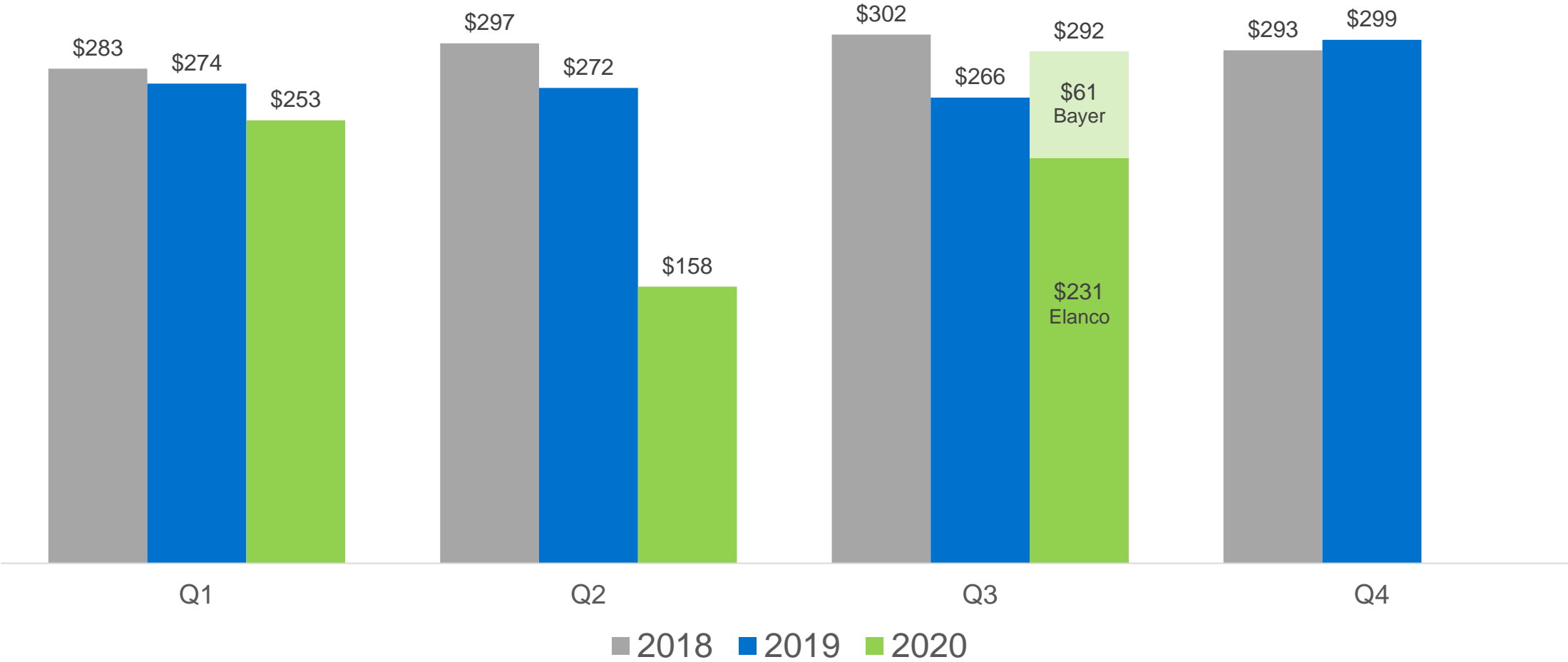
Q3 2020 FUTURE PROTEIN & HEALTH SALES

DECREASED 5%



Note: Amounts and growth rates in reported dollars; dollars in millions

Q3 2020 RUMINANTS & SWINE SALES INCREASED 10%



Note: Amounts and growth rates in reported dollars; dollars in millions