

2021 Earnings – First Quarter

May 7, 2021

Elanco

Safe Harbor Provision

This presentation contains 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 (Exchange Act), including, without limitation, statements concerning our expectations relating to the integration of Bayer Animal Health, expected synergies and cost savings, product launches and revenue from such products, independent company stand-up costs and timing, reduction of debt and leverage, cost savings and expenses relating to restructuring actions, the impact of the COVID-19 pandemic on our business, our 2021 full year and second quarter guidance and long-term expectations, safety profile and expectations about Seresto revenue in 2021, 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 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 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 farm animals; our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements; consolidation of our customers and distributors; an outbreak of infectious disease carried by farm animals; the impact on our operations, the supply chain, customer demand, and our liquidity as a result of the COVID-19 global health pandemic; the success of our research and development (R&D) and licensing efforts; 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; the impact of weather conditions and the availability of natural resources; use of alternative distribution channels and the impact of increased or decreased sales to our channel distributors resulting fluctuation in our revenues; manufacturing problems and capacity imbalances; challenges to our intellectual property rights or our alleged violation of rights of others; risks related to our presence in foreign markets; breaches of our information technology systems; our ability to successfully integrate the businesses we acquire, including the animal health business of Bayer AG (Bayer Animal Health); effect of our substantial indebtedness on our business; the effect on our business resulting from our separation from Eli Lilly and Company (Lilly); the uncertainties inherent in research relating to product safety and additional analyses of existing safety data; actions by regulatory bodies, including as a result of their interpretation of studies on product safety; unfavorable publicity resulting from media reports on our products; and public acceptance of our products.

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 subsequent Form 10-Qs filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements

Starting 2021 with Momentum

Q1 2021 Results Above Expectations

Broad-based outperformance across categories and geographies

Expense leverage and synergy execution driving strong flow-through

Momentum Expected to Continue

Raised and tightened 2021 revenue, adjusted EBITDA⁽¹⁾, and adjusted EPS⁽¹⁾ guidance

Innovation pipeline on track to yield eight launches in 2021

Positioned for Sustainable Long-Term Value Creation

Raised guidance demonstrating execution against our strengthened and expanded IPP strategy

Updated outlook in line with our long-term growth algorithm

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

First Quarter 2021

Actuals vs. Guidance Comparison

	February Guidance	Q1 2021 Actual	Comparison to Midpoint
Revenue	\$1,150 - \$1,170	\$1,242	+\$82
Reported Earnings Per Share Diluted	\$(0.22) - \$(0.17)	\$(0.12)	+\$0.08
Adjusted Earnings Per Share Diluted⁽¹⁾	\$0.20 - \$0.25	\$0.37	+\$0.15

\$ millions, except
per share values

Note: Difference between GAAP and non-GAAP comparison to midpoint primarily driven by tax expense. (1) Includes non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

Confidence in Seresto's Strong Safety Profile

In a separate 8-K, we have released data and information recently shared with the EPA and the House of Representatives Subcommittee on Economic and Consumer Policy, as well as a new third-party assessment, to correct misinformation spread through some media reports regarding Seresto

The Facts

>28.5M

Seresto collars sold in the U.S. since 2012

>75M

Seresto collars sold globally since 2011

<0.3%

incident report rate for all adverse events related to Seresto in the U.S., of which the **significant majority relate to non-serious effects**

80

regulatory authorities, including the U.S. EPA, rigorously reviewed Seresto's safety data

Of the 1,852 reports recorded in the U.S. where Seresto was mentioned alongside the death of a pet, 12 cases – or *0.000042% of total collars sold* – were classified as either probably or possibly causally related to the Seresto collar. Very importantly, **none of those 12 cases were linked to the active ingredients in Seresto**



Proactive Steps to Ensure Consumer Confidence



Educational materials across 20,000 veterinary clinics



Enhanced in-store and online retailer advertising and accelerated marketing efforts



Hands-on educational and training opportunities for up to 90,000 U.S. in-store retail associates



Outreach to veterinary and toxicology associations to share accurate product data



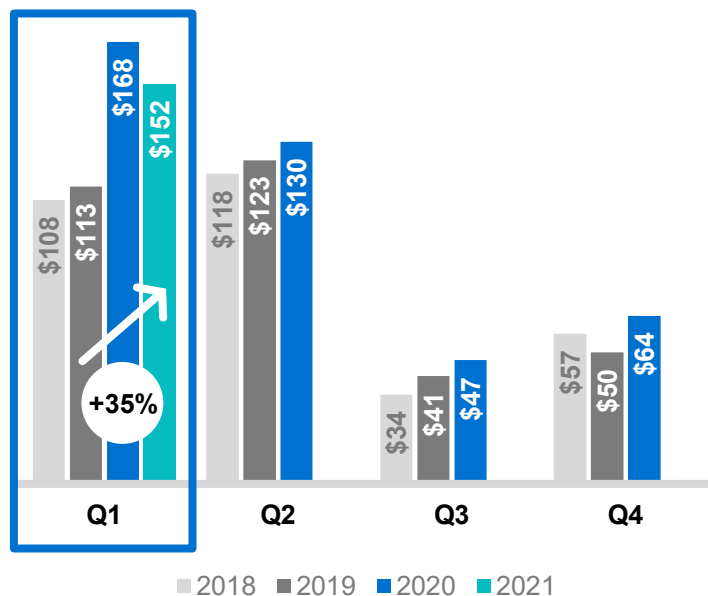
Sharing facts directly with consumers through targeted social and online channels

Seresto Revenue and Dispensing Trends

Seresto April U.S. Revenue Ahead of Expectations; Full Year Global Revenue On Track⁽¹⁾

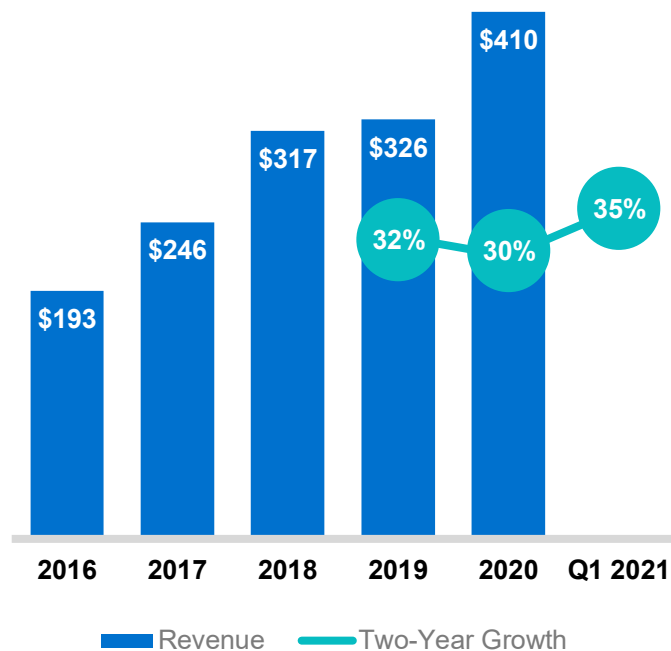
Quarterly Global Revenue

\$152 million in Q1 2021 vs. \$168 million in the year-ago period
35% growth in Q1 2021 vs. Q1 2019 (\$152 million vs. \$113 million)



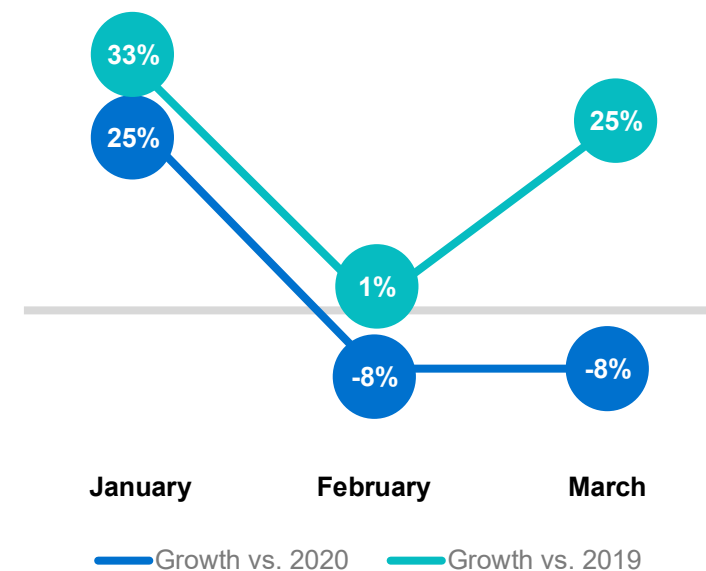
Annual Global Revenue

Q1 2021 growth vs. Q1 2019 shows no deceleration from 2020 and 2019 two-year growth trends



Monthly U.S. Dispensing

Our closest view of pet owner purchasing
March rebound in two-year growth trends from weather-impacted February, closer to January levels



Note: Revenue in millions. Revenue data 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 data is a good faith summary to provide better financial context to investors about the expected performance of Seresto in 2021. Dispensing data sourced from Kynetec, Nielsen, and 1010data. (1) Seresto revenue expectations for April and the full year 2021, respectively, as established at the start of 2021 for both

Broad-Based Execution & Market Strength Across Our Global Portfolio



Pet Health

Contributed approximately half of outperformance in Q1

Highly competitive but favorable industry backdrop

Unfavorable weather impacting U.S. parasiticide trends in Q1

Strength in global Advantage family and U.S. vaccines

Credelio, Interceptor Plus, and Galliprant tracking in line with expectations



Farm Animal

Contributed approximately half of outperformance in Q1

Stabilization in U.S. cattle and swine, with Rumensin above forecast

Continued macroeconomic related challenges in international poultry and aqua

Strong China swine recovery, with vigilance around ASF resurgence and recent herd reductions

Key Enablers Driving Growth

Launch
Excellence

Omnichannel
Leadership

Geographic
Focus

Pricing

Digital
Ecosystem

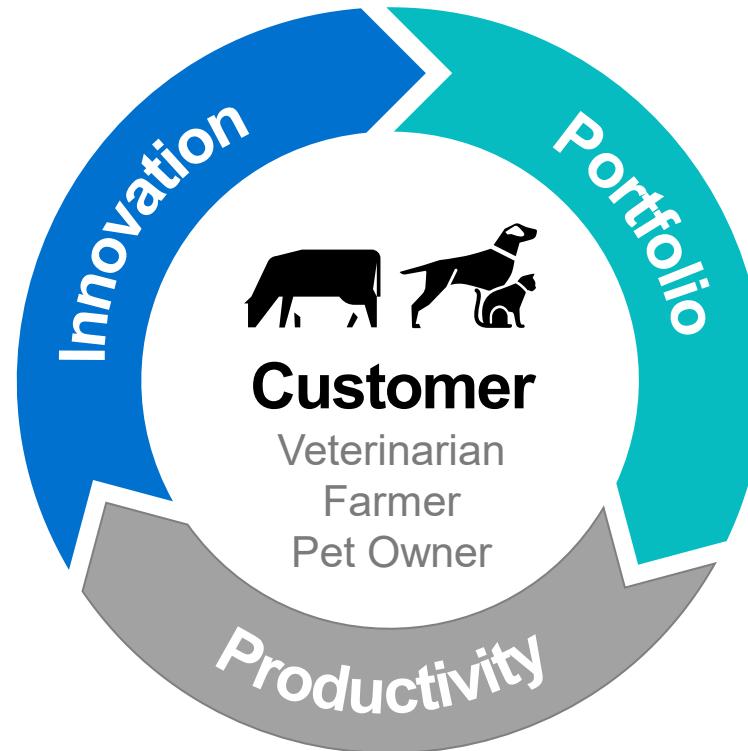
Executing Our Strengthened and Expanded IPP Strategy

Dependable Revenue Growth from Innovation

11 of 13 geographic approvals received for eight launches in 2021

On track for \$80 to \$100 million in innovation contributions in 2021

Expected 2%-3% contribution to overall revenue growth annually on average



Expanded Portfolio, Capabilities, Access

Leveraging leadership in Pet Health retail to grow our franchise

Cross-functional collaboration supporting new launches

Geographic diversification including China driving a percentage point of total growth






























Unlocking Value

Manufacturing productivity improvements underpinning margin expansion toward long-term targets

Operating globally in Elanco's own ERP system and shared service center environment with on-time exit from Lilly TSAs

Rapid progress toward accelerated \$300 million of synergy realization

2021 New Product Launches

Product	Species	Description	Geography	Launch Quarter	Status (Updates)
 Experior	 Cattle	Novel in Feed Technology with Environmental Claim	 	Q1 2021	U.S.: First shipment CA: Approved
 Increxxa <small>(tulathromycin injection)</small>	  Cattle Swine	Injectable <i>Tulathromycin</i> Antibiotic in BRD ⁽¹⁾ /SRD ⁽²⁾	 	Q1 2021	EU: Launched U.S.: Launched
 Cosabody	 Poultry	Non-Medicated Feed Ingredient Supporting the Natural Defense System; Suitable for RWA ⁽³⁾	 	Q2 2021	Field trials underway
 Clinacox	 Poultry	Anticoccidial Portfolio Expansion; Suitable for RWA		Q1 2021	Launched
 ZooShield				Q2 2021	On track
 Credelio PLUS <small>(lotilaner+milbemycin oxime)</small>	 Dog	Oral Monthly Flea/Tick/Heartworm	  	Q1 2021	JP: Launched EU: Marketing authorization received AU: On track
 Credelio <small>(lotilaner)</small>	 Cat	Oral Monthly Flea/Tick		Q2 2021	Launched
 Elura <small>(capromorelin oral solution)</small>	 Cat	Oral Solution for Weight Loss Management in CKD ⁽⁴⁾		Q1 2021	Launched

(1) Bovine Respiratory Disease, (2) Swine Respiratory Disease, (3) Raised Without Antibiotics, (4) Chronic Kidney Disease
Note: Elanco analysis based on Vetnosis, AnimalPharm, and other public and proprietary data sources

First Quarter 2021

Financial Performance Highlights

\$ millions, except per share values

		2021	2020
Reported	Revenue	\$1,242	\$658
	Net Income (Loss)	\$(61)	\$(49)
	Earnings Per Share Diluted	\$(0.12)	\$(0.12)
Adjusted⁽¹⁾	Net Income	\$182	\$54
	Earnings Per Share Diluted	\$0.37	\$0.13
	EBITDA	\$343	\$107
	EBITDA Margin	27.6%	16.2%

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

First Quarter 2021

Adjusted⁽¹⁾ Income Statement Highlights

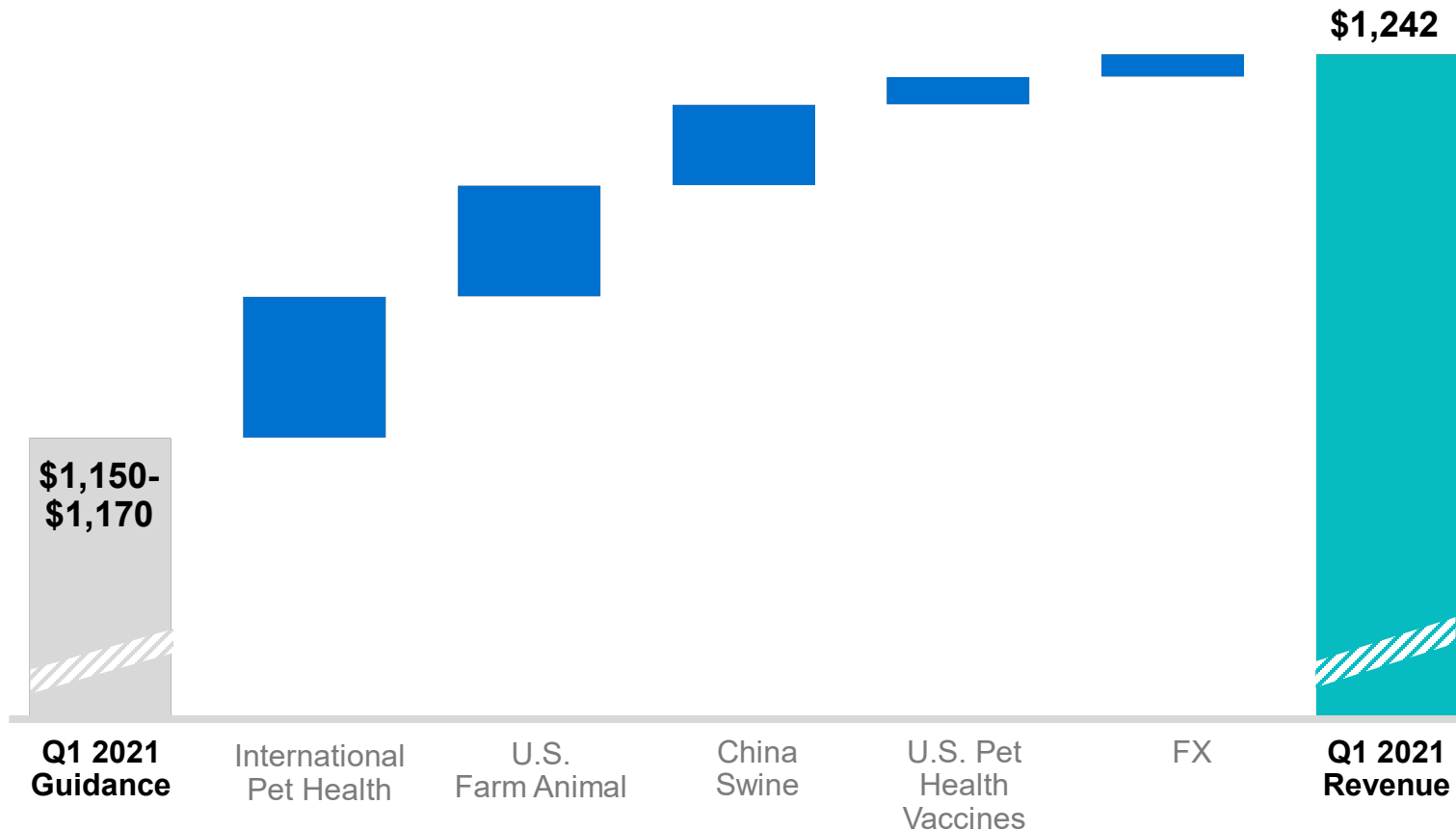
\$ millions, except
per share values

	2021	2020	Change
Revenue	\$1,242	\$658	89%
Adjusted Gross Profit	735	329	123%
Adjusted Gross Margin	59.2%	50.1%	920 bps
Marketing, Selling, & Admin Expenses	348	182	91%
R&D Expenses	89	67	32%
Interest Expense, Net	61	16	287%
Effective Tax Rate	21.3%	15.9%	540 bps
Adjusted Net Income	182	54	239%
Adjusted Earnings Per Share Diluted	\$0.37	\$0.13	181%

(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations. We define adjusted gross margin as adjusted gross profit divided by total revenue. Adjusted gross profit is defined as total revenue less adjusted cost of sales

Drivers of Q1 2021 Revenue vs. Guidance

(\$ millions)



Key Drivers

- + Commercial execution in International Pet Health

- + Stabilization in U.S. cattle and swine

- + Strong China swine recovery from ASF headwinds

- + U.S. Pet Health vaccines in a beneficial vet clinic backdrop, and with operational discipline under new leadership

- + FX tailwinds vs. expectations

First Quarter 2021

Revenue Summary by Category

	Legacy Elanco	Elanco YOY Change	Legacy Bayer	Total	Total YOY Change
Pet Health	\$276	34%	\$369	\$645	213%
Cattle	---	---	---	267	---
Poultry	---	---	---	165	---
Swine	---	---	---	123	---
Aqua	---	---	---	23	---
Farm Animal	\$404	(7)%	\$174	\$578	33%
Contract Manufacturing	3	(84)%	16	19	0%
Global Total	\$683	4%	\$559	\$1,242	89%

Note: Reported revenue in millions. Numbers may not add due to rounding. Year-over-year change noted in reported terms.
The comparison period in 2020 does not include revenue from animal health products acquired from Bayer, which was completed August 1, 2020

First Quarter 2021

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate ⁽¹⁾	Volume ⁽²⁾	Total	CER Growth ⁽³⁾
Pet Health	\$645	2%	2%	210%	213%	211%
Farm Animal	\$578	2%	0%	31%	33%	34%
Contract Manufacturing	19	0%	0%	0%	0%	0%
Total Elanco	\$1,242	2%	0%	86%	89%	88%

Note: Reported revenue in millions. Numbers may not add due to rounding. The comparison period in 2020 does not include revenue from animal health products acquired from Bayer, which was completed of August 1, 2020

(1) Represents impact of foreign exchange rate on growth attributable to the legacy Elanco portfolio only

(2) Impact of current year 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 through the third quarter of 2021

(3) CER = Constant Exchange Rate, representing the growth rate excluding the impact of foreign exchange rates attributable to the legacy Elanco portfolio only

First Quarter 2021

Revenue by Geography

\$ millions

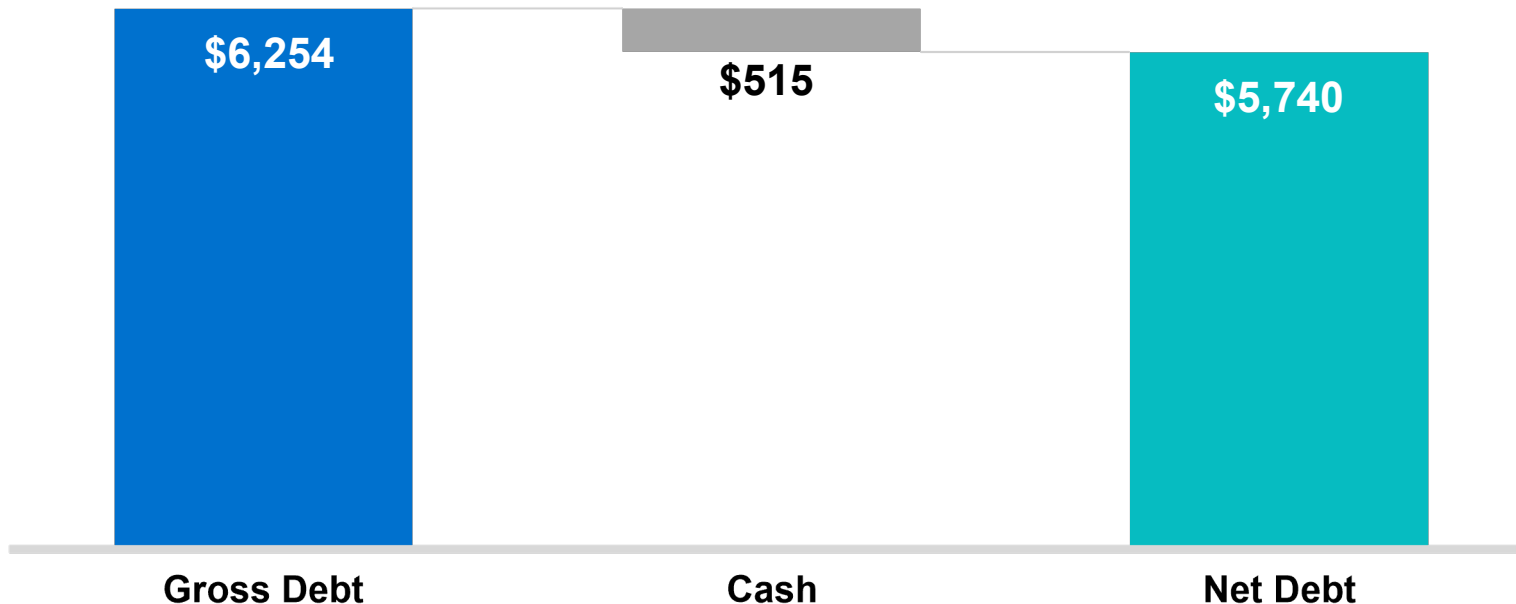
	U.S.	International	Global
Pet Health	\$334	\$311	\$645
Farm Animal	\$190	\$388	\$578
Contract Manufacturing	\$9	\$10	\$19
Total Elanco	\$533	\$709	\$1,242
% of Total Elanco	43%	57%	100%

Note: Numbers may not add due to rounding

Key Balance Sheet and Cash Flow Metrics

Debt⁽¹⁾ Balances as of March 31, 2021

\$ millions



Days sales outstanding

increased slightly to 69 days vs. 66 days at the end of 2020, related to sequentially increased revenue with a higher percentage of revenue in international geographies

Continued expectation

of \$500 million in gross debt paydown in 2021

Improved target

of net leverage at ~5.0x by the end of 2021 vs. prior ~5.5x

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

2021 Guidance

Raising and tightening full year guidance for revenue, adj. EBITDA, and adj. EPS, and providing guidance for the second quarter



Elanco

2021

Full Year Guidance

\$ millions, except per share values

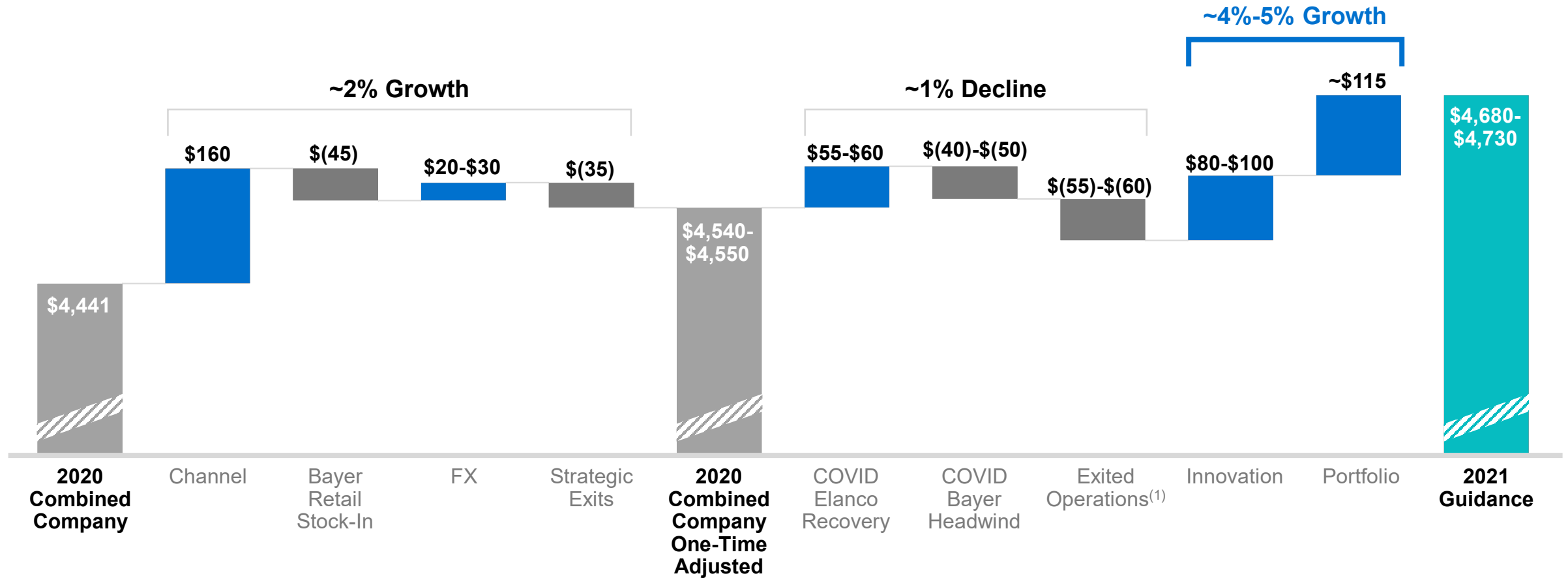
	December Guide	February Update	May Update
Total Revenue	\$4,520 – \$4,600	\$4,550 – \$4,630	\$4,680 – \$4,730
Adjusted Gross Margin ⁽¹⁾	55.5% – 56.5%	56.0% – 57.0%	56.75% – 57.25%
Operating Expenses	\$1,730 – \$1,760	\$1,730 – \$1,750	\$1,780 – \$1,800
Adjusted EBITDA⁽¹⁾	\$940 – \$1,000	\$980 – \$1,040	\$1,055 – \$1,095
Adjusted EBITDA Margin⁽¹⁾	21% – 22%	21% – 22%	22% – 23%
Depreciation	Approx. \$175	Unchanged	Approx. \$195
Interest Expense, Net of Capitalized Interest	\$236 – \$244	Unchanged	Unchanged
Tax Rate	21% – 22%	Unchanged	Unchanged
Reported Earnings per Share	(\$0.28) – (\$0.14)	(\$0.30) – (\$0.20)	(\$0.35) – (\$0.26)
Adjusted Earnings per Share⁽¹⁾	\$0.83 – \$0.95	\$0.90 – \$1.00	\$1.00 – \$1.06
Weighted Average Diluted Share Count	Approx. 494.5 million	Unchanged	Approx. 488.7 million
Capital Expenditures	\$145 – \$165	Unchanged	Unchanged
Net Cash Impact from Bayer, Stand-Up, Integration, and Restructuring	Approx. \$250	Unchanged	Unchanged
Cash Taxes ⁽²⁾	\$30 – \$35	\$25 – \$30	Unchanged

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

(2) Net of an expected U.S. federal income tax refund of \$16 million and U.S. state income tax refund of \$3 million

2021 Revenue Growth Includes ~4% to 5% Underlying Growth

(\$ millions)



(1) Includes the impact from exiting certain low margin distribution agreements across both legacy Elanco and Bayer portfolios

Guidance

\$ millions, except per share values

Total Revenue	\$1,225 – \$1,255
Adjusted EBITDA⁽¹⁾	\$250 – \$275
Reported Diluted EPS	\$(0.08) – \$(0.01)
Adjusted Diluted EPS⁽¹⁾	\$0.22 – \$0.27



Overall momentum
 carrying forward from Q1 2021 and Q4 2020 outperformance



Balanced outlook
 with continued challenges in a competitive backdrop, and with macro and pandemic-related pressures still affecting international poultry and aqua growth



\$30 million shift in opex dollars to Q2 2021
 from Q1 2021 with delayed DTC and digital investments, and timing of R&D project spend

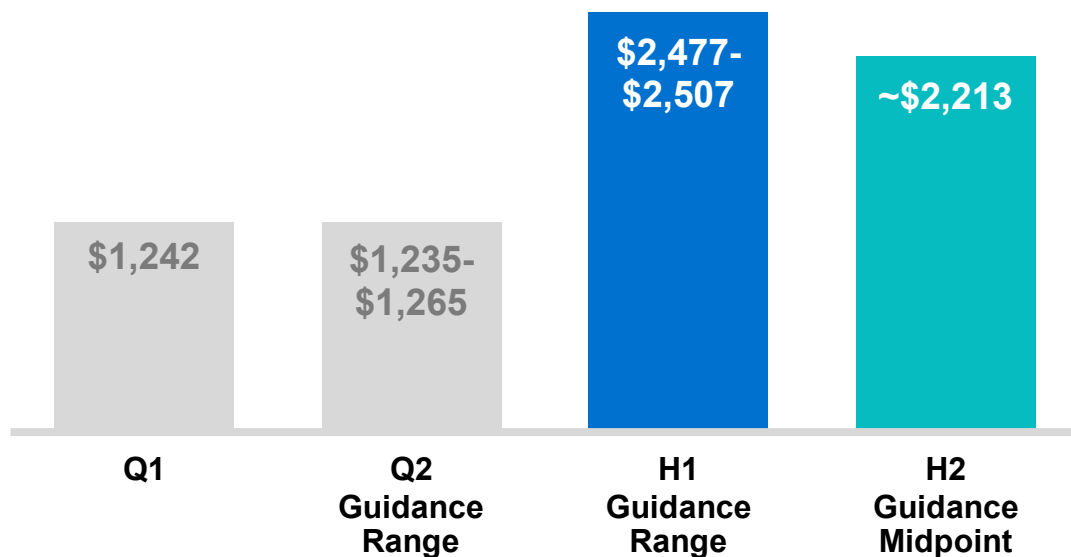
(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

Seasonality and Quarterly Cadence

H1 vs. H2 2021 Guidance

Revenue

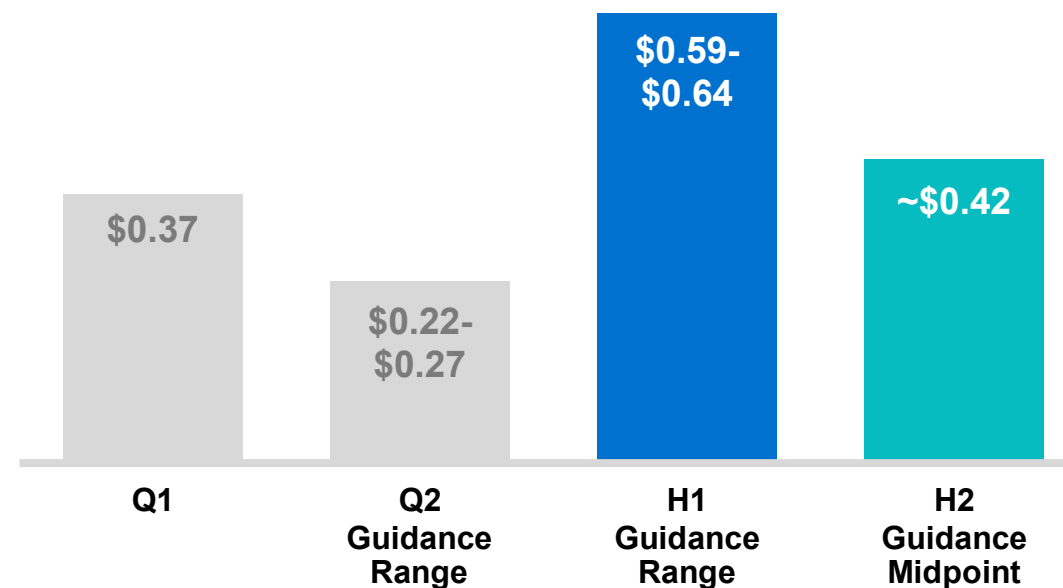
\$ millions



H1 2021 outlook represents ~53% of full year 2021 revenue and ~60% of full year 2021 adjusted EPS

Historically, ~70% of Seresto and ~60% of Advantage family revenue occurred in the first half of the year

Adjusted EPS⁽¹⁾



2021 quarterly cadence includes operating expense shift from Q1 to Q2 (~\$0.05 shift to Q2)

Higher margin parasiticide business drives greater profitability in H1

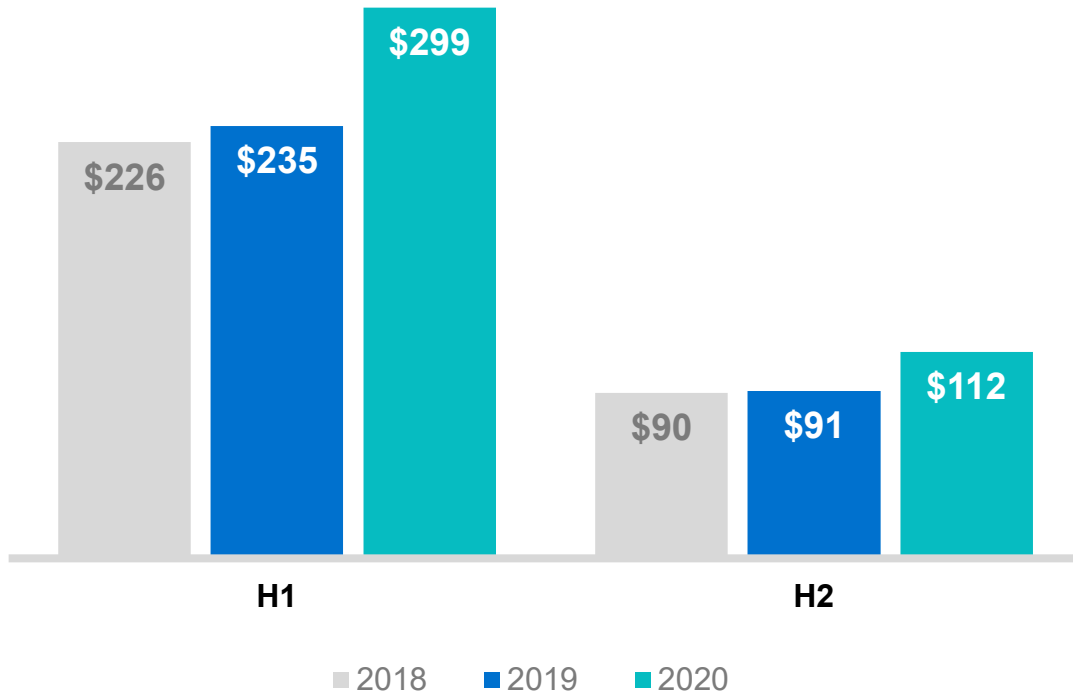
(1) Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

Higher-Margin Parasiticide Business Seasonality

Seresto and Advantage Family Revenue Trends

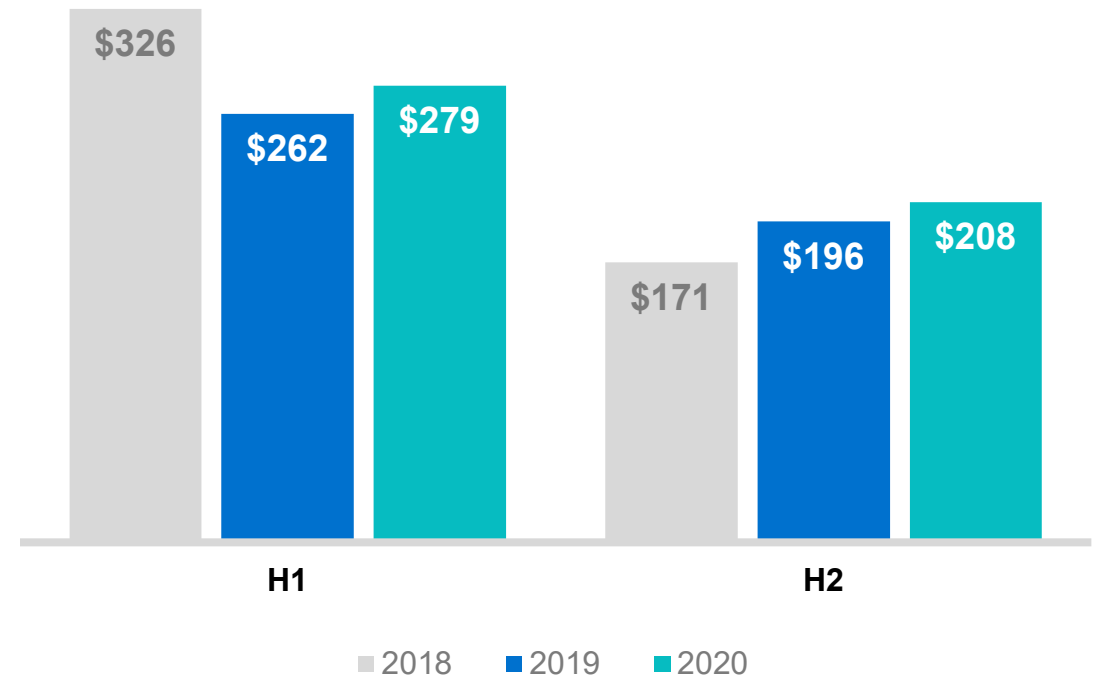
Global Seresto

\$ millions



Global Advantage Family

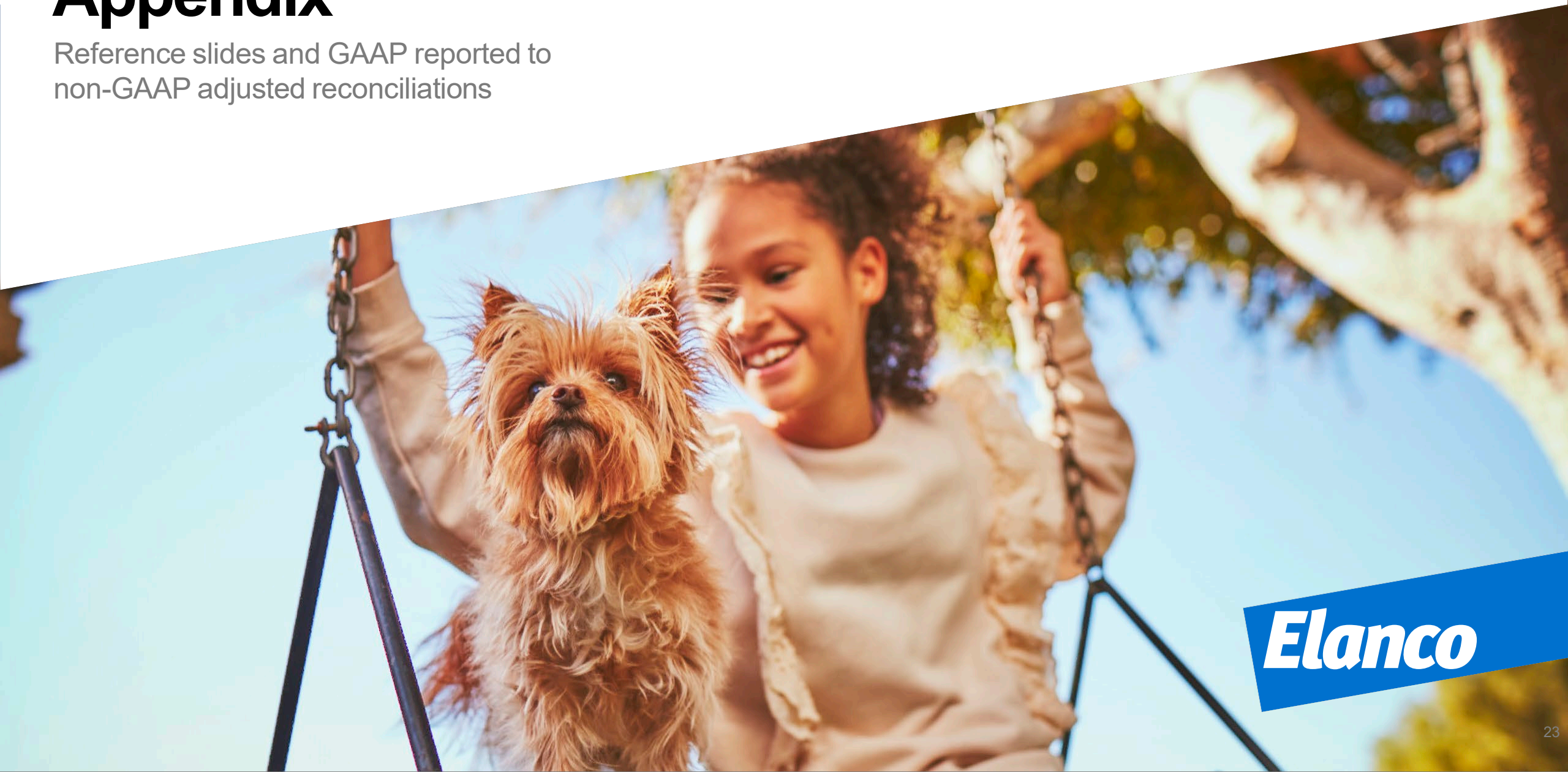
\$ millions



Note: Revenue data 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 data is a good faith summary to provide better financial context to investors about the expected performance of Seresto and the Advantage family products in 2021

Appendix

Reference slides and GAAP reported to
non-GAAP adjusted reconciliations



Elanco

Combined Company Revenue

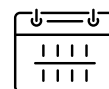
2020 Reference Base⁽¹⁾

\$ millions

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



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



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



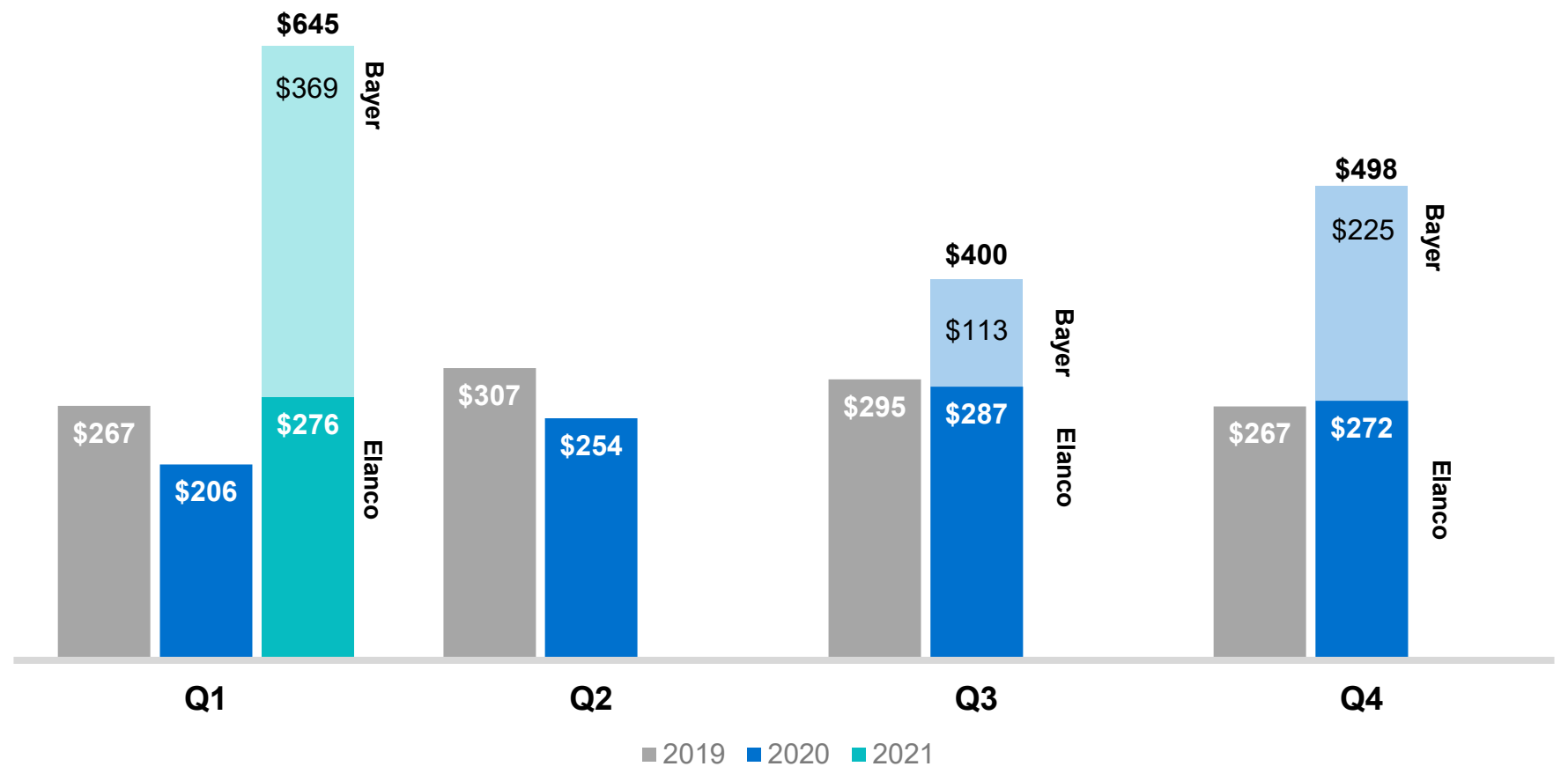
Assumes related divestitures
completed January 1, 2020
and accounting
reclassifications complete

(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 expected 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

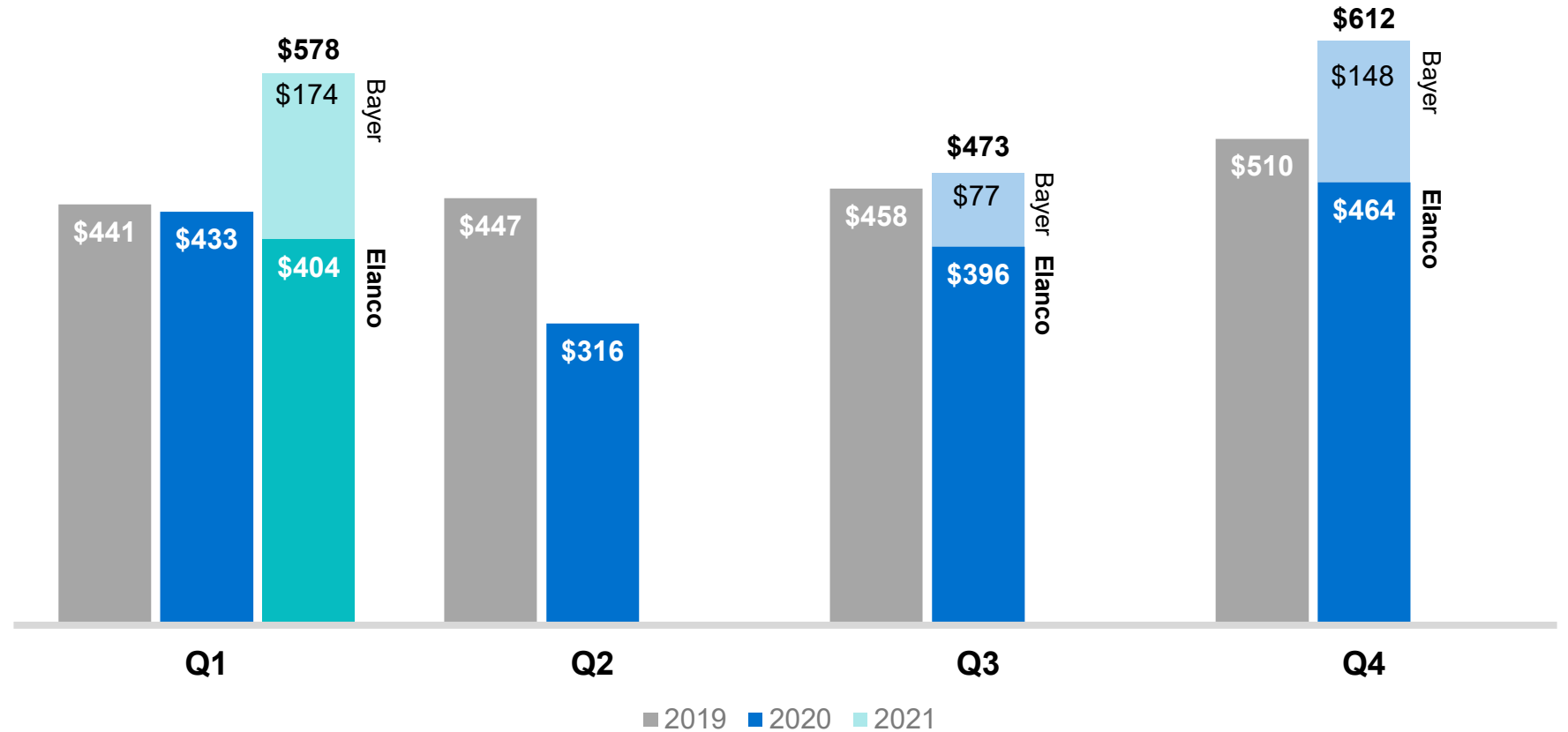
(3) Less revenue from products that were included in Elanco and Bayer reported revenue prior being divested, in most cases, as of August 1, 2020. Divestitures from legacy Elanco include: Osurnia, Capstar, StandGuard, Vecoxan, Itrafungol, and Clomicalm. Divestitures from legacy Bayer Animal Health include: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

Revenue by Quarter



Note: Revenue in reported dollars in millions. Numbers may not add due to rounding

Revenue by Quarter



Note: Revenue in reported dollars in millions. Numbers may not add due to rounding

First Quarter 2021

Adjusted EBITDA Reconciliation

\$ millions

	2021	2020
Reported Net Loss	\$(61)	\$(49)
Net Interest Expense	\$61	\$17
Income Tax Benefit	\$(19)	\$(19)
Depreciation and Amortization	\$202	\$82
EBITDA	\$183	\$30
Non-GAAP Adjustments		
Cost of Sales	\$62	\$4
Asset Impairment, Restructuring, and Other Special Charges	\$108	\$75
Other Expense (Income), Net	\$(7)	-
Accelerated Depreciation and Amortization ⁽¹⁾	\$(3)	\$(3)
Adjusted EBITDA	\$343	\$107
Adjusted EBITDA Margin	27.6%	16.2%

(1) Represents 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

First 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 ⁽¹⁾⁽²⁾	\$569	\$62	\$507	\$333	\$4	\$329
Amortization of Intangible Assets	\$147	\$147	–	\$52	\$52	–
Asset Impairment, Restructuring and Other Special Charges ⁽³⁾⁽⁴⁾	\$108	\$108	–	\$75	\$75	–
Interest Expense, Net ⁽⁵⁾	\$61	–	\$61	\$16	\$1	\$15
Other Expense (Income), Net ⁽⁶⁾	–	\$(7)	\$7	\$1	–	\$1
Income (Loss) Before Taxes	\$(80)	\$310	\$231	\$(68)	\$131	\$64
Provision for Taxes ⁽⁷⁾⁽⁸⁾	\$(19)	\$(68)	\$49	\$(19)	\$(29)	\$10
Net Income (Loss)	\$(61)	\$242	\$182	\$(49)	\$103	\$54
Earnings (Loss) per Share Diluted	\$(0.12)	\$0.50	\$0.37	\$(0.12)	\$0.25	\$0.13
Adjusted Weighted Average Shares Outstanding Diluted ⁽⁹⁾	486.7	488.1	488.1	403.9	405.1	405.1

See slide 29 for details of adjustments to certain GAAP reported measures

Details of Adjustments to Certain GAAP Reported Measures

For the three months ended March 31, 2021 and 2020:

- 1) 2021 excludes amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health (\$62 million).
- 2) 2020 excludes a one-time payment to settle outstanding obligations to a contract manufacturing organization in connection with a divestiture due to the acquisition of Bayer Animal Health (\$4 million).
- 3) 2021 excludes charges associated with integration efforts and external costs related to the acquisition of Bayer Animal Health, and charges primarily related to independent stand-up costs and other related activities (\$81 million), severance (\$26 million), asset impairments (\$9 million), and asset write-downs (\$2 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 (\$9 million) and the gain recorded on the divestiture of an early-stage IPR&D assets acquired as part of the Bayer Animal Health acquisition (\$1 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 (\$76 million), facility exit costs and asset write-downs (\$2 million), and severance (\$1 million), partially offset by a favorable adjustment from reversals for severance programs that are no longer active (\$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 loss recorded in connection with the repayment of our existing term loan facility (\$1 million).
- 6) 2021 excludes up-front payments received and equity issued to us in relation to a license agreement (\$8 million), partially offset by net losses recorded in relation to divestitures (\$1 million).
- 7) 2021 represents the income tax expense associated with the adjusted items, partially offset by an increase in the valuation allowance recorded against our U.S. deferred tax assets during the period (\$2 million).
- 8) 2020 represents the income tax expense associated with the adjusted items.
- 9) During the three months ended March 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 periods, 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 1.4 million and 1.2 million, respectively, of common stock equivalents.

Full Year 2021

EPS Guidance Reconciliation

May Update

Reported Loss per Share	\$(0.35) – \$(0.26)
Cost of Sales ⁽¹⁾	\$0.13
Amortization of Intangible Assets	\$1.19
Asset Impairment, Restructuring, and Other Special Charges ⁽²⁾	\$0.39 – \$0.43
Other Expense (Income), Net	(\$0.01)
Subtotal	\$1.69 – \$1.73
Tax Impact of Adjustments	\$(0.38) – \$(0.37)
Total Adjustments to Earnings (Loss) per Share	\$1.32 – \$1.35
Adjusted Earnings per Share⁽³⁾	\$1.00 – \$1.06

Note: Numbers may not add due to rounding

(1) Cost of Sales adjustment is related to the amortization of inventory fair value adjustments recorded from the acquisition of Bayer Animal Health

(2) Asset impairment, restructuring, and other special charges adjustments are related to 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, including severance

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

Full Year 2021

EBITDA Guidance Reconciliation

May Update

\$ millions

Reported Net Loss	\$(170) – \$(125)
Net Interest Expense	\$235 – \$245
Income Tax Provision	\$(60) – \$(40)
Depreciation and Amortization	\$775 – \$780
EBITDA	\$790 – \$850
Non-GAAP Adjustments	
Cost of Sales	Approx. \$60
Asset Impairment, Restructuring, and Other Special Charges	\$190 – \$210
Other Expense, Net	\$(5)
Adjusted EBITDA	\$1,055 – \$1,095
Adjusted EBITDA Margin	22% – 23%

Note: Numbers may not add due to rounding

Second Quarter 2021

EPS Guidance Reconciliation

May Update

Reported Loss per Share	\$(0.08) – \$(0.01)
Amortization of Intangible Assets	\$0.30
Asset Impairment, Restructuring, and Other Special Charges ⁽¹⁾	\$0.06 – \$0.08
Subtotal	\$0.36 – \$0.38
Tax Impact of Adjustments	\$(0.08)
Total Adjustments to Earnings (Loss) per Share	\$0.28 – \$0.30
Adjusted Earnings per Share⁽²⁾	\$0.22 – \$0.27

Note: Numbers may not add due to rounding

(1) Asset impairment, restructuring, and other special charges adjustments are related to 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, including severance

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

Second Quarter 2021

EBITDA Guidance Reconciliation

May Update

\$ millions

Reported Net Loss	\$(35) – \$(10)
Net Interest Expense	\$60
Income Tax Provision	\$(10) – \$(5)
Depreciation and Amortization	\$195
EBITDA	\$210 – \$240
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	\$35 – \$40
Adjusted EBITDA	\$250 – \$275
Adjusted EBITDA Margin	20% – 22%

Note: Numbers may not add due to rounding

2021 H1 & H2

EPS Guidance Reconciliation

May Update

	H1 2021 Full Ranges	H2 2021 Implied Midpoints
Reported Loss per Share	\$(0.20) – \$(0.13)	~\$(0.14)
Cost of Sales	\$0.13	–
Amortization of Intangible Assets	\$0.60	\$0.59
Asset Impairment, Restructuring, and Other Special Charges	\$0.28 – \$0.31	~\$0.12
Other Expense (Income), Net	(\$0.01)	–
Subtotal	\$1.00 – \$1.02	~\$0.70
Tax Impact of Adjustments	\$(0.22)	~\$(0.16)
Total Adjustments to Earnings (Loss) per Share	\$0.78 – \$0.80	~\$0.55
Adjusted Earnings per Share⁽¹⁾	\$0.59 – \$0.64	~\$0.42

Note: Numbers may not add due to rounding

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