

2023 Earnings – Third Quarter

November 7, 2023

Elanco

Notices and Disclaimers

Forward-Looking Statements. This presentation includes forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include without limitation, statements concerning our 2023 full year and fourth quarter guidance, our long-term revenue and earnings growth expectations, expectations regarding reduction of debt and leverage, expectations regarding product launches and related regulatory proceedings, and certain other expectations regarding our industry and our operations, performance, and financial condition, 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: 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; demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern; the potential impact on our business and global economic conditions resulting from regional conflicts; 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; fluctuations in our business results due to seasonality and other factors; the impact of weather conditions, including those related to climate change, and the availability of natural resources; risks related to the modification of foreign trade policy; risks related to currency exchange rate fluctuations; our dependence on the success of our top products; the impact of customer exposure to rising costs and reduced customer income; the lack of availability or significant increases in the cost of raw materials; the impact of increased or decreased sales into our distribution channels resulting in fluctuations in our revenues; risks related to the write-down of goodwill or identifiable intangible assets; risks related to the evaluation of animals; manufacturing problems and capacity imbalances; 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; actions by regulatory bodies, including as a result of their interpretation of studies on product safety; risks related to tax expense or exposure; risks related to environmental, health and safety laws and regulations; risks related to our presence in foreign markets; challenges to our intellectual property rights or our alleged violation of rights of others; our dependence on sophisticated information technology and infrastructure and the impact of breaches of our information technology systems; risks related to the use of machine learning and artificial intelligence by us and our competitors; the impact of increased regulation or decreased financial support related to farm animals; adverse effects of labor disputes, strikes, work stoppages and the loss of key personnel or highly skilled employees; risks related to underfunded pension plan liabilities; our ability to complete acquisitions and successfully integrate the businesses we acquire, including Kindred Biosciences, Inc. (KindredBio) and the animal health business of Bayer Aktiengesellschaft (Bayer Animal Health); the effect of our substantial indebtedness on our business, including restrictions in our debt agreements that limit our operating flexibility, changes in our credit ratings that lead to higher borrowing expenses and may restrict access to credit and changes in interest rates that may adversely affect earnings and cash flows; risks related to certain governance provisions in our constituent documents; and any failure to maintain an effective system of disclosure controls and internal control over financial reporting, including arising from an identified material weakness. For additional information about the factors that could cause actual results to differ materially from forward-looking statements, please see our latest Form 10-K and subsequent 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 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. Throughout this presentation, certain of the prior period measures reflect revisions primarily relating to tax valuation allowance adjustments which are reflected in our Form 10-K for the year ended December 31, 2022, subsequent Form 10-Qs, and in the 8-K/A dated March 1, 2023.

On Today's Call

Jeff Simmons

Elanco Animal Health
President and CEO



Todd Young

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



Return to Growth, Innovation On-Track

Q3 2023 vs Prior Year

✓ Revenue **+\$42M**

✓ Adj EBITDA¹ **+\$11M**

✓ Adj EPS¹ **+\$0.01**

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

²Excluding the impact of the ERP system integration.

³Expected trade name upon approval. ⁴JAK Inhibitor for Dermatology

⁵Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.



Returned to Growth

Third quarter of sequential improvement² in revenue growth driven by both Pet Health and Farm Animal, leading to Adj EBITDA and Adj EPS growth



Innovation On-Track

Data submitted to FDA for Credelio Quattro^{TM3} and Bovaer^{®3}, path toward H1'24 approval along with Zenrelia^{TM3,4}



Continued Focus on NWC

\$156M of debt paydown in Q3; Company-wide focus on improving net working capital and cash conversion to drive de-leveraging



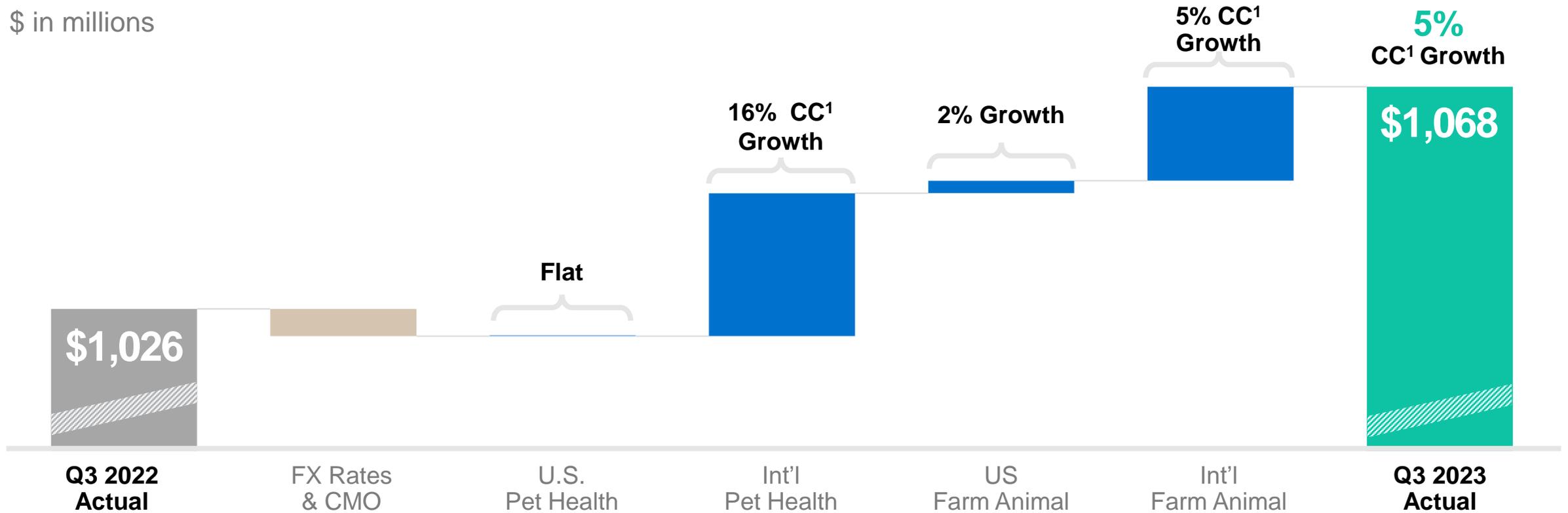
Tightening Full Year Guidance

Increasing midpoint of CC⁵ revenue growth (flat to 1%) and increasing the midpoint for both Adjusted EBITDA and Adjusted EPS guidance, despite increasing FX headwinds.

Q3 2022 to Q3 2023 Revenue Bridge

Constant Currency¹ Growth of 5%, Led by International Pet Health and Farm Animal

\$ in millions

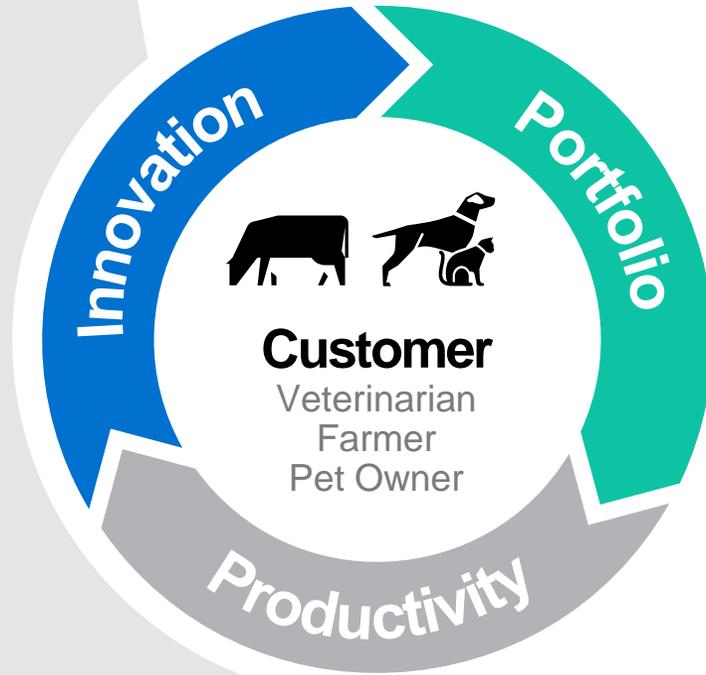


Note: Numbers may not add due to rounding.

¹Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.

IPP Innovation, Portfolio, Productivity

Highlights
Since Our Last
Earnings Call



Innovation

Credelio Quattro¹, Bovaer¹, and Zenrelia¹ submitted; all 3 on path toward H1'24 approval

Innovation Sales on track for \$210-\$250M contribution in 2023, or 2ppt of growth

CPMA (Parvo) expanded manufacturing capacity on track for early 2024

Portfolio

Price Growth
Year-to-date price growth of 4%; expect at least 3% for full year

Volume growth in both Pet Health and Farm Animal, led by International

Improved Supply for vaccines in cattle and poultry, and expanded capacity in poultry contributed to growth

Productivity

Working Capital company-wide focus on improving cash conversion and NWC, namely inventory, to accelerate debt paydown

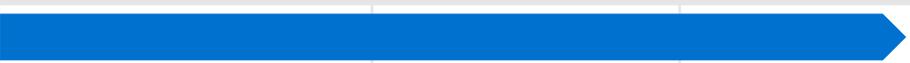
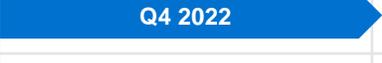
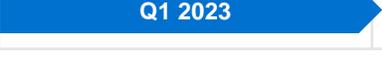
Debt Paydown paid down debt of \$156M in Q3, leverage improves to 5.7x

Project Costs 2023 cash outlay for \$140-160M nearly complete through Q3, expect to improve operating cash flow moving forward

¹Expected trade name upon approval.
CPMA = Canine Parvovirus Monoclonal Antibody

Preparing for a historic innovation launch window in '23 and '24

Progress and Outlook for Elanco's Next Era of Growth

| Asset | Regulatory Agency | Species | Initial Submission ¹ | Approval ² | Launch ¹ | Peak Sales Opportunity ³ | Commentary |
|--|-------------------|---|--|-----------------------|---------------------|---|--|
| Experior Ammonia Reduction | FDA (Rx) |  |  | | |  | First-in-class |
| Bexacat SGLT-2 Diabetes | FDA (Rx) |  |  | Q4 2022 | Q1 2023 |  | First-in-class |
| Canine Parvovirus Monoclonal AB | USDA (Rx) |  |  | Q2 2023 | Q3 2023 |  | First-in-class; Monoclonal AB |
| K9 Advantix Flea/Tick | EPA (OTC) |  |  | Q1 2023 | Q1 2023 |  | Establishes Elanco presence in "value" OTC category |
| Advantage Flea | EPA (OTC) |  |  | Q1 2023 | Q2 2023 |  | |
| Adtab Oral Flea/Tick | EMA (OTC) |  |  | Q2 2023 | Q2 2023 |  | Establishes Elanco presence in emerging EU OTC Oral F/T |
| Credelio Quattro™⁴ Endecto Parasiticide | FDA (Rx) |  |  | H1 2024 | |  | Differentiated |
|  Zenrelia™⁴ Dermatology | FDA (Rx) |  |  | H1 2024 | |  | Differentiated  Initiated submission in Canada, Japan |
| Bovaer®⁴ Methane Reduction | FDA |  |  | H1 2024 | |  | First-in-class |
| IL-31 SA Antibody Dermatology | USDA (Rx) |  |  | 2025 | |  | Differentiated; Monoclonal AB |

 \$10-\$49M  \$50-\$99M  ≥\$100M  Addition since Q2 2023 Earnings Call

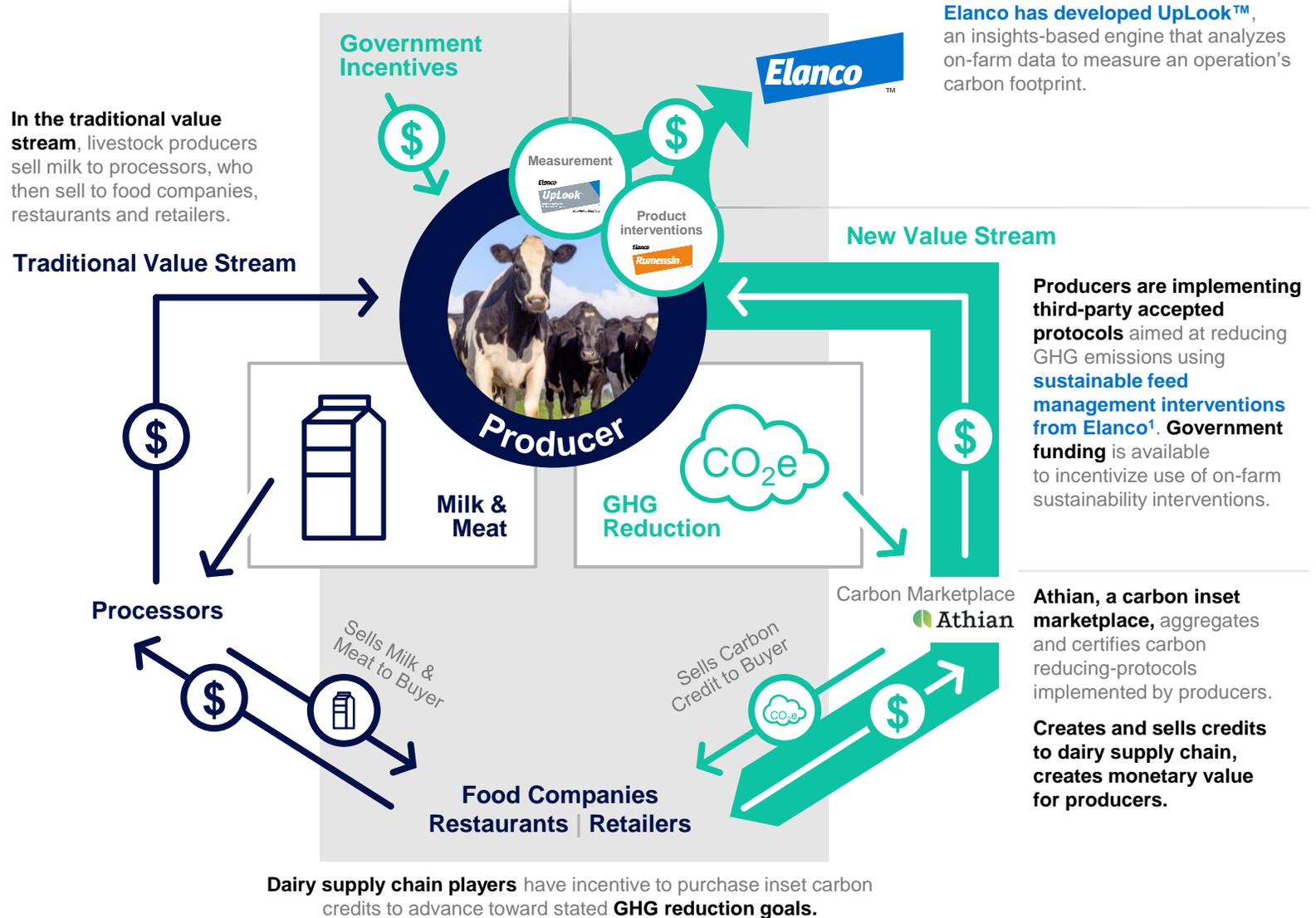
¹Expected submission and launch timing is based on internal estimates and could change as programs evolve. ²Potential approval timing is subject to regulatory agency outcomes.

³Potential peak sales represent the level of annual sales expected for a product on a global basis at its peak. ⁴Expected trade name upon approval.

A Livestock Carbon Inset Marketplace Creating Value for Farmers

Farmers have a new value stream opportunity by using product interventions and third-party accepted protocols to monetize GHG emissions reductions via a newly created carbon inset market.

The carbon inset market is expected to create significant producer value that can enable livestock sustainability to become the next \$1-\$2B global market in animal health, fueling Elanco's next era of growth.



Financial Results

Third Quarter 2023



ElancoTM

Third Quarter 2023

Impact of Price, Rate, and Volume on Revenue

| | Revenue | Price | FX Rate | Volume | Total | CC Change ¹ |
|-------------------------------|----------------|-----------|-------------|-------------|-----------|------------------------|
| Pet Health | \$495 | 4% | 0% | 2% | 6% | 6% |
| Cattle | \$242 | | (1)% | | 7% | 7% |
| Poultry | \$184 | | (2)% | | 5% | 7% |
| Swine | \$93 | | 0% | | (2)% | (2)% |
| Aqua | \$42 | | 2% | | (11)% | (13)% |
| Farm Animal | \$561 | 3% | (1)% | 1% | 3% | 4% |
| Contract Manufacturing | \$12 | 0% | 2% | (2)% | 0% | (2)% |
| Total Elanco | \$1,068 | 4% | (1)% | 1% | 4% | 5% |

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.

Third Quarter 2023

Revenue by Geography and Species

| | 2023 | 2022 | Change | CC Change ¹ |
|-------------------------------|----------------|----------------|-----------|------------------------|
| US Pet Health | \$301 | \$301 | 0% | 0% |
| Int'l Pet Health | \$194 | \$168 | 16% | 16% |
| Total Pet Health | \$495 | \$469 | 6% | 6% |
| US Farm Animal | \$174 | \$170 | 2% | 2% |
| Int'l Farm Animal | \$388 | \$374 | 4% | 5% |
| Total Farm Animal | \$561 | \$545 | 3% | 4% |
| Contract Manufacturing | \$12 | \$12 | 0% | (2)% |
| Total Elanco | \$1,068 | \$1,026 | 4% | 5% |

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.

Third Quarter 2023

Adjusted¹ Income Statement Highlights

| \$ millions, except per share values | 2023 | 2022 | Change (\$) | Change (%) |
|--|----------------|----------------|---------------|-------------|
| Revenue | \$1,068 | \$1,026 | \$42 | 4% |
| Cost of Sales | \$486 | \$472 | \$14 | 3% |
| Adjusted Gross Profit | \$582 | \$554 | \$28 | 5% |
| Adjusted Gross Margin | 54.5% | 54.0% | NM | +50 bps |
| Operating Expense | \$399 | \$376 | \$23 | 6% |
| Interest Expense, Net | \$72 | \$58 | \$14 | 24% |
| Effective Tax Rate | 16.0% | 27.7% | NM | (1,170) bps |
| Adjusted Net Income | \$90 | \$81 | \$9 | 11% |
| Adjusted Earnings Per Share Diluted | \$0.18 | \$0.17 | \$0.01 | 6% |
| Adjusted EBITDA | \$214 | \$203 | \$11 | 5% |
| Adjusted EBITDA Margin | 20.0% | 19.8% | NM | +20 bps |

Note: Numbers may not add due to rounding.

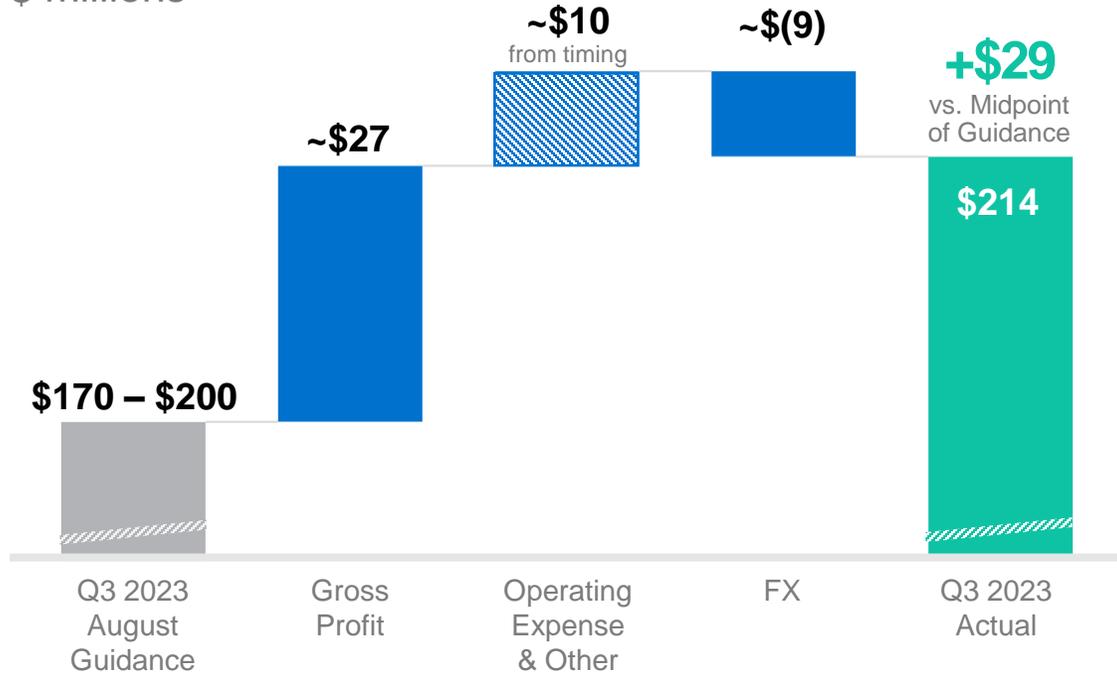
¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

Third Quarter 2023

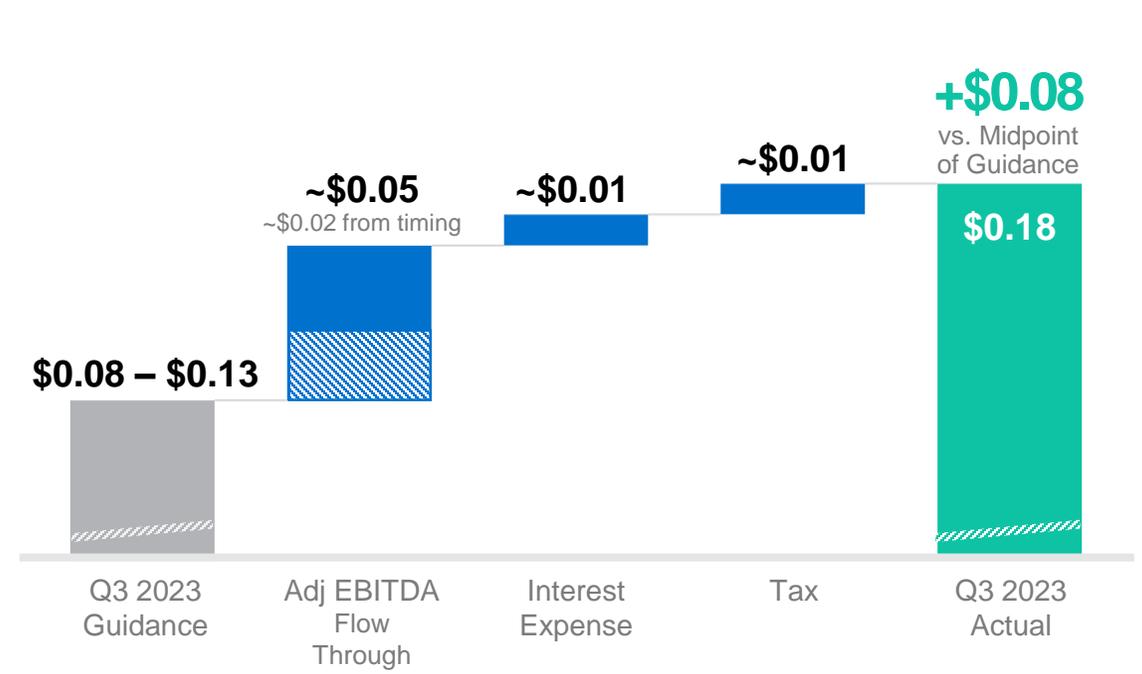
Adjusted EBITDA and Adjusted EPS Benefited from Sales Outperformance & Improved Tax and Interest

Q3 Adjusted EBITDA

\$ millions



Q3 Adjusted EPS



Note: Numbers may not add due to rounding and ranges

Shading refers to magnitude of items in the quarter that were expected in Q4 2023 in the August guidance

Key Balance Sheet and Cash Flow Metrics

Debt Balances as of September 30, 2023

\$ millions



Operating Cash Flow (OCF) of \$198M in Q3 2023;
Year over year increase driven by improved inventory performance.

\$156M of Debt Paydown in Q3 2023;
Adjusted net leverage ratio² decreased to 5.7x.

Days sales outstanding³ at 79 days;
an increase of 2 days compared to Q2 2023.

Restructured Interest Rate Swaps,
accelerating \$57 million of cash into Q3 2023 and extending \$3 billion of swap maturities to Q4 2026.

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. This calculation does not include Term Loan B covenant-related adjustments that reduce this leverage ratio. ³DSO calculated as the trailing 12-month average.

Financial Guidance

Fourth Quarter and Full Year 2023



ElancoTM

2023 Full Year

Financial Guidance

\$ millions, except
per share values

| | August | November | Comments |
|---|--------------------------|--------------------------|---|
| Revenue | \$4,350 - \$4,410 | \$4,360 - \$4,400 | Raised midpoint of expected CC ² growth by 50 basis points |
| Reported Net Loss | \$(170) - \$(127) | \$(1,204) - \$(1,174) | Includes Q3 non-cash goodwill impairment charge of \$1,042 |
| Adjusted EBITDA¹ | \$950 - \$1,010 | \$965 - \$1,000 | Raised midpoint by \$2.5M |
| Reported Diluted EPS | \$(0.34) - \$(0.26) | \$(2.43) - \$(2.37) | Includes impact of Q3 non-cash goodwill impairment charge of \$(2.10) |
| Adjusted Diluted EPS¹ | \$0.80 - \$0.89 | \$0.88 - \$0.94 | Raised midpoint by \$0.06 |



Impact of FX vs Prior Year

expected to be an approximate ~\$70 million headwind on the top-line



H2 Return to Growth

Expect price growth at least 3%, innovation and a stabilizing core to drive a return to growth in H2 2023



Improved Non-Operational

Expected full year interest expense lowered to ~\$280 million and tax rate lowered to 20%-21%

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

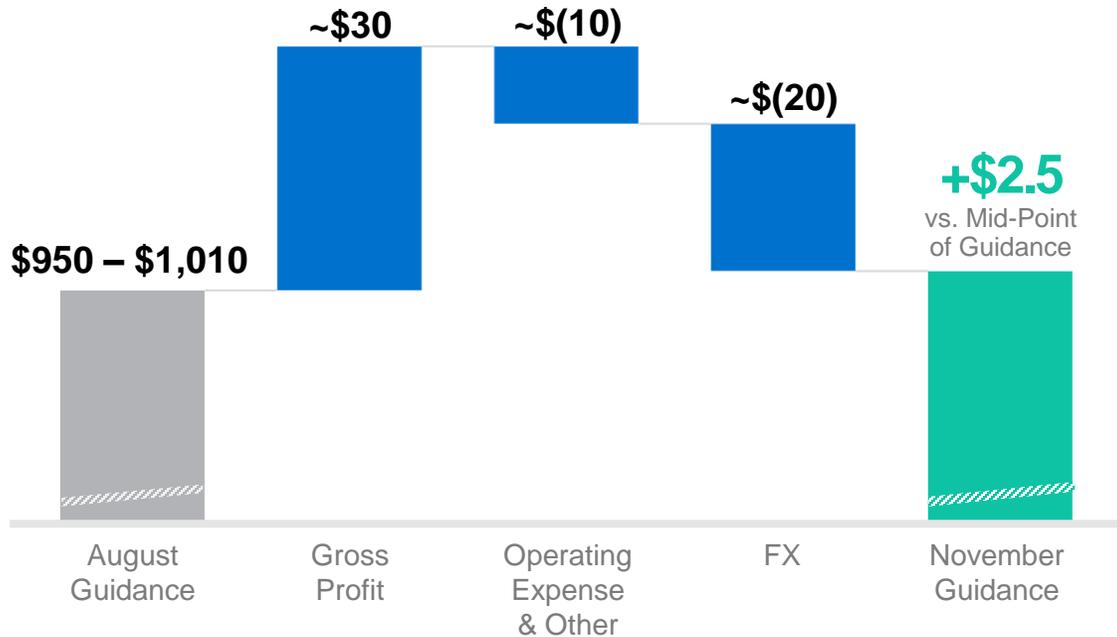
²Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.

Full Year 2023

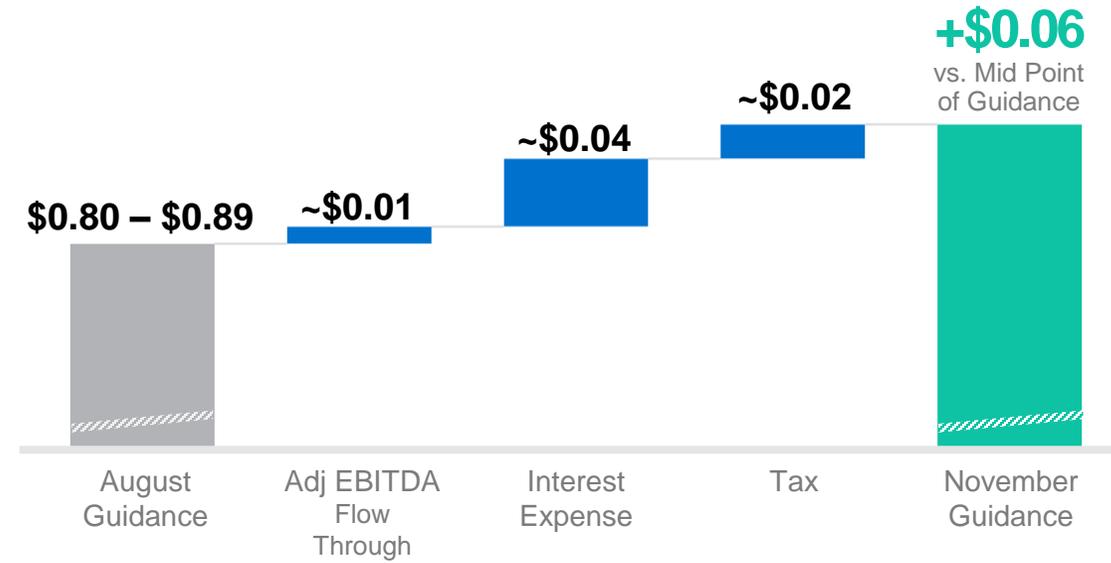
Adjusted EBITDA and Adjusted EPS Benefited from Sales Outperformance & Improved Tax and Interest

2023 Adjusted EBITDA

\$ millions



2023 Adjusted EPS



Note: Numbers may not add due to rounding and ranges

Fourth Quarter 2023

Financial Guidance

\$ millions, except
per share values

| | |
|---|------------------------|
| Total Revenue | \$978 - \$1,018 |
| Reported Net Loss | \$(113) - \$(83) |
| Adjusted EBITDA¹ | \$151 - \$186 |
| Reported Diluted EPS | \$(0.23) - \$(0.17) |
| Adjusted Diluted EPS¹ | \$0.07 - \$0.13 |



Impact of FX vs Prior Year

expected to be headwind of ~\$10 million on revenue in the fourth quarter



Margin Expectations

price growth expected to be offset by inflation and the impact of reduced plant utilization



Additional Assumptions

Interest expense expected to be ~\$70 million in Q4; investments in Pet Health drive SG&A growth

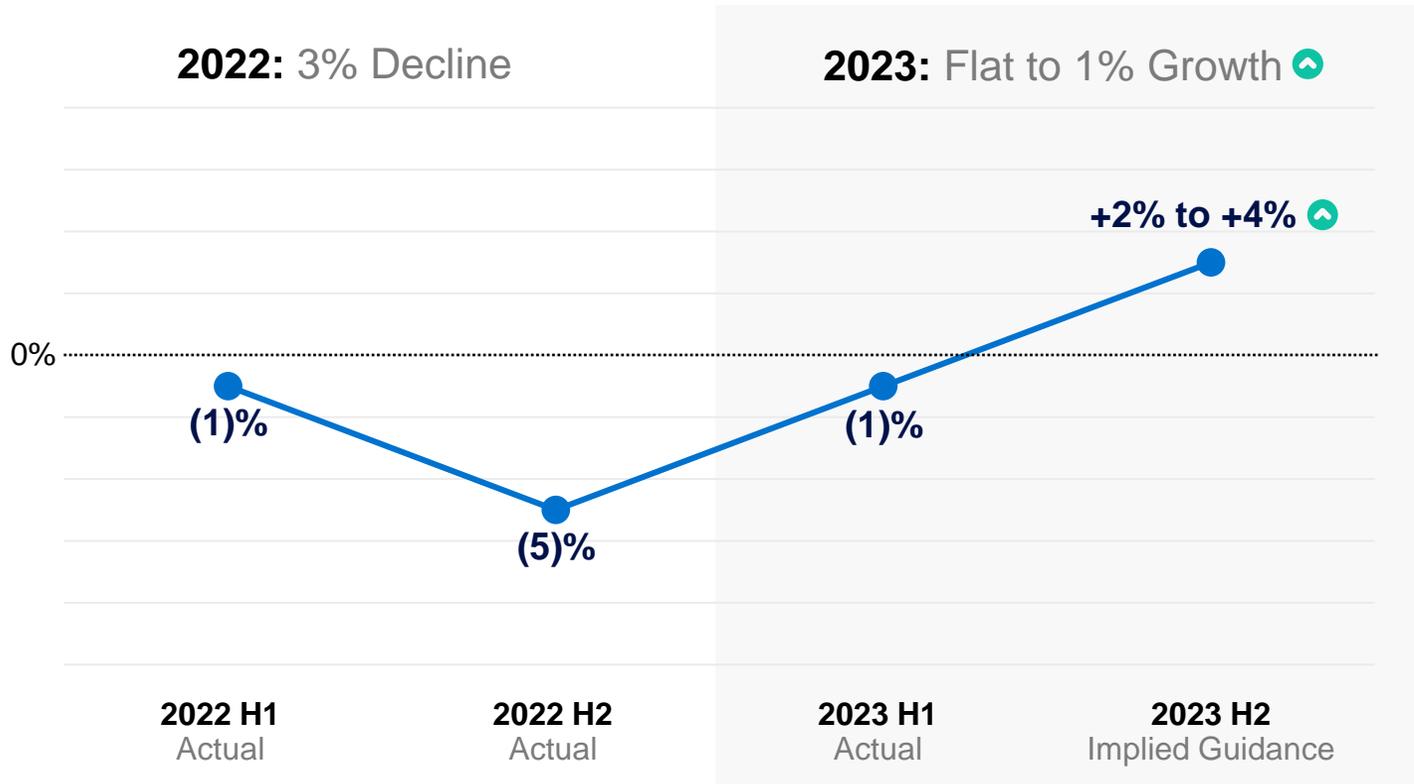
¹Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

2022 and 2023 Revenue Growth

Expect Second Half Return to Growth as Reflected in Full Year Revenue Guidance, Supported by Diverse Portfolio Drivers

Revenue

Year-over-year CC¹ Change



Drivers of Q4 2023 Growth:

- ✓ Innovation Ramp
- ✓ Price Growth
- ✓ Improved Supply
- ✓ Improved EU Pet Retail Environment
- ✓ Growth in Poultry

Updated since Q2 2023 Earnings Call

¹CC = Constant Currency, representing the growth rate excluding the impact of foreign exchange rates.

2024

Early Considerations for 2024, Expect Revenue Growth¹

Tailwinds

Existing innovation ramp and new launches

Expanded physical availability in Pet Retail

Enhanced share of voice in U.S. Pet Vet

Improved EU pet retail market impacting H1

Growth in poultry, aqua & price

Reduced project cash costs

Headwinds

Competition in U.S. Pet Health vet clinic business

Farm Animal generics and U.S. cattle numbers

Gross margin headwind related to internal inventory management

Opex and capex investments to support maximizing launches in sales, marketing, and capital

U.S. dollar strength



Expected Outcomes

Deliver High Impact Innovation

Launch New Products with Excellence

Grow Revenue

Improve OCF and de-lever

¹Expect revenue growth in constant currency, representing the growth rate excluding the impact of foreign exchange rates.

Appendix

Reference slides and GAAP reported to
non-GAAP adjusted reconciliations



Elanco

TM

Nine Months 2023

Impact of Price, Rate, and Volume on Revenue

| | Revenue | Price | FX Rate | Volume | Total | CC Change ¹ |
|-------------------------------|----------------|-----------|-------------|--------------|--------------|------------------------|
| Pet Health | \$1,688 | 5% | (2)% | (5)% | (2)% | 0% |
| Cattle | \$700 | | (2)% | | (3)% | (1)% |
| Poultry | \$545 | | (3)% | | 3% | 6% |
| Swine | \$284 | | (2)% | | 0% | 2% |
| Aqua | \$132 | | 1% | | 0% | (1)% |
| Farm Animal | \$1,661 | 4% | (2)% | (2)% | 0% | 2% |
| Contract Manufacturing | \$33 | 0% | (2)% | (18)% | (20)% | (18)% |
| Total Elanco | \$3,382 | 4% | (2)% | (3)% | (1)% | 1% |

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

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

Nine Months 2023

Revenue by Geography and Species

| | 2023 | 2022 | Change | CC Change ¹ |
|-------------------------------|----------------|----------------|--------------|------------------------|
| US Pet Health | \$995 | \$989 | 1% | 1% |
| Int'l Pet Health | \$693 | \$729 | (5)% | (2)% |
| Total Pet Health | \$1,688 | \$1,718 | (2)% | 0% |
| US Farm Animal | \$518 | \$533 | (3)% | (3)% |
| Int'l Farm Animal | \$1,144 | \$1,133 | 1% | 4% |
| Total Farm Animal | \$1,661 | \$1,667 | 0% | 2% |
| Contract Manufacturing | \$33 | \$41 | (20)% | (18)% |
| Total Elanco | \$3,382 | \$3,426 | (1)% | 1% |

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.

Nine Months 2023

Adjusted¹ Income Statement Highlights

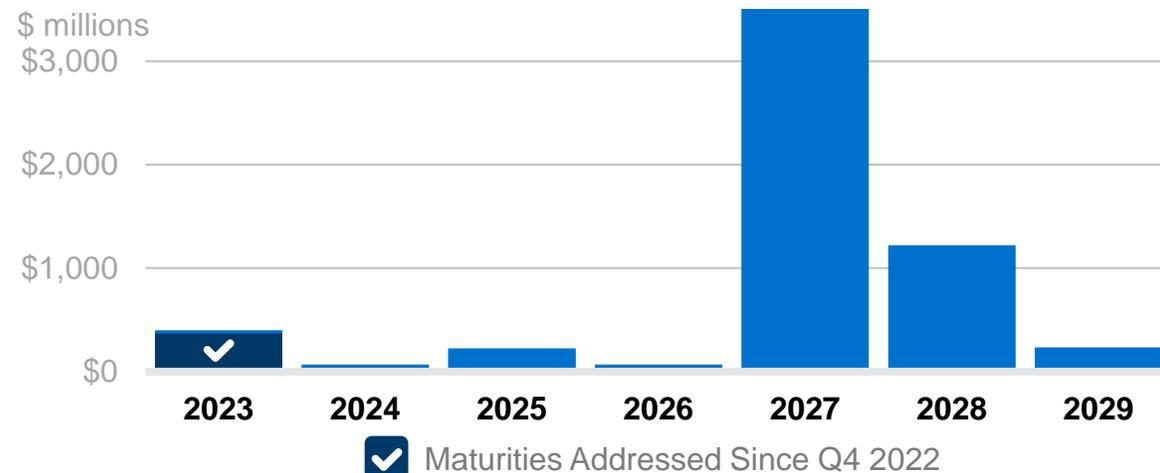
| \$ millions, except per share values | 2023 | 2022 | Change (\$) | Change (%) |
|--|----------------|----------------|-----------------|--------------|
| Revenue | \$3,382 | \$3,426 | \$(44) | (1)% |
| Cost of Sales | \$1,413 | \$1,465 | \$(52) | (4)% |
| Adjusted Gross Profit | \$1,969 | \$1,961 | \$8 | 0% |
| Adjusted Gross Margin | 58.2% | 57.2% | NM | +100 bps |
| Operating Expense | \$1,241 | \$1,204 | \$37 | 3% |
| Interest Expense, Net | \$210 | \$160 | \$50 | 31% |
| Effective Tax Rate | 20.2% | 23.1% | NM | (290) bps |
| Adjusted Net Income | \$400 | \$449 | \$(49) | (11)% |
| Adjusted Earnings Per Share Diluted | \$0.81 | \$0.91 | \$(0.10) | (11)% |
| Adjusted EBITDA | \$814 | \$845 | \$(31) | (4)% |
| Adjusted EBITDA Margin | 24.1% | 24.7% | NM | (60) 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.

Confident in Liquidity and Ability to Manage Debt Obligations

Debt Maturities & Mandatory Payments



Key Debt Information¹

Total Gross Debt: \$6.0 billion

- **Term Loans:** \$4.8 billion; bears interest of 1-Month Term SOFR+185 bps
- **Senior Notes:** \$750 million; bears interest of 6.65%, incl. 175 bps credit rating step up
- **Revolver:** Access to \$750 million; bears interest of 1-Month Term SOFR+210 bps
- **A/R Securitization:** Access to up to \$300 million; bears interest of 1-Month Term SOFR+125 bps

Interest Rate Swaps: \$3 billion matures in 2026, \$0.8 billion matures in 2028; 75% to 80% of debt remains fixed throughout 2023 and 2024

2023 Assumptions: Year-end net leverage ratio expected between 5.5x and 5.8x; with ~\$50 million debt paydown

Summary of Financial Covenants Associated with TLB & Revolving Credit Facility

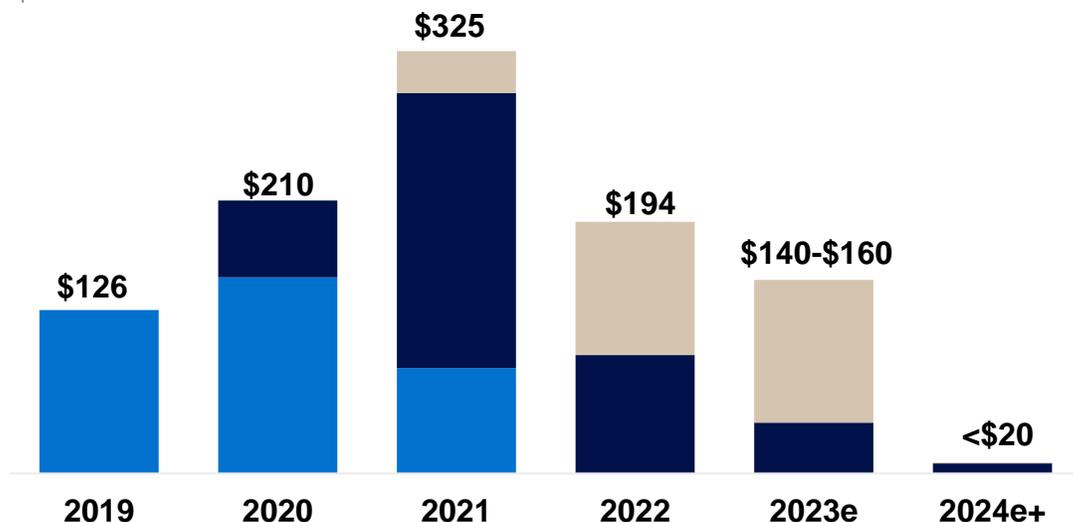
| Covenant | Definition | Limit | Current Level ¹ | Term Loan Enforcement Rights | Revolver Enforcement Rights |
|--------------------------------|---|-----------|----------------------------|---|-----------------------------|
| Net Leverage Ratio | Net debt ² divided by TTM ³ adjusted EBITDA | Max 7.71x | 5.7x | None | Yes |
| Interest Coverage Ratio | TTM adjusted EBITDA divided by TTM cash interest expense | Min 2.0x | 2.9x | Only if certain non-financial covenants are tripped | Yes |

(1) As of September 30, 2023; this calculation does not include Term Loan B covenant-related adjustments that increase adjusted EBITDA by approximately \$60 to \$70 million. ³Net 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. ⁴TTM = Trailing Twelve Months.

Meaningful Reduction in Project Cash Expected to Begin in 2024

Estimated Project Cash Costs

\$ millions



✓ **Independent Company Stand-Up ~\$360M**
completed in 2021

🕒 **Bayer Business Integration ~\$400M**
principally complete in 2022, trailing restructuring 2023 and 2024

🕒 **Bayer Systems Integration ~\$240-\$260M**
expected to be principally completed in 2023

Factors Impacting Operating Cash Flow

\$ millions

| | 2021 | 2022 | 2023 | 2024 & beyond |
|----------------------------|---------|---------|--------------------|------------------|
| Adj. EBITDA ² | \$1,059 | \$1,017 | \$965 – \$1,000 | ↗ |
| Project Cash Costs | \$325 | \$194 | \$140 – \$160 | ↘ |
| Cash Interest | \$221 | \$266 | \$380 – \$385 | ↘ ¹ |
| Cash Taxes | \$151 | \$93 | \$125 – \$145 | ↗ |
| Change in NWC ³ | \$88 | \$462 | ↘ | ↘ |
| CAPEX | \$159 | \$171 | \$140- \$150 | ↗ |

Cash Conversion improvement aligned with expected increasing Adjusted EBITDA and declining Project Cash and Cash Interest

¹Expect cash interest of \$340-\$355 million in 2024, with further reduction beyond 2024.

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

³Directional arrows on Change in NWC represent expectation of a lower year over year headwind on operating cash flow.

Full Year 2023

Financial Guidance & Additional Assumptions

\$ millions, except
per share values

| | August | November |
|--|--------------------------|--------------------------|
| Total Revenue | \$4,350 – \$4,410 | \$4,360 – \$4,400 |
| Adjusted Gross Margin ¹ | 56.4% – 56.9% | 56.6% – 57.1% |
| Operating Expenses | \$1,610 – \$1,615 | \$1,615 – \$1,620 |
| Adjusted EBITDA¹ | \$950 – \$1,010 | \$965 – \$1,000 |
| Adjusted EBITDA Margin¹ | 21.8% – 22.9% | 22.1% – 22.7% |
| Depreciation | Approx. \$140 | Approx. \$140 |
| Interest Expense, Net | Approx. \$305 | Approx. \$280 |
| Tax Rate | 21% – 22% | 20% – 21% |
| Adjusted Earnings per Share¹ | \$0.80 – \$0.89 | \$0.88 – \$0.94 |
| Weighted Average Diluted Share Count | Approx. 497 million | Approx. 495 million |
| Capital Expenditures | \$170 – \$190 | \$140 – \$150 |
| Cash Taxes | \$135 – \$155 | \$125 – \$145 |
| Cash Interest | \$385 – \$395 | \$380 – \$385 |
| Net Cash Impact from Bayer Integration and Restructuring | \$140 – \$160 | \$140 – \$160 |

Note: Shaded boxes represent figures that have been revised compared to the prior guidance.

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

Third Quarter 2023

Adjusted EBITDA Reconciliation

\$ millions

| | 2023 | 2022 |
|--|------------------|---------------|
| Reported Net Loss | \$(1,096) | \$(65) |
| Net Interest Expense | \$72 | \$60 |
| Income Tax Expense | \$(1) | \$21 |
| Depreciation and Amortization | \$173 | \$166 |
| EBITDA | \$(852) | \$182 |
| Non-GAAP Adjustments | | |
| Cost of Sales | \$1 | \$0 |
| Asset Impairment, Restructuring, and Other Special Charges | \$16 | \$26 |
| Goodwill Impairment | \$1,042 | \$0 |
| Accelerated Depreciation and Amortization ¹ | \$0 | \$(5) |
| Other Expense (Income), Net | \$6 | \$0 |
| Adjusted EBITDA | \$214 | \$203 |
| Adjusted EBITDA Margin | 20.0% | 19.8% |

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.

Third Quarter 2023

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

\$ millions, except
per share values

| | 2023 | | | 2022 | | |
|---|------------------|-------------------|---------------|------------------|-------------------|---------------|
| | GAAP Reported | Adjusted Items | Non- GAAP | GAAP Reported | Adjusted Items | Non- GAAP |
| Cost of Sales ¹ | \$487 | \$1 | \$486 | \$472 | \$0 | \$472 |
| Amortization of Intangible Assets | \$140 | \$140 | \$0 | \$128 | \$128 | \$0 |
| Asset Impairment, Restructuring and Other Special Charges ² | \$16 | \$16 | \$0 | \$26 | \$26 | \$0 |
| Goodwill Impairment | \$1,042 | \$1,042 | \$0 | \$0 | \$0 | \$0 |
| Interest Expense, Net of Capitalized Interest ³ | \$72 | \$0 | \$72 | \$60 | \$2 | \$58 |
| Other Expense, Net ⁴ | \$9 | \$6 | \$3 | \$8 | \$0 | \$8 |
| Income Before Taxes | \$(1,097) | \$1,205 | \$108 | \$(44) | \$156 | \$112 |
| Income Tax (Benefit) Expense ⁵ | \$(1) | \$(19) | \$18 | \$21 | \$(10) | \$31 |
| Net Income | \$(1,096) | \$1,186 | \$90 | \$(65) | \$146 | \$81 |
| Earnings per Share Diluted⁽⁶⁾ | \$(2.22) | \$2.40 | \$0.18 | \$(0.13) | \$0.30 | \$0.17 |
| Adjusted Weighted Average Shares Outstanding Diluted | 492.7 | 494.4 | 494.4 | 488.4 | 492.0 | 492.0 |

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

Third Quarter 2023

Details of Adjustments to Certain GAAP Reported Measures

For the three months ended September 30, 2023 and 2022:

- 1) Adjustments of \$1 million for the three months ended September 30, 2023, related to amortization of an inventory fair value adjustment recorded from the acquisition of certain assets of NutriQuest Nutricao Animal Ltda (NutriQuest Brazil).
- 2) Adjustments of \$16 million for the three months ended September 30, 2023 related to charges associated with integration efforts and external costs related to the acquisition of Bayer Animal Health (\$11 million) and the write-down of certain indefinite-lived intangible assets primarily due to increases in discount rates (\$5 million). Adjustments of \$26 million for the three months ended September 30, 2022, primarily related to charges associated with integration efforts and external costs related to the acquisitions of Bayer Animal Health and KindredBio.
- 3) Adjustments of \$2 million for the three months ended September 30, 2022, related to debt extinguishment losses recorded in connection with the early repayment of our Term Loan B.
- 4) Adjustments of \$6 million for the three months ended September 30, 2023 primarily related to the impact of hyperinflationary accounting in Turkey (\$1 million) and increases in contingent consideration payable to NutriQuest, LLC (NutriQuest) (\$4 million).
- 5) Adjustments of \$19 million for the three months ended September 30, 2023 represent the income tax expense 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 (\$2 million). Adjustments of \$10 million for the three months ended September 30, 2022, represent the income tax expense associated with the adjusted items discussed above.
- 6) During the three months ended September 30, 2023 and 2022, 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 1.7 million and 3.6 million, respectively, of common stock equivalents.

Nine Months 2023

Adjusted EBITDA Reconciliation

\$ millions

| | 2023 | 2022 |
|--|------------------|---------------|
| Reported Net Loss | \$(1,090) | \$(24) |
| Net Interest Expense | \$210 | \$179 |
| Income Tax Expense | \$22 | \$41 |
| Depreciation and Amortization | \$523 | \$513 |
| EBITDA | \$(335) | \$709 |
| Non-GAAP Adjustments | | |
| Cost of Sales | \$2 | \$0 |
| Asset Impairment, Restructuring, and Other Special Charges | \$91 | \$152 |
| Goodwill Impairment | \$1,042 | \$0 |
| Accelerated Depreciation and Amortization ¹ | \$(10) | \$(15) |
| Other Expense (Income), Net | \$25 | \$(1) |
| Adjusted EBITDA | \$814 | \$845 |
| Adjusted EBITDA Margin | 24.1% | 24.7% |

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.

Nine Months 2023

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

\$ millions, except
per share values

| | 2023 | | | 2022 | | |
|---|------------------|-------------------|---------------|------------------|-------------------|---------------|
| | GAAP Reported | Adjusted Items | Non- GAAP | GAAP Reported | Adjusted Items | Non- GAAP |
| Cost of Sales ¹ | \$1,415 | \$2 | \$1,413 | \$1,465 | \$0 | \$1,465 |
| Amortization of Intangible Assets | \$410 | \$410 | \$0 | \$398 | \$398 | \$0 |
| Asset Impairment, Restructuring and Other Special Charges ² | \$91 | \$91 | \$0 | \$152 | \$152 | \$0 |
| Goodwill Impairment | \$1,042 | \$1,042 | \$0 | \$0 | \$0 | \$0 |
| Interest Expense, Net of Capitalized Interest ³ | \$210 | \$0 | \$210 | \$179 | \$19 | \$160 |
| Other Expense (Income), Net ⁴ | \$41 | \$25 | \$16 | \$11 | \$(1) | \$12 |
| Income Before Taxes | \$(1,068) | \$1,570 | \$502 | \$17 | \$568 | \$585 |
| Income Tax (Benefit) Expense ⁵ | \$22 | \$(80) | \$102 | \$41 | \$(95) | \$136 |
| Net Income | \$(1,090) | \$1,490 | \$400 | \$(24) | \$473 | \$449 |
| Earnings per Share Diluted | \$(2.21) | \$3.02 | \$0.81 | \$(0.05) | \$0.96 | \$0.91 |
| Adjusted Weighted Average Shares Outstanding Diluted | 492.1 | 493.4 | 493.4 | 488.3 | 492.1 | 492.1 |

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

Nine Months 2023

Details of Adjustments to Certain GAAP Reported Measures

For the nine months ended September 30, 2023 and 2022:

- 1) Adjustments of \$2 million for the nine months ended September 30, 2023, primarily related to amortization of inventory fair value adjustments recorded from the acquisition of certain assets of NutriQuest and NutriQuest Brazil.
- 2) Adjustments of \$91 million for the nine months ended September 30, 2023, related to charges associated with integration efforts and external costs related to the acquisition of Bayer Animal Health (\$86 million) and the write-down of certain indefinite-lived intangible assets primarily due to increases in discount rates (\$5 million). Adjustments of \$152 million for the nine months ended September 30, 2022, primarily related to charges associated with integration efforts and external costs related to the acquisitions of Bayer Animal Health and KindredBio (\$77 million), a nonrecurring charge for acquired IPR&D with no alternative future use that was recorded upon the initial consolidation of a variable interest entity that is not a business (\$59 million) and the finalization of a write-down charge associated with the sale of our manufacturing site in Speke, U.K. (\$22 million), partially offset by adjustments from the reversal of severance accruals (\$7 million).
- 3) Adjustments of \$19 million for the nine months ended September 30, 2022, primarily related to debt extinguishment losses recorded in connection with the early payment of our Term Loan B (\$2 million) and the partial early extinguishment of our 4.272% Senior Notes due 2023 (\$17 million).
- 4) Adjustments of \$25 million for the nine months ended September 30, 2023, primarily related to a settlement charge of \$15 million related to the Seresto class action lawsuits, the impact of hyperinflationary accounting in Turkey (\$6 million) and increases in contingent consideration payable to NutriQuest (\$4 million). Adjustments of \$1 million for the nine months ended September 30, 2022, primarily related to a gain on the disposal of the microbiome R&D platform.
- 5) Adjustments of \$80 million for the nine months ended September 30, 2023, represent the income tax expense 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 (\$14 million). Adjustments of \$95 million for the nine months ended September 30, 2022, represent the income tax expense associated with the adjusted items discussed above and the reversal of tax expense that was previously stranded in accumulated other comprehensive income due to an interest rate swap settlement (\$17 million), partially offset by an increase in the valuation allowance recorded against our deferred tax assets during the period (\$10 million).
- 6) During the nine months ended September 30, 2023 and 2022, 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 1.3 million and 3.8 million, respectively, of common stock equivalents.

Full Year 2023

EBITDA Guidance Reconciliation

\$ millions

| | |
|--|------------------------------|
| Reported Net Loss | \$(1,204) - \$(1,174) |
| Net Interest Expense | Approx. \$280 |
| Income Tax Provision | \$27 - \$44 |
| Depreciation and Amortization | Approx. \$695 |
| EBITDA | \$(199) - \$(154) |
| Non-GAAP Adjustments | |
| Cost of Sales | Approx. \$2 |
| Asset Impairment, Restructuring, and Other Special Charges | Approx. \$100 |
| Goodwill Impairment ¹ | \$1,042 |
| Accelerated Depreciation and Other Special Charges | Approx. \$(10) |
| Other Expense (Income), Net | Approx. \$28 |
| Adjusted EBITDA | \$965 - \$1,000 |
| Adjusted EBITDA Margin | 22.1% - 22.7% |

Note: Numbers may not add due to rounding

¹ Current guidance does not assume any further impairment beyond the third quarter charge

Full Year 2023

EPS Guidance Reconciliation

| | |
|---|----------------------------|
| Reported Loss per Share | \$(2.43) - \$(2.37) |
| Amortization of Intangible Assets | Approx. \$1.11 |
| Asset Impairment, Restructuring, and Other Special Charges ¹ | \$0.19 - \$0.21 |
| Goodwill Impairment ² | \$2.11 |
| Other Expenses, Net | Approx. \$0.06 |
| Subtotal | \$3.47 - \$3.49 |
| Tax Impact of Adjustments | \$(0.18) - \$(0.16) |
| Total Adjustments to Earnings per Share | Approx. \$3.31 |
| Adjusted Earnings per Share³ | \$0.88 - \$0.94 |

Note: Numbers may not add due to rounding.

¹Asset impairment, restructuring, and other special charges adjustments are related to integration efforts, including the acquisition of the animal health business of Bayer

²Current guidance does not assume any further impairment beyond the third quarter charge

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

Fourth Quarter 2023

EBITDA Guidance Reconciliation

\$ millions

| | |
|--|--------------------------|
| Reported Net Loss | \$(113) - \$(83) |
| Net Interest Expense | Approx. \$70 |
| Income Tax Provision | \$5 - \$22 |
| Depreciation and Amortization | Approx. \$170 |
| EBITDA | \$(134) - \$(180) |
| Non-GAAP Adjustments | |
| Asset Impairment, Restructuring, and Other Special Charges | Approx. \$10 |
| Goodwill Impairment ¹ | \$0 |
| Other Expense (Income), Net | Approx. \$3 |
| Adjusted EBITDA | \$151 - \$186 |
| Adjusted EBITDA Margin | 15.4% - 18.3% |

Note: Numbers may not add due to rounding

¹ Current guidance does not assume any further impairment beyond the third quarter charge

Fourth Quarter 2023

EPS Guidance Reconciliation

| | |
|---|----------------------------|
| Reported Loss per Share | \$(0.23) - \$(0.17) |
| Amortization of Intangible Assets | Approx. \$0.28 |
| Asset Impairment, Restructuring, and Other Special Charges ¹ | \$0.01 - \$0.03 |
| Goodwill Impairment ² | \$0.00 |
| Other Expenses, Net | Approx. \$0.01 |
| Subtotal | \$0.29 - \$0.32 |
| Tax Impact of Adjustments | \$(0.02) - \$0.00 |
| Total Adjustments to Earnings per Share | \$0.29 - \$0.30 |
| Adjusted Earnings per Share³ | \$0.07 - \$0.13 |

Note: Numbers may not add due to rounding.

¹Asset impairment, restructuring, and other special charges adjustments are related to integration efforts, including the acquisition of the animal health business of Bayer.

²Current guidance does not assume any further impairment beyond the third quarter charge

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