

Elanco Investor Day

December 15, 2020



Elanco

Forward looking statements

This presentation contains management's statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "estimate", "seek", "intend", "expect", "believe", "target", "anticipate", "plan" and similar expressions are intended to identify forward-looking statements. Actual results may differ materially due to various factors. Any statements that are not statements of historical fact should be considered to be forward-looking expectations relating to the integration of Bayer Animal health, expected synergies and cost savings, product launches, reduction of debt, independent company stand-up costs and timing, expectations around our sustainability commitments, the impact of the COVID-19 pandemic on our business, our 2020 fourth quarter and 2021 financial outlook, our expected compliance with debt covenants, 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: (1) heightened competition, including from innovation or generics; (2) the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein; (3) changes in regulatory restrictions on the use of antibiotics in food animals; (4) the impact on our operations, the supply chain, customer demand, and our liquidity as a result of the coronavirus (COVID-19) global health pandemic; (5) our ability to implement our business strategies or achieve targeted cost

efficiencies and gross margin improvements; (6) an outbreak of infectious disease carried by food animals; (7) the success of our R&D and licensing efforts; (8) our ability to complete acquisitions and successfully integrate the businesses we acquire, including our recent acquisition of Bayer Animal Health; (9) 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 Bayer Animal Health; (10) misuse, off-label or counterfeiting use of our products; (11) unanticipated safety, quality or efficacy concerns associated with our products; (12) the impact of weather conditions and the availability of natural resources; (13) disruption in our supply chain due to manufacturing issues experienced by our contract manufacturers; (14) consolidation of our customers and distributors; (15) 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; (16) risks related to our presence in emerging markets; (17) changes in U.S. foreign trade policy, imposition of tariffs or trade disputes; (18) the impact of global macroeconomic conditions; and (19) 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 stand up 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 refer to Elanco's most recent Annual Report on Form 10-K and other SEC filings. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. Except as is required by law, Elanco expressly disclaims any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this presentation.

Non-GAAP Financial Measures:

We use non-GAAP financial measures, such as revenues excluding Contract Manufacturing, adjusted EBITDA, adjusted EBITDA margin, adjusted net (income) loss, adjusted EPS, adjusted gross profit, adjusted gross margin and metrics excluding the impact of foreign exchange rates to assess and analyze our operational results and trends as detailed in this presentation.

We believe these non-GAAP financial measures are useful to investors because they provide greater transparency regarding our operating performance. Reconciliation of non-GAAP financial measures and reported GAAP financial measures are included in the appendix tables in this presentation and are posted on our website at www.elanco.com. The primary material limitations associated with the use of such non-GAAP measures as compared to U.S. GAAP results include the following: (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all unusual or non-recurring items, which could increase or decrease these measures, which investors may consider to be unrelated to our long-term operations. These non-GAAP measures are not, and should not be viewed as, substitutes for U.S. GAAP reported measures. We encourage investors to review the Company's latest Forms 10-K and subsequent for 10-Qs filed with the Securities and Exchange Commission. We caution investors to use U.S. GAAP measures as the primary means of evaluating our performance, value and prospects for the future, and non-GAAP measures as supplemental measures.

Please see discussion of non-GAAP financial measures and the reconciliations at the end of this presentation for more information.



Jeff Simmons

President & Chief Executive Officer

Key Milestones Achieved

✓ **Distribution changes complete,**
resulting in increased competitiveness

✓ **Bayer acquisition financed, closed and antitrust remedied**

✓ **Bayer ownership stake largely sold**

✓ **Board governance and operational oversight expanded**

... a Solid Platform for the Future

Our Expectations



Innovation

Pipeline visibility illustrating dependable revenue contributing **~\$80-\$150M in annual revenue** and **2%-3% annual growth**, beginning with **eight launches in 2021**



Top-Line and EBITDA Growth

More consistent delivery of **~3%-4% average annual revenue growth**, **double-digit adj. EBITDA growth**



Commercial Leadership

Added key roles from Bayer; sophisticated global marketing capability
Positive momentum evidenced by raised and tightened Q4 2020 guidance



Value Capture and Cost Management

Achieve **\$300M synergy two years faster**; **\$500M debt payment in 2021**, progressing toward **<3x net leverage**; clear roadmaps for synergy, cash management, deleveraging and margin targets



Focus on Accountability

Increased transparency, simplified reporting, and enhanced governance

Positioned for Sustainable Long-Term Value Creation



Today's Takeaways

An **inflection point** toward accelerated value creation beginning in 2021

Strengthened and expanded IPP strategy; Led by dependable revenue growth from innovation balancing **blockbusters with portfolio solutions**

Consistent, profitable **growth through our long-term algorithm**

2021 outlook demonstrating growth, innovation contribution, and **resumed progress toward margin & deleverage targets**

Increased **transparency, accountability, and governance**

Our Long-Term Algorithm for Accelerated Value Creation



Growth

~3% - 4%
Average Annual
Revenue Growth

Innovation and
Focus Brands
Leading Growth



Profitability

Double-Digit
Annual Adjusted
EBITDA⁽¹⁾ Growth

Progressing Toward
Long-Term Targets of
60% Adjusted Gross
Margin⁽¹⁾ and 31% Adjusted
EBITDA Margin⁽¹⁾



Results

Double-Digit
Annual Adjusted
EPS⁽¹⁾ Growth

Progressing Toward
Net Leverage <3x

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

Today's Agenda



Jeff Simmons
President & Chief Executive Officer

Elanco Today

- The combined company
- Strategic outlook
- Enhanced governance



Aaron Schacht
EVP – Innovation, Regulatory, & Business Development

Innovative Future

- Robust pipeline
- Blockbuster potential
- Consistent growth contribution



Racquel Harris Mason
EVP – Chief Marketing Officer

Balanced Portfolio

- Focused brand approach
- Valuable portfolios in important markets
- Key growth enablers



David Urbanek
EVP – Manufacturing & Quality

Focus on Productivity

- Culture of continuous improvement
- Exceeding our goals, with a path for more
- Flat cost of sales



Todd Young
EVP – Chief Financial Officer, Corporate Governance, & Strategy

Financial Outlook

- Detailed 2021 guidance
- Path to long-term targets
- Confidence in debt paydown

Positioned for **Long-Term Leadership in the Attractive, Durable Animal Health Industry**



Elanco



Today: A Decade of Intentionally Building a Global Leader

Innovation Pioneer

 Leader in Ruminant Health since 1976

 Leaders in poultry and pig enteric health since 1950s

 Invented monthly oral pet parasiticides in 2007 and offered the first combo in 2011

 On the leading edge of raised without antibiotics, setting new industry standards

 Food safety leader in monogastrics

 Best in class pain portfolio

 First mover and market leader in U.S. PH OTC

History of Successful, Purposeful Transformation

Within Lilly: Mandate for countercyclical transformation



NYSE: LLY → NYSE: ELAN

As an independent animal health company



Focus on Value Creation

U.S. livestock feed-additive division to Global animal health leader

4x revenue vs. 2007

~22x market value vs. 2007

Built lasting value through innovation, capabilities, and access to customers



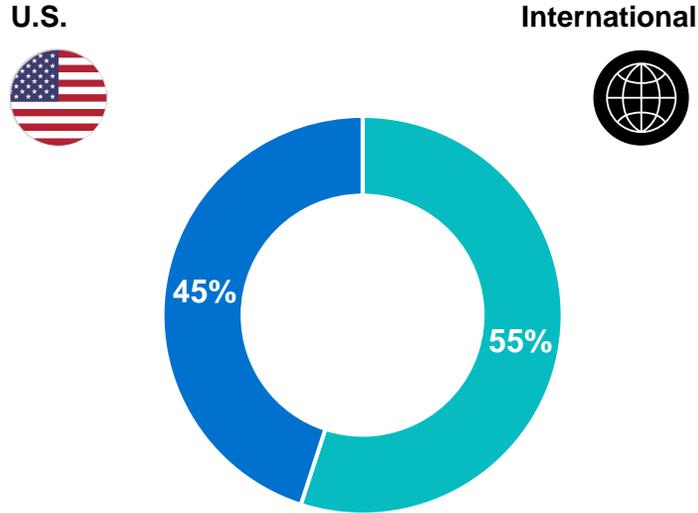
Inflection Point to Grow, Innovate, and Deliver Increased Value

Improved Positioning to Manage Industry Shifts and Capitalize on Opportunities



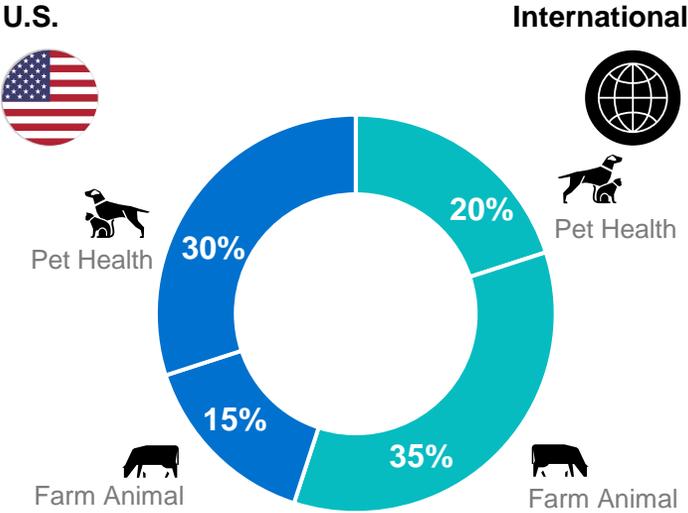
A More Global, Diverse, Balanced Portfolio Now

Geography



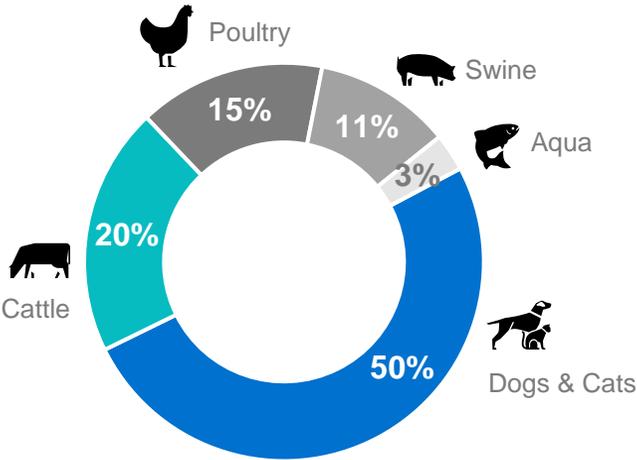
Balanced global revenue base

Revenue Category



Pet Health ~50%; More than doubled international Pet Health

Species

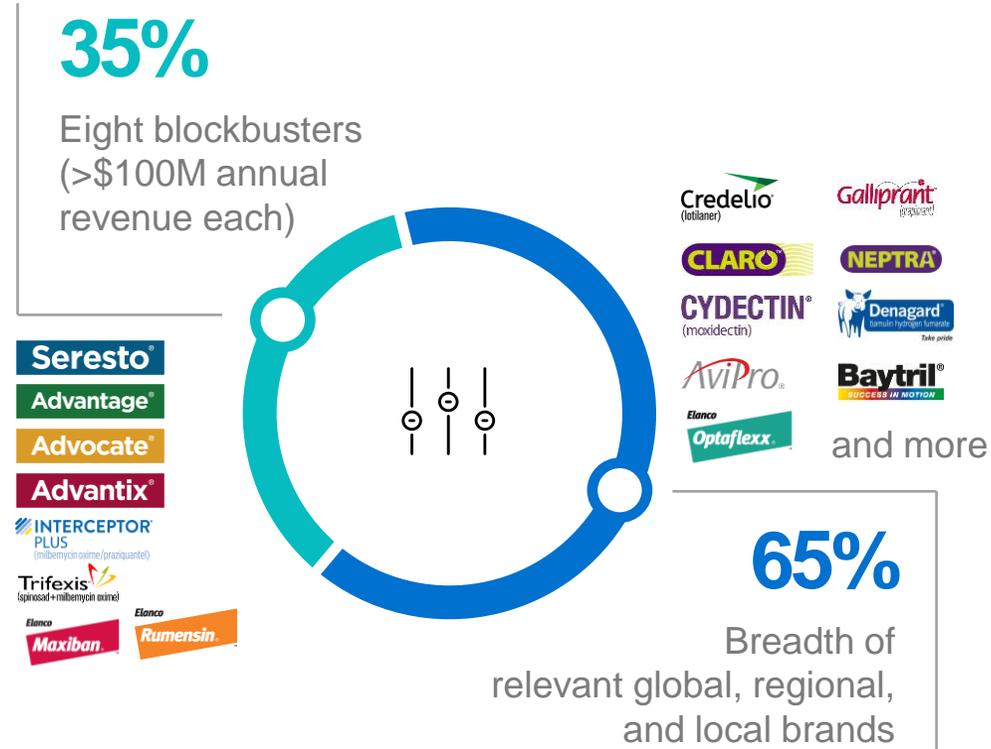


Enhanced cattle portfolio; Poultry remains significant

Note: Percentages represent Elanco 2020 pro forma revenue estimates, exclude Contract Manufacturing of \$110M and may not add due to rounding

Stronger, Deeper Portfolio with Leadership in Important Markets

Balanced Portfolio



Pet Health



U.S. Retail Channel Leader

Wide-Ranging Pain Offering

Broadest Coverage Parasiticide Portfolio

Farm Animal



in Poultry



in Beef



in Aqua

Key Capabilities Driving Value and Success

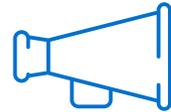


R&D

Innovative delivery technologies and approaches

Late-stage portfolio execution

Partner of choice for external innovation



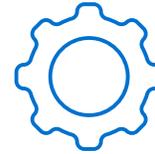
Sales & Marketing

Retail leadership, paired with long-standing vet relationships

DTC and digital activation

Geographic breadth and unparalleled access to animals

Strong Farm Animal B2B skills



Manufacturing

Successful track record of efficiency and lowering costs

Innovative mindset, accelerating speed to market for new products



People & Culture

Highly-engaged, purposeful team driven by making a difference

One Elanco and ownership orientation

Engagement, execution, and delivery measured quarterly

Underpinned by

Deep Management Team & Experienced, Diverse Board of Directors

Long-Term Growth Algorithm and Strengthened
Innovation, Portfolio, Productivity (IPP) Strategy
Unlock Expanded Value Opportunities



Elanco

Our Long-Term Algorithm for Accelerated Value Creation



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Average Annual
Revenue Growth

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Results

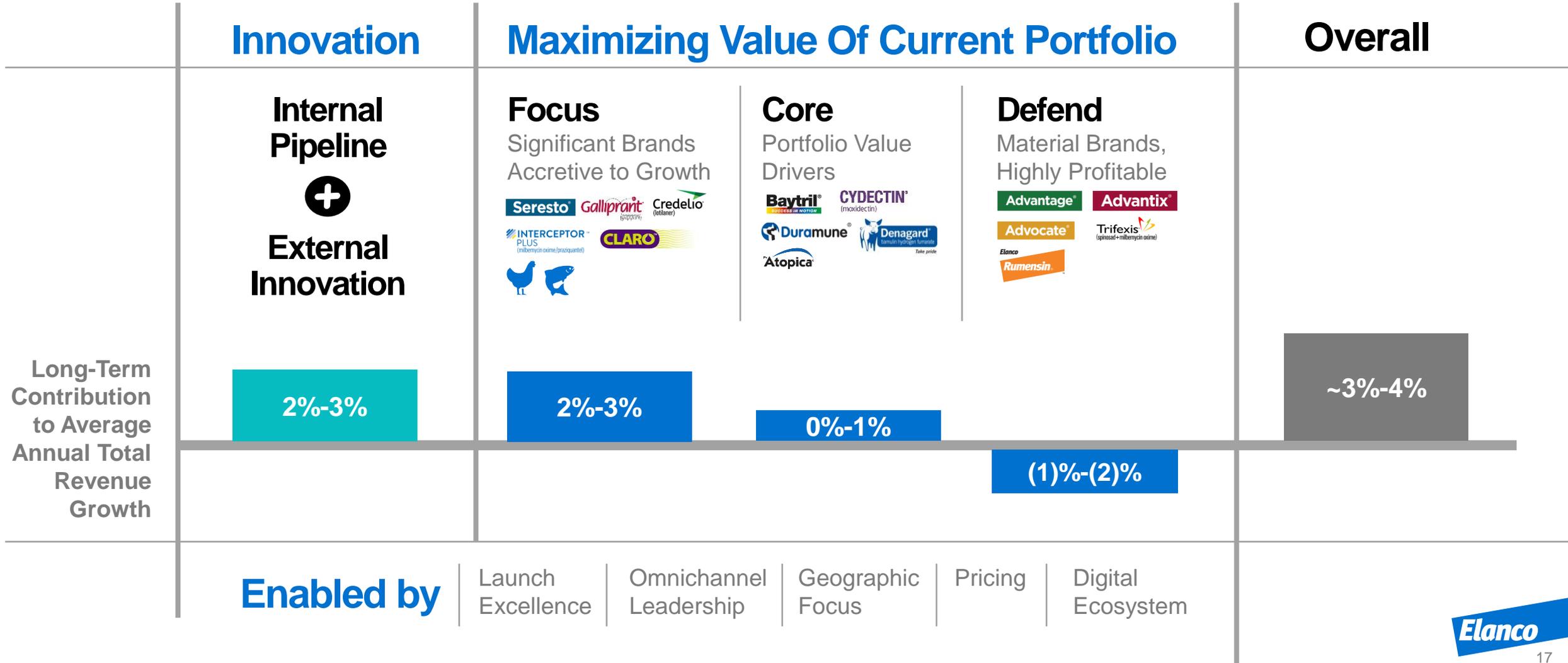
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Net Leverage <3x

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Growth: ~3%-4% Average Annual Revenue Growth



IPP: Our Strengthened & Expanded Strategy

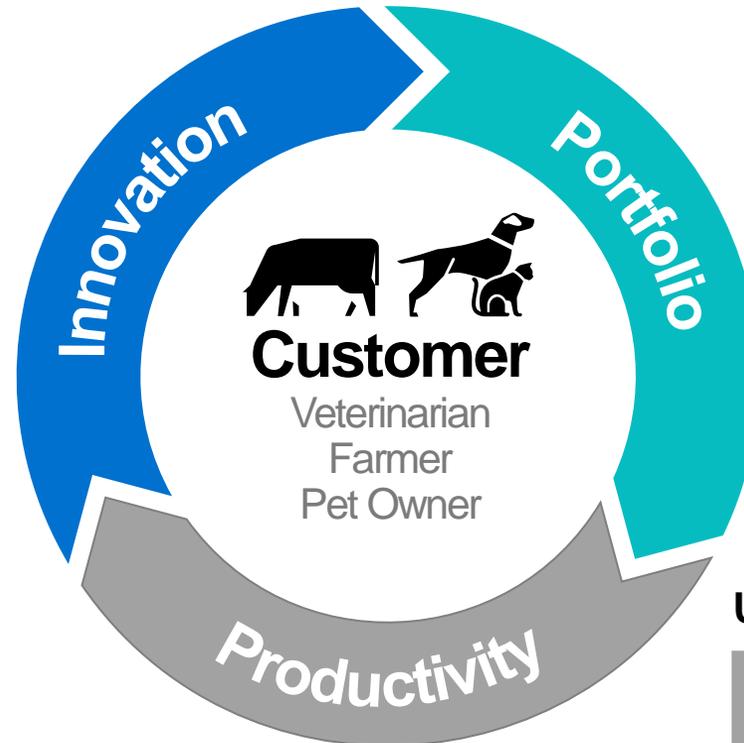
Dependable Revenue Growth from Innovation

~\$80-\$150M in annual contribution, driving 2%-3% growth

Consistent 8%-9% investment

Intentional pipeline mix to balance blockbusters with portfolio solutions

Complementary external innovation as partner of choice



Expanded Portfolio, Capabilities, Access

Invest in focus brands; optimize defend brands

Key enablers drive growth across portfolio

Enhanced and focused commercial structure

Cross-functional collaboration supporting new launches

Unlocking Value

Quicker achievement of \$300M synergies; \$100M+ in productivity savings

Confidence in debt paydown and path to <3x leverage

Adj. gross margin⁽¹⁾ 60% and adj. EBITDA margin⁽¹⁾ 31% targets intact

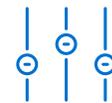
⁽¹⁾ Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations

Healthy Enterprise Foundation for Elanco's Healthy Purpose



Pledges

Converging our business against important societal needs



Differentiators

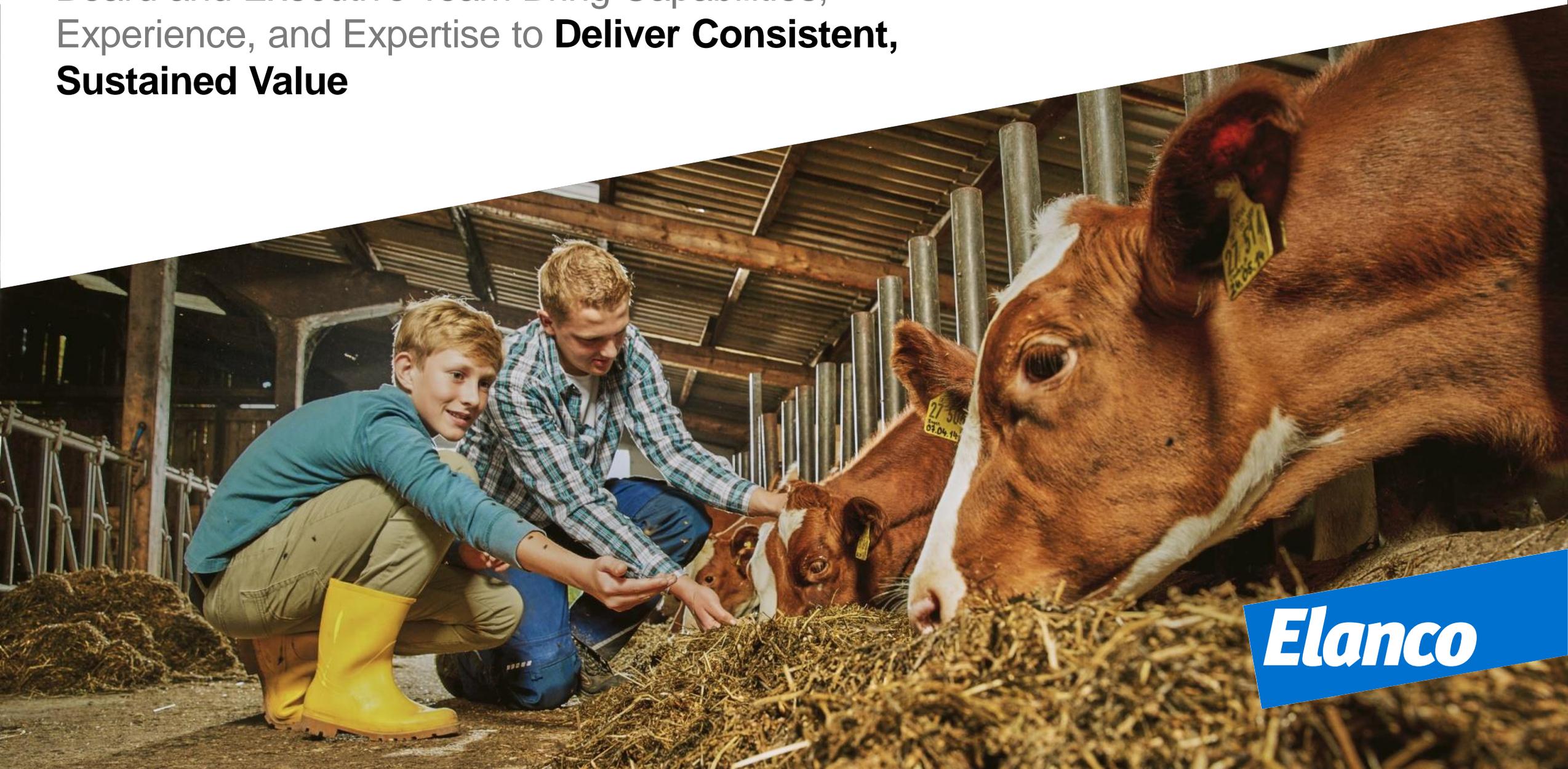
People, Access and Innovation with purpose allowing Elanco unique opportunity for impact



Outcomes

Our approach to creating a sustainable enterprise for long-term value creation

Board and Executive Team Bring Capabilities,
Experience, and Expertise to **Deliver Consistent,
Sustained Value**

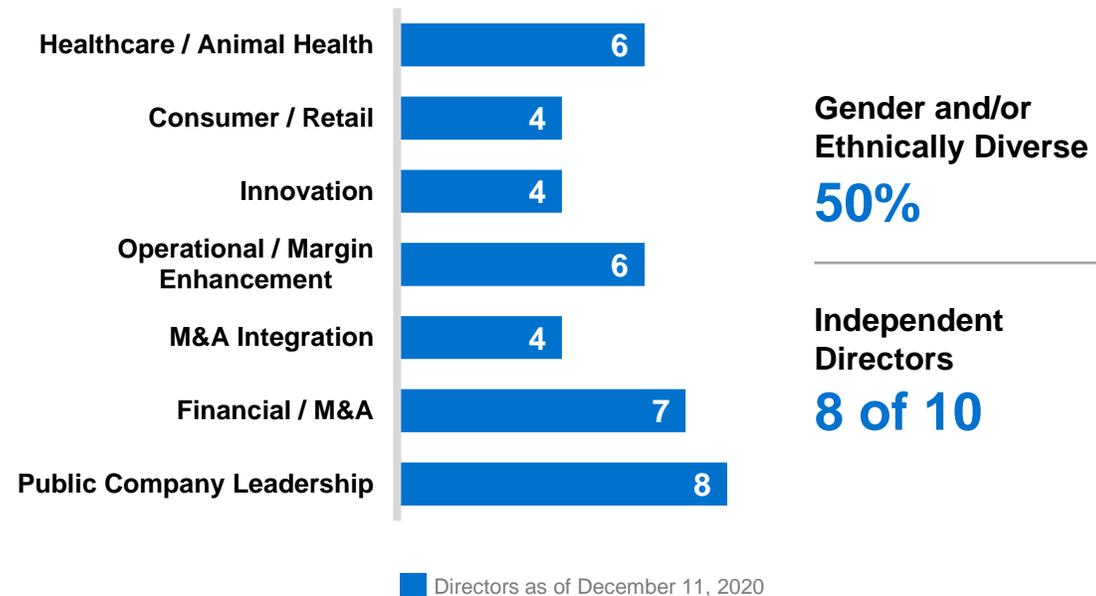


Elanco

Experienced Board Paired with Enhanced Governance to Drive Accountability and Outcomes

Diverse and Complementary Skillset

Directors with a track record of enhancing value for shareholders



Committees Focused on Enhancing Strategy and Execution



Enhanced Scope

Finance & Oversight Committee

Focus on M&A integration, financial matters and margin expansion, operational initiatives and related areas of oversight



Newly Formed

Innovation, Science & Technology Committee

Focus on growing product pipeline and driving R&D optimization

Expert, independent science and technology advisory board to support committee's efforts

Expanded Capability and Expertise



William F. Doyle
Managing Director
WFD Ventures, LLC
Executive Chairman
BlinkHealth LLC, Novocure

Animal health and pharma executive, Board member and investor; record of innovation

Operational excellence, capital allocation and business integration leadership

Venture capital expertise

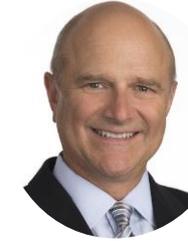


Scott Ferguson
Founder and Managing Partner
Sachem Head Capital Management

Shareholder representative; demonstrated value creation expertise

Extensive public company Board experience

Deep management capability



Paul Herendeen
Executive Vice President and Chief Financial Officer
Bausch Health

Animal health executive experience, former EVP & CFO of Zoetis

Operational efficiency and margin improvement expertise

History of refining capital structure

Seasoned Industry and Business Leaders, Poised for Execution



Aaron Schacht
EVP – Innovation,
Regulatory, & Business
Development



**Racquel
Harris Mason**
EVP – Chief
Marketing Officer



David Urbanek
EVP – Manufacturing
& Quality



Todd Young
EVP – Chief Financial
Officer, Corporate
Governance, & Strategy



Joyce Lee
EVP – President U.S.
Pet Health &
Commercial Operations



José Simas
EVP – U.S. Farm
Animal Business



Dirk Ehle
EVP – President
Elanco Europe



Ramiro Cabral
EVP – President
Elanco International



Sarena Lin
EVP – Transformation
& Technology



**Michael-Bryant
Hicks**
EVP – General Counsel
& Corporate Secretary



Dave Kinard
EVP – Human
Resources, Corporate
Affairs, & Admin

Today's Agenda



Elanco Today



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President & Chief Executive Officer



Innovative Future



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EVP – Innovation, Regulatory, & Business Development



Balanced Portfolio



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EVP – Chief Marketing Officer



Focus on Productivity



David Urbanek
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Financial Outlook



Todd Young
EVP – Chief Financial Officer, Corporate Governance, & Strategy

Q&A