

J.P. Morgan Healthcare Conference

January 12, 2021

Jeff Simmons
President & Chief
Executive Officer



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 the December 15, 2020 Investor Day presentation for more information.

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

Note: All references to forward-looking financials are at constant currency, unless otherwise noted

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**





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

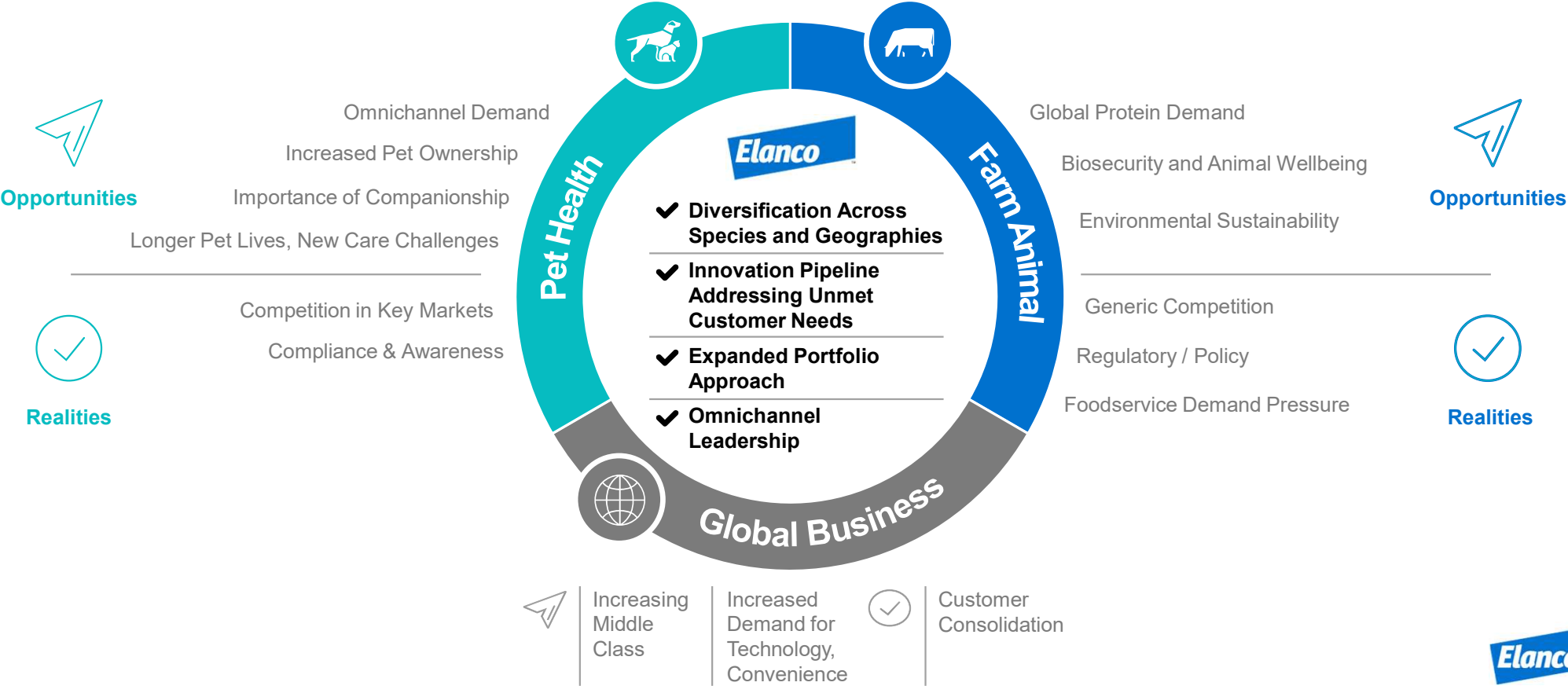
Built lasting value through innovation, capabilities, and access to customers



Inflection Point to Grow, Innovate, and Deliver Increased Value

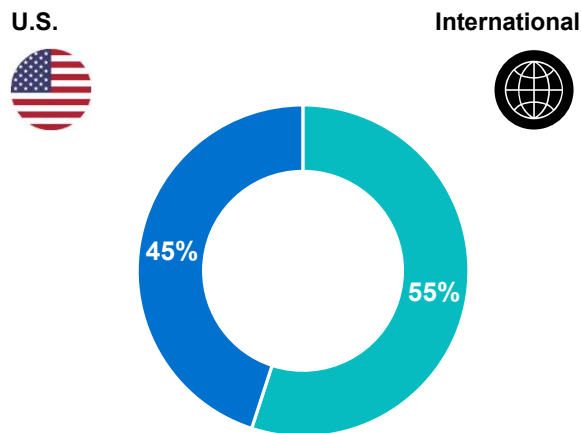


Improved Positioning to Manage Industry Shifts and Capitalize on Opportunities



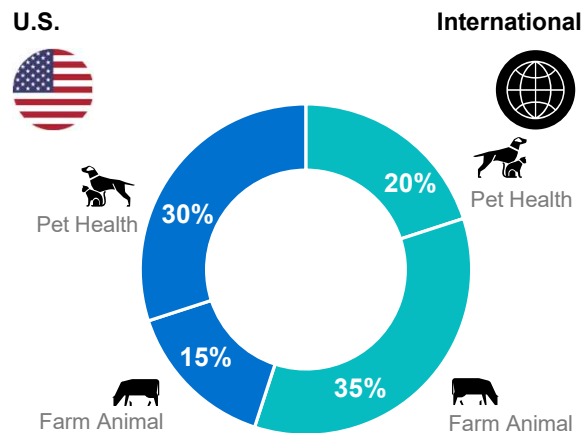
A More Global, Diverse, Balanced Portfolio Now

Geography



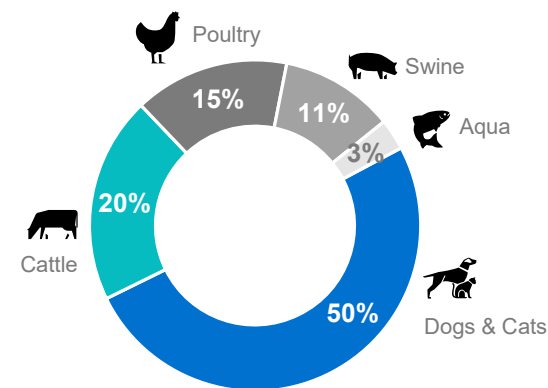
Balanced global revenue base

Revenue Category



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

Species

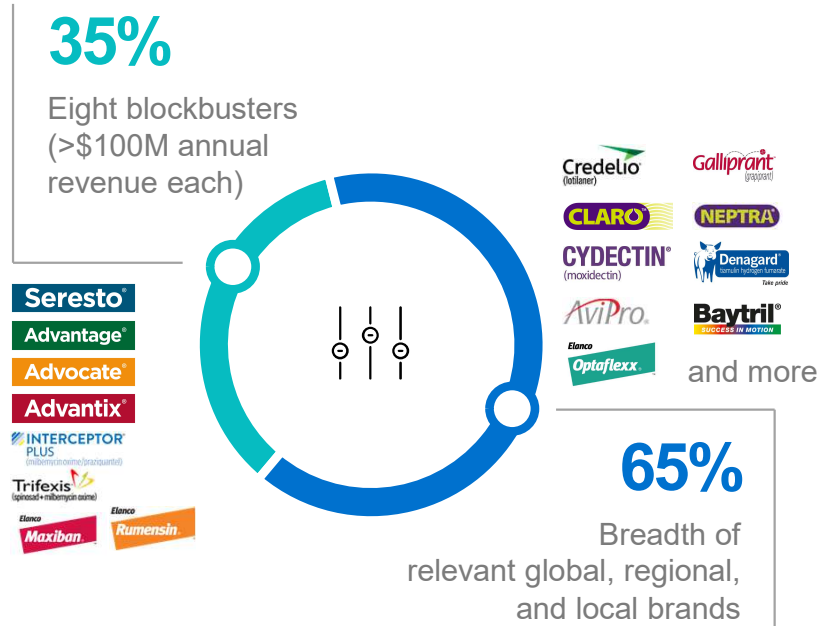


Enhanced cattle portfolio;
Poultry remains significant

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

Stronger, Deeper Portfolio with Leadership in Important Markets

Balanced Portfolio



Note: Excludes Contract Manufacturing. Percentages represent Elanco 2020 pro forma revenue estimates

Pet Health



U.S. Retail Channel Leader

Wide-Ranging Pain Offering

Broadest Coverage Parasiticide Portfolio

Farm Animal

#1
in Poultry

#2
in Beef

#1
in Aqua

Note: Elanco analysis based on Vetnosis, AnimalPharm, and other public and proprietary data sources

Key Capabilities Driving Value and Success

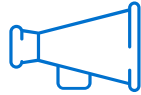


R&D

Innovative delivery technologies and approaches

Late-stage portfolio execution

Partner of choice for external innovation



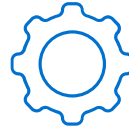
Sales & Marketing

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

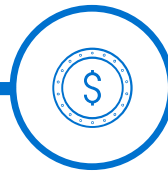
Our Long-Term Algorithm for Accelerated Value Creation



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

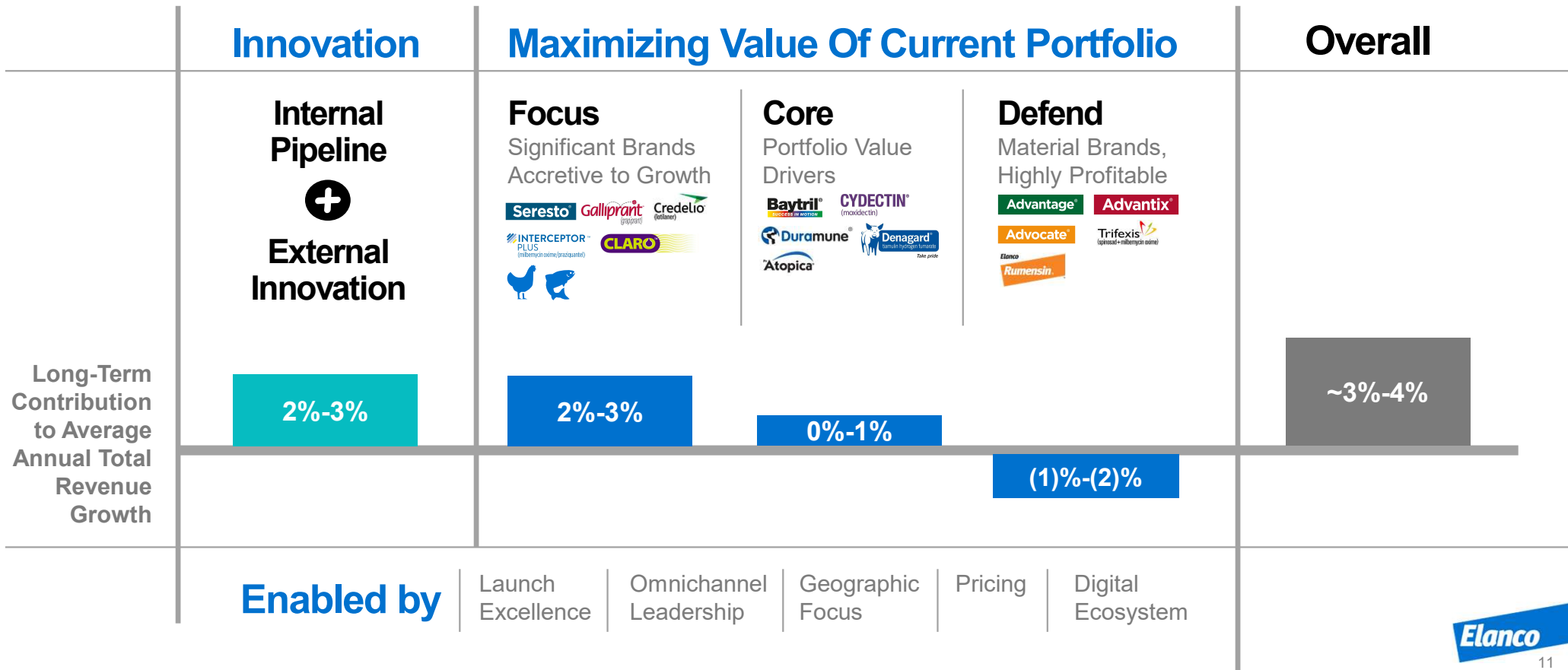
Double-Digit
Annual Adjusted
EPS⁽¹⁾ Growth

Progressing Toward
Net Leverage <3x

⁽¹⁾Non-GAAP financial measure. See Appendix to the December 15, 2020 Investor Day presentation for more information, including GAAP to non-GAAP reconciliations



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



2021

Guidance

\$ millions, except
per share values

Total Revenue	\$4,520 – \$4,600
Adjusted Gross Margin ⁽¹⁾	55.5% – 56.5%
Operating Expenses	\$1,730 – \$1,760
Adjusted EBITDA⁽¹⁾	\$940 – \$1,000
Adjusted EBITDA Margin⁽¹⁾	21% – 22%
Depreciation	Approx. \$175
Interest Expense, Net of Capitalized Interest	\$236 – \$244
Tax Rate	21% – 22%
GAAP Earnings per Share	(\$0.28) – (\$0.14)
Adjusted Earnings per Share⁽¹⁾	\$0.83 – \$0.95
Weighted Average Diluted Share Count	Approx. 494.5 million
Capital Expenditures	\$145 – \$165
Net Cash Impact from Bayer, Stand-up, Integration, and Restructuring	Approx. \$250
Cash Taxes ⁽²⁾	\$30 – \$35

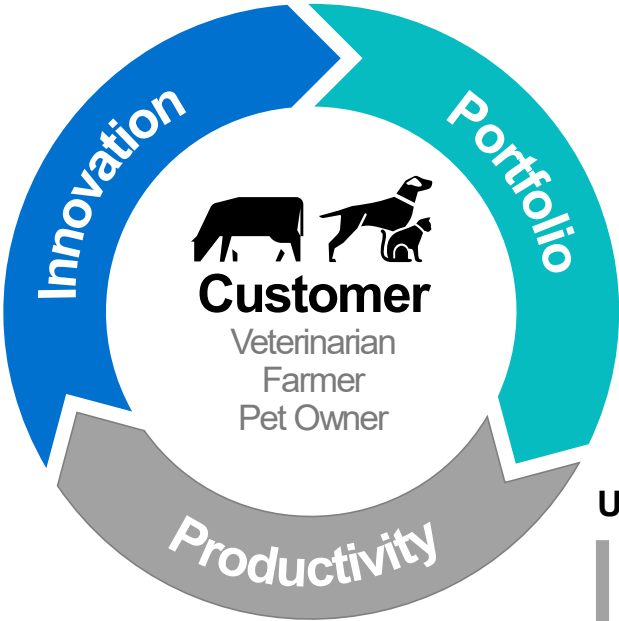
(1) Non-GAAP financial measure. See Appendix to the December 15, 2020 Investor Day presentation for more information, including GAAP to non-GAAP reconciliations

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

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 the December 15, 2020 Investor Day 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

Food and Companionship Enriching Life



Elanco