

POSITIONING ZOETIS FOR SUSTAINABLE GROWTH AND VALUE CREATION

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EVP & PRESIDENT
INTERNATIONAL OPERATIONS



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, which reflect the current views of Zoetis with respect to business plans or prospects, future operating or financial performance, future guidance, future operating models, expectations regarding products, future use of cash and dividend payments, tax rate and tax regimes, changes in the tax regimes and laws in other jurisdictions, expectations regarding business development transactions, and other future events. These statements are not guarantees of future performance or actions. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. Zoetis expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, including in the sections thereof captioned "Forward-Looking Information and Factors That May Affect Future Results" and "Item 1A. Risk Factors," in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K. These filings and subsequent filings are available online at www.sec.gov, www.zoetis.com, or on request from Zoetis.

NON-GAAP FINANCIAL INFORMATION

We use non-GAAP financial measures, such as adjusted net income and adjusted diluted earnings per share, to assess and analyze our operational results and trends and to make financial and operational decisions. We believe these non-GAAP financial measures are also useful to investors because they provide greater transparency regarding our operating performance. These non-GAAP financial measures should not be considered alternatives to measurements required by GAAP, such as net income, operating income, and earnings per share, and should not be considered measures of liquidity. These non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. Reconciliation of non-GAAP financial measures and GAAP financial measures are included in the tables accompanying our earnings release and are posted on our website at www.zoetis.com



AGENDA

- STABLE AND GROWING ANIMAL HEALTH INDUSTRY
- CONTINUING THE ZOETIS JOURNEY
- DIVERSITY OF INTERNATIONAL SEGMENT
- DRIVING INTERNATIONAL RESULTS

ANIMAL HEALTH INDUSTRY FUNDAMENTALS

AT THE CORE OF A \$100+ BILLION INDUSTRY

PREDICTABLE, SUSTAINABLE AND FUNDAMENTAL GROWTH DRIVERS



COMPANION ANIMAL

- Pet Supplies
- Vet Services
- Diagnostics
- OTC Health

ANIMAL HEALTH
~\$30 Billion¹

- Medicines
- Vaccines
- Medicated Feed Additives
- Parasiticides
- Nutrition
- Genetics
- Food Safety
- Herd Health Management
- Diagnostics



LIVESTOCK

POPULATION GROWTH



A RISING MIDDLE CLASS



INCREASING URBANIZATION



¹ Vetraxis 2015 Review

THE ZOETIS JOURNEY

2013 - 2014

2015 - 2016

2017

The Zoetis logo, featuring the word "zoetis" in a white, lowercase, sans-serif font with a stylized wave-like underline under the 'o', set against an orange background.

STAGE ONE

- Separation from Pfizer
- Establishment of our own processes, systems and manufacturing network
- Introduction of company and brand to investors, customers and world

STAGE TWO

- Commence operational efficiency initiative
- Reduce complexity, re-allocate resources and focus on high-impact growth opportunities
- Commit to delivering \$300M in cost savings by the end of 2017
- Complete ERP system implementation

STAGE THREE

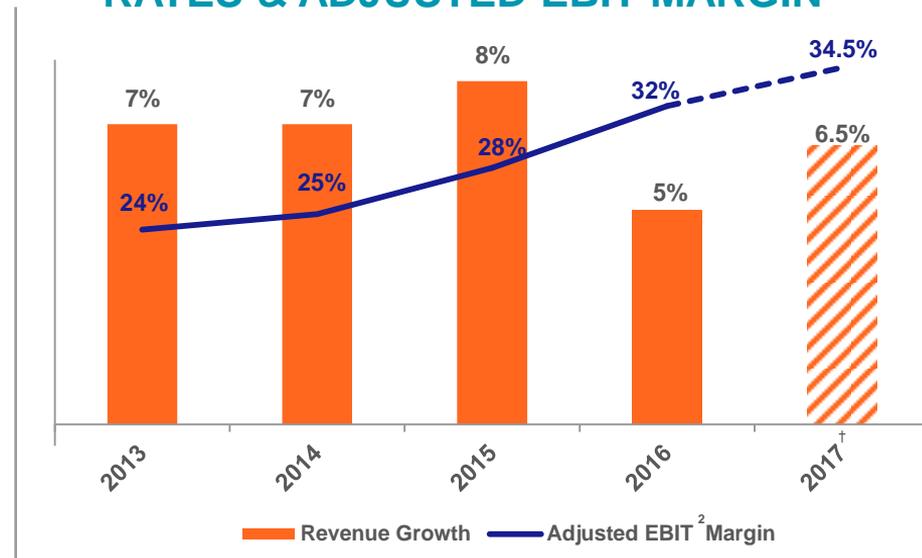
- Complete operational efficiency initiative
- Invest in growth opportunities
- Build on position as clear leader in animal health industry
- Continue delivering on our value proposition

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INDUSTRY LEADING REVENUE GROWTH WITH IMPROVING MARGINS

- Despite industry consolidation, **Zoetis** remains global leader based on total sales
- Grown sales faster than market over four-year period
- Increased adjusted EBIT margins² every year for the last four years and growing adjusted net income **faster than revenue**

ZOETIS REVENUE OPERATIONAL¹ GROWTH RATES & ADJUSTED EBIT MARGIN²



¹ Operational revenue growth is defined as revenue growth excluding the impact of foreign exchange

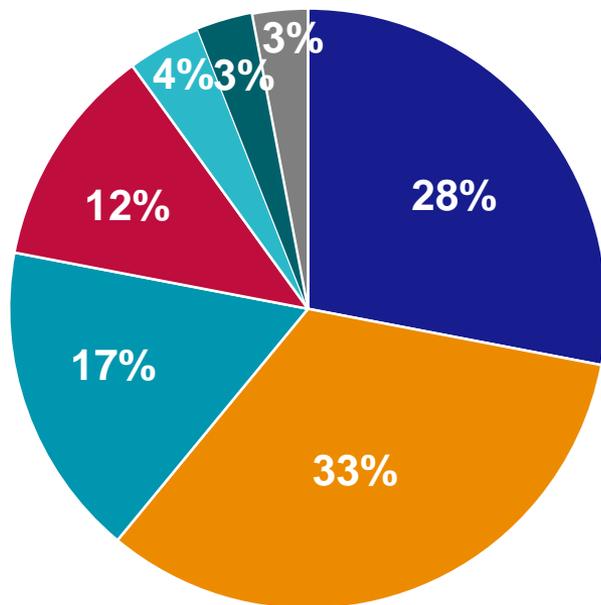
² Adjusted net income and its components are defined as reported U.S. generally accepted accounting principles (GAAP) net income and its components excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Adjusted Earnings Before Interest and Taxes (EBIT) excludes interest expense net of capitalized interest, interest income and adjusted income taxes.

† Guidance as of February 16, 2017: Revenue and Adjusted EBIT Margins (a non-GAAP financial measure) reflect midpoint guidance range.

DIVERSE SPECIES PORTFOLIO ACROSS INTERNATIONAL MARKETS

DIVERSIFIED REGIONAL REVENUE TARGETS KEY SPECIES

2016 INTERNATIONAL SEGMENT REVENUE – BY SPECIES



Companion Animal

- Dogs/Cats
- Equine

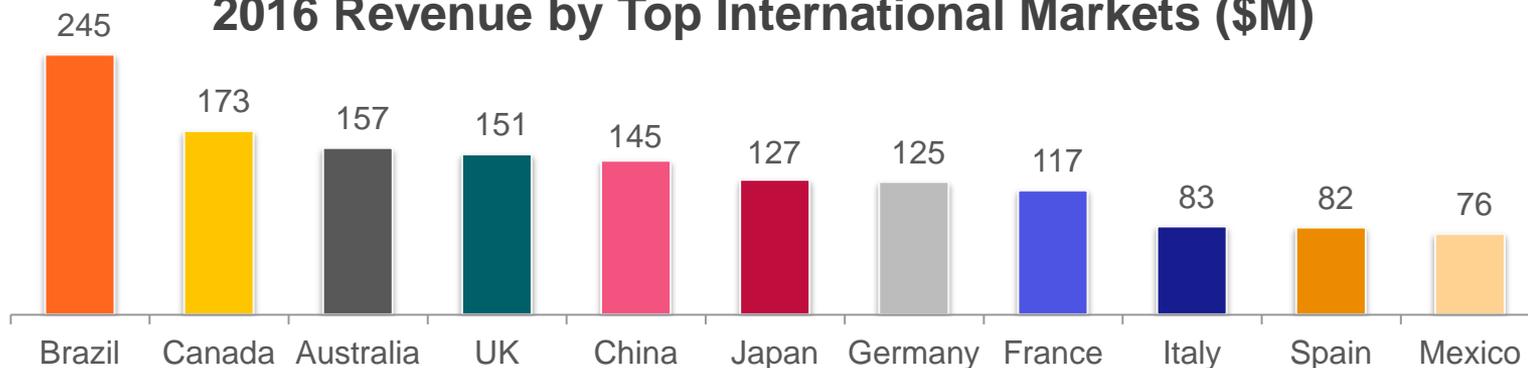
Livestock

- Cattle
- Swine
- Poultry
- Fish
- Other

2016 Revenue: \$2,390M

DIVERSIFIED REVENUE ACROSS KEY MARKETS

2016 Revenue by Top International Markets (\$M)



Key Market Figures	Brazil	Canada	Australia	UK	China	Japan	Germany	France	Italy	Spain	Mexico
Livestock/ Companion Split	82% 18%	61% 39%	62% 38%	48% 52%	73% 27%	47% 53%	53% 47%	62% 38%	50% 50%	72% 28%	85% 15%
Operational ¹ Growth/(Decline)	7%	6%	12%	1%	24%	15%	5%	10%	(7%)	(3%)	19%
Reported Growth	(2%)	1%	9%	(10%)	18%	26%	4%	8%	(8%)	(5%)	1%

¹ Operational revenue growth (a non-GAAP financial measure) is defined as revenue growth excluding the impact of foreign exchange

DRIVING INTERNATIONAL RESULTS

IMPROVING OUR PROCESSES AND STRATEGIC FOCUS

Simplified Operating Model

- Streamlined regional infrastructure to better focus efforts on the customer
- Leverage U.S. experience to introduce proven business platforms to efficiently drive results (e.g. Pricing, Outcomes Research, Digital Marketing, Business Analytics, Training)
- Consistent approach to ‘seeing’ and ‘seizing’ profitable growth opportunities

Focused Investment in Key Markets

- Better positioned to support key emerging markets (Brazil and China)
- Focused investment in new products and lifecycle innovation
- Improved focus on registration in key emerging markets, not just U.S. and EU

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