

2023 Earnings – Fourth Quarter

February 26, 2024

Elanco

Notices and Disclaimers

Forward-Looking Statements. This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements concerning product launches and revenue from such products, our 2024 full year and first quarter guidance and long-term expectations, our expectations regarding debt levels, and expectations regarding 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 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: operating in a highly competitive industry; the success of our research and development (R&D) and licensing efforts; the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein; competition from generic products that may be viewed as more cost-effective; changes in regulatory restrictions on the use of antibiotics in farm animals; an outbreak of infectious disease carried by farm animals; risks related to the evaluation of animals; consolidation of our customers and distributors; the impact of increased or decreased sales into our distribution channels resulting in fluctuation in our revenues; our dependence on the success of our top products; our ability to complete acquisitions and divestitures and successfully integrate the businesses we acquire; our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements; manufacturing problems and capacity imbalances; fluctuations in inventory levels in our distribution channels; risks related to the use of artificial intelligence (AI) in our business; our dependence on sophisticated information technology and infrastructure and the impact of breaches of our information technology systems; the impact of weather conditions, including those related to climate change, and the availability of natural resources; demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern; the loss of key personnel or highly skilled employees; adverse effects of labor disputes, strikes and/or work stoppages; 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 our earnings and cash flows; changes in interest rates; risks related to the write-down of goodwill or identifiable intangible assets; the lack of availability or significant increases in the cost of raw materials; risks related to our presence in foreign markets; risks related to currency rate fluctuations; risks related to underfunded pension plan liabilities; our current plans not to pay dividends and restrictions on our ability to pay dividends; the potential impact that actions by activist shareholders could have on the pursuit of our business strategies; risks related to certain governance provisions in our constituent documents; risks related to tax expense or exposure; actions by regulatory bodies, including as a result of their interpretation of studies on product safety; the possible slowing or cessation of acceptance and/or adoption of our farm animal sustainability initiatives; the impact of increased regulation or decreased governmental financial support related to the raising, processing or consumption of farm animals; risks related to the modification of foreign trade policy; 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; challenges to our intellectual property rights or our alleged violation of rights of others; 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; insufficient insurance coverage against hazards and claims; compliance with privacy laws and security of information; and risks related to environmental, health and safety laws and regulations. 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 Chief
Executive Officer*



Todd Young

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



Topline Growth Continues, Positive Set Up for 2024

2023 Full Year Results

✓ Revenue **\$4,417M**

✓ Adj EBITDA¹ **\$979M**
Including \$(25)M impact from
devaluation in Argentina

✓ Adj EPS¹ **\$0.89**

¹Non-GAAP financial measures. 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.

³Expected trade name upon approval.



Topline Growth Continues

5% fourth quarter CC² growth, contributing to 1% full year CC² growth
Expect 1%-3% CC² growth in 2024, before upside from new innovation



Innovation On-Track

2023 Innovation revenue above expectations at \$275M; Credelio Quattro^{TM3}, Zenrelia^{TM3}, and Bovaer^{®3} under FDA regulatory review



Focus on Cash & Debt

\$76M of debt paydown in 2023 – expecting ~\$300M in 2024;
Announced agreement to sell aqua business for ~\$1.3B in cash
with net proceeds to accelerate debt paydown and deleveraging



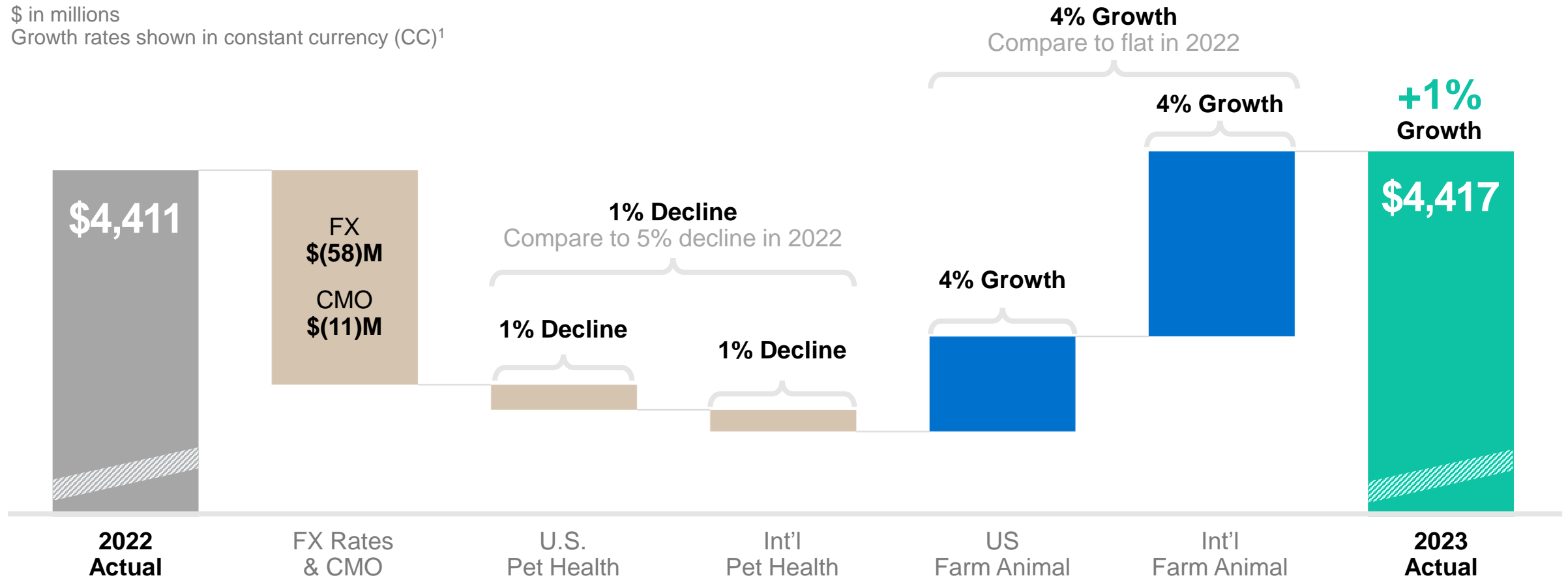
Actions to Reallocate Capital

Announced restructuring expected to deliver net savings of \$20M-\$25M
in 2024 to be reinvested in areas with greater earnings potential –
specifically pet health and livestock sustainability

2022 to 2023 Full Year Revenue Bridge

Return to Constant Currency Growth of 1%, Led by Farm Animal

\$ in millions
Growth rates shown in constant currency (CC)¹

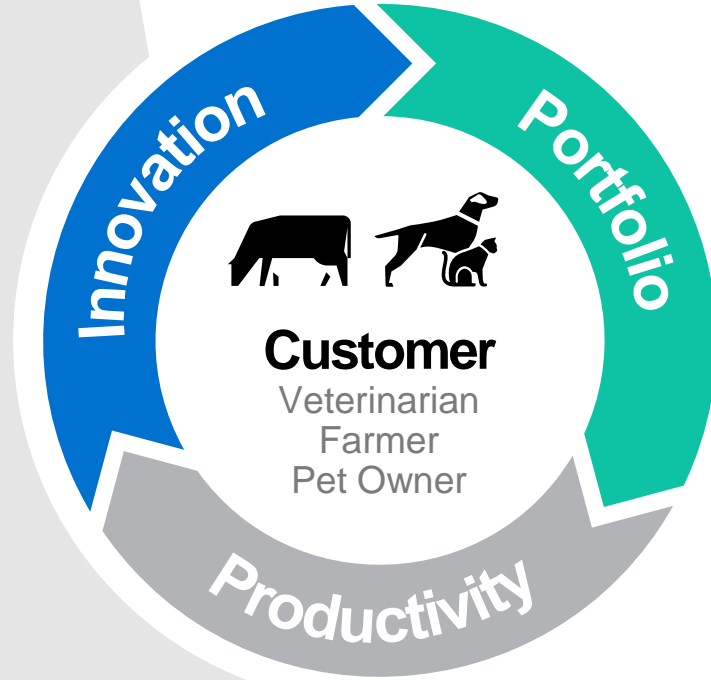


Note: Numbers may not add due to rounding. All growth rates noted are constant currency.

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

IPP Innovation, Portfolio, Productivity

2023 Highlights



Innovation

Innovation Sales
delivered \$275M in 2023, or 3ppt of growth, more than 2x 2022

Late-Stage Pipeline
for Credelio Quattro™¹, Zenrelia™¹, Bovaer®¹ submitted and under FDA regulatory review

CPMA (Parvo)
expanded manufacturing capacity completed

Portfolio

Price Growth
Full year price growth of 4% in both Pet Health and Farm Animal

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

U.S. Carbon Market Validated
First verified carbon credits purchased in livestock inset marketplace

Productivity

Working Capital
focus on improving NWC, namely inventory, which became a source of cash in Q4














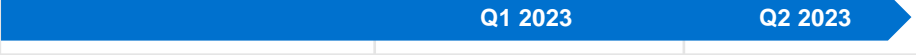

















Debt Paydown
of \$76M for full year; year-end net leverage at 5.6x

ERP Integration
completed, resulting in operational efficiencies and reduced costs, expected to free up >\$100M of cash for debt paydown in 2024

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

Preparing for a historic innovation launch window through 2025

Progress and Outlook for Elanco's Next Era of Growth

Asset	Primary Regulator	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)						First-in-class
Canine Parvovirus Monoclonal AB (CPMA)	USDA (Rx)						First-in-class; Monoclonal AB
K9 Advantix Flea/Tick	EPA (OTC)						Establishes Elanco presence in "value" OTC category
Advantage Flea	EPA (OTC)						
Adtab Oral Flea/Tick	EMA (OTC)						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; Submitted in Canada, Japan;  Initiated submission in EU and 6 additional markets
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 Q3 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.

Agreement to Sell Aqua Business



Reinforces Commitment to Larger Markets with Greater Earnings Potential

Namely, pet health and livestock sustainability – aligned with pipeline efforts



\$1.3B Purchase Price

All cash deal, with expected \$1.05B to \$1.1B in net proceeds after taxes and fees



Expect High-3x to Low-4x Net Leverage by YE 2025

Accelerates deleveraging driven by net proceeds and improving cash flow by YE 2025

Minimal EPS dilution expected to be replaced with innovation-fueled growth

Note: Elanco announced an agreement to sell its aqua business in a press release and 8-K filing on February 5, 2024. The transaction is subject to customary closing conditions and regulatory approval, expected to close around mid-year 2024.

2024 Guidance | Revenue Growth for Both Pet Health and Farm Animal, Improved Cash Flow and Investments to Drive Launches

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 & price

OpEx savings and reduced currency risk from restructuring

Reduced project cash costs

Headwinds

Competition in U.S. Pet Health vet clinic business

Farm Animal generics and U.S. cattle numbers

Reduced sales from distribution model changes and lower CMO

Gross margin headwind related to internal inventory management

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



Expected Outcomes

Grow
Revenue

Deliver High
Impact Innovation

Launch New Products
with Excellence

Improve OCF
and de-lever

Note: Financial Guidance includes full year contribution from aqua business and excludes potential upside from late-stage pipeline products Credelio Quattro, Zenrelia, and Bovaer.

Financial Results

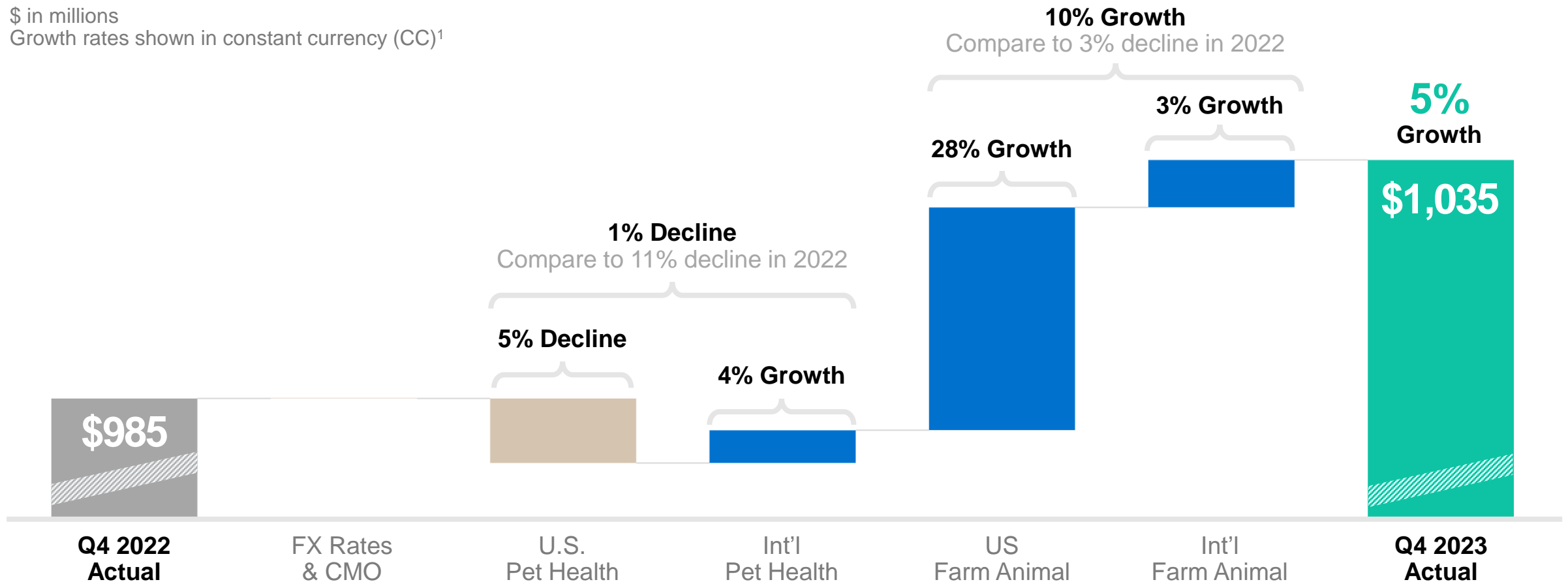
Fourth Quarter 2023



Q4 2022 to Q4 2023 Revenue Bridge

Constant Currency Growth of 5%, Led by Farm Animal

\$ in millions
Growth rates shown in constant currency (CC)¹



Note: Numbers may not add due to rounding. All growth rates noted are constant currency.

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

Fourth Quarter 2023

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Volume	Total	CC Change ¹
Pet Health	\$416	3%	1%	(4)%	(1)%	(1)%
Cattle	\$249		0%		12%	11%
Poultry	\$220		(2)%		18%	19%
Swine	\$98		2%		(2)%	(3)%
Aqua	\$43		2%		(0)%	(5)%
Farm Animal	\$610	4%	0%	6%	10%	10%
Contract Manufacturing	\$9	0%	2%	(28)%	(31)%	(28)%
Total Elanco	\$1,035	3%	0%	1%	5%	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.

Fourth Quarter 2023

Revenue by Geography and Species

	2023	2022	Change	CC Change ¹
US Pet Health	\$247	\$260	(5)%	(5)%
Int'l Pet Health	\$169	\$161	6%	4%
Total Pet Health	\$416	\$420	(1)%	(1)%
US Farm Animal	\$211	\$165	28%	28%
Int'l Farm Animal	\$399	\$388	3%	3%
Total Farm Animal	\$610	\$552	10%	10%
Contract Manufacturing	\$9	\$13	(31)%	(28)%
Total Elanco	\$1,035	\$985	5%	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.

Fourth Quarter 2023

Adjusted¹ Income Statement Highlights

\$ millions, except per share values	2023	2022	Change (\$)	Change (%)
Revenue	\$1,035	\$985	\$50	5%
Cost of Sales	\$516	\$448	\$68	15%
Adjusted Gross Profit	\$519	\$537	\$(18)	(3)%
Adjusted Gross Margin	50.1%	54.5%		(440) bps
Operating Expense	\$371	\$382	\$(11)	(3)%
Interest Expense, Net	\$67	\$61	\$6	10%
Effective Tax Rate	39.7%	(23.8)%		+6,350 bps
Adjusted Net Income	\$39	\$94	\$(55)	(59)%
Adjusted Earnings Per Share Diluted	\$0.08	\$0.19	\$(0.11)	(58)%
Adjusted EBITDA	\$165	\$172	\$(7)	(4)%
Adjusted EBITDA Margin	15.9%	17.5%		(160) 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.

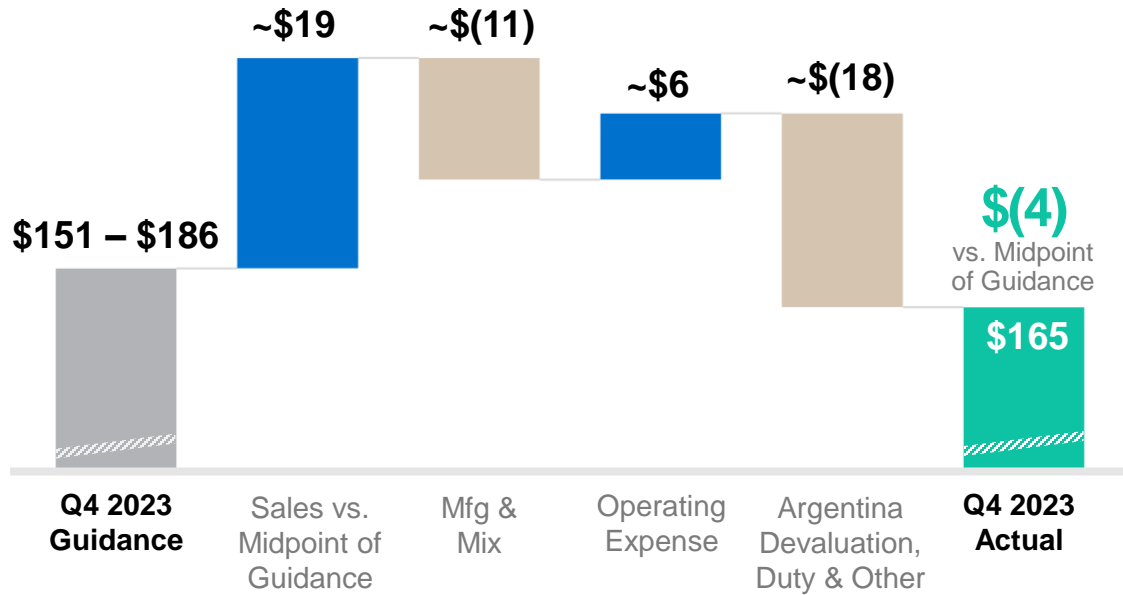
Q4 2023 Compared to Guidance

Adjusted EBITDA and Adjusted EPS

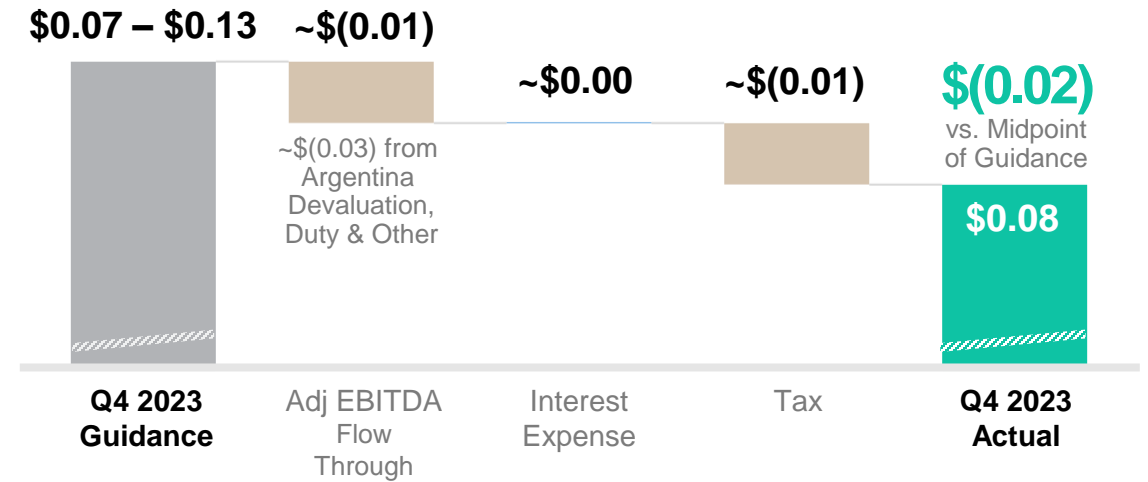
Performance Impacted by Argentina Devaluation & Higher Tax

Q4 Adjusted EBITDA

\$ millions



Q4 Adjusted EPS



Note: Numbers may not add due to rounding and ranges.

Full Year 2023

Adjusted¹ Income Statement Highlights

\$ millions, except per share values	2023	2022	Change (\$)	Change (%)
Revenue	\$4,417	\$4,411	\$6	0%
Cost of Sales	\$1,929	\$1,913	\$16	1%
Adjusted Gross Profit	\$2,488	\$2,498	\$(10)	(0)%
Adjusted Gross Margin	56.3%	56.6%		(30) bps
Operating Expense	\$1,612	\$1,586	\$26	2%
Interest Expense, Net	\$277	\$221	\$56	25%
Effective Tax Rate	22.3%	17.7%		+460 bps
Adjusted Net Income	\$439	\$544	\$(105)	(19)%
Adjusted Earnings Per Share Diluted	\$0.89	\$1.11	\$(0.22)	(20)%
Adjusted EBITDA	\$979	\$1,017	\$(38)	(4)%
Adjusted EBITDA Margin	22.2%	23.1%		(90) bps

Note: Numbers may not add due to rounding.

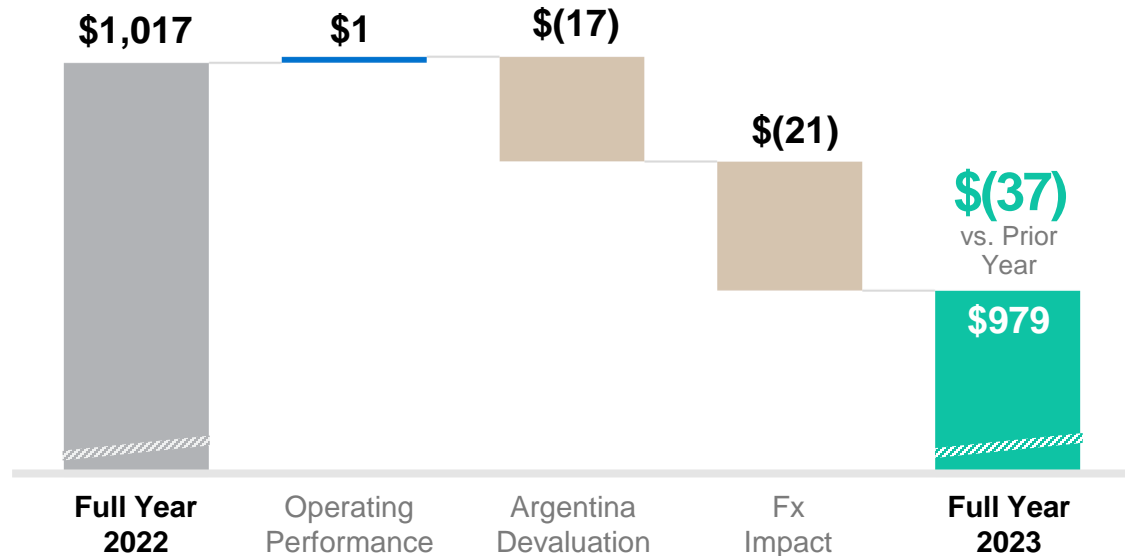
¹Non-GAAP financial measures. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations.

2022 to 2023 Full Year Bridge

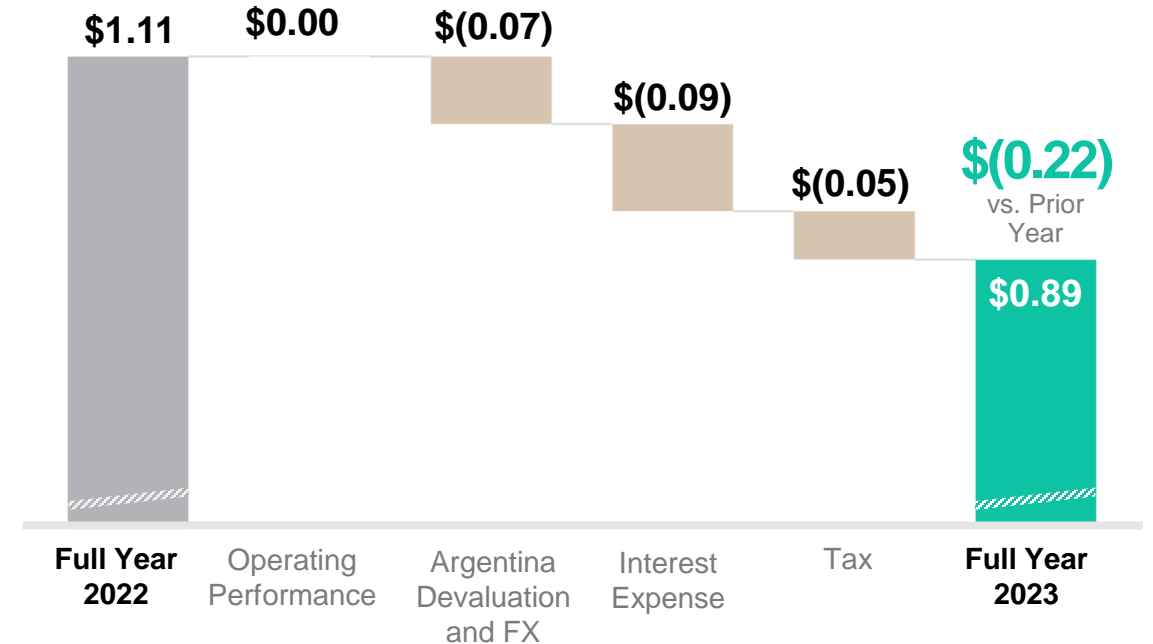
Adjusted EBITDA and Adjusted EPS Decline as Investments Increase and Non-Operational Currency Headwinds Persist

2023 Adjusted EBITDA

\$ millions



2023 Adjusted EPS

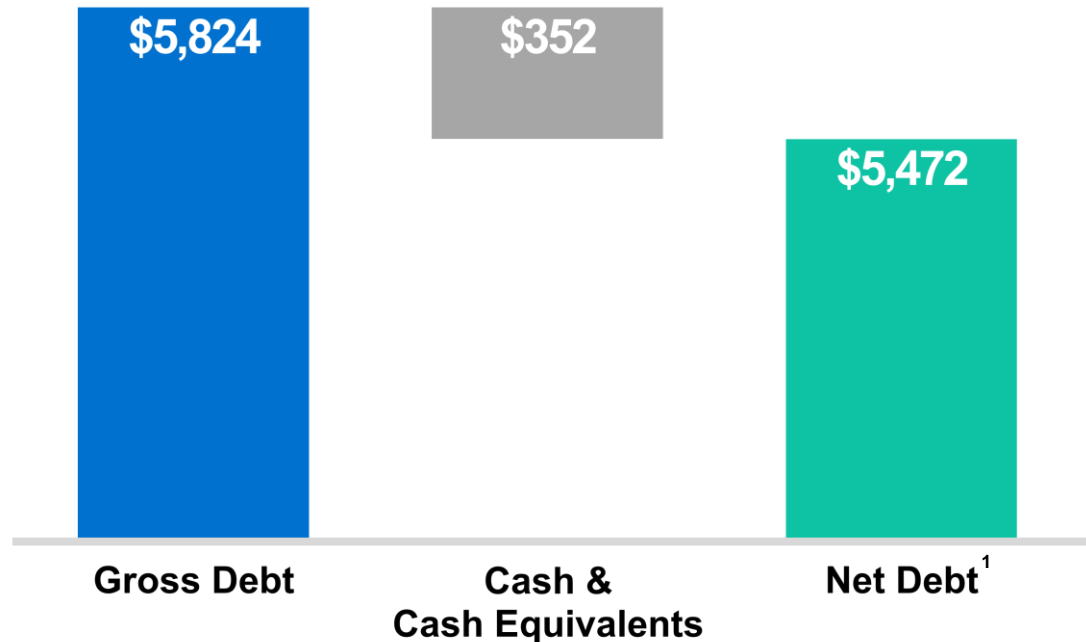


Note: Numbers may not add due to rounding.

Key Balance Sheet and Cash Flow Metrics

Debt Balances as of December 31, 2023

\$ millions



Operating Cash Flow (OCF) of \$157M in Q4 2023;
Year over year increase of \$144M primarily driven by improved inventory performance.

\$76M of Debt Paydown in 2023;
Adjusted net leverage ratio² decreased to 5.6x.

Days sales outstanding³ at 79 days;
flat compared to Q3 2023.

Announced Sale of Aqua Business;
Expected net cash proceeds of \$1.05B to \$1.10B to be used for debt paydown in 2024 assuming expected close around mid-year 2024.

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 the current portion of long-term debt and long-term debt and excludes unamortized debt issuance costs. ²Net leverage ratio is calculated as net debt divided by trailing 12 month 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

First Quarter and Full Year 2024



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TM

2024 Full Year

Financial Guidance

\$ millions, except per share values

	February	Comments
Revenue	\$4,450 - \$4,540	Expect 1% to 3% growth in constant currency
Reported Net Loss	\$(62) - \$(17)	
Adjusted EBITDA¹	\$960 - \$1,010	Topline growth offset by strategic investments
Reported Diluted EPS	\$(0.12) - \$(0.03)	
Adjusted Diluted EPS¹	\$0.87 - \$0.95	Includes slight improvement in tax rate



Impact of FX vs Prior Year

expected to be an approximate \$5 million headwind on revenue



Full Year Cadence

Gross margin headwinds and incremental strategic investments peak in H1 2024, while restructuring savings primarily in H2



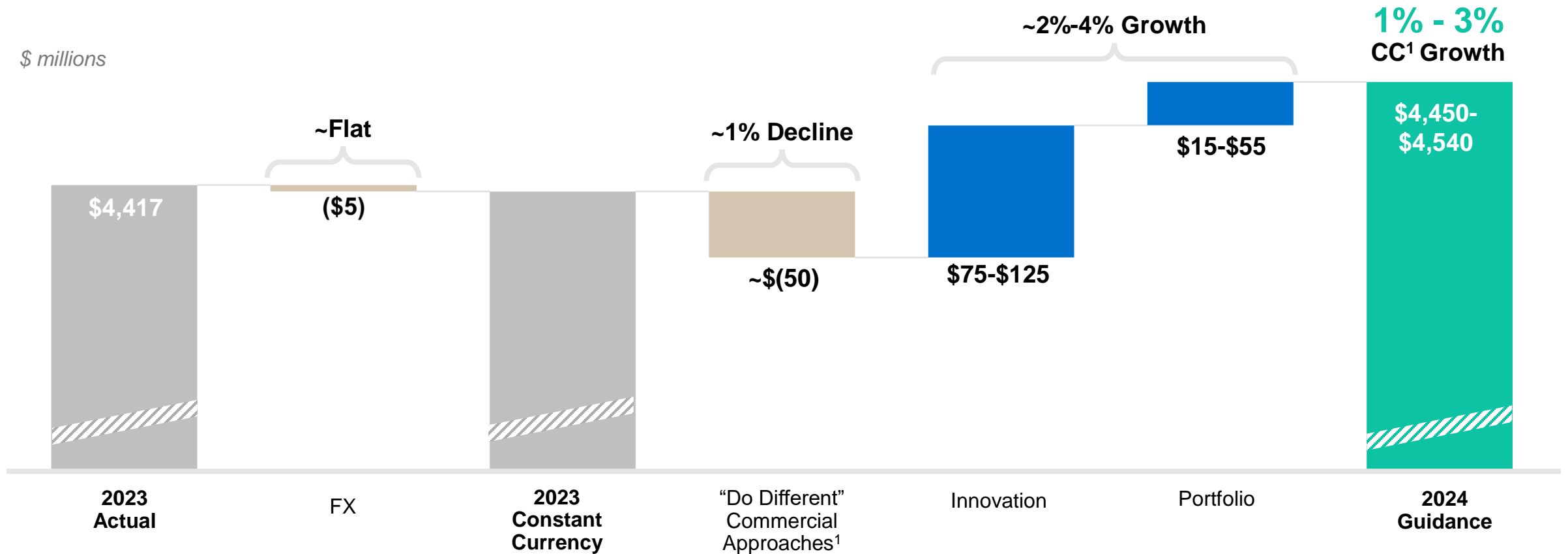
Underlying Assumptions

Guidance includes full year contribution from aqua business and excludes potential upside from late-stage pipeline products Credelio Quattro, Zenrelia, and Bovaer.

¹Non-GAAP financial measure. See Appendix to this presentation for more information, including GAAP to non-GAAP reconciliations. Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates.

2023 to 2024 Full Year Revenue Bridge

Expect CC Revenue Growth of 1% to 3% Led by Innovation, Even Before Potential Upside from Late-Stage Pipeline



Note: Numbers may not add due to rounding.

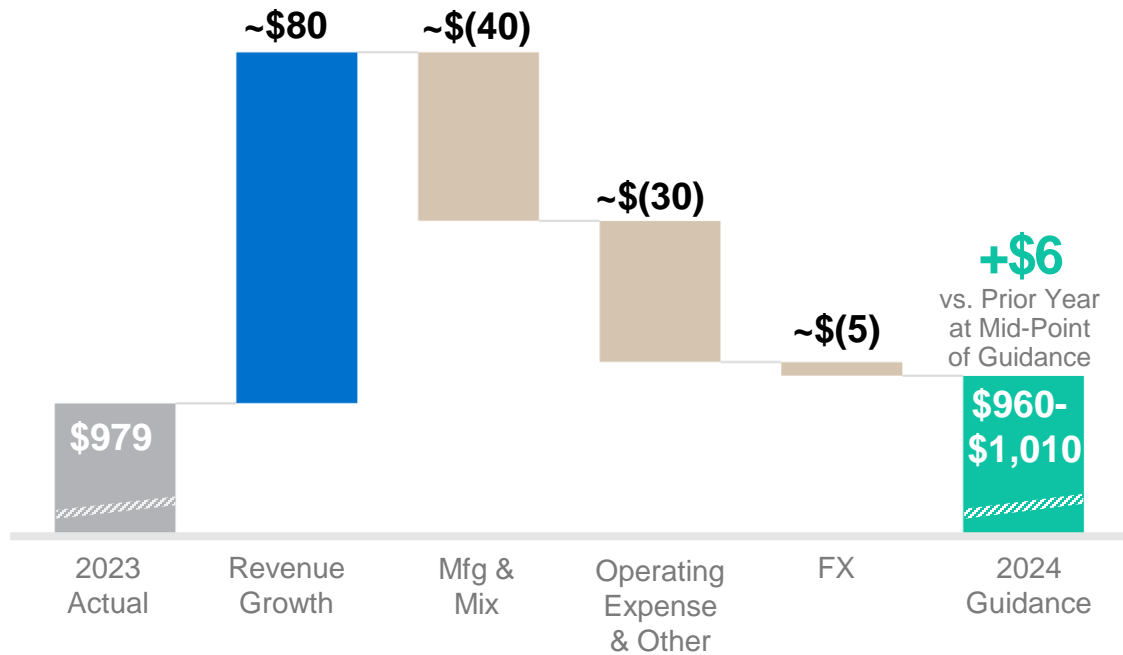
Constant Currency (CC) is a non-GAAP financial measure, representing revenue growth excluding the impact of foreign exchange rates. ¹ "Do Different" commercial approaches refers to changes in go-to-market models in certain countries including Argentina, exiting low margin distribution agreements, and expiring contract manufacturing agreements.

2023 to 2024 Full Year Bridge

Adjusted EBITDA Expected to Benefit from Higher Sales, Offset by Gross Margin Headwinds and Opex Investment

2024 Adjusted EBITDA

\$ millions



2024 Adjusted EPS



Note: Numbers may not add due to rounding and ranges.

First Quarter 2024

Financial Guidance

\$ millions, except per share values

	Q1 Guidance	Comments
Revenue	\$1,160 - \$1,185	Expect 1% to 3% growth in constant currency ² , excluding \$90-\$110 million impact from ERP ³ in 2023
Reported Net Loss	\$(34) - \$(13)	
Adjusted EBITDA¹	\$255 - \$275	Including \$20-\$25 million incremental investment in Pet Health; 2023: \$70-\$90 million impact from ERP ³
Reported Diluted EPS	\$(0.07) - \$(0.03)	
Adjusted Diluted EPS¹	\$0.25 - \$0.28	2023: \$0.11-\$0.14 impact from ERP ³



ERP System Transition

led to a significant shift in sales from Q2 into Q1 of 2023, impacting expected growth rates for Q1 and Q2 in 2024



Pet Health Investments

are increasing in Q1 from U.S. field force expansion and promotional dollars to drive OTC parasiticides for the Northern Hemisphere flea and tick season



Additional Q1 Assumptions

Fx expected to be headwind of ~\$5 million on revenue; Interest expense expected to be ~\$70 million

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.

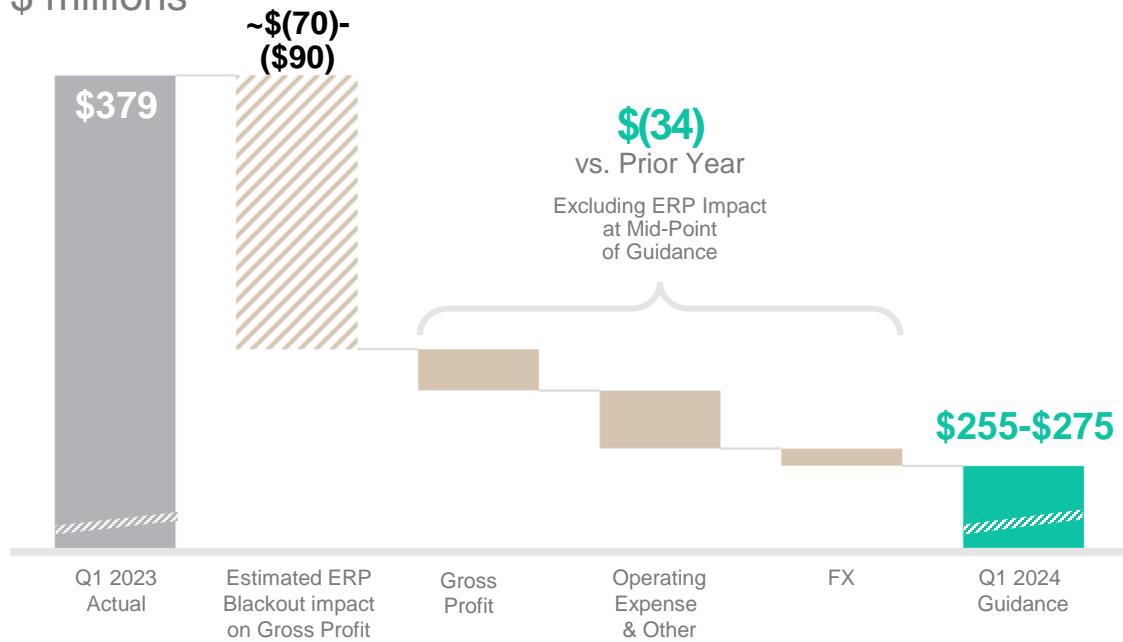
³ERP refers to the estimated shift in sales from Q2 to Q1 in 2023 as a result of the communicated commercial shipping blackout period in April 2023 resulting from the company's ERP system integration.

Q1 2023 to Q1 2024 Bridge

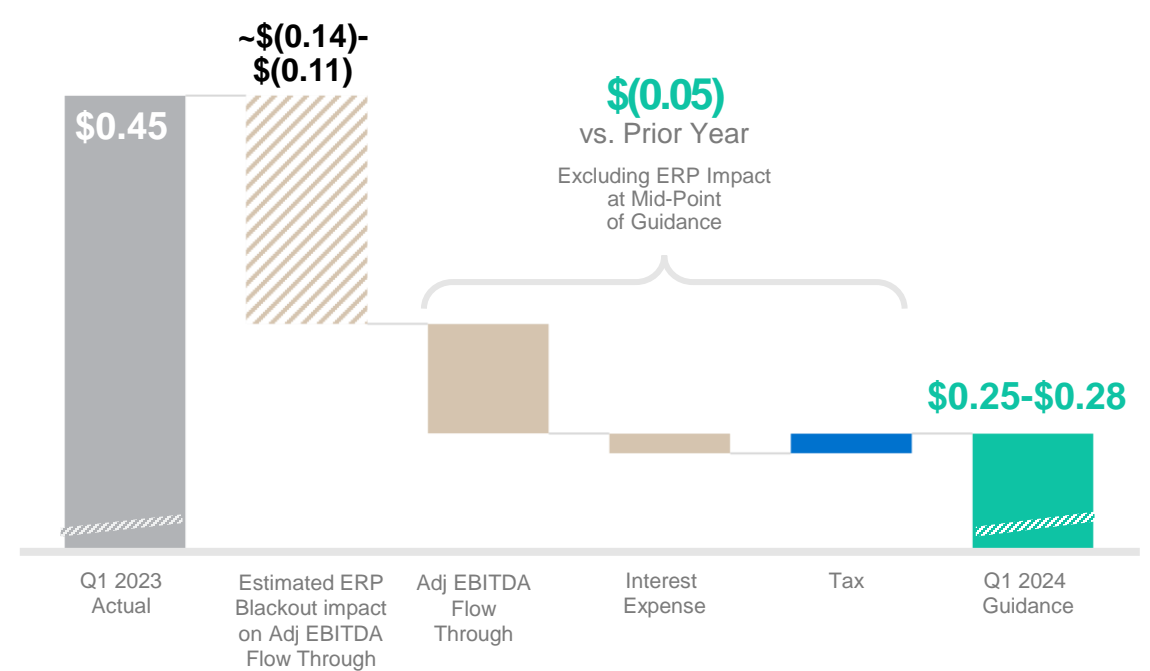
Adjusted EBITDA and Adjusted EPS Declines Impacted by Prior Year ERP Blackout, Manufacturing Slowdown and Pet Health Investments

Q1 2024 Adjusted EBITDA

\$ millions



Q1 2024 Adjusted EPS



Note: Numbers may not add due to rounding and ranges.

Shading refers to approximate impact of the company's ERP Blackout that occurred in the first half of 2023.

Factors Impacting Cash Flow and Leverage

\$ millions	2021	2022	2023	2024 Projected	2024 Comments
Project¹/Restructuring Cash	\$325	\$194	\$149	\$40 - \$50	Lower project spend partially offset by Q1 2024 restructuring
Cash Interest	\$221	\$266	\$379	Approx. \$350	
Cash Taxes	\$151	\$93	\$95	\$80 - \$100	
Change in NWC²	\$88	\$462	\$300	\$(10) - \$(40)	Operating cash inflow from improvements in inventory
CAPEX	\$159	\$171	\$140	\$180 - \$200	Increased investments supporting launches
Debt paydown	\$(176)	\$501	\$76	\$280 - \$320	Increase by approximately 4x
Net Proceeds from Aqua Sale				\$1.05 - \$1.1B	Mid-year close expected
Net Leverage Ratio	5.5x	5.5x	5.6x	5.2x – 5.5x³	Aqua proceeds expected to reduce by an additional 0.7x, to mid-4x

¹Project refers to cash costs associated with the independent company stand-up, Bayer business integration and Bayer ERP system integration.

²Change in NWC reflected as: Use (Source) of Cash. ³Reflects net leverage ratio excluding the impact of the expected sale of the Company's aqua business.

Appendix

Reference slides and GAAP reported to
non-GAAP adjusted reconciliations



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TM

Full Year 2023

Impact of Price, Rate, and Volume on Revenue

	Revenue	Price	FX Rate	Volume	Total	CC Change ¹
Pet Health	\$2,104	4%	(1)%	(5)%	(2)%	(1)%
Cattle	\$949		(1)%		1%	2%
Poultry	\$765		(3)%		7%	10%
Swine	\$382		(2)%		(1)%	1%
Aqua	\$175		2%		0%	(2)%
Farm Animal	\$2,271	4%	(2)%	0%	2%	4%
Contract Manufacturing	\$42	0%	(1)%	(21)%	(22)%	(21)%
Total Elanco	\$4,417	4%	(1)%	(3)%	0%	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.

Full Year 2023

Revenue by Geography and Species











	2023	2022	Change	CC Change ¹
US Pet Health	\$1,242	\$1,250	(1)%	(1)%
Int'l Pet Health	\$862	\$888	(3)%	(1)%
Total Pet Health	\$2,104	\$2,138	(2)%	(1)%
US Farm Animal	\$729	\$699	4%	4%
Int'l Farm Animal	\$1,542	\$1,520	1%	4%
Total Farm Animal	\$2,271	\$2,219	2%	4%
Contract Manufacturing	\$42	\$54	(22)%	(21)%
Total Elanco	\$4,417	\$4,411	0%	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.

Full Year 2023

Revenue Performance by Top Ten Countries







	Total	% of Total	CC Change ¹
 United States	\$1,971	45%	1%
 China	\$221	5%	4%
 Brazil	\$183	4%	11%
 United Kingdom	\$156	4%	11%
 Canada	\$116	3%	5%
 Italy	\$114	3%	(3)%
 Mexico	\$112	3%	(3)%
 France	\$105	2%	10%
 Australia	\$93	2%	(15)%
 Japan	\$90	2%	(5)%
Other International	\$1,214	27%	1%
Contract Manufacturing	\$42	1%	(21)%
Total	\$4,417	100%	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.

Full Year 2023

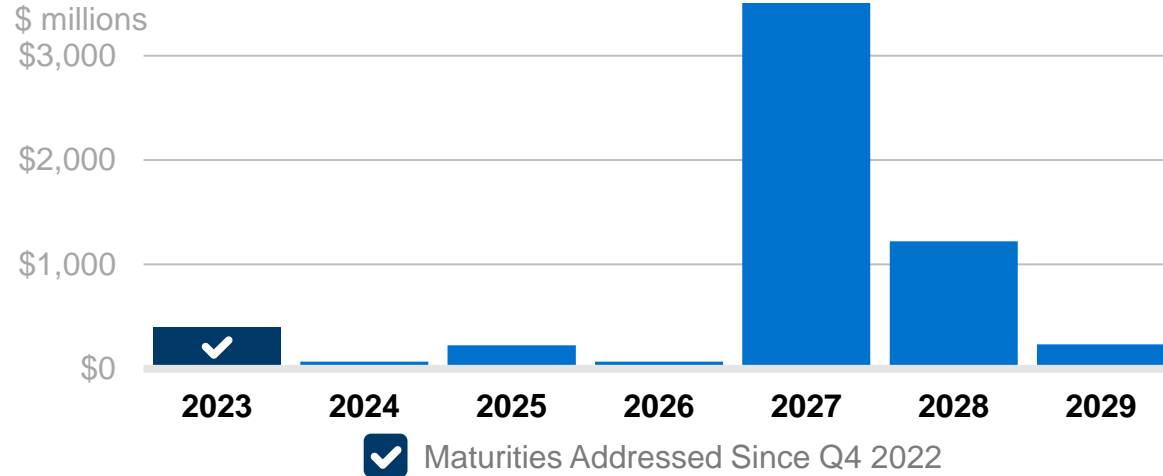
Revenue Performance for Select Products

	2023 Revenue	% of Total	CC Change ¹
	\$431	10%	(3)%
	\$331	7%	(4)%
	\$248	6%	1%
	\$241	5%	16%
	\$195	4%	23%
	\$82	2%	(21)%

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. CC = Constant Currency, representing the growth rate excluding the impact of foreign exchange rates. ²Includes Credelio Dog and Credelio Cat.

Confident in Liquidity and Ability to Manage Debt Obligations

Debt Maturities & Mandatory Payments



Key Debt Information¹

Total Gross Debt: \$5.8 billion

- **Term Loans:** \$4.7 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 2024

2024 Assumptions⁴: Year-end net leverage ratio expected between 5.2x and 5.5x; with \$280 to \$320 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	5.6x	None	Yes
Interest Coverage Ratio	TTM adjusted EBITDA divided by TTM cash interest expense	Min 2.0x	2.6x	Only if certain non-financial covenants are tripped	Yes

¹As of December 31, 2023; this calculation does not include Term Loan B covenant-related adjustments that increase adjusted EBITDA by approximately \$60 to \$70 million.

²Net 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. ³TTM = Trailing Twelve Months. ⁴Reflects assumptions excluding the impact of the divestiture of the Company's aqua business.

Full Year 2024

Financial Guidance & Additional Assumptions

\$ millions, except
per share values

	February
Total Revenue	\$4,450 – \$4,540
Gross Margin	55.9% – 56.5%
Operating Expenses	\$1,650 – \$1,675
Adjusted EBITDA¹	\$960 – \$1,010
Adjusted EBITDA Margin¹	21.6% – 22.2%
Depreciation	Approx. \$135
Interest Expense, Net	Approx. \$280
Tax Rate	20%-22%
Adjusted Earnings per Share¹	\$0.87 – \$0.95
Weighted Average Diluted Share Count	Approx. 497 million
Capital Expenditures	\$180 - \$200
Cash Taxes	\$80 - \$100
Cash Interest	Approx. \$350
Net Cash Impact from Integration and Restructuring	\$40 - \$50

Note: Financial Guidance includes full year contribution from aqua business and excludes potential upside from late-stage pipeline products Credelio Quattro, Zenrelia, and Bovaer.

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

Fourth Quarter 2023

Adjusted EBITDA Reconciliation

\$ millions

	2023	2022
Reported Net Loss	\$(141)	\$(55)
Net Interest Expense	\$67	\$62
Income Tax Expense	\$14	\$(35)
Depreciation and Amortization	\$171	\$169
EBITDA	\$111	\$141
Non-GAAP Adjustments		
Cost of Sales	\$0	\$0
Asset Impairment, Restructuring, and Other Special Charges	\$36	\$32
Goodwill Impairment	\$0	\$0
Accelerated Depreciation and Amortization ¹	\$0	\$(4)
Other Expense (Income), Net	\$18	\$3
Adjusted EBITDA	\$165	\$172
Adjusted EBITDA Margin	15.9%	17.5%

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.

Fourth 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
Amortization of Intangible Assets	\$138	\$138	\$0	\$130	\$130	\$0
Asset Impairment, Restructuring and Other Special Charges ¹	\$36	\$36	\$0	\$32	\$32	\$0
Interest Expense, Net of Capitalized Interest ²	\$67	\$0	\$67	\$62	\$1	\$61
Other Expense, Net ³	\$34	\$18	\$16	\$21	\$3	\$18
Income Before Taxes	\$(127)	\$192	\$65	\$(90)	\$165	\$76
Income Tax (Benefit) Expense ⁴	\$14	\$(12)	\$26	\$(35)	\$(17)	\$(18)
Net Income	\$(141)	\$180	\$39	\$(55)	\$148	\$94
Earnings per Share Diluted⁵	\$(0.29)	\$0.37	\$0.08	\$(0.11)	\$0.30	\$0.19
Adjusted Weighted Average Shares Outstanding Diluted	492.8	494.9	494.9	488.5	492.6	492.6

Numbers may not add due to rounding.
See slide 35 for details of adjustments to certain GAAP reported measures.

Fourth Quarter 2023

Details of Adjustments to Certain GAAP Reported Measures

For the three months ended December 31, 2023 and 2022:

- 1) Adjustments of \$36 million for the three months ended December 31, 2023, related primarily to a \$26 million impairment of a contract asset we initially recorded in 2022 related to a long-term manufacturing and supply agreement, in addition to charges primarily associated with integration efforts and external costs related to the acquisition of Bayer Animal Health. Adjustments of \$32 million for the three months ended December 31, 2022, related primarily to \$28 million of charges associated with integration efforts and external costs related to the acquisition of Bayer Animal Health and KindredBio, in addition to asset impairments and the write-off of a receivable.
- 2) The adjustment of \$1 million for the three months ended December 31, 2022, related to a debt extinguishment loss recorded in connection with the early repayment of our Term Loan B.
- 3) The adjustments of \$18 million for the three months ended December 31, 2023, primarily related to an accrual for a possible resolution or settlement relating to a previously disclosed matter with the SEC (\$12.5 million), a write-off of acquisition-related tax indemnification receivable from Bayer (\$10 million) and the impact of hyperinflationary accounting in Turkey (\$5 million), partially offset by decreases related to contingent consideration payable to NutriQuest, LLC (NutriQuest) (\$8 million). The adjustment of \$3 million for the three months ended December 31, 2022 related to a contribution to The Elanco Foundation.
- 4) Adjustments of \$12 million for the three months ended December 31, 2023, represented 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 (\$69 million). Adjustments of \$17 million for the three months ended December 31, 2022, represented the income tax expense associated with the adjusted items discussed above and a net tax benefit associated with the sale of the Speke manufacturing site (\$12 million), partially offset by an increase in the valuation allowance recorded against our deferred tax assets during the period (\$69 million).
- 5) During the three months ended December 31, 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 2.1 million and 4.1 million, respectively, of common stock equivalents.

Full Year 2023

**Adjusted
EBITDA
Reconciliation**

\$ millions

	2023	2022
Reported Net Loss	\$(1,231)	\$(78)
Net Interest Expense	\$277	\$241
Income Tax Expense	\$36	\$6
Depreciation and Amortization	\$694	\$682
EBITDA	\$(224)	\$851
Non-GAAP Adjustments		
Cost of Sales	\$2	\$0
Asset Impairment, Restructuring, and Other Special Charges	\$127	\$183
Goodwill Impairment	\$1,042	\$0
Accelerated Depreciation and Amortization ¹	\$(10)	\$(19)
Other Expense (Income), Net	\$42	\$2
Adjusted EBITDA	\$979	\$1,017
Adjusted EBITDA Margin	22.2%	23.1%

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.

Full Year 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	\$1,931	\$2	\$1,929	\$1,913	\$0	\$1,913
Amortization of Intangible Assets	\$548	\$548	\$0	\$528	\$528	\$0
Asset Impairment, Restructuring and Other Special Charges ²	\$127	\$127	\$0	\$183	\$183	\$0
Goodwill Impairment	\$1,042	\$1,042	\$0	\$0	\$0	\$0
Interest Expense, Net of Capitalized Interest ³	\$277	\$0	\$277	\$241	\$20	\$221
Other Expense (Income), Net ⁴	\$75	\$42	\$33	\$32	\$2	\$30
Income Before Taxes	\$(1,195)	\$1,761	\$566	\$(72)	\$733	\$661
Income Tax (Benefit) Expense ⁵	\$36	\$(91)	\$127	\$6	\$(111)	\$117
Net Income	\$(1,231)	\$1,670	\$439	\$(78)	\$622	\$544
Earnings per Share Diluted	\$(2.50)	\$3.39	\$0.89	\$(0.16)	\$1.26	\$1.11
Adjusted Weighted Average Shares Outstanding Diluted ⁶	492.3	493.7	493.7	488.3	492.2	492.2

Numbers may not add due to rounding.
See slide 38 for details of adjustments to certain GAAP reported measures.

Full Year 2023

Details of Adjustments to Certain GAAP Reported Measures

For the year ended December 31, 2023 and 2022:

- 1) Adjustments of \$2 million for the year ended December 31, 2023, related to the amortization of inventory fair value adjustments recorded from the acquisition of certain assets of NutriQuest and NutriQuest Brazil.
- 2) Adjustments of \$127 million for the year ended December 31, 2023, primarily related to charges associated with the integration efforts and external costs related to the acquisition of Bayer Animal Health (\$93 million), a \$26 million impairment of a contract asset we initially recorded in 2022 related to a long-term manufacturing and supply agreement and the write-down of certain indefinite-lived intangible assets, primarily due to increases in discount rates. Adjustments of \$183 million for the year ended December 31, 2022, primarily related to charges associated with the integration efforts and external costs related to the acquisition of Bayer Animal Health (\$105 million), an impairment charge related to acquired IPR&D with no alternative future use that we 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 (\$9 million).
- 3) Adjustments of \$20 million for the year ended December 31, 2022, related to debt extinguishment losses recorded in connection with the partial early extinguishment of our 4.272% Senior Notes due August 28, 2023, and the early repayment of our Term Loan B.
- 4) Adjustments of \$42 million for the year ended December 31, 2023, primarily related to settlement provisions recorded in 2023 related to the Seresto class action lawsuits (\$15 million) and for a possible resolution or settlement relating to a previously disclosed matter with the SEC (\$12.5 million), as well as a write-off of an acquisition-related tax indemnification receivable from Bayer (\$10 million) and the impact of hyperinflationary accounting in Turkey (\$7 million), partially offset by decreases in contingent consideration payable to NutriQuest (\$4 million). Adjustments of \$2 million for the year ended December 31, 2022, primarily related to a contribution to The Elanco Foundation (\$3 million) and the impact of hyperinflationary accounting related to Turkey (\$4 million), partially offset by the gain recognized on the disposal of the microbiome R&D platform (\$3 million) and up-front payments received in relation to license and asset assignment agreements (\$2 million).
- 5) Adjustments of \$91 million for the year ended December 31, 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 (\$80 million). Adjustments of \$111 million for the year ended December 31, 2022, represent the income tax expense associated with the adjusted items discussed above, the reversal of tax expense that was previously stranded in accumulated other comprehensive income due to an interest rate swap settlement (\$17 million) and a net tax benefit associated with the sale of the Speke, U.K. manufacturing site (\$12 million), partially offset by an increase in the valuation allowance recorded against our deferred tax assets during the period (\$62 million).
- 6) During the years ended December 31, 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 1.4 million and 3.9 million, respectively, of common stock equivalents.

Full Year 2024

EBITDA Guidance Reconciliation

\$ millions

Reported Net Loss	\$(62) - \$(17)
Net Interest Expense	Approx. \$280
Income Tax Provision	\$(17) - \$29
Depreciation and Amortization	Approx. \$685
EBITDA	\$886 - \$976
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$50
Adjusted EBITDA	\$960 - \$1,010
Adjusted EBITDA Margin	21.6% - 22.2%

Note: Numbers may not add due to rounding.

Full Year 2024

EPS Guidance Reconciliation

Reported Loss per Share	\$(0.12) - \$(0.03)
Amortization of Intangible Assets	Approx. \$1.11
Asset Impairment, Restructuring, and Other Special Charges	\$0.07 - \$0.15
Subtotal	\$1.18 - \$1.26
Tax Impact of Adjustments	\$(0.26) - \$(0.19)
Total Adjustments to Earnings per Share	\$0.99 - \$1.00
Adjusted Earnings per Share¹	\$0.87 - \$0.95

Note: Numbers may not add due to rounding.

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

First Quarter 2024

EBITDA Guidance Reconciliation

\$ millions

Reported Net Loss	\$(34) - \$(13)
Net Interest Expense	Approx. \$70
Income Tax Provision	\$(2) - \$7
Depreciation and Amortization	Approx. \$170
EBITDA	\$203 - \$232
Non-GAAP Adjustments	
Asset Impairment, Restructuring, and Other Special Charges	Approx. \$50
Adjusted EBITDA	\$255 - \$275
Adjusted EBITDA Margin	22.0% - 23.2%

Note: Numbers may not add due to rounding.

First Quarter 2024

EPS Guidance Reconciliation

Reported Loss per Share	\$(0.07) - \$(0.03)
Amortization of Intangible Assets	Approx. \$0.28
Asset Impairment, Restructuring, and Other Special Charges	\$0.09 - \$0.11
Subtotal	\$0.37 - \$0.39
Tax Impact of Adjustments	\$(0.07) - \$(0.06)
Total Adjustments to Earnings per Share	\$0.31 - \$0.32
Adjusted Earnings per Share¹	\$0.25 - \$0.28

Note: Numbers may not add due to rounding.

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