

DEAR SHAREHOLDERS,

While 2020 will be remembered as the year of COVID-19, it also revealed the perseverance of our Zoetis colleagues and the resilience of our business in extraordinary ways. What's more, it reaffirmed our company's purpose and connection to nurturing our world and humankind by advancing care for animals.

Throughout the pandemic, our primary concerns were to ensure the safety of our colleagues, customers and communities, while safeguarding a reliable supply of high-quality products around the world. Thanks to the agility and ingenuity of our teams, we continued serving customers and sustained our growth and profitability—all through new product innovations, recently acquired businesses and adaptability to customer needs.

During 2020, our strong financial position and strategic focus enabled us to stay profitable despite the impacts of COVID-19. We grew revenue 9% operationally, which is once again above market growth in a competitive, global sector, and we also grew our adjusted net income faster than revenue, at 10% operationally. Importantly, our strong cash flow helped us avoid dramatic cuts,

maintain stability in our workforce and operations, and gave us flexibility to address colleague safety, logistics and supply chain changes, and increased inventory for customers.

CAPITAL ALLOCATIONS

In 2020, our overall investment plans stayed in place. We invested approximately \$1 billion internally and externally to support future growth with our R&D, capital expenditures, and business development activities, and in our commitment to reallocate excess capital to shareholders throughout the year, we...

- paid \$380 million in dividends
- bought back about \$250 million in shares
- announced a 25% dividend increase this past December



KRISTIN PECK
Chief Executive Officer

SUPPORTING OUR COLLEAGUES IN COVID-19



While continuing to navigate the novel coronavirus (COVID-19) pandemic, ensuring the safety of our colleagues and helping them feel supported has been a primary focus from the start. This includes providing a flexible work environment and preserving employment during these difficult times. In addition, we enhanced many benefits and well-being resources for colleagues, including back-up assistance and family support programs for child and elder care; online/mobile emotional well-being and resiliency programs, and enhanced mental health

benefits. Colleague safety will remain a top priority as countries continue to navigate the roll-out of vaccines. Consistent with our approach during 2020, we will reflect and reference the policies and recommendations that countries and businesses adopt. As we look toward a return to more normal work environments, we will consider our learnings from the many months of remote and hybrid working and look to integrate the successful principles we adopted during the pandemic.