

## Zoetis Inc. (ZTS)

**\$129.35** (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$132.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 08/01/19)	
	Prior Recommendation: Outperform	
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: C
	Value: C	Growth: B
		Momentum: F

### Summary

Zoetis has been witnessing increasing sales of its companion animal products. It has an innovative pet care parasiticides portfolio, including Simparica Trio and key dermatology products, which have been maintaining momentum. The Simparica Trio label expansion has been fueling growth. Zoetis has also hiked its dividend payments by 6% from first-quarter 2026. New long-acting drugs for OA pain in cats and dogs have been approved in the EU. However, the sales of Librela and Solensia in the EU have been declining due to concerns of side effects in some dogs. Zoetis earlier faced supply challenges, which affected demand. Despite constraints being eased, a similar situation will restrain growth. It also faces stiff competition from other prominent players in the market. Its shares have underperformed the industry in the past year.

### Data Overview

52 Week High-Low	<b>\$177.40 - \$115.25</b>
20 Day Average Volume (sh)	<b>5,476,335</b>
Market Cap	<b>\$57.0 B</b>
YTD Price Change	<b>2.8%</b>
Beta	<b>0.97</b>
Dividend / Div Yld	<b>\$2.12 / 1.5%</b>
Industry	<b><a href="#">Medical - Drugs</a></b>
Zacks Industry Rank	<b>Top 36% (89 out of 244)</b>

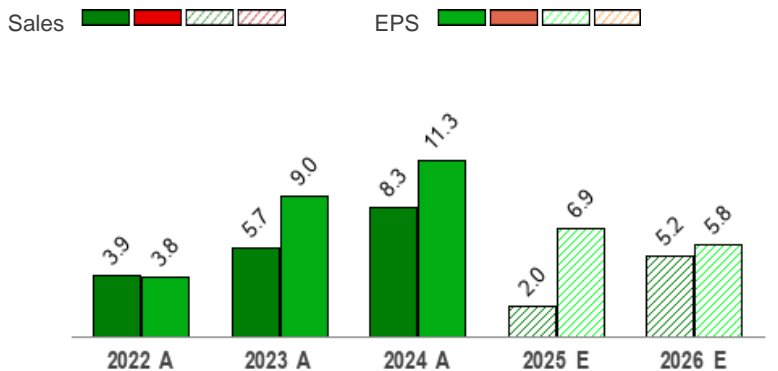
Last EPS Surprise	<b>4.9%</b>
Last Sales Surprise	<b>-0.4%</b>
EPS F1 Est- 4 week change	<b>-0.2%</b>
Expected Report Date	<b>02/12/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>20.4</b>
P/E F1	<b>20.4</b>
PEG F1	<b>3.2</b>
P/S TTM	<b>6.1</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



### Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	2,331 E	2,562 E	2,535 E	2,498 E	9,927 E
2025	2,220 A	2,460 A	2,400 A	2,357 E	9,437 E
2024	2,190 A	2,361 A	2,388 A	2,317 A	9,256 A

### EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	1.55 E	1.77 E	1.73 E	1.66 E	6.70 E
2025	1.48 A	1.76 A	1.70 A	1.39 E	6.33 E
2024	1.38 A	1.56 A	1.58 A	1.40 A	5.92 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/06/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/23/2025.

## Overview

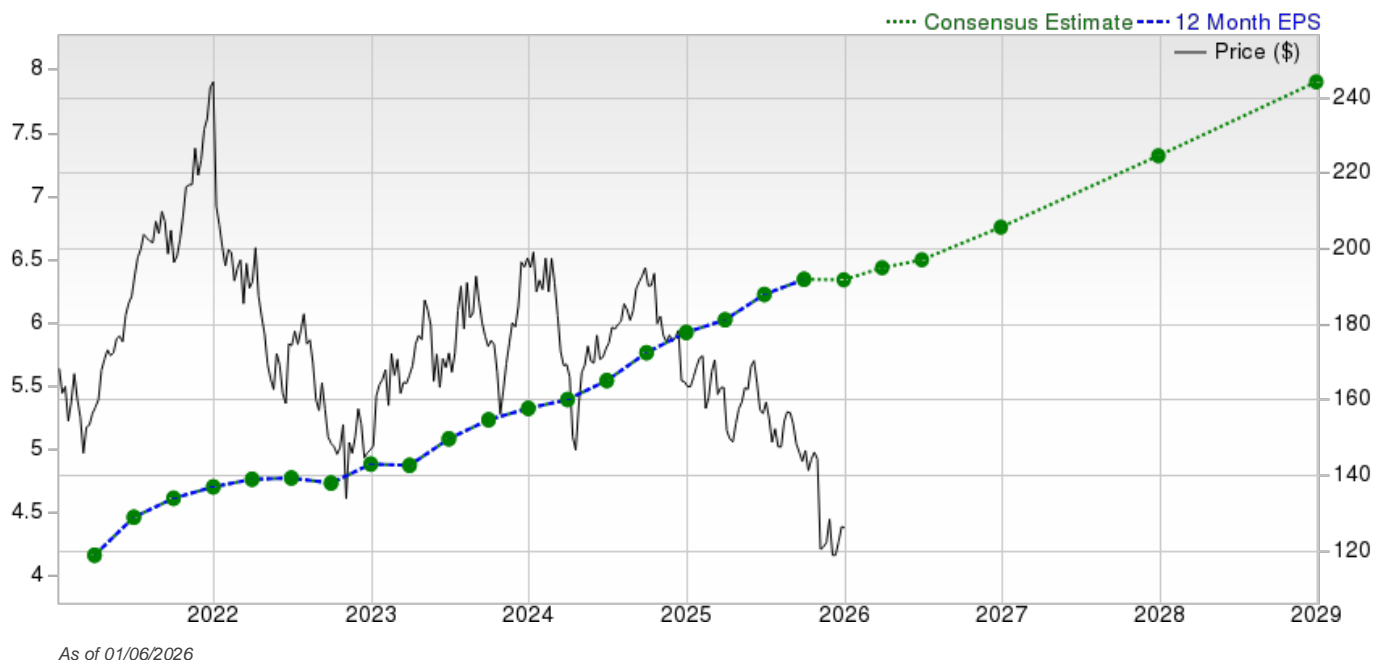
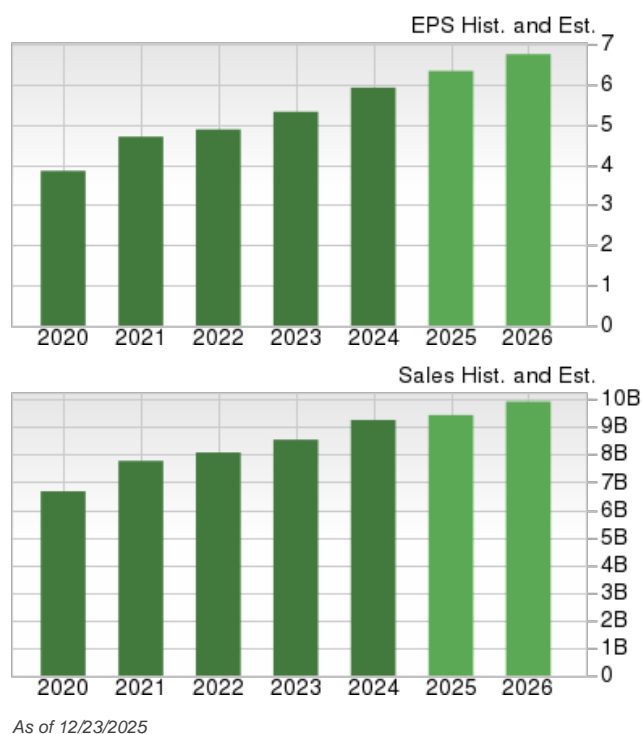
Parsippany, NJ-based Zoetis Inc. came into existence following Pfizer's decision to spin off its animal health business. The entity started trading on the NYSE on Feb. 1, 2013, under the name Zoetis. The company is a leader in the animal health space, which focuses on livestock and companion animals in seven major product categories: parasiticides, vaccines, dermatology, anti-infectives, pain and sedation, other pharmaceutical and animal health diagnostics. Zoetis has a diversified business, which caters to eight core species — cattle, swine, poultry, fish and sheep (collectively, livestock) and dogs, cats and horses (collectively, companion animals).

The outstanding growth rate in the companion animal medicines, vaccines and diagnostics sector is being driven by economic development, related increases in disposable income and a rise in pet ownership and spending on pet care.

Zoetis has been working on strengthening its product portfolio through acquisitions and deals. In 2023, the company acquired two privately held research and development stage animal health biopharmaceutical companies, PetMedix Ltd. and adivo GmbH. PetMedix develops antibody-based therapeutics for companion animals, which is expected to strengthen Zoetis' companion animal products portfolio.

Zoetis has consolidated its four-region structure into a two-region structure, namely the United States and International. Total revenues grew 8% year over year to \$9.26 billion in 2024. The United States contributed 55% of total revenues in 2024, while international revenues contributed the rest.

In 2024, Zoetis' two top-selling products and product lines were Simparica/Simparica Trio and Apoquel/Apoquel Chewable, contributing approximately 15% and 11%, respectively, of its revenues.



## Reasons To Buy:

▲ **Strong Performance of New Products:** Zoetis has built a robust companion animal portfolio over the last several years based on its internal innovation. The company's companion animal business maintains momentum. Key dermatology products, Apoquel and Cytoint, new products such as Simparica and Stronghold Plus, and increased medicalization rates in key international markets are propelling further growth. The FDA earlier approved ProHeart 12 (moxidectin), the industry's only once-yearly injection to prevent heartworm disease in dogs aged 12 months or older.

Zoetis' diversified product portfolio, global footprint and productive R&D should help drive both top and bottom-line growth.

The FDA has also approved Apoquel Chewable tablets in the United States for controlling pruritus related to allergic dermatitis and control of atopic dermatitis in dogs at least 12 months of age.

The approval of Simparica Trio in Europe and the United States has strengthened the company's market-leading parasiticide portfolio for companion animals. The uptake of the product has been strong. Around mid-April, the FDA approved a new indication for Zoetis' Simparica Trio to prevent flea tapeworm infections by targeting and killing vector fleas in treated dogs. With this approval, the triple combo drug is now the only canine combination parasiticide indicated to prevent flea tapeworm infections at the source by eliminating carrier fleas before they can transmit the parasite. The label expansion is expected to further boost sales in the quarters ahead.

The company also continues to bolster its vaccine portfolio for livestock. Zoetis received approval for Rimadyl (carprofen) for dogs in China, which is one of the fastest-growing companion animal markets in the world. It is indicated for relief from pain and inflammation associated with osteoarthritis (chewables) and control of postoperative pain associated with soft tissue and orthopedic surgeries (injectables). The uptake of new monoclonal antibody therapies for osteoarthritis pain in dogs and cats — Librela and Solensia — is also positive. In a head-to-head study, it was observed that Librela demonstrated comparable efficacy to meloxicam, a nonsteroidal anti-inflammatory drug (NSAID), in managing osteoarthritis pain and was linked to fewer adverse events in the study.

Zoetis is also committed to further diversifying its revenue base through new product launches. It received conditional FDA approval for Dectomax-CA1 Injectable, the first and only parasite control product approved to prevent and treat infestations caused by the New World screwworm (*Cochliomyia hominivorax*) in cattle, with protection lasting up to 21 days. Portela (relfovetmab), a monoclonal antibody therapy (mAb) for osteoarthritis (OA) pain in cats, recently gained approval in the EU as the first long-acting anti-NGF therapy for cats, offering up to three months of pain relief per injection. Zoetis has also secured a similar EU approval for Lenivia, its long-acting mAb therapy for canine OA pain. Both product launches are anticipated in 2026. Portela and Lenivia are expected to complement Solensia and Librela, respectively.

Approval of other innovative products in the future, along with continued uptake of its existing products, should further boost sales in the quarters ahead. Our estimates for Zoetis' revenues indicate a CAGR of 4.1% in the next three years.

▲ **Expansion through Acquisitions:** We are positive about Zoetis' acquisitions so far. The company acquired Abaxis, Inc., which boosted its presence in the veterinary diagnostics space of the animal health market. With the acquisition, Zoetis has acquired Abaxis' VetScan portfolio of benchtop and handheld diagnostic instruments and consumables. The company can now provide a broader range of veterinary diagnostics products, leveraging its global scale and direct customer relationships. It expects the veterinary diagnostics category to continue to grow faster than the animal health industry, with mid to high single-digit growth. Zoetis has also enhanced its Vetscan Imagyst diagnostic platform with the launch of AI Masses, an advanced AI tool that rapidly detects and analyzes potentially cancerous cells in animals, streamlining veterinary workflows and enabling faster, more confident treatment decisions. The acquisition of Platinum Performance, a privately held, nutrition-focused animal health company, has further strengthened Zoetis' portfolio in the equine and pet-care markets.

The company acquired Jurox, a privately held animal health company based in Australia, in 2022. This provided Zoetis with growth opportunities, manufacturing capacity and increased capabilities in Australia. It also helped strengthen Zoetis' portfolio with a range of companion animal and livestock products primed for global expansion. In 2022, Zoetis also completed the acquisition of Basepaws, a privately held petcare genetics company based in the United States. This increased Zoetis' capability to help pet owners take care of their pets. Zoetis also acquired NewMetrica, a privately held company based in Scotland, a company that provides Zoetis with scientifically developed instruments to measure the quality of life in companion animals.

In 2023, the company acquired two privately held research and development stage animal health biopharmaceutical companies, PetMedix Ltd. and adivo GmbH. PetMedix develops antibody-based therapeutics for companion animals, which is expected to strengthen Zoetis' companion animal products portfolio.

Such expansion initiatives bode well for the company, thereby strengthening its position in the animal healthcare market. Zoetis' total companion animal products portfolio is expected to witness a CAGR of 5.9% over the next three years.

▲ **Return Value to Shareholders Through Dividends:** Zoetis has been consistently paying out dividends, thereby increasing shareholder returns. In December 2025, the company announced a 6% increase in dividend payments from the quarterly rate paid in 2025, starting first-quarter 2026.

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## Reasons To Sell:

▼ **Impact of Disease Outbreaks on Livestock Business:** Disease outbreaks among animals are a material cause of concern for Zoetis' livestock products. Such outbreaks may hurt regional or global sales of particular animal-derived food products or result in reduced exports of the same due to either heightened export restrictions or import prohibitions, in turn dampening demand for livestock products. In addition, outbreaks of highly contagious diseases near the company's main production sites could require an immediate production halt or force the company to incur substantial additional expenses for procuring raw materials or products from elsewhere. Thus, such incidents could hurt the top line considerably. Moreover, market conditions for cattle products are challenging. Generic competition in poultry will continue to hurt sales. The divestiture of the medicated feed additive product portfolio and related assets is also hurting livestock sales worldwide.

Shares of Zoetis have lost 24.8% in the past year, underperforming the industry's 5.8% growth.

▼ **Stiff Competition:** Zoetis faces stiff competition from other animal health medicine and vaccine companies like Merck Animal Health and Elanco Animal Health, which acquired Bayer's Animal Health business in 2020. Other competitors include IDEXX Laboratories and Boehringer Ingelheim Animal Health (the animal health division of Boehringer Ingelheim). The company continues to face generic competition for livestock products, especially cattle and poultry.

▼ **Risky Debt Profile:** As of Sept. 30, 2025, the company's debt-to-total capital was 56.7%, slightly down from 56.9% at the end of June 30, 2025. The company had \$7.1 billion of long-term debt and \$2.1 billion of cash and equivalents at the end of September. The high level of debt remains a concern.

Development and regulatory setbacks for late-stage pipeline candidates would be a major disappointment for the company. Stiff competition in the animal health space remains a threat as well.

## Last Earnings Report

### Zoetis Q3 Earnings Beat, Revenues Miss, '25 Sales View Cut

Zoetis delivered third-quarter 2025 adjusted earnings (excluding one-time items) of \$1.70 per share, which surpassed the Zacks Consensus Estimate of \$1.62. In the year-ago quarter, the company delivered adjusted earnings of \$1.58 per share.

Total revenues grew 1% year over year to \$2.4 billion in the reported quarter, which missed the Zacks Consensus Estimate of \$2.41 billion. In the year-ago quarter, the company reported total revenues of \$2.39 billion.

**FY Quarter Ending** **12/31/2025**

Earnings Reporting Date	Nov 04, 2025
Sales Surprise	-0.35%
EPS Surprise	4.94%
Quarterly EPS	1.70
Annual EPS (TTM)	6.34

### ZTS' Q3 Results in Detail

Zoetis derives the majority of its revenues from a diversified product portfolio of medicines and vaccines used to treat and protect livestock and companion animals. The company reports business results under two geographical operating segments — the United States and International.

Revenues from the U.S. segment decreased 2% year over year to \$1.32 billion in the reported quarter, missing the Zacks Consensus Estimate of \$1.34 billion as well as our model estimate of \$1.38 billion.

Sales of companion animal products in the U.S. region were flat year over year at \$1.07 billion. Growth in Zoetis' parasiticides portfolio, including Simparica and Revolution franchises, diagnostics and key dermatology portfolio, including Apoquel and Cytoint, was offset by a decline in the sales of ZTS' monoclonal antibody products for osteoarthritis (OA) pain, Librela for dogs and Solensia for cats, likely due to fears of side effects in some dogs. This has also likely contributed to Zoetis' stock price drop today.

Apoquel is also approved as the first and only chewable treatment in the United States for controlling pruritus related to allergic dermatitis and control of atopic dermatitis in dogs at least 12 months of age. Earlier this year, the FDA approved a new indication for Zoetis' flea, tick and heartworm combination product for dogs, Simparica Trio, to prevent flea tapeworm infections by targeting and killing vector fleas in treated dogs. With this approval, the triple combo drug is now the only canine combination parasiticide indicated to prevent flea tapeworm infections at the source by eliminating carrier fleas before they can transmit the parasite.

Sales of livestock products in the United States decreased 9% in the third quarter to \$253 million. The decline was mainly due to the divestiture of the medicated feed additive (MFA) product portfolio and related assets.

Revenues in the International segment increased 3% year over year on a reported basis and up 1% on an operational basis to \$1.06 billion, beating the Zacks Consensus Estimate of \$1.04 billion as well as our model estimate of \$1.03 billion.

Ex-U.S. sales of companion animal products rose 8% on a reported basis and 4% operationally to \$583 million, driven by growth in several key products. These included Zoetis' parasiticides portfolio, including both Simparica and Revolution/Stronghold franchises, as well as key dermatology products Apoquel and Cytoint.

Livestock product sales declined 2% year over year on a reported basis and 3% operationally to \$472 million, largely due to the divestiture of the MFA product portfolio and related assets.

### ZTS Cuts Sales Guidance for 2025

Zoetis maintained its previously announced guidance for 2025 adjusted earnings in the band of \$6.30-\$6.40 per share.

However, the company has cut its 2025 revenue projection to \$9.4-\$9.475 billion from the previously guided range of \$9.45 billion to \$9.6 billion, further fueling the downward trend of the stock price today.

## Recent News

### Announces First-Quarter 2026 Dividend – Dec. 11

Zoetis announced a first-quarter 2026 dividend of \$0.53 per share, reflecting a 6% increase from its 2025 quarterly payout, with the payment scheduled for Tuesday, March 3, 2026.

### Gains EU Approval of Lenivaiin Dog OA Pain – Nov. 26

Zoetis announced that the European Commission has approved its investigational monoclonal antibody (mAb) therapy, Lenivia (izenivetmab), for the reduction of pain associated with OA in dogs. The company anticipates making Lenivia commercially available in the EU in 2026.

Zoetis' Lenivia represents a new antibody-based treatment designed to relieve OA pain in dogs for up to three months with a single injection. The therapy targets NGF, a key mediator of pain and inflammation, through its novel binding mechanism. Backed by more than a decade of research, Lenivia has demonstrated a favorable safety profile in a nine-month field study, where treated dogs showed improved mobility and reduced pain following a single dose.

Lenivia is poised to expand Zoetis' OA pain management portfolio for dogs, joining Librela (bedinvetmab), also a mAb therapy that targets NGF. While Librela offers monthly pain relief, Lenivia will provide a long-acting alternative with dosing required only once every three months. This dual offering will allow veterinarians and dog owners to choose between monthly and quarterly treatment schedules, broadening the company's reach in the canine OA market and reinforcing its leadership in veterinary pain management.

### Gains EU Approval of Portela in Cat OA Pain – Oct. 29

Zoetis announced that the European Commission has approved Portela (relfovetmab) as the first monoclonal antibody (mAb) therapy with a three-month dosing interval for the alleviation of pain associated with OA in cats. The company anticipates making Portela commercially available in the EU in 2026.

Zoetis' Portela represents a meaningful advance in veterinary medicine. It is designed to provide up to three months of OA pain relief with a single injection. The therapy addresses a significant unmet need in feline care, where treatment options for chronic pain are limited. In September, the CVMP recommended granting marketing authorization after determining that the submitted safety and efficacy data showed a favorable benefit-risk profile. In a nine-month European field study, Portela effectively reduced OA-related pain and was well tolerated, including in cats with IRIS stage 1–3 kidney disease.

## Valuation

Zoetis' shares are down 12.6% in the past three months and down 24.8% over the trailing 12-month period. In the past three months, the Zacks subindustry is down 1.6% while the sector is up 9.8%. Over the past year, the Zacks sub-industry is up 5.8% while the sector is up 4.6%.

The S&P 500 Index is up 15.9% in the past year and up 4.5% in the past three months.

The stock is currently trading at 5.84X trailing 12-month sales per share, which compares to 2.36X for the Zacks sub-industry, 2.66X for the Zacks sector and 6X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 15.45X and as low as 5.46X, with a five-year median of 9.65X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$132 price target reflects 6.25X trailing 12-month sales per share.

The table below shows a summary of valuation data for ZTS.

Valuation Multiples - ZTS					
		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	5.84	2.36	2.66	6
	5-Year High	15.45	3.58	4.04	6.16
	5-Year Low	5.46	1.98	2.33	4
	5-Year Median	9.65	2.42	2.95	5.35
P/B TTM	Current	10.16	1.68	4.03	8.54
	5-Year High	25.41	2.55	6.09	9.15
	5-Year Low	9.5	1.25	3.58	6.59
	5-Year Median	17.04	1.62	4.54	8.04

As of 12/23/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 36% (89 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Assertio Holdings, I... (ASRT)	Outperform	1
Astellas Pharma Inc. (ALPMY)	Neutral	2
Bayer Aktiengesellsc... (BAYRY)	Neutral	3
Bioventus Inc. (BVS)	Neutral	3
Jazz Pharmaceuticals... (JAZZ)	Neutral	3
Merck & Co., Inc. (MRK)	Neutral	3
Neurocrine Bioscienc... (NBIX)	Neutral	3
Grifols, S.A. (GRFS)	Underperform	5

## Industry Comparison<sup>(1)</sup> Industry: Medical - Drugs

	ZTS	X Industry	S&P 500	AUPH	BVS	GRFS
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	5
VGM Score	C	-	-	B	A	C
Market Cap	57.01 B	73.80 M	39.40 B	2.02 B	626.52 M	6.41 B
# of Analysts	10	2	22	4	1	2
Dividend Yield	1.55%	0.00%	1.39%	0.00%	0.00%	1.53%
Value Score	C	-	-	C	A	A
Cash/Price	0.04	0.27	0.04	0.17	0.07	0.15
EV/EBITDA	16.08	-1.20	14.79	54.24	22.84	9.30
PEG Ratio	3.20	1.26	2.04	NA	NA	0.32
Price/Book (P/B)	10.62	2.15	3.38	5.51	3.02	0.73
Price/Cash Flow (P/CF)	18.30	15.09	15.41	49.61	7.07	9.96
P/E (F1)	20.44	17.47	18.79	18.05	15.45	7.77
Price/Sales (P/S)	6.07	4.35	3.12	7.59	1.11	NA
Earnings Yield	5.22%	-12.59%	5.32%	5.56%	6.47%	12.88%
Debt/Equity	1.31	0.00	0.57	0.15	1.50	1.20
Cash Flow (\$/share)	7.07	-0.77	8.98	0.31	1.07	0.94
Growth Score	B	-	-	A	A	D
Hist. EPS Growth (3-5 yrs)	9.23%	-0.41%	8.24%	NA	-25.28%	NA
Proj. EPS Growth (F1/F0)	6.93%	18.60%	9.18%	1,850.00%	-46.94%	304.00%
Curr. Cash Flow Growth	8.21%	3.29%	7.00%	-165.46%	39.53%	18.65%
Hist. Cash Flow Growth (3-5 yrs)	8.04%	7.31%	7.49%	20.43%	17.82%	-10.86%
Current Ratio	3.64	2.72	1.19	5.76	1.74	2.48
Debt/Capital	56.70%	0.00%	38.14%	13.22%	60.03%	54.64%
Net Margin	28.21%	-21.24%	12.77%	29.28%	1.39%	NA
Return on Equity	57.19%	-55.64%	17.03%	25.19%	26.38%	NA
Sales/Assets	0.65	0.48	0.53	0.51	0.80	NA
Proj. Sales Growth (F1/F0)	2.00%	7.97%	5.29%	19.10%	NA	10.80%
Momentum Score	F	-	-	C	F	F
Daily Price Chg	2.74%	0.00%	0.64%	-0.33%	4.99%	0.87%
1 Week Price Chg	-0.25%	-0.65%	-0.05%	-5.54%	-3.35%	1.54%
4 Week Price Chg	9.49%	-3.77%	0.81%	-2.42%	5.29%	3.79%
12 Week Price Chg	-9.06%	-4.76%	3.72%	37.84%	15.22%	-1.38%
52 Week Price Chg	-22.02%	-15.43%	15.51%	82.58%	-22.99%	18.58%
20 Day Average Volume	5,476,335	239,216	2,399,304	927,934	258,048	412,746
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.24%	0.00%	0.00%	0.00%	0.00%	-5.51%
(F1) EPS Est 12 week change	-1.81%	1.79%	0.44%	11.51%	-3.92%	-10.45%
(Q1) EPS Est Mthly Chg	-0.21%	0.00%	0.00%	0.00%	NA	NA

## Analyst Earnings Model<sup>(2)</sup>

### Zoetis Inc. (ZTS)

In \$MM, except per share data

	2022A	2023A	2024A	2025E				2026E				2027E		
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
Income Statement														
Total Revenue	\$8,080.0	\$8,544.0	\$9,256.0	\$2,220.0	\$2,460.0	\$2,400.0	\$2,356.8	\$9,436.8	\$2,330.9	\$2,562.4	\$2,535.3	\$2,498.0	\$9,926.7	\$10,465.6
Operational Growth	8.0%	7.0%	11.0%	9.0%	8.0%	4.0%		6.0%					10.6%	10.7%
Divestitures				(4.0%)	(3.0%)	(4.0%)		0.0%					2.7%	2.7%
FX Impact	(4.1%)	(1.3%)	(2.7%)	(4.0%)	(1.0%)	1.0%		4.0%					2.7%	2.7%
Cost of Revenue, Adjusted	\$2,440.0	\$2,548.0	\$2,714.0	\$620.0	\$647.0	\$682.0	\$725.4	\$2,674.4	\$661.0	\$703.7	\$703.6	\$714.1	\$2,782.5	\$2,934.2
Cost of Revenue, GAAP	\$2,454.0	\$2,561.0	\$2,719.0	\$622.0	\$649.0	\$683.0	\$726.9	\$2,680.9	\$662.6	\$705.4	\$705.2	\$715.7	\$2,788.8	\$2,940.9
Gross Profit, Adjusted	\$5,640.0	\$5,996.0	\$6,542.0	\$1,600.0	\$1,813.0	\$1,718.0	\$1,631.4	\$6,762.4	\$1,670.0	\$1,858.7	\$1,831.7	\$1,783.9	\$7,144.2	\$7,521.4
Gross Profit, GAAP	\$5,626.0	\$5,983.0	\$6,537.0	\$1,598.0	\$1,811.0	\$1,717.0	\$1,629.9	\$6,755.9	\$1,668.4	\$1,857.0	\$1,830.2	\$1,782.3	\$7,137.8	\$7,514.7
Selling, General and Administrative, Adjusted	\$1,980.0	\$2,130.0	\$2,301.0	\$554.0	\$605.0	\$570.0	\$610.5	\$2,339.5	\$589.7	\$637.7	\$632.8	\$631.1	\$2,491.3	\$2,590.4
Selling, General and Administrative, GAAP	\$2,009.0	\$2,151.0	\$2,318.0	\$563.0	\$617.0	\$579.0	\$621.8	\$2,380.8	\$599.9	\$649.1	\$643.8	\$642.3	\$2,535.2	\$2,640.9
Research & Development, Adjusted	\$538.0	\$613.0	\$684.0	\$157.0	\$172.0	\$170.0	\$195.5	\$694.5	\$171.6	\$190.4	\$191.2	\$191.3	\$744.5	\$779.7
Research & Development, GAAP	\$539.0	\$614.0	\$686.0	\$157.0	\$172.0	\$170.0	\$196.6	\$695.6	\$171.9	\$190.8	\$191.7	\$191.9	\$746.3	\$781.8
Amortization of Intangible Assets, Adjusted	\$26.0	\$22.0	\$18.0	\$4.0	\$5.0	\$4.0	\$4.3	\$17.3	\$4.3	\$4.7	\$4.5	\$4.5	\$18.0	\$18.9
Amortization of Intangible Assets, GAAP	\$150.0	\$149.0	\$141.0	\$32.0	\$33.0	\$32.0	\$32.9	\$129.9	\$32.1	\$34.9	\$34.7	\$34.4	\$136.1	\$143.3
Restructuring Charges & Certain Acquisition-Related Costs	\$11.0	\$53.0	\$53.0	\$0.0	\$30.0	\$4.0	\$0.0	\$34.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
EBITDA	\$3,382.0	\$3,507.0	\$3,836.0	\$965.0	\$1,082.0	\$1,056.0	\$901.3	\$4,004.3	\$985.3	\$1,111.3	\$1,085.4	\$1,038.5	\$4,220.5	\$4,459.5
Depreciation and Amortization	\$465.0	\$491.0	\$497.0	\$119.0	\$123.0	\$124.0	\$122.8	\$488.8	\$120.8	\$129.1	\$125.5	\$124.8	\$500.3	\$510.8
Operating Income, Adjusted	\$3,096.0	\$3,231.0	\$3,539.0	\$885.0	\$1,031.0	\$974.0	\$821.2	\$3,711.2	\$904.4	\$1,025.8	\$1,003.1	\$957.0	\$3,890.4	\$4,132.3
Operating Income, GAAP	\$2,917.0	\$3,016.0	\$3,339.0	\$846.0	\$959.0	\$932.0	\$778.5	\$3,515.5	\$864.4	\$982.2	\$959.9	\$913.7	\$3,720.3	\$3,948.7
Interest Expense, Net of Capitalized Interest	\$221.0	\$239.0	\$225.0	\$54.0	\$53.0	\$58.0	\$54.7	\$219.7	\$54.3	\$56.5	\$58.8	\$57.3	\$227.0	\$234.9
Other (Income)/Deductions, Net, Adjusted	(\$2.0)	(\$79.0)	(\$56.0)	(\$17.0)	(\$4.0)	(\$9.0)	(\$14.2)	(\$44.2)	(\$11.1)	(\$10.4)	(\$11.8)	(\$12.2)	(\$45.4)	(\$48.2)
Other (Income)/Deductions, Net, GAAP	\$40.0	(\$159.0)	(\$19.0)	(\$18.0)	\$4.0	(\$13.0)	(\$18.0)	(\$45.0)	(\$11.4)	(\$10.4)	(\$13.9)	(\$13.8)	(\$49.6)	(\$53.6)
Pre-Tax Income, Adjusted	\$2,877.0	\$3,071.0	\$3,370.0	\$848.0	\$983.0	\$926.0	\$780.7	\$3,537.7	\$861.2	\$979.7	\$956.1	\$911.9	\$3,708.8	\$3,945.6
Pre-Tax Income, GAAP	\$2,656.0	\$2,936.0	\$3,133.0	\$810.0	\$902.0	\$887.0	\$741.8	\$3,340.8	\$821.5	\$936.1	\$915.1	\$870.2	\$3,542.9	\$3,767.4
Income Tax, Adjusted	\$583.0	\$618.0	\$667.0	\$186.0	\$200.0	\$172.0	\$165.5	\$723.5	\$182.6	\$207.7	\$202.7	\$193.3	\$786.3	\$836.5
Income Tax, GAAP	\$545.0	\$596.0	\$637.0	\$179.0	\$184.0	\$166.0	\$157.3	\$686.3	\$174.2	\$198.5	\$194.0	\$184.5	\$751.1	\$798.7
Tax Rate, Adjusted	20.3%	20.1%	19.8%	21.9%	20.3%	18.6%	21.2%	20.5%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Tax Rate, GAAP	20.5%	20.3%	20.3%	22.1%	20.4%	18.7%	21.2%	20.5%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Non-Controlling Interests	(\$3.0)	(\$4.0)	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income, Adjusted	\$2,297.0	\$2,457.0	\$2,693.0	\$662.0	\$783.0	\$754.0	\$615.2	\$2,814.2	\$678.6	\$772.0	\$753.4	\$718.6	\$2,922.6	\$3,109.2
Net Income, GAAP	\$2,114.0	\$2,344.0	\$2,486.0	\$631.0	\$718.0	\$721.0	\$584.5	\$2,654.5	\$647.3	\$737.6	\$721.1	\$685.7	\$2,791.8	\$2,968.7
Basic Shares Outstanding	468.9	461.2	454.2	447.6	445.1	442.9	440.9	444.1	438.9	436.9	434.9	432.9	435.9	427.9
Diluted Shares Outstanding	470.4	462.3	454.8	448.0	445.5	443.2	441.2	444.5	439.2	437.2	435.2	433.2	436.2	428.2
Basic EPS	\$4.51	\$5.08	\$5.47	\$1.41	\$1.61	\$1.63	\$1.33	\$5.98	\$1.47	\$1.69	\$1.66	\$1.58	\$6.41	\$6.94
Diluted EPS, Adjusted	\$4.88	\$5.32	\$5.92	\$1.48	\$1.76	\$1.70	\$1.39	\$6.33	\$1.55	\$1.77	\$1.73	\$1.66	\$6.70	\$7.26
Diluted EPS, GAAP	\$4.49	\$5.07	\$5.47	\$1.41	\$1.61	\$1.63	\$1.32	\$5.97	\$1.47	\$1.69	\$1.66	\$1.58	\$6.40	\$6.93
Dividend per Share	\$1.35	\$1.56	\$1.80	\$0.50	\$0.50	\$0.00	\$0.00	\$1.00	\$0.55	\$0.55	\$0.00	\$1.10	\$2.20	\$2.28

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

## Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

## Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	B
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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