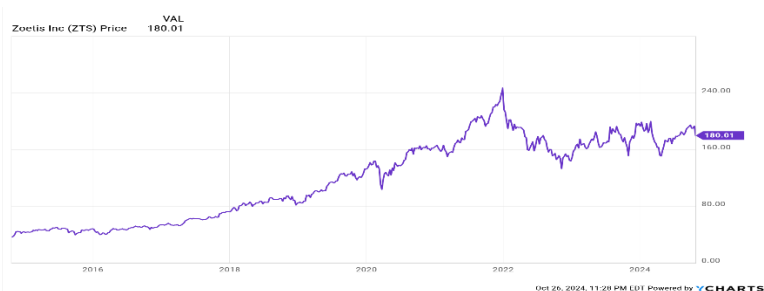


<b>Zoetis</b> NYSE: ZTS Sector: Healthcare Industry: Drug Manufacturing – Specialty & General	Intrinsic Value: \$206.02 Current Price: \$182.76 Stop Loss: \$148.60	TTM P/E: 35.2x Forward P/E: 27.69x Beta: 0.89 5 Yr. ROIC: 19.38%	Market Cap: \$81.55B Dividend Yield: 1.0% 52 Wk. Range H/L: 201.92/144.80
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Zoetis Inc. engages in the discovery, development, manufacture, and commercialization of animal health medicines, vaccines, and diagnostic products and services in the United States and internationally. The company commercializes products primarily across species, including livestock, such as cattle, swine, poultry, fish, and sheep and others; and companion animals comprising dogs, cats, and horses. It also offers parasiticides, vaccines, dermatology, other pharmaceuticals, anti-infectives, animal health diagnostics, and medicated feed additives. In addition, the company provides animal health diagnostics, including point-of-care diagnostic products, instruments and reagents, rapid immunoassay tests, reference laboratory kits and services, and blood glucose monitors; and other non-pharmaceutical products, which include nutritional, as well as products and services in biodevices, genetic tests, and precision animal health. It markets its products to veterinarians, livestock producers, and pet owners. The company has collaborated with Blacksmith Medicines, Inc. to discover and develop novel antibiotics for animal health. Zoetis Inc. was founded in 1952 and is headquarters in Parsippany, New Jersey.

**Competitive Advantage:**  
Diverse Product Portfolio: With over 300 product lines in vaccines, medicines, and diagnostics, revenue is diversified, reducing dependency on single products.  
Brand Recognition: Established brands with loyal customers.  
Innovation and R&D: Heavy R&D investments to stay innovative and ahead of the competition.  
Regulatory Expertise: Zoetis’s expertise in regulatory requirements accelerates product approvals.  
Strategic Acquisitions: Good acquisitions speed up time-to-market for new tech and reinforce niche expertise.  
**Risks:**  
Market Competition: Competition with other pharm. Companies.  
Supply Chain Disruptions: Global supply dependencies can delay production and increase costs.  
Economic Conditions: Economic shifts affect pet ownership and livestock investment, impacting product demand.  
Public Health Issues: Zoonotic diseases or health crises may lead to more regulation and influence consumer behavior.

### Stock Performance – 10 Years



### Comparative Analysis

Ticker	Company Name	Description	Market Cap (\$B)	EV	EBITDA	EV/EBITDA	P/E TTM	10Y Avg. ROIC	Gross Margin %	Net Margin %	1Y Beta	Credit Rating
ZTS	Zoetis Inc.	Animal vaccines and other animal health products, including medicines, vaccines, diagnostics, and services for livestock and companion animals with their corporate headquarters in Parsippany, New Jersey.	\$1.02	\$1,043	1,045	24.9	35.2	19.38%	70.0%	20%	0.89	BBB
ELI	Eli Lilly and Company	Pharmaceuticals and generic drugs	\$1.13	11,300	925	12.4	0.0	17.7%	44.8%	-27.9%	1.40	BB-
MRK	Merck & Co. Inc.	Pharmaceuticals and generic drugs	\$1.05	30,000	4,507	6.7	0.0	-5.8%	57.8%	-4.2%	0.93	BBB+
PFE	Pfizer Inc.	Pharmaceuticals and generic drugs	\$1.05	1,300	94	14.5	30.0	4.0%	30.0%	5.1%	0.92	BB

### Fair Value Estimates:

Exit Multiple Method	\$205
Perpetuity Growth Method	\$196
Bear Case	\$188
Average	\$207
Margin of Safety	9.54%

### Assumptions:

WACC	7.47%
Cost of Debt	3.54%
Cost of Equity	7.75%
Perpetual Growth Rate	4.5%
Exit Multiple (EV/EBITDA)	24.9x

### ESG:

MSCI ESG Rating: N/A  
 Sustainalytics ESG Rating: 15.2 (low risk)  
 Ranked 20th (out of 914 companies) within the pharmaceuticals industry.

Source: S&P Capital IQ, Morningstar, Roic.ai, Yahoo! Finance,