

## COMPANY NOTE

Company Update

USA | Healthcare | Pharmaceuticals

August 5, 2013

# Jefferies

## Zoetis, Inc. (ZTS) Q2'13 Animal Tracker: Key Indicators Point To Solid Quarter for Zoetis

### Key Takeaway

**Investors have been nervous around potential weakness in Zoetis' Q2'13 results. Our analysis of its peers through the earnings season leads us to believe that consensus EPS expectations of 36c are readily achievable. Revenue growth expectations of c3% look more challenging in the face of weighted average peer growth of c2%, though we believe that Zoetis' over-exposure in Production Animals should help here.**

**Emerging Markets could provide upside surprise:** Novartis (NOVN VX, CHF67.55, Buy) and Sanofi (SAN FP, €76.36, Buy) both reported double-digit growth in Emerging Market Animal Health sales. Additionally, Zoetis management stated that the CLAR segment driven by Brazil and Canada started seeing signs of growth in Production Animal segments at the end of Q1'13. We currently model modest growth rates of 2.2% and 1.9% in the APAC and CLAR regions, respectively, in Q2'13.

**Production Animals stabilizing:** Eli Lilly (LLY, \$53.88, Hold) management stated that they have noted some stabilization in the US Production Animal segment after reporting a drag in Q1'13. Sanofi also saw strong growth in this segment. The only weak spot noted in competitor results, was a weaker performance from Merck & Co. (MRK, \$48.54, Buy) in Porcine, though this only drives 13% of Zoetis' revenues and is underexposed versus the industry overall (c18%). Production Animals represents c66% of Zoetis' revenue base.

**Companion Animal dynamics largely irrelevant to Zoetis:** Companion Animal sales represent c34% of Zoetis' revenue base. Whilst this segment was once again the most volatile amongst Zoetis' peers in Q2'13, this appeared to be due to company-specific factors related to either relaunched, generics or product withdrawals in various anti-parasitic franchises. Sanofi was most negatively impacted in this regard as Frontline sales declined, whilst Novartis saw a strong rebound in this segment from product relaunched.

**Reiterate Buy; Shorts could get squeezed on Q2'13 earnings:** We reiterate our Buy recommendation on Zoetis and believe that short positions could get squeezed even if it reports even in-line results tomorrow. We see upside surprise potential on margins in particular in 2013/14E and see a decent entry point here ahead of Q2'13 numbers.

### Valuation/Risks

**Valuation:** Our \$38 PT is derived from PEG/ PE-relative and DCF valuation. **Risks:** Patent expiries; cost saving; legislation; R&D; manufacturing; pricing; weather; epidemics; M&A.

USD	Prev.	2012A	Prev.	2013E	Prev.	2014E	Prev.	2015E
Rev. (B)	--	4.3	--	4.5	--	4.8	--	5.1
EV/Rev		4.3x		4.1x		3.8x		3.6x
EBITDA (B)	--	1.1	--	1.3	--	1.5	--	1.6
EV/EBITDA		16.7x		14.1x		12.3x		11.5x
Dividend	--	0.00	--	0.26	--	0.30	--	0.33
Div. Yield		0.00%		0.84%		0.97%		1.07%
PE Relative to Local Market	--	194%	--	146%	--	137%	--	139%
Consensus	--	--	--	1.40	--	1.62	--	1.82
<b>EPS</b>								
FY Dec	--	1.08	--	1.42	--	1.68	--	1.82
FY P/E		28.6x		21.8x		18.4x		17.0x

**BUY**

Price target \$38.00

Price \$30.94

### Financial Summary

Net Debt (MM): \$2,905.0

### Market Data

52 Week Range: \$35.42 - \$26.00

Total Entprs. Value (MM): \$18,375.0

Market Cap. (MM): \$15,470.0

Shares Out. (MM): 500.0

Float (MM): 500.0

Avg. Daily Vol.: 8,163,709

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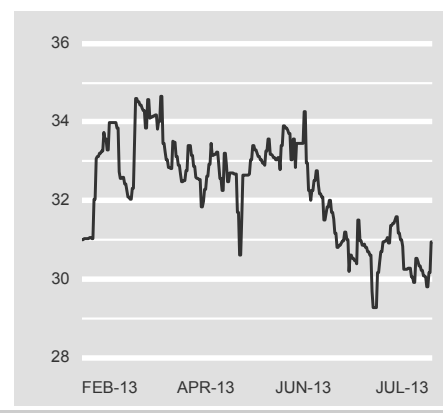
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### Price Performance



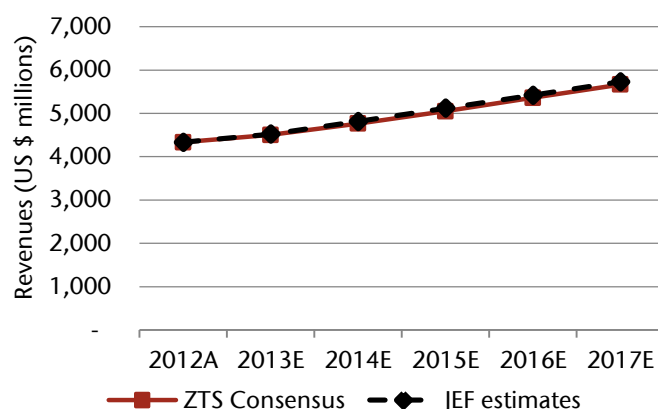
# Forecast Changes, Financial Models, and Catalysts

**Exhibit 1: Comparison of Q2'13 operational sales growth reported to date**

Company	Q2'13 Operational sales growth (% YoY)	Comments
Sanofi	-5.7%	Weak parasiticide (Frontline) sales in US due to competition and weather partially offset by growth in Emerging markets and production animal . Heavily weighted in Companion Animals (c60% of sales)
Merck	1.0%	Growth driven by companion animal and poultry partially offset by weakness in porcine; tough PY comps
Virbac	1.3%	Difficult macroeconomic environment in addition to unfavorable weather conditions in EU; Parasiticide, Iverhart withdrawal in the US. Heavily weighted to EU (c60% of sales) and Companion Animals (c60% of sales).
Vetoquinol	1.4%	Heavily weighted in Europe (c60% of sales); Companion sales growth from launch of Zylkene (nutritional supplement) partially offset by Livestock decline; EU grew modestly in Q2 whilst Asia/Pacific and Americas declined
Bayer	2.5%	Growth due to launch of a new flea and tick collar (Seresto) that was partially offset by a slower growth of flea, tick and worm product in the US due to unfavorable weather conditions; Heavily weighted in companion animals (c60% of sales)
Lilly	8.0%	US sales growth due to parasiticide Trifexis growth. Ex-US growth due to companion animal sales growth. Stabilization in production animal segments compared to Q1 drag. Heavily weighted to production animals (c90%).
Novartis	11.0%	North America growth from a market resumption of a Companion animal parasiticide; Mid-single digit growth in Europe due to growth from a companion animal worm product and a food animal anti-infective; Emerging market delivered double-digit growth; Weighted to Companion Animal (c65%)
<b>Mean (unweighted)</b>	2.8%	
<b>Mean (Weighted)</b>	1.9%	

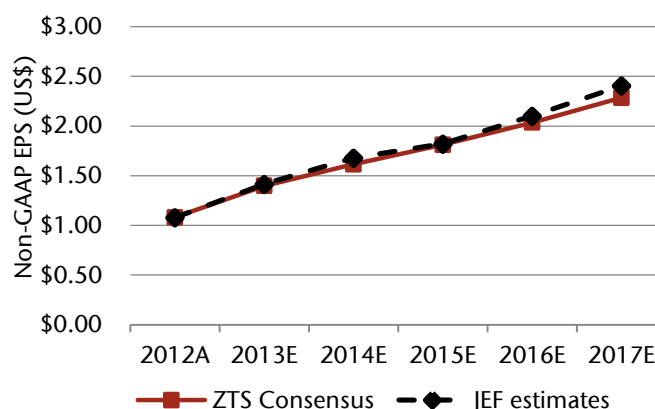
Source: Jefferies, company data

**Exhibit 2: Jefferies revenue estimates versus consensus for Zoetis, 2012A-2017E (\$millions)**



Source: Thomson One, Jefferies estimates

**Exhibit 3: Jefferies EPS estimates versus consensus for Zoetis, 2012A-2017E (\$)**



Source: Thomson One, Jefferies estimates

**Exhibit 4: Zoetis Q2 2013E key product and income statement variation sheet**

(\$ millions)	2Q:12A	2Q:13E	YoY %	Cons.	Jefferies Comments on 2Q:13E estimates
US	421	440	4%		Poultry & Companion Anima growth, livestock stabilization
EuAfME	283	287	1%		Unfavorable macroeconomic and weather conditions
CLAR	211	215	2%		Strength in Canada cattle & Latin America Companion Animals
APAC	179	183	2%		Indian regulatory issues resolution and Australia & Asia growth
<b>Net sales</b>	<b>1,094</b>	<b>1,125</b>	<b>3%</b>	<b>1,128</b>	<b>FX -0.2%</b>
COGS	382	402	5%	402	
<b>Gross profit</b>	<b>712</b>	<b>723</b>	<b>2%</b>	<b>726</b>	
SG&A	332	340	2%	349	Expect margin expansion
R&D	94	90	-4%	94	Expect R&D spend to be flat
Amortization of intangible assets	3	4	28%		
Other (income)/Expenses	3	(8)	-367%		
<b>Total Operating Expenses</b>	<b>432</b>	<b>426</b>	<b>-1%</b>		
<b>Operating Profit</b>	<b>280</b>	<b>298</b>	<b>6%</b>	<b>283</b>	Higher revenues with flat growth in expenses
Net interest (income)/expense	1	31	3032%		Higher interest expense from debt raising in Jan 2013
<b>Pretax Income</b>	<b>230</b>	<b>266</b>	<b>16%</b>	<b>252</b>	
Taxes	77	79	2%		
Tax rate	33.5%	29.5%	-398bps		Expect lower tax rate compared to previous quarters
<b>Net Income/(loss) before non-controlling interests</b>	<b>153</b>	<b>188</b>	<b>23%</b>		
Less: NI attributable to non-controlling interests	2	1	-50%		
<b>Net income</b>	<b>151</b>	<b>187</b>	<b>24%</b>	<b>178</b>	
<b>DILUTED EPS</b>	<b>\$0.31</b>	<b>\$0.37</b>	<b>21%</b>	<b>\$0.36</b>	Higher revenues and lower tax rate expected
Basic shares outstanding	500	500	0%		
Weighted avg. diluted shares outstanding	500	505	1%		
Dividend per share	na	0.07			

Margin Analysis	2Q:12A	2Q:13E	YoY	
COGS	34.9%	35.7%	+79bps	35.6%
<b>Gross margin</b>	<b>65.1%</b>	<b>64.3%</b>	<b>-79bps</b>	<b>64.4%</b>
SG&A	32.1%	30.2%	-189bps	30.9%
R&D	8.3%	8.0%	-31bps	8.3%
Total Operating Expenses	40.0%	37.8%	-220bps	
<b>Operating margin</b>	<b>25.0%</b>	<b>26.5%</b>	<b>+142bps</b>	<b>25.1%</b>
Pretax margin	24.3%	23.7%	-64bps	22.3%
<b>Net margin</b>	<b>17.4%</b>	<b>16.6%</b>	<b>-76bps</b>	<b>15.8%</b>

Source: Jefferies estimates

**Exhibit 5: Summary catalyst calendar for Zoetis**

3Q'13	4Q'13	1Q'14	2Q'14
↑ <b>Q2 results</b> (6 <sup>th</sup> August)	↑ <b>Q3 results</b> (October)	↑ <b>Q4 results</b> (January)	↑ <b>Q1 results</b> (April)
<div> <div>US</div> <div>US drought recovery</div> </div>			

Source: Jefferies research, company data

**Exhibit 6: Key global revenues for Zoetis, 2012A-2017E**

(\$) millions	2012A	2013E	2014E	2015E	2016E	2017E	Incr. abs. '12A-'17E	CAGR '12A-'17E
<b>Total Sales</b>	<b>4,336</b>	<b>4,523</b>	<b>4,815</b>	<b>5,120</b>	<b>5,419</b>	<b>5,731</b>	<b>1,395</b>	<b>5.7%</b>
<b>U.S.</b>	<b>1,776</b>	<b>1,875</b>	<b>1,985</b>	<b>2,094</b>	<b>2,199</b>	<b>2,309</b>	<b>533</b>	<b>5.4%</b>
<b>ex-US</b>	<b>2,560</b>	<b>2,648</b>	<b>2,830</b>	<b>3,025</b>	<b>3,219</b>	<b>3,421</b>	<b>861</b>	<b>6.0%</b>
YOY growth (%)	2%	4%	6%	6%	6%	6%		
Underlying growth	6%	5%	7%	6%	6%	6%		
Acquisition	0%	0%	0%	0%	0%	0%		
Divested products	0%	0%	0%	0%	0%	0%		
FX	-3%	0%	0%	0%	0%	0%		
<b>US</b>	<b>1,776</b>	<b>1,875</b>	<b>1,985</b>	<b>2,094</b>	<b>2,199</b>	<b>2,309</b>	<b>533</b>	<b>5.4%</b>
YOY growth (%)	7%	6%	6%	5%	5%	5%		
Underlying growth	7%	6%	6%	5%	5%	5%		
Acquisition	0%	0%	0%	0%	0%	0%		
Divested products	0%	0%	0%	0%	0%	0%		
FX	0%	0%	0%	0%	0%	0%		
<b>EuAfME</b>	<b>1,096</b>	<b>1,139</b>	<b>1,197</b>	<b>1,257</b>	<b>1,314</b>	<b>1,373</b>	<b>277</b>	<b>4.6%</b>
YOY growth (%)	-4%	4%	5%	5%	5%	4%		
Underlying growth	3%	3%	5%	5%	5%	4%		
Acquisition	0%	0%	0%	0%	0%	0%		
Divested products	0%	0%	0%	0%	0%	0%		
FX	-7%	1%	0%	0%	0%	0%		
<b>CLAR</b>	<b>769</b>	<b>792</b>	<b>858</b>	<b>936</b>	<b>1,011</b>	<b>1,086</b>	<b>317</b>	<b>7.2%</b>
YOY growth (%)	-2%	3%	8%	9%	8%	8%		
Underlying growth	6%	5%	9%	9%	8%	8%		
Acquisition	0%	0%	0%	0%	0%	0%		
Divested products	0%	0%	0%	0%	0%	0%		
FX	-8%	-2%	0%	0%	0%	0%		
<b>APAC</b>	<b>695</b>	<b>717</b>	<b>775</b>	<b>833</b>	<b>895</b>	<b>962</b>	<b>267</b>	<b>6.7%</b>
YOY growth (%)	8%	3%	8%	8%	8%	8%		
Underlying growth	8%	5%	9%	8%	8%	8%		
Acquisition	0%	0%	0%	0%	0%	0%		
Divested products	0%	0%	0%	0%	0%	0%		
FX	0%	-2%	0%	0%	0%	0%		

Source: Jefferies estimates, company data

**Exhibit 7: Annual income statement for Zoetis, 2012A-2017E**

(\$) millions	2012A	2013E	2014E	2015E	2016E	2017E	Incr. abs. '12A-'17E	CAGR '12A-'17E
<b>Net sales</b>	<b>4,336</b>	<b>4,523</b>	<b>4,815</b>	<b>5,120</b>	<b>5,419</b>	<b>5,731</b>	<b>1,395</b>	<b>5.7%</b>
COGS	1,549	1,602	1,675	1,819	1,903	1,988	439	5.1%
<b>Gross profit</b>	<b>2,787</b>	<b>2,921</b>	<b>3,140</b>	<b>3,301</b>	<b>3,516</b>	<b>3,742</b>	<b>955</b>	<b>6.1%</b>
SG&A	1,450	1,406	1,430	1,488	1,517	1,548	98	1.3%
R&D	399	393	405	421	429	438	39	1.9%
Amortization (Intangible Assets)	15	15	16	15	17	15	(0)	-0.3%
Other (income)/Expenses	(19)	(22)	(32)	(32)	(32)	(32)	(13)	11.0%
<b>Total Operating Expenses</b>	<b>1,845</b>	<b>1,792</b>	<b>1,819</b>	<b>1,892</b>	<b>1,931</b>	<b>1,969</b>	<b>123</b>	<b>1.3%</b>
<b>Operating Profit</b>	<b>942</b>	<b>1,129</b>	<b>1,321</b>	<b>1,410</b>	<b>1,585</b>	<b>1,773</b>	<b>832</b>	<b>13.5%</b>
<b>EBITDA</b>	<b>1,099</b>	<b>1,291</b>	<b>1,483</b>	<b>1,571</b>	<b>1,744</b>	<b>1,928</b>	<b>829</b>	<b>11.9%</b>
Net interest (income)/expense	31	114	120	116	104	90	59	23.7%
<b>Pretax Income</b>	<b>911</b>	<b>1,015</b>	<b>1,202</b>	<b>1,294</b>	<b>1,481</b>	<b>1,683</b>	<b>773</b>	<b>13.1%</b>
Taxes	372	298	350	371	417	466	94	4.6%
Tax rate	40.8%	29.4%	29.2%	28.7%	28.2%	27.7%	(1,313)bps	
<b>NI before non-control. Int.</b>	<b>539</b>	<b>717</b>	<b>851</b>	<b>923</b>	<b>1,064</b>	<b>1,218</b>	<b>679</b>	<b>17.7%</b>
Less: NI attrib to non-control int.	-	3	4	4	4	4	4	
<b>Net income</b>	<b>539</b>	<b>714</b>	<b>847</b>	<b>919</b>	<b>1,060</b>	<b>1,214</b>	<b>675</b>	<b>17.6%</b>
<b>DILUTED EPS</b>	<b>\$1.08</b>	<b>\$1.42</b>	<b>\$1.68</b>	<b>\$1.82</b>	<b>\$2.10</b>	<b>\$2.41</b>	<b>\$1.33</b>	<b>17.4%</b>
Wt. avg. dil. shares outstanding	500	505	505	505	505	505		
<b>Dividend per share</b>	<b>na</b>	<b>0.26</b>	<b>0.30</b>	<b>0.33</b>	<b>0.38</b>	<b>0.43</b>		
<b>Margin Analysis</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>		
COGS	35.7%	35.4%	34.8%	35.5%	35.1%	34.7%		
Gross margin	64.3%	64.6%	65.2%	64.5%	64.9%	65.3%	102 bps	
SG&A	33.4%	31.1%	29.7%	29.1%	28.0%	27.0%	(643)bps	
R&D	9.2%	8.7%	8.4%	8.2%	7.9%	7.6%	(156)bps	
Total Operating Expenses	42.6%	39.6%	37.8%	36.9%	35.6%	34.4%	(820)bps	
Operating margin	21.7%	25.0%	27.4%	27.5%	29.2%	30.9%	923 bps	
EBITDA margin	25.4%	28.5%	30.8%	30.7%	32.2%	33.7%	830 bps	
Pretax margin	21.0%	22.4%	25.0%	25.3%	27.3%	29.4%	838 bps	
Net margin	12.4%	15.8%	17.6%	17.9%	19.6%	21.2%	875 bps	
Dividend Payout ratio	na	18.4%	18.0%	18.0%	18.0%	18.0%		
<b>YOY % Change</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>		
Net sales	2%	4%	6%	6%	6%	6%		
COGS	-2%	3%	5%	9%	5%	5%		
Gross profit	5%	5%	8%	5%	7%	6%		
SG&A	0%	-3%	2%	4%	2%	2%		
R&D	-2%	-1%	3%	4%	2%	2%		
Operating income	17%	20%	17%	7%	12%	12%		
EBITDA	na	17%	15%	6%	11%	11%		
Pretax income	18%	11%	18%	8%	14%	14%		
Net income	7%	32%	19%	8%	15%	15%		
<b>Diluted EPS</b>	<b>7%</b>	<b>31%</b>	<b>19%</b>	<b>8%</b>	<b>15%</b>	<b>15%</b>		
Wt. Avg. dil. shares outstanding	0%	1%	0%	0%	0%	0%		

Source: Jefferies estimates, company data

**Exhibit 8: Summary Balance Sheet for Zoetis, 2012A-2017E**

<b>(\$ millions)</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Cash and short-term investments	317	583	1,129	1,762	2,260	2,883
Cash and cash equivalents	317	583	1,129	1,762	2,260	2,883
Short-term investments	-	-	-	-	-	-
Accounts receivable	900	977	1,049	1,116	1,182	1,250
Inventories	1,345	1,283	1,366	1,483	1,553	1,623
Other current assets	302	511	511	511	511	511
Prepaid expenses and taxes	101	101	101	101	101	101
Other	201	410	410	410	410	410
<b>Current assets</b>	<b>2,864</b>	<b>3,354</b>	<b>4,055</b>	<b>4,872</b>	<b>5,505</b>	<b>6,268</b>
Net PPE	1,241	1,192	1,216	1,190	1,167	1,147
Goodwill and intangible items	1,853	1,793	1,731	1,671	1,611	1,557
Other non-current assets	304	123	123	123	123	123
<b>Total Assets</b>	<b>6,262</b>	<b>6,462</b>	<b>7,125</b>	<b>7,856</b>	<b>8,407</b>	<b>9,094</b>
Short-term debt	73	6	6	6	6	6
Payables and accrued expenses	543	502	525	555	580	605
Accounts payable	319	296	312	337	353	369
Income taxes payable	30	41	49	53	62	71
Accrued comp. and rel. items	194	132	132	132	132	132
Other current liabilities	507	792	792	792	792	792
<b>Current liabilities</b>	<b>1,123</b>	<b>1,300</b>	<b>1,323</b>	<b>1,353</b>	<b>1,378</b>	<b>1,403</b>
Long-term debt	509	3,540	3,540	3,440	3,040	2,640
Other non-current liabilities	589	491	491	491	491	491
Deferred taxes and credits	323	337	337	337	337	337
Other	266	154	154	154	154	154
<b>Total Liabilities</b>	<b>2,221</b>	<b>5,331</b>	<b>5,354</b>	<b>5,284</b>	<b>4,909</b>	<b>4,534</b>
Preferred stock (carrying value)	-	5	5	5	5	5
Business unit equity	4,183	-	-	-	-	-
Equity attrib. to non-control. Int.	15	15	15	15	15	15
Common equity	(157)	1,111	1,751	2,552	3,478	4,540
Retained earnings	-	420	1,060	1,861	2,787	3,849
Other comprehensive	(157)	(121)	(121)	(121)	(121)	(121)
<b>Shareholders' Equity</b>	<b>4,041</b>	<b>1,131</b>	<b>1,771</b>	<b>2,572</b>	<b>3,498</b>	<b>4,560</b>
<b>Total Liabilities and Equity</b>	<b>6,262</b>	<b>6,462</b>	<b>7,125</b>	<b>7,856</b>	<b>8,407</b>	<b>9,094</b>
<b>Net Debt</b>	<b>265</b>	<b>2,963</b>	<b>2,417</b>	<b>1,684</b>	<b>786</b>	<b>(237)</b>

Source: Jefferies estimates, company data

**Exhibit 9: Summary Cash Flow Statement for Zoetis, 2012A-2017E**

<b>(\$ millions)</b>	<b>2012A</b>	<b>2013E</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Pro forma net income	539	714	847	919	1,060	1,214
Adj. for excluded gains (charges)	(103)	(200)	(116)	(15)	(17)	(15)
Net income (GAAP)	436	514	731	904	1,043	1,199
Adj. to reconcile NI before noncontrol int.	167	264	252	250	246	238
Depreciation and amortization	200	209	208	206	202	194
Depreciation	142	146	146	146	143	140
Amortization (purchase accounting)	53	47	47	45	43	39
Share-based compensation expense	28	44	44	44	44	44
Asset write-offs and impairments	10	3	-	-	-	-
Net gains on sales of assets	-	-	-	-	-	-
Deferred taxes	(74)	7	-	-	-	-
Other non-cash adjustments	3	1	-	-	-	-
Change in assets & liab., net of acq & divest.	(149)	(216)	(132)	(155)	(111)	(113)
<b>Net cash from operating activities</b>	<b>454</b>	<b>562</b>	<b>852</b>	<b>999</b>	<b>1,179</b>	<b>1,324</b>
Capital expenditures	(123)	(88)	(170)	(120)	(120)	(120)
Other	(12)	-	-	-	-	-
<b>Net cash from investing activities</b>	<b>(135)</b>	<b>(88)</b>	<b>(170)</b>	<b>(120)</b>	<b>(120)</b>	<b>(120)</b>
Net change in short-term debt	-	6	-	-	-	-
Net change in long-term debt	-	67	-	(100)	(400)	(400)
Cash dividends paid	(63)	-	(136)	(146)	(161)	(180)
Net common stock transactions	-	(281)	-	-	-	-
Net financing activities with Pfizer	(15)	(281)	-	-	-	-
<b>Net cash from financing activities</b>	<b>(78)</b>	<b>(208)</b>	<b>(136)</b>	<b>(246)</b>	<b>(561)</b>	<b>(580)</b>
Effect of exchange rates	(3)	-	-	-	-	-
Net increase in cash	238	266	546	632	498	623
Cash at beginning of period	79	317	583	1,129	1,762	2,260
<b>Cash at end of period</b>	<b>317</b>	<b>583</b>	<b>1,129</b>	<b>1,762</b>	<b>2,260</b>	<b>2,883</b>

Source: Jefferies estimates, company data

## Company Description

Zoetis, Inc. is a global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines, with a focus on both livestock and companion animals. Zoetis represents the largest animal health business in the world, with over \$4.2bn in revenue in 2011.

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8. The conviction list is published once a month whilst global equity markets are closed.
9. Transaction fees are not included.
10. All corporate actions are taken into account.

## Risk which may impede the achievement of our Price Target

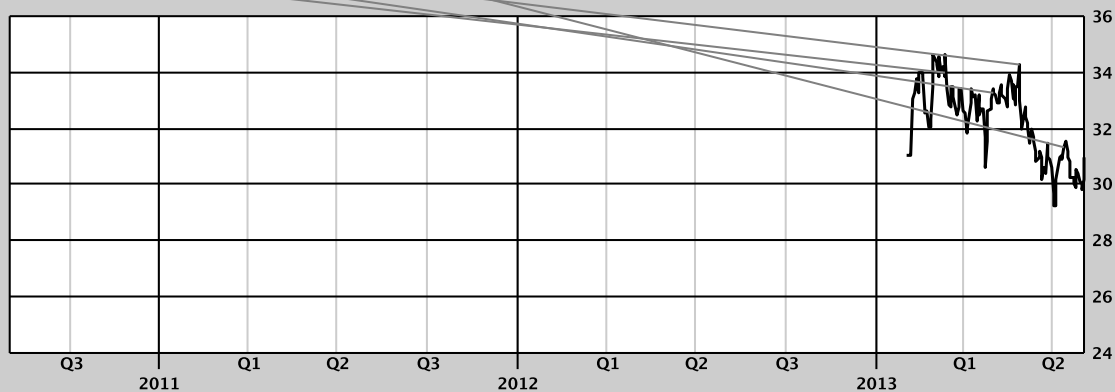
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## Other Companies Mentioned in This Report

- Eli Lilly & Co. (LLY: \$53.88, HOLD)
- Merck & Co. (MRK: \$48.54, BUY)
- Novartis AG (NOVN VX: CHF67.55, BUY)
- Sanofi (SAN FP: €76.36, BUY)
- Zoetis, Inc. (ZTS: \$30.94, BUY)

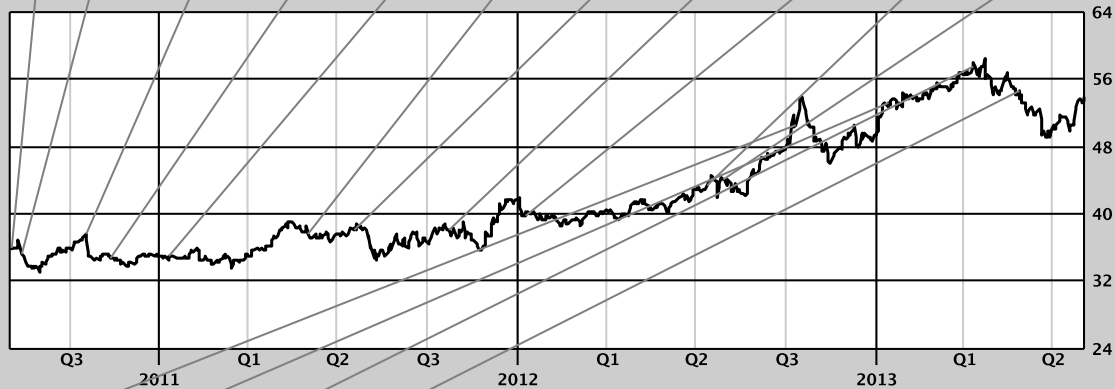
## Rating and Price Target History for: Zoetis, Inc. (ZTS) as of 08-02-2013

03/13/13 I:B:\$40	05/02/13 B:\$41	05/28/13 B:\$40	07/12/13 B:\$39
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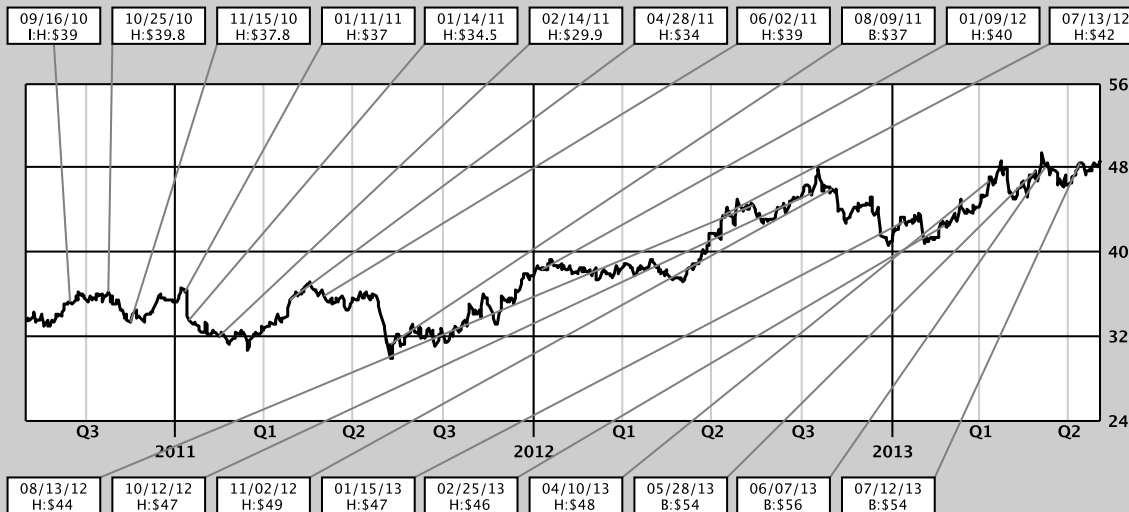
## Rating and Price Target History for: Eli Lilly &amp; Co. (LLY) as of 08-02-2013

08/04/10 H:\$38	08/13/10 H:\$35	10/18/10 H:\$38.3	11/12/10 H:\$37.2	01/11/11 H:\$35	06/02/11 H:\$33	07/18/11 H:\$34	10/24/11 H:\$33	01/09/12 H:\$36	07/13/12 H:\$37	07/30/12 UP:\$35
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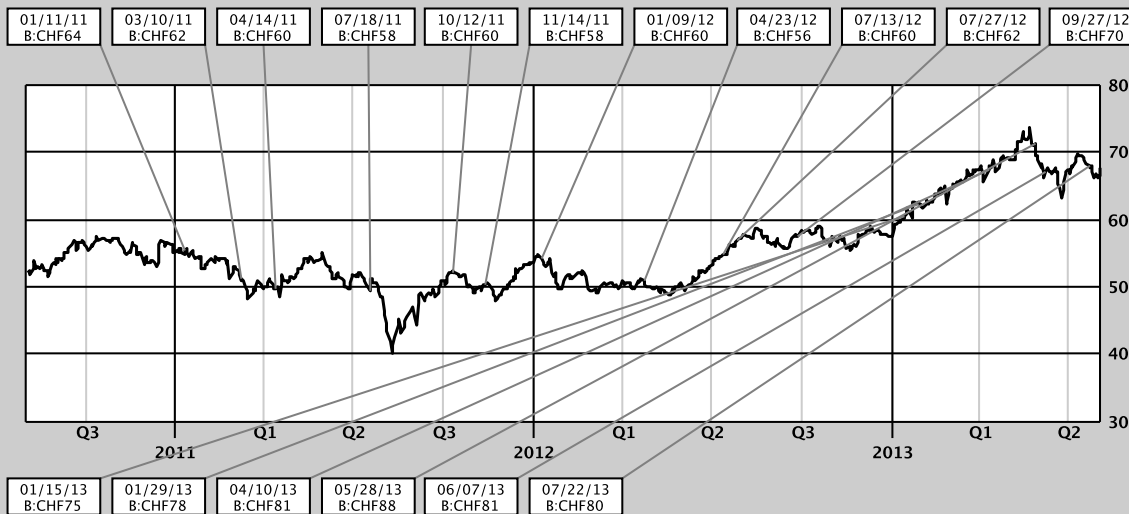


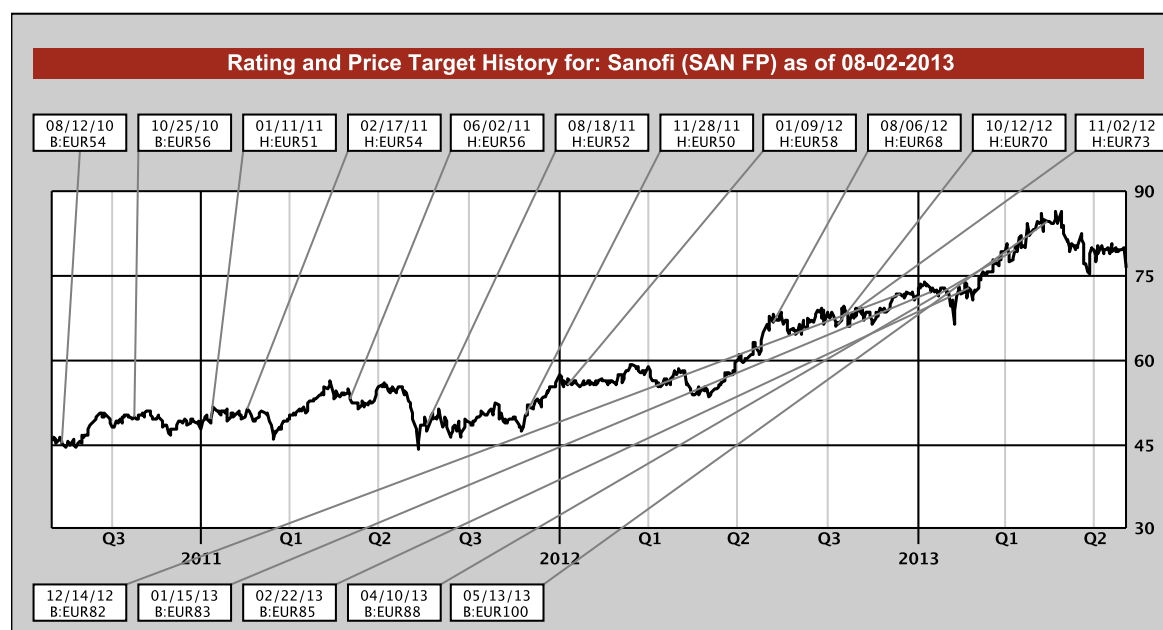
10/12/12 UP:\$36	01/15/13 UP:\$43	04/10/13 UP:\$44	05/28/13 H:\$49
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## Rating and Price Target History for: Merck &amp; Co. (MRK) as of 08-02-2013



## Rating and Price Target History for: Novartis AG (NOVN VX) as of 08-02-2013





## Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	786	46.95%	165	20.99%
HOLD	750	44.80%	114	15.20%
UNDERPERFORM	138	8.24%	1	0.72%

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