

Zoetis Inc.  
Form 10-Q  
August 08, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended July 2, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13  
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35797

Zoetis Inc.

(Exact name of registrant as specified in its charter)

Delaware 46-0696167  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

10 Sylvan Way, Parsippany, New Jersey 07054  
(Address of principal executive offices) (Zip Code)  
(973) 822-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act).  Yes  No

At August 2, 2017, there were 489,111,671 shares of common stock outstanding.



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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

ZOETIS INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (UNAUDITED)

	Three Months Ended		Six Months Ended	
	July 2, 2017	July 3, 2016	July 2, 2017	July 3, 2016
(MILLIONS OF DOLLARS AND SHARES, EXCEPT PER SHARE DATA)				
Revenue	\$1,269	\$1,208	\$2,500	\$2,370
Costs and expenses:				
Cost of sales <sup>(a)</sup>	440	399	883	788
Selling, general and administrative expenses <sup>(a)</sup>	336	343	645	658
Research and development expenses <sup>(a)</sup>	86	88	176	178
Amortization of intangible assets <sup>(a)</sup>	23	22	45	43
Restructuring charges/(reversals) and certain acquisition-related costs	—	(21)	(1)	(19)
Interest expense, net of capitalized interest	41	41	82	84
Other (income)/deductions—net	(2)	4	(12)	(26)
Income before provision for taxes on income	345	332	682	664
Provision for taxes on income	98	108	196	236
Net income before allocation to noncontrolling interests	247	224	486	428
Less: Net income attributable to noncontrolling interests	—	—	1	—
Net income attributable to Zoetis Inc.	\$247	\$224	\$485	\$428
Earnings per share attributable to Zoetis Inc. stockholders:				
Basic	\$0.50	\$0.45	\$0.99	\$0.86
Diluted	\$0.50	\$0.45	\$0.98	\$0.86
Weighted-average common shares outstanding:				
Basic	490.8	496.3	491.6	496.9
Diluted	494.0	498.8	494.6	499.2
Dividends declared per common share	\$0.105	\$0.095	\$0.210	\$0.190

Amortization expense related to finite-lived acquired intangible assets that contribute to our ability to sell, manufacture, research, market and distribute products, compounds and intellectual property is included in

<sup>(a)</sup> Amortization of intangible assets as these intangible assets benefit multiple business functions. Amortization expense related to finite-lived acquired intangible assets that are associated with a single function is included in Cost of sales, Selling, general and administrative expenses or Research and development expenses, as appropriate, in the condensed consolidated statements of income.

See notes to condensed consolidated financial statements.

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ZOETIS INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)