Zoetis to Expand Animal Vaccine Research and Manufacturing in Suzhou, China

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- **Company begins construction of state-of-the-art vaccine manufacturing and research and development facilities in Suzhou to support growth**
- **Operations to focus on development and manufacturing of vaccines for pigs, cattle and fish and companion animals tailored to the animal health needs of China**

SHANGHAI-(BUSINESS WIRE)-- Zoetis Inc. (NYSE: ZTS) today celebrated the start of construction on a combined global manufacturing and supply and research and development center in Suzhou, China, with a traditional groundbreaking ceremony. The new facility will focus on development and production of quality vaccines for swine, cattle, fish and companion animals that help protect against the strains of diseases prevalent in China. Zoetis also marked the opening of an interim research and development facility nearby in Suzhou where the company’s PHARMAQ business will begin to develop vaccines for the famed fish industry in China; the first such R&D center established by a multinational company to concentrate on aquaculture in mainland China. The events affirmed the company’s continued investment in and commitment to innovation, manufacturing excellence and growth in China.

“We at Zoetis have a deep understanding of the animal health challenges that livestock farmers and veterinary professionals in China face every day,” said Mike Wang, Senior Vice President, Greater China Cluster for Zoetis. “With this new center for vaccine innovation co-located with expanded manufacturing capabilities in Suzhou, and a team of highly trained field representatives, we are well-positioned to help China’s livestock farmers answer increasing demand for a safe and abundant supply of pork, milk, beef and fish. And we can support veterinarians as they strive to help pets live longer, healthier lives.”

Zoetis is a leading multi-national animal health company in China with revenue of $174 million (USD) in China in 2017. Zoetis began operations in China in 1995 and has approximately 600 employees and commercial headquarters in Shanghai. The product portfolio includes more than 80 product lines that span five product categories, including vaccines, parasiticides, anti-infectives, medicated feed additives and other pharmaceutical products, which serve six core animal species - pigs, dairy cattle, poultry, fish, dogs and cats. China is the fifth largest market for Zoetis by annual revenue worldwide.

**Expanding Innovation in China and for China**

The planned vaccine research and development (R&D) center in Suzhou will expand and strengthen the innovation underway at the Zoetis R&D laboratory in Beijing, which opened in 2015.

“The future work of our scientists in Suzhou will help accelerate the development of quality vaccines tailored to meet the animal health needs of the China market, and it will enable expansion from our initial focus on vaccines for swine to those for cattle and fish as well as for companion animals,” said Dr. Catherine Knupp, Executive Vice President and President of Research and Development at Zoetis. “Zoetis scientists from our laboratory in Beijing and our global R&D network will collaborate with the Suzhou-based R&D team, helping speed the introduction of Zoetis technologies and processes into the development of high-quality vaccines and medicines for China.” The animal vaccines market in China was valued at more than $1.8 billion\(^1\) in 2017.

At the start-up R&D laboratory in Suzhou, PHARMAQ scientists will primarily concentrate on acquiring in-depth knowledge of the disease threats within the Chinese aquaculture sector. This know-how will serve as the foundation to develop safe and effective vaccines for the aquaculture industry in China. Vaccines are expected to become an important health management tool for China’s aquaculture industry to help control the diseases that pose the greatest threat to this industry. China is the world’s largest aquaculture nation, producing approximately 50 million metric tonnes\(^2\) of farmed fish in 2016, which represent 63 percent\(^2\) of global production. Increased reliance on vaccines to control disease could help reduce use of antibiotics to treat bacterial disease in farmed fish. Once Zoetis completes construction on the new combined R&D and manufacturing facility, R&D operations will transition to the new facility.

**Increasing Manufacturing Capacity and Capabilities in China**
“We at Zoetis view China as a global center for high-quality manufacturing as well as innovation,” said Roman Trawicki, Executive Vice President and President of Global Manufacturing and Supply at Zoetis, who officiated at the groundbreaking ceremony. “The completion of this new vaccine manufacturing facility in Suzhou will establish a center of excellence for production of quality vaccines tailored specifically to the needs of the Chinese market. It will broaden our manufacturing capacity and capabilities in China.”

The new innovation and manufacturing facility in Suzhou will include 43,000 square meters of vaccine manufacturing operations and laboratory space. Zoetis expects to complete construction and Good Manufacturing Practices certification by the Chinese Ministry of Agriculture by 2021.

The site will feature state-of-the-art technologies for the manufacture of viral and bacterial vaccines, and will include pilot scale manufacturing for the development of new vaccine products. Zoetis expects to add approximately 100 new R&D and manufacturing positions at the facility during the next two years.

The new facility will become the company’s second vaccine manufacturing site in China. In 2017, Zoetis became the sole owner of its former joint venture vaccine manufacturing site in Jilin where the company has produced vaccines for swine tailored to the needs of the Chinese market since 2011. Innovative products developed there include Rui Lan An™, a specialized vaccine launched in 2013 to help control highly pathogenic porcine reproductive and respiratory syndrome (PRRS) identified in China. In 2016, Zoetis also launched Rui Lan Wen™, the first combination vaccine approved in China to help protect pigs against classical swine fever (CSF) and porcine reproductive and respiratory syndrome (PRRS) prevalent there.

The new facility will also become the company’s second global manufacturing and supply facility in Suzhou. Zoetis opened a state-of-the-art facility there in 2015 where it produces medicated feed additive products as well as water soluble and premix products used to help raise healthy pigs, cattle, and poultry. Products include Linco-Spectin®, Lincomix®, Tilmicosin® and COT (Check-O-Tox®).

About the Animal Health Market in China

China is the world’s second largest animal health market valued at approximately $4.3 billion¹ USD in 2017 with an expected compound annual growth rate between seven and ten percent³. Vaccines continue to be the most significant growth driver. China leads the world in pork production and is home to the world’s largest swine herd with farmers raising 700 million pigs annually². Pet ownership and spending on healthcare is increasing in China. Spending on medicines and vaccines for pets was approximately $300 million¹ in 2017. The animal health industry is devoted to supporting farmers in their work to deliver a safe, wholesome food supply from healthy farm animals and to help pets live longer, healthier lives.

About Zoetis

Zoetis is the leading animal health company, dedicated to supporting its customers and their businesses. Building on more than 60 years of experience in animal health, Zoetis discovers, develops, manufactures and markets veterinary vaccines and medicines, complemented by diagnostic products, genetic tests, biodevices and a range of services. Zoetis serves veterinarians, livestock producers and people who raise and care for farm and companion animals with sales of its products in more than 100 countries. In 2017, the company generated annual revenue of $5.3 billion with approximately 9,000 employees. For more information, visit www.zoetis.com

¹ Vetnosis 2017 STORM Report
³ Zoetis internal estimates

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Zoetis to expand its animal vaccine research and manufacturing in Suzhou, China.
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