

Phibro Animal Health Corporation
(PAHC) Q4 2026 Earnings Call
August 27, 2026

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PHIBRO ANIMAL HEALTH CORPORATION

Q4 2026 Earnings Call

Call Participants

EXECUTIVES

Daniel M. Bendheim

President & Chief Executive Officer

Glenn C. David

Chief Financial Officer

Larry L. Miller

Chief Operating Officer

ANALYSTS

Daniel R. Grosslight

Citigroup Inc., Research Division

Ekaterina V. Knyazkova

JPMorgan Chase & Co, Research Division

Erin Elizabeth Wilson Wright

Morgan Stanley, Research Division

Michael Leonidovich Ryskin

BofA Securities, Research Division

Navann Ty Dietschi

BNP Paribas, Research Division

Presentation

Operator

Hello, and thank you for standing by. My name is Regina, and I will be your conference operator today. At this time, I would like to welcome everyone to the Phibro Animal Health Corporation Fourth Quarter 2026 Conference Call. I would now like to turn the conference over to Glenn David, Chief Financial Officer. Please go ahead.

Glenn C. David

Chief Financial Officer

Thank you, Regina. Good day, and welcome to the Phibro Animal Health Corporation Earnings Call for our fiscal fourth quarter and full year ended June 30, 2026. My name is Glenn David, and I'm the Chief Financial Officer of Phibro Animal Health Corporation.

I am joined on today's call by Dani Bendheim, President and Chief Executive Officer; and Larry Miller, Chief Operating Officer.

Today, we will cover financial performance for our fourth quarter and full year 2026 and provide financial guidance for our fiscal year ending June 30, 2027. At the conclusion of our remarks, we will open the lines for your questions.

I would like to remind you that we are providing a simultaneous webcast of this call on our website, pahc.com. Also, on the Investors section of our website, you will find copies of the earnings press release and annual Form 10-K as well as the transcript and slides discussed and presented on this call.

Our remarks today will include forward-looking statements, and actual results could differ materially from those projections. For a list and description of certain factors that could cause results to differ, I refer you to the forward-looking statements section in our earnings press release.

Our remarks include references to certain financial measures, which were not prepared in accordance with generally accepted accounting principles or U.S. GAAP. I refer you to the non-GAAP financial information section in our earnings press release for a discussion of these measures. Reconciliations of these non-GAAP financial measures to the most directly comparable U.S. GAAP measures are included in the financial tables that accompany the earnings press release.

We present our results on a GAAP basis and on an adjusted basis. Our adjusted results exclude acquisition-related items, unusual, non-operational or nonrecurring items, including stock-based compensation, other income expense as separately reported in the consolidated statement of operations, including foreign currency losses gains net and income taxes related to pretax income adjustments and unusual or nonrecurring income tax items. Now let me introduce our President and Chief Executive Officer, Dani Bendheim, to share his opening remarks.

Daniel M. Bendheim

President & Chief Executive Officer

Thanks, Glenn, and good morning, everyone.

Fiscal 2026 was a strong year for Phibro. We delivered record net sales of more than \$1.5 billion and increased adjusted EBITDA by 39% to \$255 million. In the fourth quarter, sales grew 5% and adjusted EBITDA grew 29%. More importantly, these results reflect a company that is executing better, operating more efficiently and positioning itself for long-term growth. Let me spend a few minutes discussing the key themes behind those results. We experienced continuous sales momentum throughout the year.

Our total legacy business grew 10% in the fourth quarter and 7% for the full year. Mineral Nutrition delivered particularly strong performance with sales increasing 20% in the quarter and 11% for the year. Growth came from multiple parts of the portfolio and reflects the benefits of serving a diverse set of customers, species and end markets. Animal Health, our core business, remains the primary growth engine. Our legacy Animal Health business grew 8% in the quarter and 7% for the full year. Legacy MFAs increased 11% during the quarter, while nutritional specialties and vaccines grew 5% and 4%, respectively.

For the full year, legacy MFA increased 4%, nutritional specialties increased 9% and vaccines increased 14%. Sales from the acquired Zoetis MFA portfolio were down 11% in the quarter, largely reflecting a difficult comparison against a strong prior year period. The result was in line with our expectations and internal planning. For the full year, the portfolio grew 70%. And beyond the strong sales of the acquired products themselves, we are extremely pleased with both the integration and the strategic benefits the acquisition is bringing to the company, which we believe will continue to play out across our entire portfolio in the years to come. Now that we have completed a full fiscal year with the integrated business, we do not expect to continue reporting the acquired portfolio separately.

Before turning to fiscal 2027 guidance, let me touch on 2 important business updates. First, June marked the formal conclusion of Phibro Forward, our 3-year transformation program. While the program has, for the most part, ended, the capabilities we created remain embedded throughout the organization.

The stronger execution, accountability and discipline developed through Phibro Forward continues to shape how we run the company today. Based on our current outlook, the expected cumulative EBITDA contributions from the program reaches approximately \$50 million in fiscal 2027 compared with our fiscal 2024 baseline. Second, we announced yesterday the planned closure of our Chicago Heights manufacturing facility following a comprehensive review of the manufacturing network added through the MFA acquisition. This was a difficult decision, particularly because of the impact on our employees and it is certainly not a reflection of their dedication or performance.

I believe leadership requires balancing multiple responsibilities. We have a responsibility to our employees to treat them with honesty, respect and fairness. We also have a responsibility to our customers, shareholders and the long-term health of the business. Those responsibilities occasionally require difficult decisions, and this is one of them. This action better aligns our manufacturing footprint with the future needs and support stronger long-term returns. Our focus now is on supporting employees, maintaining customer service and managing the transition responsibly.

One of the key uncertainties we considered in developing our fiscal 2027 outlook is the regulatory status of virginiamycin in Brazil. We continue to work constructively with Brazilian regulatory authorities and remain very optimistic regarding the long-term outcome. However, we have assumed only a minimal contribution from virginiamycin sales in Brazil in our planning for this fiscal year. As a result, a favorable outcome would represent upside to our expectations rather than something required to achieve our outlook. With that context, our fiscal 2027 guidance reflects confidence in the underlying business while taking a prudent view of known uncertainties. We expect net sales of \$1.55 billion to \$1.6 billion, adjusted EBITDA of \$258 million to \$268 million and adjusted diluted EPS of \$3.41 to \$3.59.

In closing, as I begin my tenure as CEO, my priorities are straightforward: serve our customers, advance innovation, improve operating performance, allocate capital with discipline and create long-term value for all stakeholders. We enter fiscal 2027 with a broader portfolio, a more profitable Animal Health business and a stronger operating model. I believe the actions we are taking today are setting the stage for us to exit fiscal 2027 in an even stronger position with a more competitive company, a more efficient asset base and an additional opportunity to create value. We've made significant progress over the last several years, but I believe our best opportunities remain ahead of us. With that, let me turn the call back to Glenn.

Glenn C. David
Chief Financial Officer

Thanks, Dani. And starting with our Q4 performance on Slide 4. Consolidated net sales for the quarter ended June 30, 2026, were \$396.7 million, reflecting an increase of \$18.1 million or a 5% increase over the same quarter 1 year ago. The Animal Health segment grew 2%, while Mineral Nutrition grew 20% and the Performance Products segment grew by 1%.

GAAP net income and diluted EPS increased 26%, driven by the successful integration of the new MFA business, increases in demand, improved gross margin due to favorable mix and lower input costs and the net impact of tariff recoveries, partially offset by increased SG&A due to higher employee-related costs.

After making our standard adjustments to GAAP results, including acquisition-related items, foreign currency losses and certain one-off items, the fourth quarter adjusted EBITDA increased \$14.3 million or 29% versus prior year.

Adjusted net income increased 37% and adjusted diluted EPS increased 35%. Increased gross profit driven by sales growth and an improved adjusted tax rate was partially offset by higher adjusted SG&A and higher adjusted interest expense.

Moving to the full year. Consolidated net sales for the year ended June 30, 2026, were \$1.518 billion, reflecting an increase of \$221.9 million or a 17% increase over the prior year. The Animal Health segment grew 21%, while Mineral Nutrition grew 11% and Performance Products decreased by -8%.

GAAP net income and diluted EPS increased significantly, driven by the successful integration of the new MFA business, the positive impact of our Phibro Forward initiative and favorable gross profit due to higher product demand in the Animal Health segment, which were partially offset with increased SG&A due to higher employee-related costs and higher interest expense.

After making our standard adjustments to GAAP results, including acquisition-related items, foreign currency losses and certain one-off items, full year adjusted EBITDA increased \$71.3 million or 39%.

Adjusted net income and adjusted diluted EPS both significantly increased as well. Increased gross profit driven by sales growth was partially offset by higher adjusted SG&A and higher adjusted interest expense.

Moving to segment level financial performance.

The Animal Health segment posted \$297.6 million net sales for the quarter, an increase of \$5.1 million or 2% versus the same quarter prior year. Within the Animal Health segment, we reported legacy MFA net sales increase of \$11.7 million or an increase of 11%, primarily due to increased demand for certain antimicrobials sold by our ethanol performance business.

The new MFA business had sales of \$83.9 million in the quarter, a decrease of \$10.6 million or 11%, driven by a strong comparator quarter in Q4 2025. Nutritional Specialties' net sales increased \$2.5 million or 5% due to increased dairy demand in North America. Vaccine net sales growth of \$1.5 million or 4%, primarily due to continued growth of poultry products in Latin America and higher international demand, particularly in Israel. Animal Health adjusted EBITDA was \$75.4 million, a 25% increase driven by the new MFA business, higher gross profit from improved mix in the legacy business, a one-time tariff recovery in the quarter, partially offset by higher SG&A.

Moving to full-year performance for Animal Health on Slide 7.

The Animal Health segment posted \$1.162 billion of net sales for the year, an increase of \$199.4 million or 21% versus the prior year. Within the Animal Health segment, we reported legacy MFA and other net sales growth of \$18.2 million or 4% due to demand for certain MFAs in Mexico and Southeast Asia and for products sold by our ethanol performance business, including antimicrobials and processing aids used in the fermentation industry. The new MFA business contributed \$354.3 million in sales, growing 70% versus the prior year. Nutritional Specialties net sales increased \$15.8 million or 9% due to increased worldwide demand, particularly in North America and South America and higher companion animal sales.

Vaccine net sales growth of \$19.3 million, a 14% increase, driven by continued growth of poultry products in Latin America and an increase in domestic and international demand in Israel and Southeast Asia.

Animal Health adjusted EBITDA was \$303.6 million, a 37% increase driven by the new MFA business, higher gross profit from improved mix in the legacy business, partially offset by higher SG&A.

Moving on to fourth quarter financial performance for our other business segments on Slide 8.

Starting with **Mineral Nutrition**. Net sales for the quarter were \$77 million, an increase of \$12.8 million or 20% due to a combination of demand for premixes and an increased cost of underlying commodities like zinc and copper. Looking at our **Performance Products** segment. Net sales of \$22.2 million, an increase of \$0.1 million or 1%, primarily as a result of increase in demand for copper-based products, offset by lower demand for the ingredients used in personal care products. **Mineral Nutrition** adjusted EBITDA increased 1% versus prior year with revenue growth offset by higher input costs, while **Performance Products** adjusted EBITDA was up 12%. **Corporate expenses** increased \$1 million, driven by higher employee-related costs and strategic investments.

Moving on to the full year financial performance of our other business segments.

Starting with **Mineral Nutrition**. Net sales for the year were \$282.3 million, an increase of \$29.1 million or 11% due to increases in demand for copper, zinc and trace minerals. Mineral Nutrition adjusted EBITDA was \$21.7 million, reflecting a year-on-year increase of \$0.8 million or 4%. Looking at our **Performance Products** segment. Net sales of \$73.5 million for the year reflects a decrease of -\$6.6 million or a decrease of -8% as a result of lower demand for the ingredients used in personal care products. Adjusted EBITDA was \$8.1 million, a decrease of \$2.5 million versus the prior year. **Corporate expenses** increased \$8.4 million due to higher employee-related costs and strategic investments.

Turning to key capitalization-related metrics on Slide 10.

We generated \$10 million of positive free cash flow for the 12 months ended June 30, 2026. We generated \$69 million of operating cash flow and invested \$59 million in capital expenditures.

Cash flow was negatively impacted by inventory growing \$86.3 million in fiscal year 2026, primarily in the newly acquired MFA portfolio. Cash and cash equivalents and short-term investments were \$82 million at the end of the year. Our gross leverage ratio was 2.9x at the end of the fourth quarter based on \$738 million of total debt and \$255 million of trailing 12-month adjusted EBITDA. Our net leverage ratio was 2.6x at the end of the fourth quarter based on \$656 million of net debt and \$255 million of trailing 12-month adjusted EBITDA. Turning to dividends. Consistent with our history, we paid a quarterly dividend of \$0.12 per share or \$4.9 million in aggregate.

Let's turn to Slide 11, which lays out our guidance for fiscal year 2027.

As Dani mentioned, included in this guidance are benefits related to our 50 Forward income growth initiative that will help drive additional EBITDA and margin growth, and this guidance reflects a prudent view of known uncertainties, most notably the regulatory status of virginiamycin in Brazil. Minimal sales of virginiamycin in Brazil negatively impacts revenue growth in the year and has a much greater impact on EBITDA growth due to the higher margin profile of the product and unabsorbed overhead.

In addition, the closure of our Chicago Heights facility will have a small benefit to adjusted EBITDA in fiscal year 2027, with the majority of the benefit in fiscal year 2028 and beyond, estimated to be between \$15 million to \$20 million on an annual basis. Please note that during the transition period in fiscal year 2027, we will be building some additional inventory at the site, but inventory growth in fiscal year 2027 for the company will be significantly less than fiscal year 2026.

Our guidance for fiscal year 2027 is as follows; net sales of \$1.55 billion to \$1.6 billion. This represents a growth range of 2% to 5% and a midpoint of approximately 4%. Total adjusted EBITDA of \$258 million to \$268 million. This represents a growth range of 1% to 5% and a midpoint of approximately 3%. An Adjusted effective income tax rate of approximately 20%. The improvement versus fiscal year '26 is driven by an anticipated favorable mix of earnings. Adjusted net income of USD 140 million to USD147 million.

This represents growth of 6% to 11% with a midpoint of approximately 9% GAAP net income and EPS assumes constant currency and no gains or losses from FX movements.

In addition, GAAP net income and EPS does not currently reflect any one-time costs related to the Chicago Heights plant closure. While we don't provide quarterly guidance, I do want to remind everybody that Q1 tends to be a low quarter in terms of absolute revenue dollars. As we were building the infrastructure to support the newly acquired business in fiscal year 2026, we ended the year at a higher SG&A base that will carry forward into fiscal year 2027. Due to this dynamic, we expect Q1 EBIT growth to be negative and then positive for the rest of the year.

In closing, we're excited about the strong performance we saw throughout fiscal year 2026 and the momentum we are carrying forward into fiscal year 2027. With that, Regina, could you please open the lines for questions?

Question and Answer

Operator

[Operator instructions]

Our first question will come from the line of Erin Wright with Morgan Stanley.

Erin Elizabeth Wilson Wright

Morgan Stanley, Research Division

So, the first one, I guess, is how do you think about that underlying new MFA business? It dropped down kind of in the quarter, but you've been doing really well with that before. Is there anything to call out in terms of timing? I know you mentioned the tough comp, but was there anything timing last year to call out on that front? And what are you expecting in terms of that growth across that business into 2027? I know you won't be breaking that out, but just conceptually, how should we think about it?

Glenn C. David

Chief Financial Officer

Thanks for the question, Erin. So, the Q4 decline in the Zoetis MFA portfolio was something we always anticipated and expected as part of our forecasting and really is driven by the difficult comparator to Q4 in last year versus any negative underlying growth trends. We really continue to believe this portfolio will outpace the overall revenue growth for Phibro in fiscal year 2027. And some of the positive drivers are continued strong momentum in North America, and we also do expect some positive growth drivers in international as well. In addition, I also want to remind, we did have a negative impact on revenue in Q2 of fiscal year 2026 due to returns related to the Tier 3 market transitions, which will help revenue growth in fiscal year 2027, but it won't have any impact on gross profit or EBITDA. And maybe Larry can add some more color to some of the commercial drivers.

Larry L. Miller

Chief Operating Officer

Sure. Thanks. In poultry, a key part of the acquisition was a very strong anticoccidial MFA portfolio that really complements our legacy products and gives Phibro a broad set of molecules across several compound classes for strategic rotation programs. Our team has integrated these MFAs well and is promoting combined MFA, nutrition specialty product and vaccine solutions for prevention, control and treatment of disease. In the beef segment, we are repositioning the key acquired cattle products in feedlots as our Start Strong package.

Bovatec is a platform supporting higher feed intake complemented by Deccox for coccidiosis prevention and Aureomycin for treatment and control of bacterial pneumonia or respiratory disease. Our team is reeducating customers on how these products can help cattle start strong and protect their investments.

Erin Elizabeth Wilson Wright

Morgan Stanley, Research Division

Okay. That's helpful. And then can you speak to just broadly underlying demand trends kind of by species group, I guess, how would you characterize that in terms of overall animal health? And what do you expect in terms of animal health performance into 2027 on that front if you back out kind of obviously, the Virginiamycin Brazil headwind. On an underlying basis, what are those key drivers fundamentally speaking, into 2027?

Larry L. Miller*Chief Operating Officer*

The market health and dynamics throughout the meat and the dairy sector continue to be in good state with good underlying consumer demand. Animals in all species are at an all-time record high in value. So, our customers are very motivated to invest in protecting the health and well-being of their animals. And healthy animals are more thrifty and they perform better. So, we think the underlying global livestock market dynamics offer good opportunity for AH product demand.

Erin Elizabeth Wilson Wright*Morgan Stanley, Research Division*

Okay. And sorry, one quick last one for me. Just the Virginiamycin exposure, I guess, anything else to call out from a regulatory perspective that we should be paying attention to? Or is this just really isolated to Brazil at the moment?

And can you remind us of your overall exposure to Virginiamycin?

Glenn C. David*Chief Financial Officer*

Yes. So, the exposure to Virginiamycin is isolated to Brazil related to the therapeutic claims. In fiscal year 2026, we had about USD 27 million in sales related to Virginiamycin in Brazil. We are assuming very minimal sales in fiscal year 2027. Essentially, we had some sales in the first couple of months of the year, but we don't expect any sales post that once the transition period ends. We do believe there is a chance we may get approval within that period, but to be conservative, we haven't included any sales post Q1. And we don't break out the sales overall for the company.

Operator

Our next question will come from the line of Ekaterina Knyazkova with JPMorgan.

Ekaterina V. Knyazkova*JPMorgan Chase & Co, Research Division*

Congrats on the quarter. So first, just on margins. Can you elaborate a bit on what you're assuming for both gross margins and SG&A? And just what's a good way to think about gross margins given the Virginiamycin dynamic? Second question is just around business development, just latest thoughts on your appetite as well as the type of assets you could be interested in? And then third question is just to follow up on the Brazil discussion. Just any updates on the regulatory kind of review process? Has there been any interactions with the regulators? And have any other kind of competitors potentially gotten their labels already? Just any kind of stat that you can share there?

Glenn C. David*Chief Financial Officer*

Thanks Ekaterina. So, I'll take the first question and let Dani address the BD and regulatory developments in Brazil.

So related to margins, moving into next year, we expect gross margins to be essentially flat. Obviously, the impact of Virginiamycin is negative to margins as we move into next year, but we will offset that with other efficiencies that we look to get through our Phibro Forward initiative as well as some of the gains that we do expect related to the Chicago Heights closure that will materialize in fiscal year 2027. Related to SG&A, because of the run rate that we left fiscal year 2026 with, we do expect SG&A to be a little above that of revenue growth, but not materially above.

Daniel M. Bendheim

President & Chief Executive Officer

As far as business development is concerned, I think we have-- We have a lot of opportunities internally. And definitely, there's a lot that we are doing in support of those.

But if there are business development opportunities that complement our internal targets, we're obviously looking and we're active. As a reminder, vaccines and nutritional specialties are the 2 areas that we most focus on. And we've also obviously identified companion animals as an area as well as climate. So, those are the key areas that we're pursuing. And I think we'll do it prudently as we've done in the past and continue to invest in both internal and external opportunities. I'm going to pass it to Larry actually to deal with the Brazil question.

Larry L. Miller

Chief Operating Officer

Yes. As Dani mentioned in his opening comments, we continue to work constructively with the Brazilian regulatory authorities. We remain optimistic about receiving therapeutic use approvals. very similar indications to what we have in other leading livestock markets. And we hope and expect to have those within the 180-day transition period, which ends at the end of October.

Virginiamycin is a very unique and important therapeutic product in helping our customers keep their cattle and poultry flocks healthy and protecting their investment.

Daniel M. Bendheim

President & Chief Executive Officer

Yes. I mean I think the issue that Brazil is facing with just particularly is the EU put in some new regulations as far as the ability of countries to sell to the EU. And some of them deal with hormones, deal with antibiotics. There are other countries -- there are many other countries that sell -- that have permission to sell or continue to sell in the EU that have Virginiamycin for therapeutic claims. And Brazil is aware of that and understands that is putting them at a competitive disadvantage if they don't do that. However, this is a very big political football right now in Brazil. There are local elections or federal elections, I guess, in the next couple of weeks, which first round, second round will be a couple of weeks after that.

So, while we're, again, optimistic that we can get this done within the -- or cautiously optimistic -- we can get it done within the period of 180 days. I think prudently, we're saying, hey, this might slip post elections because of the noise around it. And therefore, as we've discussed, we've taken it out of our fiscal '27 guidance. We do believe, though, very strongly that we will get the therapeutic claim eventually.

Operator

Our next question will come from the line of Daniel Grosslight with Citi.

Daniel R. Grosslight

Citigroup Inc., Research Division

I want to focus a little bit on free cash flow and working capital dynamics in '27.

Obviously, you mentioned you had that big inventory build in fiscal '26 due to the Zoetis MFA acquisition. And I think you mentioned that you'll still need to build some inventory in '27, but not nearly as much as you did in '26. Can you just talk to us a little bit about the working capital investment needed in fiscal '27? And what's your expectations for CapEx and free cash flow conversion are into fiscal '27?

Glenn C. David
Chief Financial Officer

Yes. Thanks for the question, Daniel. I agree that free cash flow was limited in 2026 with about \$10 million in free cash flow. As you mentioned, this was greatly impacted by the inventory build due to the Zoetis product portfolio of about \$86 million. The good news is that inventory build did stabilize in Q4. And for fiscal year 2027, we really do expect any inventory build to be limited to the Chicago Heights transition.

We expect that to be in the range of \$25 million to \$30 million. Also, as part of our Phibro Forward initiative, we have enhanced our focus on inventory as a company and began implementing more robust SOP processes across the organization. Related to CapEx, we spent about \$59 million in CapEx in fiscal year 2026. We do expect this number to be higher in fiscal year 2027 and '28 as we continue to invest to grow our vaccine capacity to support the building demand in our manufacturing sites in both Ireland and Israel. There will also be some other small capital investments required to shift some of the Chicago Heights' production to other internal sites. But net-net, we expect significantly greater free cash flow in fiscal year '27 than fiscal year 2026.

Daniel R. Grosslight
Citigroup Inc., Research Division

Got it. That's helpful. And on the closing of the Chicago Heights facility, are you able to quantify the expected one-time cash charges related to that?

And it sounds like much of the anticipated benefit is going to come through starting in the second half of the year. Is that right? And when will the benefits of that closure be fully realized here?

Glenn C. David
Chief Financial Officer

Yes. So, in terms of the overall onetime cost, then, it's a little difficult to estimate the exact amount based on what the ultimate end will be for the site in terms of whether it's purchased as an ongoing consideration or not. In terms of some of the cash costs, we do expect cash costs related to the site closure to be around USD 10 million and then about another USD 10 million in CapEx. But some of the other non-cash costs, asset write-offs, things of that nature, they're still unknown as well as the ultimate purchase value of the site as well. But cash costs are relatively smaller in terms of around USD 10 million cash onetime costs and then CapEx around USD 10 million as well.

Daniel R. Grosslight
Citigroup Inc., Research Division

And then you asked about the impact?

Glenn C. David
Chief Financial Officer

Yes. And in terms of the impact in fiscal year 2027 and fiscal year 2028, as we're beginning the process right now, as we mentioned in the prepared remarks, the impact in fiscal year 2027 will be relatively minimal to adjusted EBITDA, but a small positive contribution. As we said in the prepared remarks, the ongoing impact, we expect to be about \$15 million to \$20 million, of which we expect that to materialize in fiscal year 2028 and beyond.

Daniel R. Grosslight
Citigroup Inc., Research Division

Yes. And last one for me, just sticking with the cash theme here. Gross leverage is now down to under 3x.

It seems like most of the major integration work with Zoetis is complete. How are you thinking about capital deployment and in particular, returns to shareholders, maybe liquidity limits what you can do on the share buyback side of things. But how are you thinking about further debt paydown, perhaps a buyback or dividend? And you already kind of touched on the M&A front, but maybe a little bit more detail on how you're thinking about organic versus inorganic growth, too.

Glenn C. David*Chief Financial Officer*

Sure, Daniel. I'll start, and then I'll let Dani add some additional color. So, we continue to see organic growth opportunities within the business, and that's going to continue to be our first priority. We mentioned a little bit about the elevated CapEx in fiscal year '27 and '28 -- regarding building capacity at our vaccine manufacturing sites in Ireland and Israel, also some greater funding in R&D to support combination products, some market expansion as well as supporting our companion animal business. Second priority continues to be business development and looking to expand in areas of higher growth and margins such as vaccines, environmental, companion animal. And then in terms of returning capital to shareholders, we'll continue to support our dividend. We'll continue to look to pay down debt as well. And then beyond fiscal year 2027, we'll continue to evaluate other options. Dani, I don't know if you have any additional color?

Daniel M. Bendheim*CEO, President & Director*

I mean I'll just echo what Glenn said. I think we're pretty excited about the opportunities, as I mentioned earlier, within our portfolio. But some of that does require investment, either capital or OpEx. And that is going to be our first priority. And we think that that's the prudent way to go here. There's a lot to do within what we have.

Operator

Our next question will come from the line of Michael Ryskin with Bank of America.

Michael Leonidovich Ryskin*BofA Securities, Research Division*

Maybe first, I'll ask on Mineral Nutrition. That's done better the last couple of quarters. I mean I know you guys always talk about that being a pretty much pass-through business, reflecting underlying commodity pricing. But still, there's been 11% growth in '26 and 20% in the fourth quarter. Just how much visibility do you have into trends there into 2027? I guess kind of my question is like how quickly can those prices swing? And what are your assumptions there for at least the first half of the year? Do you expect this strength to continue these elevated prices to persist?

Glenn C. David*Chief Financial Officer*

Yes. So, I'll start, Mike. Thanks for the question. So, in terms of Mineral Nutrition, as you mentioned, we did have very strong revenue growth in both the quarter and the year. However, when you look at our EBITDA growth, it was much slower, right, growing 1% in the quarter and 4% for the year. That's really due to the fact that prices of some of these materials have increased significantly. So, the cost to us has increased significantly and our ability to pass that price all the way to the customer wasn't at 100% in this year. So, the EBITDA growth didn't necessarily follow. We do expect actually stronger EBITDA growth next year with potentially lower revenue growth, not necessarily in that, call it, 11% range that we see year-to-date. So, somewhat slower revenue growth but more EBITDA growth following forward.

Michael Leonidovich Ryskin*BofA Securities, Research Division*

Okay. Okay. That's fair. And then maybe on Phibro Forward, as you called out, you're sort of like wrapping that up in terms of the actions, but USD 50 million EBITDA is a pretty impressive number for fiscal year '27 versus the '24 baseline. So, congrats on that. Just thoughts on sort of like the next leg or the next opportunity there. Are there -- is there a Phibro Forward 2.0? So, like what do you see going forward now that you've taken those from those first initial steps?

Daniel M. Bendheim*President & Chief Executive Officer*

Yes. So, I'll take that. Thank you. I think the company has really changed within Phibro Forward and basically how we operate is really the legacy. So, there's not a transformation 2.0, but there definitely is a forward plan for a 3-year planning cycle, which includes a lot of the learnings and the implementation aspects within Phibro Forward, and we set ourselves some fairly lofty goals. And we expect to deliver on it because we've seen that we can. So, it's not going to be a formal transformation program, but there are the learnings and the way that we operate that will continue.

And we put together what we call a transformation office, might change to kind of more of a strategy implementation office, but we do expect to continue to reap the benefit of the way that we operate now.

Michael Leonidovich Ryskin*BofA Securities, Research Division*

Okay. And then the last one, if I could squeeze in. I didn't hear too much in the prepared remarks on the companion animal Rejensa ROI. Just would be great to get an update on that, how that's trended in the quarter, just sort of expectations for '27 at a high level.

Daniel M. Bendheim*President & Chief Executive Officer*

Yes. I'll take that the last time actually because Glenn is taking over this business. It was called out in our nutritional specialties that as far as why it was up was partly because of companion animal. So, we continue to see growth, especially with Rejensa as we broaden from initially, we had one distributor and now we've broadened that to multiple distributors, and we're seeing a nice uptick with that. With Restoris frankly, it's growing, obviously, it has a 0 base. It's growing. We're seeing a lot of reorders now, which is very strong. But we have not had the success that we had anticipated. We are starting to see a snowball effect.

So early days on that. But the longer we're out there and the more kind of evidence we are able to show from real use cases, the stronger our proposition that the product really does what we say it does. And so, while disappointed with our performance last fiscal year and this fiscal year, we've tempered our expectations within our guidance. We do believe that this is something that really could do very well for us as we move forward.

Operator

Our next question will come from the line of Navann Ty with BNP Paribas.

Navann Ty Dietschi*BNP Paribas, Research Division*

I just have one left. Do you have early thoughts on the impact of the phased Mexican border reopening for the cattle herd and for Phibro.

Larry L. Miller*Chief Operating Officer*

Thanks for the question. This will initially have very modest impact on U.S. beef production in 2026 by increasing number of cattle available to fill some of the excess feedlot capacity and it's unlikely to have any material impact on lowering consumer prices for beef in the near future. The resumption of live cattle imports is being in a controlled phased approach with veterinary inspection of each animal. The first port of entry opened last week for cattle coming from cross in Arizona and the second will open near Chihuahua with total imports in the next year to be projected about 12,000 cattle per month or about 150,000 head by mid-'27.

That equates to about 1.5% of the 27 million head of US annual beef feedlot production. Assuming that the Mexican cattle imports resumes to what had been normal historic averages of about 1.2 million head per year, that equals about 3% of the U.S. feedlot production. So, it does have potential to have impact of increasing availability of cattle to be fed in US feedlots, which will likely reduce the cost of feeder cattle and will fill some of the excess feedlot capacity. It should be noted that the beef on dairy market development and growth is having a much more significant impact on feeder cattle availability currently supplying about 5.5 million or 20% of the 27 million head fed for slaughter in the United States. And the added benefits of consistency of supply, uniformity and quality is adding significant value to the U.S. beef industry.

Operator

[Operator instructions]

This will conclude our question-and-answer session. I'll hand the call back over to Glenn David for any closing comments.

Glenn C. David

Chief Financial Officer

Thank you, Regina, and thank you, everyone, for listening to today's call. We appreciate your attention, interest and support from the Phibro Animal Health Corporation. Have a great day.

Operator

Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect.

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