Announcer: Ladies and gentlemen, the program is about to begin. Reminder that you can submit questions at any time via the Ask Questions tab on the webcast page. At this time, it is my pleasure to turn the program over to your host, Michael Ryskin. Please go ahead.

MICHAEL RYSKIN: All right. Thanks for joining us, everyone for our next session. My name is Mike Ryskin from the Bank of America Life Science Tools, Diagnostics, and Animal Health team. And for our next session, we're pleased to host Phibro Animal Health. Joining us, we have got Glenn David, CFO, and Daniel Bendheim, director, and EVP corporate strategy. Glenn, Dani. Thanks for being back with us.

GLENN DAVID: Thanks for having us, Mike.

DANIEL BENDHEIM: It is great to be here.

MICHAEL RYSKIN: Same format as all of our sessions. It will be a sort of a fireside chat format for 40 minutes. If you've got questions, feel free to ping them either via Bloomberg chat, or email, or via the question portal on the webcast to myself or to the rest of the team, and we'll incorporate them. I guess just to kick things off, our easy intro question was guys recently reported fiscal 2Q.

You have some moving pieces in the quarter, but then you also reiterated the guidance, any opening comments, anything you think you want to have us as the takeaway message from the quarter?

GLENN DAVID: Yeah, I think the first thing to highlight from the quarter, Mike, is probably the performance of the animal health sector. So, when you look at the animal health sector in particular, it grew 6% for the quarter and 5% for the first half, so really strong performance there. We're also pleased to be able to reiterate Guidance.

When Guidance was restated in the first quarter, there was a lot of uncertainty in the market, particularly with our operations in Israel. And we're incredibly thankful to our colleagues there. And the operations really are performing with really limited disruptions, so very glad to be able to restate, confirm the Guidance for the full year.

We really see good momentum as we move into the second half of the year. As the Guidance does indicate an uptake in revenue in the second half of the year.

And that will come from continued strong performance in our animal health business, but also improved performance in the Mineral nutrition and performance products, which did lag in the first half of the year, so really excited about the second half of the year. We see good momentum, and we see good demand for our products.

MICHAEL RYSKIN: All right, and then maybe one for you, Glenn, while you're doing just question, we've got a couple of times. You recently joined Phibro. You're still early in your tenure. But anything you want to touch on in terms of initial earnings, anything that's sort of you put down as your early goals as incoming CFO?

GLENN DAVID: Yeah. Thanks, Mike. And as you mentioned, I am really early. I think I'm three weeks in right now. So maybe it helps to just talk a little bit about what attracted me to Phibro in the first place. So first, Phibro does play a leadership role, particularly in livestock and the MFA space. And obviously, I have a strong passion for the industry, so really glad to be able to join a leader. Particularly in the livestock segment.

Also, as I was going through the process, really impressed with the leadership team that I got to meet, really strong team with great experience in animal health. And also, just some of the few observations, I do see opportunity for continued growth in this business, starting at the revenue line.

As we talked about in the past, the livestock market does have opportunities for growth moving forward, growing in that low-to-mid single digit range. And with our portfolio, we see our ability to do that. And also, as we continue to expand within vaccines, we see opportunities for significant growth, and in the medium term, the opportunities that we see in companion animal as well for revenue growth.

And then from an income perspective, I do see opportunity to improve margins, as the mix of the portfolio shifts a little bit, more towards vaccines, but also as we continue to be disciplined in taking price and also with opportunities in savings in both COGS and OpEx, so really excited about the opportunities to drive income growth moving forward and working with the management team to do so.

MICHAEL RYSKIN: Glenn, that's really helpful. Touched on a lot there, Glenn, and I want to follow up on. But first, maybe just kick it off on the livestock market. I mean, as you said, low-to-mid single digit growth. That's typically how we think about the broader livestock market over a multi-year period, pretty defensive market in that you don't have a lot of downside for most of it.

Obviously, it's going to vary year by year and species by species. But yet your 2024 guide is a little bit below that, or on the lower end of that. You're calling for about 2% or 2% to 2 and 1/2% sales growth. So, what are the factors there? What are you seeing in the livestock markets in your business this year versus that long-term dynamic?

GLENN DAVID: Yeah, so I'll start. I'll let Dani add any color. But I think you really need to look at the performance of the different businesses when you look at the performance for Phibro the first half and also the guidance for the full year. So, when you look at the performance for the first half, the animal health segment within Phibro did grow 5%, so sort of in line with those expectations for the livestock market.

Really what's driving the 1% growth for the first half of the year was some particular issues within the performance products and the mineral nutrition products portfolio. Those businesses did decline in the first half of the year, driven by some inventory adjustments, both from our side as well as on the customer side.

So, when you look at the guidance which implies a 2% growth at the midpoint, we are expecting an improvement in growth in the second half. And that comes from continued strong performance in the animal health business, so again, as we talked about growing in line with the market, but also better performance from both our performance products and our mineral nutrition group.

MICHAEL RYSKIN: OK. And then, thinking about end market itself in 2024-- excuse me. It has been a little bit volatile in the last couple of years, some segments done a little bit better, some a little bit worse. Dani, maybe-- how do you feel about the moving pieces there? What's got you most excited as you go through this year and start thinking ahead to fiscal year '25?

DANIEL BENDHEIM: Internally, we kind of have a checkerboard of all the different regions that we operate in, all the different species. And red is trouble. Yellow is doing OK. Green is doing well. And it's mostly yellow and green. There are some reds out there. I think we've highlighted in the recent past kind of the US Dairy being a challenge for us.

And that's a business that we have a significant exposure to with our nutritional specialty products, still under a lot of price pressure there. The less efficient producers are probably losing money right now. China's been a little bit of an issue. But I think the US as a whole, pretty strong across the species, with the exception of dairy.

You have, you know, Mexico has been doing nicely. Brazil, mostly yellow or green. So overall, we feel pretty good about the industry, about the livestock side of the industry. As you mentioned, weather plays a huge part, and capacity, and El Niño, how does that affect it. In Brazil, that could theoretically be a bigger issue, depending on how wet their seasons are.

So always, it's hard to give say, hey, how we think about Guidance for next year. Obviously, we're still got another four months of this fiscal year, and we don't give that next Guidance. But I think as a whole we feel pretty good about the industry.

MICHAEL RYSKIN: OK. That's a good overview. I'd love to I'd love to take a look at that checkerboard one day just to see. If you want to just sneak that in at some point, that would be very useful. But maybe just on the dairy, US Dairy, nutritional specialties, in particular. Yeah, we'd love to get your thoughts on that. I mean, you mentioned the price pressure.

But it feels like that's a market that was really, really strong for a multi-year period. And we really thought it would continue, and it seems like it's hit a little bit of a harder time. Anything else you can offer in terms of what's behind that, and is that a market that you think can return to that high single digit 10% plus growth?

DANIIEL BENDHEIM: Are you saying that the dairy market or our nutritional specialty sales?

MICHAEL RYSKIN: Your nutritional specialties business, but the underpinning of that is—

DANIEL BENDHEIM: Yeah, I mean, listen there's obviously there's the market itself and then our market share within that market. And we're continuing to grow share overall. So, we don't need to see necessarily a huge growth in the overall market. We still have a lot of room. We have new products that we continuously look to introduce.

Our nutritional specialties reporting segment is both dairy and poultry. And our competitive animal currently is also reported in there. So, it's not a direct proxy to the US dairy industry. Historically, we've guided towards low double-digit growth in nutritional specialties.

And despite the fact that this year has not started out that way, I think our long-term guidance on that segment remains the same. It's a big focus for us, and we're still excited about it.

MICHAEL RYSKIN: OK. And then maybe, you just touched on Mexico, and you touched on Brazil. But I have to ask you the Argentina question. Obviously, we're all paying attention to what happened with the Argentina peso and the devaluation there.

I mean, could you provide a little bit more color on magnitude of your exposure, any possibilities to offset just how we think about that coming through the model?

GLENN DAVID: Yeah, I mean, I think when you look at our overall exposure, it is somewhat limited. Our business in Argentina is less than a few percent of our total revenue. But we're not really seeing any real changes to customer behavior. So just for some context, the P&L hit was really related to restating the balance sheet assets in terms of mostly inventory and accounts receivable.

And we'll continue to look to minimize those balances moving forward. But our price list in Argentina is actually tied to the US dollar. So, the business has been really good in terms of making sure that we're taking aggressive price increases to reflect the devaluation of the peso. So, we really don't expect any long-term negative impact from a business perspective.

MICHAEL RYSKIN: OK. That's helpful. And now that you've taken that adjustment on the balance sheet assets, is that-- I'm not going to say it's fully de-risked going forward because obviously, you could see further devaluation. But do you feel like that's a one-time hit?

GLENN DAVID: Yes, in terms of reflecting the current currency conversion. But to your point, if there was future devaluations, that could have additional impact.

MICHAEL RYSKIN: OK. All right. That's helpful. All right. So maybe I want to switch a little bit to some of the individual products, and the individual business lines. Your vaccine business within the animal health subsegment, it's been doing incredibly well in the last couple of quarters.

We'd love to hear your thoughts on what's really driving that, where you're seeing the biggest strength, how have you been able to post such good results there.

DANIEL BENDHEIM: Yes, I guess I'll take that. So yeah, like nutritional specialties, we call out vaccines for low double-digit growth historically, and we're beating it this year. I think our business is small enough still that you sometimes have these strong years, and then some smaller years, and it averages out, just similarly with nutritional specialty.

So last year, fiscal '23, I think we did about $100 million in vaccines—

GLENN DAVID: Exactly $100

DANIEL BENDHEIM: And we're about $56 million in the first two quarters here, including $30 million last quarter. So obviously, we're ramping really nicely. What you're seeing is a combination of both our commercial poultry vaccines-- these are vaccines that we sell in many markets around the world. We've had-- it takes years of work to get there.

But we've had registrations that have begun to come through in different markets. Most notably, we've called out some South American registrations that have been approved. And as we start selling those products, we obviously get an initial boost in those years. So, this year is the tail end of last year, really—

But the calendar year beginning like last February through this year we saw some nice registrations get approved, and we're seeing the effects of that. Obviously, we'll start overlapping as we get to towards the second half of the year, but we are still building share. So, you have that. And we've also called out-- we've built an autogenous vaccine facility in Brazil.

And that's impactful as well, not at the same level as the conventional vaccines that you've seen, but still impactful. And going forward, that will increasingly be impactful. So, we have a long list of registrations for vaccines around the world. It's obviously stuff that is behind the scenes. But we have a strong vaccine portfolio in poultry.

We actually had our first approval in Israel for aqua vaccine. So, we have an aqua portfolio, which we will look to be rolling out over the next few years. You need the host country to get approval, and then you can start looking for exports. That will take two or three years, in general.

So, we have a lot that we're excited about in vaccines, and we'll continue to highlight it, and we'll continue to grow as Glenn mentioned in his starting comments.

MICHAEL RYSKIN: OK. That's helpful. And you actually touched on a couple of things there I want to follow up again. When you're talking about registrations and approvals, and things like that-- the last one for aqua, you mentioned Israel, should we assume that most of the approvals you're talking about are in the US first and other geographies later, or somewhere else?

DANIEL BENDHEIM: Yeah. So, on the vaccine side, actually-- so the US-- well, so our vaccine-- our commercial poultry vaccines are manufactured ex-US. So, we have a facility in Israel. We have a facility now in Ireland, which is still ramping up and has taken longer than we expected but is nearing the end of their ramp. So that's an exciting period of time as well for us.

Having said that, it's actually the-- so it will be the host countries. It will be Ireland, and it will be Israel are the initial approvals, and then you'll move on to other countries. We actually-- US has some strange laws that prevent, for the most part, vaccines being manufactured outside the country being brought in. So, the US is one market we actually don't have a lot of access to on the commercial vaccine side.

We do have, though our autogenous vaccines in the US. And it's not really an approval process there. But that's also been a very strong and great business for us. That's based in Omaha. And I think we called out that we have expanded there as well. We purchased the neighboring property, and we are expanding our production there as well.

So, on the autogenous side, we have-- so our commercial vaccines, which is the largest part of our business is Israel and Sligo, Ireland. Autogenous, we have in the United States. We have the recently opened one in Brazil. We have a small autogenous actually in Israel as well. A lot of-- there are a lot of synergies between our different autogenous vaccine facilities.

The technology that we have is a strong technology. And we do see that as a competitive advantage. So, our ramp up in Brazil will be faster than I think you would historically see in autogenous vaccine facility get share. So, it is something that we're, as you can tell, excited.

GLENN DAVID: Yeah. And specifically for the aqua vaccines, Mike, as you know, US isn't a big market for the aqua vaccine. So, we wouldn't be starting there. For cold water species, it's more Europe and Latin America, and for warm water species, more Latin America, more APAC as well.

MICHAEL RYSKIN: OK. And on the traditional commercial vaccine, is there any interest in expanding facilities in the US in the future? Or is that not in the near-term plan, or just to get into that market domestically?

DANIEL BENDHEIM: I would say we have a lot on our plate right now with our opening of our Ireland facility. And I think the strategy that I have been stressing of late is autogenous vaccine facilities. And I do think that there's opportunities to grow, as we talked about grow our US-- we are growing our US presence there and other areas as well.

MICHAEL RYSKIN: OK. OK. And then how should we think about the margin profile for some of these businesses? I don't to what level you want to go into this, but whether it's vaccine overall or autogenous versus commercial vaccine as they ramp animal health.

This animal health segment overall is certainly above your corporate average. That's where the majority of profits come in, but I would imagine vaccine would be on the higher end of that as well, right?

DANIEL BENDHEIM: Yeah. So, I think vaccines are higher-- I mean, taking a step back. I'm not sure if everyone understands what autogenous vaccines are. They're custom or bespoke vaccines. You go to a farm, and you'll find the bacteria disease there, or the viral disease there, and you will make a vaccine specifically for that.

As you can imagine that's more costly than a commercial vaccine where you're making one vaccine that covers a specific disease, obviously, a disease that does not move that much or does not mutate that much. A commercial vaccine is the more effective angle. But for diseases that do have a lot of mutations, you'll look to autogenous.

Commercial vaccines have a lower cost of goods as a result, better margin profile. Autogenous vaccines are more expensive for the customer, higher cost as well. The net margin might be similar. But obviously from a margin percentage, you have a better percentage on the commercial vaccines.

MICHAEL RYSKIN: OK. But both would be accretive to your total company margins?

DANIEL BENDHEIM: Yes.

GLENN DAVID: Absolutely right. As you said, Mike, I mean, as you look at it commercial vaccines, probably the highest percentage, the autogenous next, the MFA, and then obviously, we have the mineral nutrition and performance products as well.

MICHAEL RYSKIN: OK. Makes sense. That's pretty much exactly how I ranked it. OK. I mean, Dani, maybe on a point you just touched on there at the end would be an easy transition as you talk about price, been a very involved, very rapidly evolving environment in the last couple of years in terms of price both in terms of cogs to you and your input cost, but also price you're able to take with your customer.

As we're here in 2024 and halfway through your fiscal year, would you say the pricing dynamic is normalizing a little bit? Or are we coming back to more traditional pricing levels? Or is it still really volatile?

DANIEL BENDHEIM: I think it's funny because Phibro-- I guess pre-COVID, we were historically not a company that looked at pricing as a lever that we would really chase after because there are so many volume opportunities for us. During COVID, you had no choice but to take price.

And frankly, I think there's still-- within our cost structure, there's still some places where we haven't fully realized the cost. So, I would say that as we look internally at our company we haven't fully shaken out where those opportunities still exist. I don't think we've had our final say on the matter. So, I would expect some volatility, I'd say, still going forward. And Glenn if you want to—

GLENN DAVID: Yeah, I'm still learning the business, but as I would always say, price is always an area that I think is important to really be aggressive on in an area that obviously I'll want to focus on and understand, particularly for the Phibro portfolio.

MICHAEL RYSKIN: Have you noticed any of your customers-- again, we often talk about your customers as being relatively price-agnostic to a certain degree, just because at the end of the day, for them, it's about margin, it's about end customer demand, and things like that. It's about the value add of the products you're offering.

Would you say that's still the case? Are they becoming more aware of price that you're taking? Or is it still something that they're not really bothered by as long as their margins there in the back end, as long as the demand is there?

DANIEL BENDHEIM: I don't think anyone's ever happy when you take price. So, I'm sure-- I can't speak for all of our customers. There's appropriate pushback. I think we take price; we're taking price because we can show that why we're doing it. So, we recognize this is an economic decision on the livestock side.

I will say, when you move to the vaccine market, it really is more disease-- in response to specific diseases or immediate pressures as opposed to, let's say, nutritional specialties, which is more of a prevention-- of getting ahead of immune boosters, things of that nature.

So, on the vaccine side, your product really, typically is differentiated from other producers. And that's why that's usually a little bit stronger of a margin profile.

MICHAEL RYSKIN: OK. All right. I'm going to start to work on a couple product-specific questions that we always get. One is, been a lot of news about MECCA docs, over the last couple of years, but also over the last six months. Any updates you can give us on the ongoing dialogue with the FDA there?

DANIEL BENDHEIM: I use ongoing dialogue loosely. The FDA has, almost for a decade now, or maybe even longer, been raising questions about MECCA docs. When it comes down to is right now, they are challenging. They're not challenging the safety of MECCA docs. They're not, in any respect.

What they are challenging is whether or not we're complying with the rules as far as having a marker within the product. We believe we are. They have taken an approach to say we haven't. If they are able to pull the marker, which is required, then we would have-- obviously, would ultimately have to pull the product.

We think that this is a back-ended way, the way the FDA is doing this. We've challenged them both internally and externally. And we think we're very confident in the health and safety and in the strength of our arguments. But it is the FDA.

So, we have to be cognizant of that. And I'll say this is kind of the third time they've made a run at it. We're still standing. We continue to support the product, and the industry continues to see the need for the product and stand strongly with us.

MICHAEL RYSKIN: OK. And when you say "marker," I'm sorry, what do you mean? Can you expand on that a little bit? I'm not sure what you mean there.

DANIEL BENDHEIM: I mean, so this is really getting into the weeds. There is a potential carcinogen in MECCA docs. When you have those types of products, there's something called the Delaney Clause. You have to have a different marker within. You have to have another product that degrades at the same or faster pace than, or slower pace, I should say, than the potential carcinogen.

So, since this product was approved decades ago, the FDA and us agreed What the marker should be. Frankly, the USDA has a different marker that they use. The FDA has now come out saying that they do not believe that the marker that they've chosen is the appropriate one.

Rather than sit down with us and say, hey, let's find a different marker, like the USDA, like the Canadian authorities have, they've said, OK, we're going to try to pull this marker, and therefore you're not going to have a marker. And that's just not the way that the FDA has traditionally acted in other similar situations. And I think we spoke. We've written that to them. So, we'll see. We-- again, it's not. There's an administrative hearing. There's other avenues to take if you're not successful on the administrative hearing. So, we feel pretty strongly that a, even the current marker is correct. But if it's not, there's other markers out there. And that this product remains safe and necessary for the industry.

MICHAEL RYSKIN: OK. That makes a lot of sense. The marker allows you to track the degradation or the breakdown of the product. And therefore, by tracking the marker, you can say, OK, if the marker has dropped to this level, that means MECCA docs has dropped to this level and therefore—

DANIEL BENDHEIM: Not MECCA docs, but the area of concern within MECCA docs.

MICHAEL RYSKIN: Yes. Yeah, OK. Makes perfect sense, actually. Thank you so much. And yeah, it sounds like you're not really worried about it being pulled off the market or anything like that.

DANIEL BENDHEIM: Well, I don't want to overstate it. I mean, because it-- when the government says they want to do something-- and historically, most products that the government has said they want to remove are not on the market 10 years later. So, I'm not forecasting whether or not we'll be successful.

I'm just trying to say our belief is it's a safe and efficacious product that we're meeting the regulations, that if we're not meeting the regulations, there's a process to go through to find other ways to have, that they should go through to find other ways for the marker. But I can't tell you what the ultimately the government's going to try to do here.

MICHAEL RYSKIN: OK. Fair enough. No, I mean, we've certainly run into that a number of times as well. It's impossible to predict, or even just get the timing right of it. All right. And then the other product I want to touch on is Rejensa, your companion animal product. It's been on the market for a couple of years now, had a very strong start when it launched.

You were kind of projecting a gradual ramp, but I think you've been pleased with how it's done. Any updates you can give us on performance in recent quarters, and anything notable we should be looking forward to on that side?

DANIEL BENDHEIM: No. Listen, I don't think we gave guidance this year exactly on Rejensa. It had been-- when initially ramp kind of doubling year over year-- lot of big numbers, or I won't say huge numbers, but it's a bigger number. It's harder to do that. We're still growing very nicely, and we're still very pleased with it. And it's kind of our cornerstone or our initial step into the companion animal market.

I anticipate that with our pipeline, eventually we'll have RX products in the mid to longer term. And our strategy is to move to more sophisticated products, but Rejensa is a great product and continues to be a great product and has carved out a role in the vet clinic.

And even though it could be sold over the counter, we sell exclusively through the vet channel. And we're in 3,000 clinics and growing every day. So, we see still huge opportunity there, and it's doing well.

MICHAEL RYSKIN: Is there-- I mean you mentioned RX, over the counter, versus through the clinic. Is that something you would consider changing down the road, maybe as it got more recognition, sort of brand awareness?

DANIEL BENDHEIM: You know, I'd say-- listen, ultimately, every option is ultimately open. I think there's a lot of benefit to going through the vet. It is the trusted voice of the pet parent. And we're certainly working hard to make sure that our vet partners are not competing against an over-the-counter gray product, for instance, or for sure itself is not looking to compete with our vet partners.

So, I'll never say never down the road, as the industry dynamics change as competition changes, but right now there's a lot of runway ahead with the vet channel.

MICHAEL RYSKIN: OK. And then, again, just following up on something you talked about was the rest of the pipeline and companion going beyond Rejensa. You talked about going into RX at some point down the road, some more sophisticated assets.

You also have previously talked about your canine oral care pipeline. Just any tidbits you can give us on how to think about companion animal development over the next, let's say, one, two, three years?

DANIEL BENDHEIM: Yeah, I'd say, for sure, in the short term, it's still just spent. It's definitely taking a little bit longer than we anticipated, but we are making progress. And I think we've shown that when we stop making progress, we'll turn off our project and look at other areas.

So overall, it's a real spend for us as a company, but we are continuously kind of update what the risks are, what the projections are, and risk-adjusted returns, or anticipated returns. And it's still a very strong positive and looking for ways to grow it. I think the costs of bringing a product to market have, during the FDA approval phase, has gotten a little bit more expensive across the board.

So, there are challenges on finding dogs to test. There's challenges in seasonality things of that nature. So, I think we're all-- the entire industry is facing that. That's not a Phibro problem alone. But we still are very, very, very excited about our pipeline and do believe that in the mid to long term, it will be a significant part of Phibro.

MICHAEL RYSKIN: And how do you think about-- you talked about the cost component of it and the difficulty of it. How do you think about fully internal development versus something like a partnership, JV, collaboration model versus flat out in-licensing, later-stage products, or buying assets? You've got a couple of different options there. How do you balance those priorities?

DANIEL BENDHEIM: And when we're doing a number of those things. So, some of our lead product, or derma care, which is a licensed API, but we're in charge of developing it. Now, we do have partners, CROs and CDMOs that we're working with because we don't have the in-house capabilities to completely do it ourselves, but we're in charge of it. We're spending the money. And we make the full decisions.

Other places, we have partners who are responsible for making the decisions as far as getting the product to market. But we have milestone payments if they do get it to market, and things of that nature. Obviously, as you go higher up or closer to commercialization, the cost changes.

And at this stage, we don't have the synergies that perhaps some of our competitors would have as far as the sales force and things of that nature, so it's harder for us to justify some of the larger prices that you would get. But I think eventually, we'll be there. So, we do see ourselves as being, in the future, a major player on the pet side.

MICHAEL RYSKIN: And just on the topic of M&A and capital deployment, there was a transaction in the aquaculture space just a few weeks ago between Elanco and Merck Animal Health. It was on the larger side, but still it just shows that there are still deals being done, assets moving around.

Are there any opportunities that you look at there, just from a straight capital deployment perspective and because you talk about your balance sheet, and you're willing to spend to bring some assets in-house?

GLENN DAVID: You want to start, Dani, and then.

DANIEL BENDHEIM: Well, I mean, Glenn can talk about the balance sheet. I say we're definitely-- it's an active industry, so there's no shortage of M&A opportunities. I think we see a decent amount comes across our desk, and we take a look at where it's appropriate.

GLENN DAVID: Yeah, and just to Dani's point, obviously, we'll be active. We'll look at things that become available. Our current debt levels are relatively high, but we do see a path to work those down, but we do have capacity for the right deal, to make the right move.

MICHAEL RYSKIN: OK. Fair enough. We got about three, four minutes left. Reminder to clients, if you've got any questions, feel free to ping me or send them over in the chat. I've got a couple more myself in the meanwhile. But one is, I think Dani you mentioned this earlier, or maybe it was Glenn in the intro remarks.

You talked about your presence in Israel, and obviously everything that's been going on over the last couple of months there, and how your team has handled it. Could you remind everyone of the scale of your presence there, what assets you have, what facilities do you have, and how you've been able to handle, just the operating environment over the last couple of months with everything that's happening in the region?

DANIEL BENDHEIM: Well, I'll take that. We have a vaccine facility there. We have a small premix facility there, and we have API manufacturer as well. We have sales within Israel. Most of our sales are ex-Israel from those facilities. It's been a challenge. There's no question about it. It's been a challenge just mostly, I'd say, from a workload point of view.

It's a small country, Israel, so everyone is one step removed from either a tragedy or someone being called up for reserve duty, so we have a few employees who that might have occurred to. You have employees whose spouses, maybe, were called up and have to work from home. But people have really stepped up. We're probably a very diverse workforce in Israel.

And obviously in the current environment, that could have been an issue as well. And we're proud to say that it hasn't been. And on the opposite, people have, who are able to have stepped up, we have not missed a beat. At the end, costs, maybe, are a little bit higher. Transportation, fewer flights going in and out of Israel.

I mean, United, I think, has actually continued from the United States. But United had stops starting again next week. So that should allow for-- there is some kind of transportation, sometimes we have. That's indicative of stuff that we have to buy from the states, or whatever, that may have costs go up because there's fewer options. But that should be less than going on.

So, I do think without predicting the future the worst is hopefully behind us. I think I say that not just as a business, but I think all of us hope that this is winding down. And I'm very proud of how our team did and handled, and at the end of the day, kept our customers fully stocked and really stepped up.

MICHAEL RYSKIN: OK. All right. I agree with you there. And obviously what's the best on that end. Thanks, Dani. Got one quick follow-up question for you Glenn, and then, maybe, I'll throw in a concluding one.

So, the follow-up question is to the point of the balance sheet, what's your goal in terms of leverage? And do you have sort of end of fiscal year or long-term target you kind of want to be around, debt to EBITDA leverage?

GLENN DAVID: Yeah. So, to my knowledge we haven't stated a specific goal, Mike, so that's something I'm reviewing right now and would like to get a better understanding of. The intention is to continue to work down the overall debt levels. But I don't know that we've stated a specific target of net leverage, I wouldn't even say a number. But that's something we will look to do.

MICHAEL RYSKIN: OK. All right. Fair. And then maybe for you, Dani, or Glenn, feel free to jump in obviously. As you look out to the rest of the fiscal year, what are the key things you're focused on as upside risk, downside risk? You've got, especially on the EPS line, you still have a little bit of a broad range.

So, anything you can see in terms of, this is what we're focused on that could go really well for us, or this is what we're worried about where things could come in a little bit lighter? What are the key factors we should be focusing on to gauge the year?

DANIEL BENDHEIM: Glenn, you want to take that.

GLENN DAVID: Yeah, so I'll start. I mean, some of the things that I mentioned in the beginning, continued strong performance from our animal health business, continued growth in our vaccines. We see those as upsides and continued positives in our business. But equally important is some of the turnarounds that we're expecting, particularly in mineral nutrition and the performance products.

I think you might have highlighted at one point, Mike, the impact of EBITDA and EBITDA not growing as fast as revenue. That's really been driven by those two businesses. And there were some particular issues in the first half of the year that drove that that we are expecting improvements on in the second half of the year that will really improve our EBITDA performance in the second half and lessen the impact for the full year.

MICHAEL RYSKIN: OK. Anything to add, Dani? Or is that a good overview?

DANIEL BENDHEIM: I couldn't have said better.

MICHAEL RYSKIN: OK. All right. Fantastic. With that, I think we're out of time. Thanks so much, gentlemen. Great to chat, again, as always. And everyone on the line, thank you for participating. Thanks for listening in. If you've got any follow-up questions, you know where to find us. Thank you.

DANIEL BENDHEIM: Thanks so much, Mike.