Company Name: Phibro Animal Health Corporation (PAHC)
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<<Jonathan Block, Analyst, Stifel>>

Guys, good morning, Jon Block at Stifel. And next up we have Phibro Animal Health. We're welcomed by the company's EVP of Corporate Strategy and CEO designate, Dani Bendheim; Glenn David, CFO; and COO, Larry Miller. I'm going to turn it over to the Phibro team. We're fortunate to have them join us again this year. Guys, we really appreciate it. And they're going to go over some slides, a lot to talk about, and then earmark some time at the end for Q&A. So, all yours.

<<Larry L. Miller, Chief Operating Officer>>

Thank you very much. It's great to be here and thank you for taking your time to spend it with us this morning. Before we begin, I just want to draw your attention to our safe harbor statement. Basically, the text on this slide outlines the information presented today may contain certain forward-looking statements or projections, which may be subject to certain risks or uncertainties. Please note the legal disclaimers in this slide, including the disclaimer related to the use of non-GAAP financial measures.

So, a little background on Phibro. First of all, we have been in business since 1946. We have currently about 2,500 employees. We produce about 70% of all the products that we sell originate in our network of plants around the world and our products are now available in nearly 100 markets. We listed on the NASDAQ as PAHC in 2014. We have a growing business and our revenues for our last financial year, which ended June of 2025, were just over $1.3 billion.

So, a little bit about our business. As we look at it by species first by segment, we'll talk more about this in the coming slide, but we have three main animal health categories. The first is our main business, Animal Health business, then we have our Mineral Nutrition business and Performance Products. The Mineral Nutrition business is primarily a North America-focused business. This is largely Mineral Nutritional products that are used either in customized premixes that we may make for any of our key customers or sale of mineral or metallic-based trace minerals that go into animal diets. Our Performance Products is a legacy business that provides specialty chemical ingredients to large manufacturers, particularly in the area of dental and hygiene.

When we look at our species mix, poultry is our largest. The poultry segment includes broilers chickens, and we also service the egg layer as well as turkeys, which is an important market in North America. Our second largest species (designated maroon or the Brickish colored here), is our beef segment, which is primarily feed yards, animals that are finished on high concentrate diets. Dairy products represent 14% of our business and swine about 12%. In all other categories, we have many other businesses including some of the mineral businesses, the performance products, ethanol, and our companion animal business. When we look at geographic mix, the

United States is nearly 60% of the business. We have a very important business as well in Latin America and Canada, in EMEA, which is includes Europe and Middle East region, and APAC represents about 7% of our total sales revenue.

Within our Animal Health Business, we have 3 key product areas: the first is medicated feed additives, the second is nutrition specialties, and the third is vaccines. In the medicated feed additives, which are in-feed products, our largest segment here is the anticoccidials. Anti-coccidias is most prevalent in broilers as well as in cattle. So, we have a comprehensive portfolio of anticoccidials comprised of our Phibro Legacy products which are now nicely complimented by the MFA product we acquired from Zoetis around 18 months ago.

There are two classes of anticoccidials molecules: ionophores and synthetic products. So, we're able to provide comprehensive solutions for our broilers who utilize rotation programs; in which they change products every 6 months or so, thus, a rotation. We are able to offer a wide selection of products, including combination products, to help them manage coccidiosis in their operations. The second is antimicrobials, and these are products that are active against bacteria. These are used for both the treatment and control of bacterial diseases in livestock.

Third segment in the medicated is the anthelmintics and rumen function. So, some of these are parasiticides for internal intestinal parasites as well as products that help prevent bloat in cattle. This segment also includes MGA, which is an important product that's used particularly with finishing feedlot heifers.

In the Nutrition Specialties category, we have products that are used for ruminants, most of these are focused on dairy. We also have Nutrition Specialty products that are used in monogastric both for swine as well as poultry. These are phytogenic, non-medicated products that are used in animal feeds. And we have some mineral-based branded products that are used across all species. And finally, we have two important Companion Animal business – Regensa and Restoris, which are categorized in the nutrition specialty family.

Within our vaccines, we have conventional products, which are all poultry vaccines that are marketed internationally. They're in most countries, with the exception of U.S., as the U.S. has different regulations than Europe and many other jurisdictions. We also have autogenous, or custom-made vaccines. For production of autogenous vaccines, we collaborate with veterinarians to isolate a virus or bacteria from farms under their care which are used to produce a customized vaccine for their farms. We have two primary autogenous vaccine businesses: one in the United States, and the second (Phi-Shield) in Brazil.

Finally in this category, we have our MVP ADJUVANTS business which we produce for use in our own vaccines, and we also supply these to several other key manufacturers of animal vaccines.

As I mentioned, 70% of our products we produce in one of our plants. This is a snapshot of our 15 primary facilities. These are all global facilities that provide products to our network of Medicated Feed Additives, Nutrition Specialty, Vaccine and Nutrition Specialty products.

So now I'll turn it over to Glenn.

<<Glenn David, Chief Financial Officer>>

Thanks, Larry, and thanks everybody for joining us this morning. Just going to cover a few financial slides, starting with a little bit of a view of our historical revenue growth. So, if you look over the past five years, we're very proud of our performance that on an organic basis we believe we've been outpacing the overall market growth for the livestock industry. If you look over the last five years, our historical CAGR is about 7%, and this is 7% reported growth, which includes all impacts of foreign exchange, so really strong performance in terms of our overall growth.

If you look at this slide, this just summarizes our net sales and adjusted EBITDA, and it really shows the impact of the Zoetis MFA portfolio acquisition that we completed last year. Really stepping up our revenue from $1.18 billion in 2024 to $1.296 billion in 2025 and you can see our guidance this year is from $1.460 billion to $1.5 billion in revenue, so a big step up in revenue and even more important a big step up in EBITDA.

If you look at fiscal year 2024, about $111 million and the guidance this year, just two years later, $247 million to $255 million. So significant growth.

Just a few weeks ago, we reported our Q3 earnings, and we also updated our guidance for the full year. And we essentially raised the lower end of our guidance range, so essentially raising the midpoint. Our revenue guidance, as I mentioned, $1.460 billion to $1.500 billion, at a midpoint, that's about 14% growth in revenue.

EBITDA, $247 million to $255 million. At a midpoint, that's about 37% growth in revenue.

And our adjusted net income of $122 million to $127 million, that's about 47% growth in revenue EBITDA. Again, benefiting from the acquisition of the Zoetis MFA portfolio, but still strong performance in our legacy business.

On the previous slides, I talked about that our historical growth on an organic basis has been about 7%. For fiscal year 2026, year-to-date, we're growing at about 6% on a legacy basis as well. So strong performance in the legacy business, as well as very strong performance with the acquired portfolio.

And then just looking at some of our key capitalization metrics, I'll start with leverage. We're currently at about 2.8 times net leverage. When we announced the acquisition a while ago, we expected to get to under 3 by fiscal year 2027, because of the strong performance from an EBITDA perspective, we've been able to do that at a much more rapid basis.

The other thing I'll point out here is our free cash flow. For the trailing 12 months, it's been about $13 million. That's been negatively impacted by a buildup of inventory, due to the transition with the Zoetis MFA portfolio, but also some areas in advance of the impact of some

tariffs. As we move forward, we do expect significantly greater free cash flow generation moving forward.
And then finally, we do pay a dividend as well of about $0.12 per share.

So, with that, I'm going to turn things over to Dani.

<<Daniel M. Bendheim, Director and Executive Vice President, Corporate Strategy>>

All right, thank you. Excited to be here. I'm taking over as CEO beginning July 1. I think historically one of the things about Phibro is we've been very – we've taken advantage of the Safe Harbor within animal health as far as not necessarily talking about our pipeline. I think one of the changes you'll see as we go forward is we will slowly but surely become a little bit more transparent about what we're working on and look forward to sharing that with everyone in the community here.

First, I want to talk a little bit about some of our product innovations, our R&D pipeline. On the vaccine side, we're very excited about our new Newcastle strain of the genotype VII. So, it's actually – it's a reemerging strain, historically, genotype II has been kind of the dominant strain, but you're seeing now throughout the world genotype VII. We have a really good couple of vaccines there, and we're actually seeing a lot of interest.

One of the things about the vaccine industry or the vaccine business that, I think, if you follow you'll see, is it's a very strong and steady growing business, and there's also like an optionality to it because every once in a while there's a pop on the disease and we've seen that in Brazil with our infectious bronchitis disease vaccine IBVAR 206. And that has been one of the drivers in the past few years. And we look at Newcastle G7 as potentially being a similar pop. So, we are excited about our products there and the pipeline there.

We're expanding to new markets and adding manufacturing sites. I think you saw on Larry's slide there, where we have Sligo. We acquired that a number of years ago. It's taken us a little bit longer to get that up and running. But we're about – I mean, we've started our sales now and we're reaching the point where actually that will become a significant part of our vaccine business.

And then finally, we have inactivated aquaculture vaccines. I don't think we actually talked about that in the past. That's focus on med marines, so those are the Mediterranean species. We think that there is a real opportunity there. It's not as big as salmon, but it is a largely unmet area relative to the other producers out there.

As Larry touched on, MFAs. On MFAs, there's more development than there is research. One of the, I guess, idiosyncrasies about the United States is that if you have – if you're looking as a producer to use multiple MFAs at the same time, multiple medicated feed additives, you actually need what's known as a cross-clearance. And if you are using a competitor's – if a customer is using a competitor's product, the competitor has to decide whether or not to give you the cross-clearance or to give you access to their safety file in order to get the cross-clearance.

So as you can imagine, sometimes if you have a limited portfolio, you don't have the ability even if your product works to get it into a feedlot or something of that sort because there's a competitive product that's also being used at the same time and they don't give you a cross-clearance. Well, with the Zoetis acquisition, as Larry mentioned, we broadened our portfolio significantly, which now allows us to a certain extent to get cross-clearances among our own products, it also gives us more to talk about with competitors out there as far as cross-clearances with their products.

So, it is something that we look at as an area we are able to leverage and, as Larry mentioned, within rotations, which are not used at the same time, but that's also an area where we can bundle and able to give our customers a full solution. On nutritional specialties, we are working on sustainability. We'll talk more about that in a second. And pathogen defense, we have a relatively new facility in Mendon, Illinois that is a farm – research farm for us, it's also BSL Level 2 facility and we see the ability to get our products faster to market now that we have that facility.

Finally, companion animal, small part of our business but we are growing. We have two products on the market and then we have an in-licensed molecule for canine periodontitis. I was hoping that they were into – the previous panel to name that as the unmet need. And then we have a gene therapy for mitral valve disease. Those are both not near-term items; those are a little bit further away. But we do believe that those will be areas that we will succeed in later this decade. And finally, again, the sustainability, we'll talk about that soon.

Okay. One of the areas that we're Glenn didn't really talk about, but at the same time as we did the Zoetis MFA acquisition, we internally have gone through something we call Phibro Forward, which is a transformation process. And the growth that you've seen over the last couple of years, we haven't given separate guidance as far as the financial impact, but some of the above-average impact you've seen on the legacy business has been through the Phibro Forward initiative.

And just here we want to touch upon a couple of areas. Now, when I look at Fiber Forward, it's not just the kind of the bottom-line impact, I think it's really taken us from being a big, small company to being a small, big company. And it's really given us the ability now to seamlessly integrate an acquisition such as the Zoetis acquisition and future acquisitions, I think. Going through here, we've strengthened our strategic alignment. We have a strong vision, purpose, and values that cascade through our company, cascade through our customers, all initiatives are tied to our priorities and that's something that we've seen now over the last couple of years.

We've strengthened our commercial policies and tools. We have SKU rationalization, pricing governance, we have a churn desk, key account management. I think historically if you went back five or six years ago, price was not something that we looked to raise, we looked to grow by volume. Now there's volume and price that is really part of our regular cadence.

We've improved our cross-functional collaboration. We've gone from siloed functions to an integrated global supply chain procurement and technology organization. We've established and are establishing S&OP process that's taken a little bit longer than we had hoped for. And we've

seen a little bit of a rise in our inventories as we go through this process. But it is something that we are working very hard on and integrating throughout our business.

And finally, we've made a lot of investment in our digital platforms. Our learning and development platform, we've now – we've added Veeva for R&D and regulatory. We have a new T&E process and our transportation – our TMS, the transportation management system, has been implemented for North America.

Let me just touch on this before we get to the sustainability. A couple of business updates. These are all things that we discussed that came after our last quarter, but before our last earnings call. I think the biggest one, and this unfortunately is a headwind, is a Brazil regulatory update about a month ago. Brazil announced that they are looking to phase out the use of growth promotion – of molecules for growth promotion. We have a couple of molecules that have growth promotion claims within Brazil. One of them has therapeutics already, one of them does not. So virginiamycin does not have within a Brazil therapeutic claim.

Around the world, Brazil is the last shoe to drop. Almost every other country has done this already and has shifted to therapeutic. Brazil is making this shift now. When they – the last couple of years as we've worked with them, they promised us that once they announced this, they would then move us to therapeutic. They have not done so yet. We have five more months of this grace period to do it. As we look to outline kind of the risks and the headwind for us, obviously, the worst-case scenario would be that we can't get the therapeutic by day one of the transition.

Our sales in 2025 – our fiscal year 2025, we're $26 million. It has above – we don't reveal gross margin, but it's above average gross margin. Assuming we get the therapeutic, and that's very much our belief, there still is a headwind for us next year. What's going to happen is that whereas producers were able to buy this product without needing a script from a veterinarian. Now they will need a script. For our poultry customers, that should be fairly simple. Most of them have – they're large integrators, most of them have vets on staff.

For our cattle customers though, that is much more of a lift. And cattle is the bigger of our two markets there, and we do anticipate in the beginning that it's going to be customers who have historically not needed a vet to use our product will now have to get a vet. They can't afford to put their own vet on staff, so they'll be revolving vets, we have set up an online system to help them called Phibro Vet as a platform. But this is something that will take a few years for us to kind of build back up, assuming that the transition happens as we expect. And we still don't know exactly what the claims will look like. We know what they look like around the world, but we don't know exactly the duration of use and the claims that the Brazilian authorities will give us.

So, we just want to highlight that in the spirit of making sure that everyone understands kind of the – bookends of the impact for next year. And then the other area I would like to mention is we did, with this news have a revolving credit facility upgrade by $125 million. It was oversubscribed, and I think it's a good indication of how the financial community is looking at our business.

So, let me talk a little bit about the Scope 3 opportunity. This is our product called Verratain, and what – why we're really excited about this. I know you had Elanco here earlier today. They have a product that they've introduced into this market for methane. This is slightly different, so I want to just kind of build some background here. So, for those of you unfamiliar with environmental sustainability, there are three different levels of your emissions as a company. You have Scope 1, which is your direct emissions. Scope 2, broadly, that's your utility. So, if you're buying from a coal-based utility versus from a solar-based utility, you'll have – in the former case, you'll have higher emissions, in the latter case, lower emissions.

And then finally, you have Scope 3 emissions, which is your supply chain. And for almost every protein product, almost any product you have, 90% of your emissions are from your supply chain. And that's the hardest thing to kind of mitigate. So, you have companies out there making pledges. And then one of the surprises to us, I think to most people, is despite the fact that the current political atmosphere right now is very much anti-ESG, we are seeing increasing number of companies sign up, voluntarily sign up with pledges of setting targets. And typical target you'll set is a 30% reduction in Scope 3 by 2030 versus your baseline year and a full reduction to net zero by 2050.

So, while we had quiet quitting during COVID, we have quite volunteering now during the Trump administration of people signing up for these targets. So, it's a surprising statistic to us. So just to give you a sense of what this means, right? So, we just chose five different companies that publicly announced Scope 3 targets. And listed on the left, some are dairy, some are poultry. When you come to these targets, this is not just methane-based, this is all of your CO2, right?

So, these five companies combined have about 18 million metric tons of CO2. And then, if you look at – they're all based on Science Based Targeting initiative. That's the gold standard for what people sign up for. And they will tell you, SBTi will say internally, if you're looking to mitigate your carbon output or your Scope 3, you should assign a cost of $40 to $100 per ton. So, kind of do the math, take the midpoint here, this is $1 billion of spend that these companies have signed up for. Okay?

Now, I say that and then note that though this is voluntary, right? These are – for the most part, these are companies that voluntarily set these limits and have set these Scope 3 targets. right? So, whether or not they do it is up to them. And I say that because last week McDonald's announced – I'm not sure if people saw this – that while they've met their Scope 1 and Scope 2 targets they are only 3% towards their Scope 3 targets versus their 2018 baseline. So, they announced that they're not going to hit their Scope 3 targets. At the same time, they announced that they're planning to spend $1 billion over the next 10 years on their supply chain emissions.

So that gives you a scope of the spend required as well as the problem. So, it's very hard to mitigate your Scope 3, right? It's feed, its other things, and there's not many solutions. And that's why we're so excited about this. We've partnered with a company called VAXA. It's based in Iceland. They basically are producing algae and algae byproducts at a geothermal facility and uniquely they have a carbon-negative product. And then these – this microalga then becomes two products, a spirulina product which is basically a protein, and omega-3, and those carry carbon-negative values to them.

So what we offer, and I think the McDonald's is a good example, it's hard to get Scope 3, it's hard to meet your Scope 3 targets, we offer a product that will drop into every diet basically out there across every protein and allows them to put in a negative carbon source, right? And the math, the way that works with the carbon accounting is you kind of just add it all up. And if you have a negative source that detracts from other stuff, right?

So, you can get to zero by using a Volvo truck and not having emissions from the tailpipe of the truck that you're using on the farm. But more impactfully, and this is very impactful is using our products. So, we are extremely excited about this. This is not just in dairy, this is across poultry, this is across swine, this is across aquaculture, it's across pets, it's in pet food. You can use this product across all those industries. And we have worldwide exclusive distribution rights for the animal feed and animal health and pets.

And this just shows you a little bit of the number of audits and validation you need to go through this. It's a heavily, heavily audited process. And because of that, we're not expecting an impact in our next fiscal year, 2027. We're looking at trials and breaking into places. Most companies, right, have set 2030 targets, though we're going to see in 2027, we're going to start hearing a lot more about this. California has two regulations that begin to impact in 2027, where companies with over $1 billion of worldwide revenue and a presence in California, which is basically every company in the world, right, has to start announcing where they are on their Scope 3 emissions, right?

And then, and if you've made a pledge, which again most companies have, you have to announce where you are relative to that pledge. So that will start in 2027. There'll be a lot more focus on this, both at the board level as well as at the consumer level. And we are – we believe, as well positioned as anyone in this area.

With that, I want to just again, talk about the company as a whole, advancing animal health to meet global protein needs. We've grown historically through strategic acquisitions, and I think our balance sheet continues to allow that. We have diverse products for livestock and increasingly for companion animals. We're worldwide, and I think most importantly, we're focused on innovation and customer centricity. Thank you.

<<Jonathan Block, Analyst, Stifel>>

Fantastic. Thanks, guys. We got about five minutes. Maybe I'll just kick it off.

Look, the company execution has been really, really solid. The MFA acquisition certainly worked out. And from when you guys laid out the Brazil headwind, seems pretty small whether you get the therapeutic claim or not. The stock had a great run but did pull back pretty significantly on the quarter. So just anything else that's out there? Was it more concerning in the livestock market where you lead in or dominant? Maybe if you could just talk to the livestock market overall, the durability of growth that you see in place over the next couple of years.

<<Glenn David, Chief Financial Officer>>

Larry, you want to talk about livestock?

<<Larry L. Miller, Chief Operating Officer>>

So, we continue to see growth in the livestock sector, particularly as demand continues to grow for animal-based proteins, including beef, pork, chicken, eggs and milk-based products. We see continued strong consumer demand in the United States and many other countries demand for high-quality proteins. And when you balance that also with some of the trends that we've seen for quite a long time in emerging country markets which as they develop and consumers in these countries earn higher incomes, they're able to move up the food chain and consume more high-quality proteins. So, we see good continued global growth in demand for animal-based proteins.

<<Jonathan Block, Analyst, Stifel>>

Okay. And even when we hear about herd sizes and maybe shrinking here in the U.S., the comments that you just made seem to imply you see some durability behind those growth rates. Is that a fair assumption?

<<Larry L. Miller, Chief Operating Officer>>

Yes.

<<Jonathan Block, Analyst, Stifel>>

Okay. Maybe I'll just bounce over to Scope 3 because you were just talking about it. Is the point they like, look, how the exact timing and when this unfolds is a little bit unknown, but the ball's rolling, it's moving in the right direction, you're uniquely positioned to capitalize on it. And do we think of that as sort of as like gravy in terms of that? It was a pretty robust slide on the R&D pipeline, that's going to drive growth for Phibro and then when this hits, whether it's 2028 or 2029 or maybe even later, it's additive on top of that. Is that the right way to frame it?

<<*Dani Bendheim* Director and Executive Vice President, Corporate Strategy>>>

I think that's fair. Yeah. The train has definitely left the station and it's going to happen. But we even internally don't know how big is big. And so I think we internally frame it just like you did of saying, hey, we've got our pipeline as you see, as we showed there, and that's going to drive kind of the growth that we've guided to over time, and this will be gravy on top of that.

<<Jonathan Block, Analyst, Stifel>>

Okay. Guys, if you've got any questions, just throw up your hand. A couple more for me. There was a huge step function on growth on the MFA acquisition. I mean, that slide that you threw up there on not only the revenues, but obviously the profitability as well. When we think about that R&D pipeline slide that was up there, I know there's sort of limited disclosures that you may want to give, but what are the timelines behind some of those projects and how do we think

about, you know, pardon me, like avoiding that air pocket, right, that has tripped up some other animal health companies? What do you think about the cadence of the R&D pipeline?

<<Glenn David, Chief Financial Officer>>

Yes, Jon, right, some of the key lifecycle enhancements and geographic expansion projects would be in the nearer-term category. Companion animal opportunities, and opportunities in the sustainability solutions, as Dani mentioned, that's probably sort of later in the decade. And as we look at it, you know, when we look at our long-term view of how our revenue is going to grow, right?

<<<< Glenn David, CFO>>>>
So supported by the R&D, we see the MFAs sort of growing in that low single-digit range. We see vaccines in the mid- to high single digits, and we see the nutritional specialty as well in the mid- to high single digits, and that's supported by the R&D pipeline. And then to your point, things like Verratain, companion animal, are sort of on top of that and will help us drive even faster growth in the long term.

<<Jonathan Block, Analyst, Stifel>>

And do we think about that R&D pipeline? I know there's a lot of projects up there, but is broadly gross margin accretive to where Phibro is today?

<<Glenn David, Chief Financial Officer>>

Yeah, absolutely. I think when you look at it in terms of the vaccine portfolio, companion animal, nutritional specialties, the areas that we're investing in most significantly from an R&D perspective do come at higher margins than the MFA portfolio.

<<Jonathan Block, Analyst, Stifel>>

Okay. And maybe just even, it's a good time to maybe talk strategic as well. That was a big step function for the company on the MFA acquisition. You put the balance sheet to work. I think maybe some people were hesitant on the leverage, but it seemed to all go very well. You quickly paid it down. I think you alluded to 2.8 times net leverage. Where are you willing to take that? Are there opportunities out there where you can sort of run a similar play, which was obviously seemingly very successful for the company?

<<Glenn David, Chief Financial Officer>>

You want to talk about the opportunities?

<<Daniel M. Bendheim, Director and Executive Vice President, Corporate Strategy>>

Yeah, I mean, there's constant opportunities. I don't think there's another Zoetis MFA acquisition. That was a unique set of circumstances. But I think historically we've grown through kind of smaller bolt-on acquisitions, and I think we'd continue to look for that. And if something transformational came along, we would entertain it. But I think long-term, we do want to get back down to keep it under three. So, it would have to kind of pay for itself fairly quickly.

<<Jonathan Block, Analyst, Stifel>>

Okay. Any other questions? We're at time. Guys, thanks very much for the presentation. Appreciate it.