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Phibro Animal Health Corp. (PAHC)

Q3 2021 Earnings Call

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PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the Phibro Animal Health Corporation Q3 2021 Conference Call. (Operator Instructions)

I would now hand the conference over to Damian Finio, Chief Financial Officer. Please go ahead.

Damian Finio - Phibro Animal Health Corporation - CFO

Thank you, Tabitha. Good morning, and welcome to the Phibro Animal Health earnings call for our third quarter ended March 31, 2021. I am Damian Finio, Chief Financial Officer of Phibro, and I'm joined on today's call by Jack Bendheim, Phibro's Chairman, President and Chief Executive Officer; as well as Dani Bendheim, Director and Executive Vice President of Corporate Strategy. We plan to cover key themes for the quarter, financial performance for the quarter and year-to-date, and guidance for our fourth quarter and full fiscal year ending June 30, 2021, before opening the lines for your questions.

Before we begin, let me remind you that the earnings press release and financial tables can be found on the Investors section of our website at pahc.com. We're also providing a simultaneous webcast of this morning's call, which can also be accessed on the website. A replay of today's presentation, the slides that accompany the presentation and a transcript of the call will also be available on our website.

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.

I want to remind everyone that we present our results on a GAAP basis and on an adjusted basis. We present adjusted results that exclude acquisition-related items, unusual, non-operational or nonrecurring items, including stock-based compensation and restructuring costs, other income and expense as separately reported in the consolidated statements of operations, including foreign currency gains or losses, net, income tax effects related to pretax adjustments and unusual or nonrecurring income tax items.

And now I am pleased to start by asking Jack to share his opening remarks, including a walk-through of our key themes for the third quarter. Jack?

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Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

Thank you, Damian, and good morning, everyone. Let me share what I see as our 4 key themes for the third quarter. First, we posted solid financial performance. In the third quarter, consolidated net sales and adjusted diluted EPS were both ahead of guidance, and sales were comparable to the same quarter of the prior year. While it's difficult to quantify, the comparable performance relative to last year has masked a little bit of year-over-year growth as our industry saw some customer stocking in those crazy last days of March 2020 where the world just beginning to grapple in earnest with COVID. Our profitability declined slightly due to unfavorable product mix and increases in certain expenses, including incremental investments in our future. And I'm pleased to report that we received EU GMP approval for our new vaccine facility in Sligo, Ireland, and we continue to build our companion animal pipeline, having recently finalized an agreement that had 2 early-stage oral care product.

Looking ahead, we expect a strong fourth quarter to close out our fiscal year, well ahead of the same quarter of the prior year because our business was hardest hit by the effects of the pandemic in the quarter ending June 30, 2020. On our next earnings call in the latter half of August, I look forward to sharing full year actual financial performance, and I hope to be able to provide a view of our future projections as well. Damian will share more details about our excellent projected financial performance in just a few minutes.

Second, COVID-19 recovery varies by country. As you are aware, we've held our products in over 75 countries across all species of food animal. The diversity of our portfolio has certainly helped to stabilize our business throughout the course of the pandemic. We continue to monitor recovery on a country-by-country basis, and we see the most challenging conditions in our MACI region, which is impacting our vaccine business, while past recoveries and other geographies are helping offset those impacts. And for those countries still struggling to control the spread of the virus, well, we will just need to see how those situations unfold. Despite discontinued variability, I remain bullish on the outlook of Phibro in our industry. We will continue to make investments that will drive our business going forward.

Third, we formalized our ESG efforts. ESG continues to gain momentum. It's on the mind of not only investors but, really, all stakeholders we work with daily, including our own employees. Although we centralize our ESG efforts internally in the third quarter under Damian's leadership, the principles driving the philosophy behind ESG today are long been engrained in the culture of Phibro. Our intentions are published our first ESG report later this calendar year so you'll have more insights with ESG-related activities at Phibro.

Lastly, we completed the refinancing of our existing credit facilities on April 22 after the close of our third quarter. We issued a press release announcing that we executed and amended and restated credit agreement in the amount of $550 million with a widely syndicated bank group, primarily consisting of our previous lender.

With that, I'll turn the call back over to Damian to give a little more color on the refinancing and to review our actual and projected financial performance in more detail. Damian?

Damian Finio - Phibro Animal Health Corporation - CFO

Thanks, Jack. Turning to Slide 4. The amended and restated credit agreement represents an upsizing of $50 million and includes a $300 million Term Loan A and $250 million revolver. We're most pleased with the terms, conditions and pricing of the new credit facilities that are substantially the same and not just slightly better than our previous terms. And the new facilities mature in April 2026, which provides us with operational flexibility for years to come, enabling us to focus on driving the business forward. We remain committed to continued debt and leverage reduction. Closing this agreement on such competitive terms during these challenging times reflects both the company's and lenders' confidence in the future of our business.

Moving on to our financial performance on Slide 5. I'll start by reviewing consolidated and segment level financial performance for the third quarter ended March 31, 2021, but I'd also like to spend a few minutes today reviewing our year-to-date comparative results.

The year-to-date performance tends to help put in perspective some of the volatility in year-on-year quarterly comparisons. I'll close out my portion of the call with our projections for the fourth quarter and full year. Looking at the consolidated view, third quarter financial performance was ahead of guidance, while profits reflect a decline in comparison to the same quarter prior year. Net sales of $211.7 million were up slightly, $1 million or

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less than 1%, while both GAAP and adjusted profitability metrics lag on a comparative basis. Net sales for the third quarter were driven by increases in Mineral Nutrition and Performance Products, partially offset by a decline in our Animal Health segment. Declines in GAAP-based net income and diluted EPS were driven by a lower gross profit related to unfavorable changes in product mix as well as increases in SG&A costs and provision for income taxes, offset partially by lower interest expense. After making our standard adjustments to GAAP results, including one-offs, acquisition-related items and foreign currency movement, third quarter adjusted EBITDA, adjusted net income and adjusted diluted EPS were down 7%, 11% and 11%, respectively, due to unfavorable product mix and an increase in certain corporate costs and incremental investments in our future.

On the next slide, we start to break down consolidated financial performance by business segment. So on Slide 6, I'll start with our largest segment, Animal Health, which is comprised of MFAs and other, nutritional specialty products and vaccines. Net sales of our Animal Health segment decreased 3% versus the same quarter prior year. The decrease in Animal Health segment net sales is comprised of 3 components: first, a 5% decline in MFAs and others versus the prior period driven by timing of domestic ordering patterns, coupled with lower international demand due primarily to poultry products in Latin America; second, 7% growth in nutritional specialties driven by strong international growth in dairy products; and third, a 13% decline in vaccine net sales driven primarily by growth in APAC and North America more than offset by challenging economic conditions in the MACI region. In terms of profitability, Animal Health adjusted EBITDA was $31 million, reflecting an 11% decline in comparison to the same quarter prior year driven by lower sales and gross profit, coupled with an increase in SG&A costs.

Now let's walk through the financial performance of our other business segments on Slide 7, namely Mineral Nutrition, Performance Products, and then a brief word about corporate expenses. Starting with Mineral Nutrition, net sales for the third quarter were $58.2 million, an increase of 3% versus the same quarter prior year driven by favorable product pricing correlated with the movement of the underlying raw material costs. Mineral Nutrition adjusted EBITDA was $5.2 million, an increase of 29% driven by increased gross profit on favorable product mix, and the adjusted EBITDA margin improved to 9%. Our Performance Products segment continues to have a very strong year. Net sales of $19.2 million for the 3 months ended March 31, 2021, reflects an increase of 23% over the same quarter prior year driven by strong demand for copper-based products and favorable product pricing correlated with the movement of the underlying raw material costs. The increased gross profit drove $2.9 million of adjusted EBITDA for the quarter, a 94% increase versus prior year and an adjusted EBITDA margin of 15.3%. Lastly, corporate expenses increased 10% versus the same quarter prior year due to savings and SG&A costs, more than offset by incremental investments in our future and an increase in expected employee performance-based incentives.

Now let's walk through year-to-date financial performance in much the same manner, beginning with consolidated results on Slide 8. The consolidated view of year-to-date financial performance perhaps reflects a clearer view of underlying business and financial performance in the third quarter view on Slide 5. Net sales for the 9-month period ending March 31, 2021, were $613.1 million, $1.4 million or less than 1% behind the same period a year ago, driven by an increase in Performance Products just slightly more than offset by decreases in Animal Health and Mineral Nutrition. However, net income was $37.3 million and diluted EPS was $0.92, reflecting increases of 34% and 33%, respectively. The significant improvement in these GAAP profitability measures was driven by higher gross profit, lower interest expense and increased foreign currency gains, offset partially by an increase in SG&A and provision for income taxes. After making our standard adjustments to GAAP results, including the one-offs, acquisition-related items and foreign currency movements, third quarter adjusted EBITDA, adjusted net income and adjusted diluted EPS were up 3%, 4% and 4%, respectively, due to higher gross profit, offset partially by an increase in certain corporate and information technology expenses and incremental investments in our future, partially offset by lower travel expenses due to COVID-19 limitations.

Turning to Slide 9, we break down year-to-date consolidated financial performance by business segment, starting again with our largest segment, Animal Health. Net sales decreased 1% versus the same 9-month period a year ago. The decrease in Animal Health segment net sales is comprised of 3 components: first, a 4% decline in MFAs and other versus the prior period driven by domestic growth, more than offset by lower international demand in primarily APAC and South America; second, 8% growth in nutritional specialties driven by domestic and international growth in dairy products, offset partially by lower demand in domestic poultry products; and third, a 4% decline in vaccine net sales driven by growth in APAC and North America, more than offset by challenging economic conditions in our MACI region. In terms of profitability, Animal Health adjusted EBITDA was $94.4 million, reflecting a 1% improvement in comparison to the same 9-month period last year driven by an increase in gross profit, coupled with lower SG&A costs, driving increased EBITDA margin of 23.7%.

Slide 10 reflects year-to-date financial performance for our other business segments, namely Mineral Nutrition, Performance Products and Corporate. Starting with Mineral Nutrition, year-to-date net sales were $163.8 million or comparable to prior year and driven by increased unit volumes,

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more than offset by unfavorable product pricing correlated with the movement of the underlying raw material costs. Mineral Nutrition adjusted EBITDA was $12.5 million, an increase of 11% driven by increased gross profit on favorable product mix, while year-to-date, Mineral Nutrition adjusted EBITDA margin was 7.6%, up 12% versus the same quarter of the prior year. Our Performance Products segment posted strong year-to-date results. Net sales of $50.3 million for the 9 months ended March 31, 2021, reflect an increase of 11% over the same period in the prior year driven by strong demand for copper-based products, which translated into increased unit volumes. Strong year-to-date gross profit is driving the $7.2 million of year-to-date adjusted EBITDA for the quarter, an 88% increase versus the same period a year ago and a much improved adjusted EBITDA margin of 14.2%. Lastly, year-to-date corporate expenses increased 10% driven by lower travel costs relating to COVID-19 limitations, more than offset by incremental investments in our future and expected increase in employee performance-based incentives, professional fees and information technology expenses.

Okay. That wraps up the review of third quarter and year-to-date financial performance.

In summary, we are really pleased with our strong financial performance during these very challenging times.

Let me shift gears and address some key capitalization-related metrics on Slide 11. Via enhanced profitability and favorable movements in working capital, the business continues to drive strong cash flows, as reflected in the $26 million of cash provided before financing activities in the third quarter. Our gross leverage ratio calculated by taking our total debt of $381 million, divided by trailing 12-month adjusted EBITDA of $105 million was 3.6x as of March 31, 2021, consistent with the prior quarter end.

In terms of liquidity, we had $164 million available as of March 31. This included cash and short-term investments of $93 million as well as $71 million of unused and available revolving credit. Just wanted to make mention that as of April 22, 2021, when we closed the amended and restated credit agreement, our unused and available revolving credit increased from $71 million to $156 million, subject to leverage ratio limitations.

And lastly, consistent with the past several quarters, we have announced a routine quarterly dividend of $0.12 per share or $4.9 million.

Slide 12. Looking ahead, we expect to end our year strong with a solid fourth quarter and full year financial performance ahead of the prior year. Fourth quarter and full year financial guidance is as follows: net sales of approximately $213 million to $217 million and $826 million to $830 million, respectively; net income of approximately $11 million to $12 million and $48.4 million to $49.4 million, respectively; diluted EPS of approximately $0.28 to $0.30 and $1.20 to $1.22, respectively; adjusted EBITDA of approximately $27 million to $29 million and $107.9 to $109.9 million, respectively; adjusted net income of approximately $12.1 million to $13.1 million and $50.7 million to $51.7 million, respectively; lastly, adjusted diluted EPS of approximately $0.30 to $0.32 and $1.25 to $1.27, respectively.

That concludes our opening remarks. Thank you for your extra time and attention. (inaudible), please open the lines for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from the line of David Westenberg.

David Michael Westenberg - Guggenheim Securities, LLC, Research Division - Analyst

This is David from Guggenheim. Can you talk about the long-term outlook for MFAs? Any kind of commentary on when we expect to see -- maybe give us a 5-year kind of outlook or maybe 10-year, and I realize that no one's crystal ball is perfect here. It's just -- obviously, with the percentage of revenues that is MFAs, would be just great to get your updated thoughts there.

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Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

Well, number one, We have MFA "and others". So, there are a lot of products that come into the MFAs. But specifically, MFAs would be products that are regulated that we sell to the feed, we see a growth in that business. We see a growth around the world. Obviously, after COVID is over, people will go back to eating protein and sort of enjoying the trend line that we had until 1.5 years ago. So it's hard to put numbers on it, but it's a product line that we keep investing in, and we see, again, growth across the world in various markets.

David Michael Westenberg - Guggenheim Securities, LLC, Research Division - Analyst

Okay. Yes. I realize it's pretty broad -- a little bit more of an abstractive question. Can you kind of kind of maybe talk about the reopening of the U.S. economy,whether it be schools, restaurants, et cetera, and kind of the impact on the overall business, and I guess, more outside the U.S., too, as well with
reopening? (inaudible)

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

I think -- thank you. I think what we've seen here -- I mean this is really a tale of 2 cities. This is going to be a tale of wealthier countries, and let's start with the United States. This is, obviously, the wealthiest country. So what we've done, number one, is putting money into people's pockets; and number two, in getting vaccination across the country, but we see sort of a return. I mean I would say the protein business in the United States today, is different outlets, it's less restaurants and more supermarkets, but pretty much has returned to where it was pre-COVID. I mean there's some pockets, some anomalies. But overall, business is solid and will continue to grow.

If I look at the rest of the world (inaudible), as I said in my opening remarks, we sell in 75 countries. And literally, every country has a story. And some countries have done better with COVID, and the economies are coming out passive, and some have not. And some -- the effect of COVID is not just people being sick, but the effect on the overall economy. And our business, as we've said over and over again, it's very much tied to the ability of people who have money to buy protein, which is -- in the bread basket, so to speak, is into one of the more expensive parts of that. So I think we're seeing some recovery. In some countries, it's going to take a year, at least. But in the major markets like the U.S. being a major market for us and South America, we see a faster recovery. And we're quite optimistic that basically, when we talk again in August, we talk about our plans, projections for next year. I think COVID will not play a major role in the discussion.

David Michael Westenberg - Guggenheim Securities, LLC, Research Division - Analyst

Got it. I think you brought up an interesting point, and I was wondering, maybe for my last question. You talked about the kind of inflating of the economy here. We've been seeing a lot of increases in commodity prices across the board. I mean can you talk about maybe just the correlation between commodity prices and then agricultural and prices of meat and dairy, and then finally, the kind of effect on your business as we kind of see assets being a little bit more inflated than we've seen in the past? And then I'll just hop off queue after that.

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

So in the production animal business, the key driver is the cost of feed, right? The underlying feed cost is mostly corn and soybean. So -- and that is the biggest cost in raising a chicken or a pig, dairy cattle and cow. So as those prices go up, it costs the grower more money to raise those animals. They're going to raise prices, and those prices are going to go up. We've started to see it already, and we will continue to see it because right now, there's no abatement in the increase in cost of the underlying feed components. So that's number one.

Directly to the business, (inaudible) other effects as well. We all read every day about what's going on in the world in terms of shipping and how shipping in the Suez Canal affects the world. But we've seen higher freight costs even before that because of the imbalance produced by people buying different things than everyone thought they were going to buy. So the ports in California are backed up, ports around the country are backed up. And it's not just in the United States. It's also true in other parts of the world.

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I can tell you crazy stories about trying to get a ship to some markets of ours. And because of the need of getting that container back to China, a product offering that we need to ship needs to be onboard. So it's much more difficult, and costs are going up. So yes, costs are going up. Like anybody else, we will endeavor to do what we can to raise our prices as well to cover these increased costs that we are seeing sort of on a daily basis.

Operator

Your next question comes from the line of Erin Wright with Credit Suisse.

Erin Elizabeth Wilson Wright - Crédit Suisse AG, Research Division - Director & Senior Equity Research Analyst

Can you speak a little bit more specifically on the drivers and your competitive positioning across the nutritional specialties business at this point? And on an annualized basis, will this be more consistently a double-digit grower for you kind of going forward on a longer-term basis?

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

Thank you for that. We see our nutritional products growing on a double-digit basis across our markets. I mean that doesn't mean that every one of the products we have in that group of products will grow. I mean, obviously, there's competition. There's change in what we're seeing in the market. It often depends on the change of the underlying feed. But overall, we've invested a lot. We continue to invest in the nutritional specialty segment, and we fully expect that to grow double digits.

And clearly, you have to remember that COVID has played a major role last year. But as we get out of it, we will see that double-digit growth.

Erin Elizabeth Wilson Wright - Crédit Suisse AG, Research Division - Director & Senior Equity Research Analyst

Okay. Perfect. And then could you give us an update on your companion animal initiatives, where that stands, what your expectations are for that business over the next few years?

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

I'm going to pass this is Dani

Daniel M. Bendheim - Phibro Animal Health Corporation - Executive VP of Corporate Strategy & Director

Okay. So we continue to execute well with Rejensa, which is our product on the market right now. We had talked about last quarter that it had doubled over the previous 6 months, and we're expecting that trajectory to continue throughout the fiscal year. And then we are steadily building up our pipeline. So, we had foreshadowed last quarter that we were working on an oral care deal, and we successfully completed that, an early stage product. What excites us about these 2 products is that we believe that they will fall under the medical device standard as far as the regulatory pathway is concerned. So, it's a more streamlined process.that would allow us to get to market a little faster than if we went through different processes within the FDA. So our pipeline is fairly early stage still with all the products that we have, but we are seeing that we've filled some gaps as far as far as the time line goes, and we are pretty excited about where the next number of years will bring us as far as these products go assuming we can bring them to completion.

Operator

Your next question comes from the line of Michael Ryskin with Bank of America.

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Jack, first one for you. Apologies if I missed it during the prepared remarks, but I don't think you necessarily mentioned China or gave an update on that market, and I've always welcomed your candor and your thoughts on the ASF recovery, sort of what you're seeing in those trends there. We've seen some -- a lot of conflict in reports in terms of herd rebuild, flare-ups of new outbreaks of ASF. Could you give us your thoughts on sort of what you're seeing in China? How is that market rebounding for you? And sort of how are you thinking about it for the next quarter?

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

So I mean China is rebounding. I mean you can see both the products we're currently selling in, which are not as MFAs, and the products that our competitors are selling in. I mean that business is getting better. So China has incentivized many of the high growers to do a better job in biosecurity, and they're definitely putting more pigs on the ground. At the same time, and what we're all reading, is that ASF is not under control. So there are upsets -- while they can have the facilities they might not be able to fill the facilities. So I think it's going to be sort of an up and down over the next couple of years. Clearly, the trend line is the Chinese government has invested and will continue to invest a lot of money to become independent. But for the rest of the world, it's still China every day. So I mean exports from the U.S., from Mexico, from Brazil have been strong to China or to that part of the world, and that will continue for the next couple of years.

I mean you don't follow it like we follow it, but every other month in China, they were releasing pigs from their frozen storage to keep enough pigs on the market. So that has to be rebuilt, and that's in the millions over time. So overall, I think what's happening in China is as they rebuild their herd it won't happen quickly. And overall, for all the herd producers around the world, it's going to be a good business for 2, 3 years, at least.

Michael Leonidovich Ryskin - BofA Securities, Research Division - Associate

Okay. Appreciate that. And then just a quick follow-up on the fiscal 4Q guide. Again, really impressive, showing some nice sequential, and obviously, a really strong year-over-year growth. Is this mostly on the sort of -- on the comps in the MFA segment? I know that the last year, you guys had some really unusual onetime hits in fiscal 4Q that sort of depressed that number. I'm trying to get a sense of sort of the underlying and a sequential progression. Is it fair to interpret that guide that you're sort of -- you're beyond all the headwinds you saw earlier and the recoveries continuing to proceed?

Damian Finio - Phibro Animal Health Corporation - CFO

Yes. I can take that question. So yes, keep in mind that the fourth quarter of 2020 was our first full quarter in the pandemic, and when we were hit hardest and since then, quarter-on-quarter have grown top line and seen the return in profitability and, as we mentioned, ahead of our expectations. So our fourth quarter guide sequentially compared to the first, second, and third quarter of this fiscal year, we project we will continue with the same profitability and top line, perhaps at or slightly above. I think our biggest risk between now and year-end, as Jack sort of alluded to, is the timing of shipments and some of the backlog at some of the ports. But we feel pretty confident that the fourth quarter guide are good numbers and reflect growth or much of the same that we've seen in the last couple of quarters since that low point last year.

Operator

Our next question comes from the line of Kevin Kedra with G. Research.

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Kevin Kedra - G. Research, LLC - Research Analyst

Maybe to build off on the Q4 guide. Anything in there in that outlook that you have any reason to believe wouldn't be continuing into your fiscal '22? Are there any kind of pockets of the performance you expect in Q4 that may be -- might be seasonal or kind of short duration-related that we shouldn't be expecting as we start looking into next fiscal year?

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

No. We think, as Damian just said, it's mostly a more normal year compared to the shock of the pandemic in the fourth quarter of last year. And as we said earlier, we're seeing recovery around the world. Some countries are going to be growing a lot better, as you know, depending on whatever you readevery day. But as a vaccine is spread around the world, I mean, it's -- kudos to Pfizer and Moderna for doing an amazing job as we have many of us sitting here back in the office on this call and up to now, we've all taken these calls from our home. So this is definitely progress, and it's progress aroundthe world. And I think our expectations will, for the fourth quarter, be good, and then we'll see continued growth coming past that.

Kevin Kedra - G. Research, LLC - Research Analyst

Great. Appreciate that. I was wondering if you could talk a bit about what you're seeing in poultry. One of your peers have noted that they've been seeing some trade down within the U.S. poultry market, in particular. Just wondering what you're seeing there and expectations for that market.

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

I think ur poultry customers are a bit more reticent to put our a lot of birds like they have in the past. They faced a lot of different headwinds – including an economic headwind. So it's slower growth in the U.S. poultry. Again, they are suffering from higher input costs. And when thathappens, always -- everyone always wants to see, what can I do different, what can I do cheaper? At the end of the day, we will rotate our products because all our products perform a function. And again, as I've often said, I think -- no one buys our products because they don't think it helps them. They buy our products because they think it helps them grow the animals, whether it's chickens or pigs, cattle. So we'll take our turn. So I think it's nothing major. And I think overall in the United States, all of our customers are doing okay.

Kevin Kedra - G. Research, LLC - Research Analyst

Great. Appreciate the color. Maybe 2 more. First, maybe this is for Donny. Can you say a bit more about those companion animal products that you brought in? It sounds a little bit interesting from the standpoint of potentially going down the medical device pathway. So any sense you can give us on kind of time lines when we might be able to see those come to market.

And then secondly, on the Ireland facility, that should open up some new markets for you in vaccines. What can we expect from vaccines as we start heading into fiscal '22? Can we get back to that sort of targeted realm of double-digit growth for that business?

Daniel M. Bendheim - Phibro Animal Health Corporation - Executive VP of Corporate Strategy & Director

Okay. So again, I'll start with the oral care products. We're really not giving guidance as far as how long it will take other than to say that medical device is a more streamlined process. So it is early stage. So I think you can take from that, that it will not be in the next fiscal year for sure. And I think what we will add is a product -- there's one product for cats in what we've licensed here. So, this will be our first cat product as well. So -- but again, slowly but surely, we're building out this portfolio. I think we're doing it pretty methodically. And we are pleased with how it's proceeding, and we're pleased with the kinds of inbounds we're seeing all the time of people pitching interesting idea to us, and we're definitely on the map now as far as -- if someone does have an idea of whom to speak to. So overall, we think we'll see some really good stuff from here.

Jack Clifford Bendheim - Phibro Animal Health Corporation - Chairman, President & CEO

And on the vaccine side, it's -- like everyone has asked today, it's a great question. I think the vaccine business, we're seeing the slowdown really depends country by country. And in some of the markets where we sell vaccines have been more affected by the pandemic than other markets. It's just the nature of our customer base. It's the nature of all of our competitors, we're the last entry into the vaccine business in most of these markets and where we have our registrations. That combination has made the pandemic more painful, I think, for us than many of our competitors.

Having said that, I think it's really tied to the recovery from the pandemic. We're on the track of the recovery, and I'm not sure if it'll take a quarter or 2 quarters or a year. But in the course of the next year, all of our markets will have recovered and our vaccine business will grow at a very fast clip as it grew before the pandemic.

Operator

At this time, there are no further questions. I'll turn it back over to Damian Finio for closing remarks.

Damian Finio - Phibro Animal Health Corporation - CFO

All right. Thank you, Tabitha, and thank you, everybody. That was a great round of questions, as always. And we appreciate your attendance on today's call. Our next call will be towards the back half of August when we will be discussing financial performance for our full fiscal year 2021 as well as forward-looking projections of financial performance. Until then, let's all continue to keep ourselves and one another safe. And have a great rest of your day. Thank you.

Operator

Thank you. Ladies and gentlemen, that concludes today's conference call. You may now disconnect.

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