Phibro Animal Health Corporation



Webcast and
Conference Call

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Financial Results

Fiscal Year 2024
Third Quarter Ended March 31, 2024

Important Information

Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements that are subject to risks and uncertainties, including with respect to future debt and leverage levels. All statements other than statements of historical or current fact included in this presentation are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “aim,” “anticipate,” “estimate,” “expect,” “forecast,” “outlook,” “potential,” “project,” “projection,” “plan,” “intend,” “seek,” “believe,” “may,” “could,” “would,” “will,” “should,” “can,” “can have,” “likely,” the negatives thereof and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. These statements are not a guarantee of future performance or actions. If one or more of these risks or uncertainties materialize, or if management’s underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. Phibro expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. A further list and description of risks, uncertainties and other matters can be found in our Quarterly Report on Form 10-Q and Annual Report on Form 10-K, including in the sections thereof captioned “Forward-Looking Statements” and “Risk Factors.” These filings and subsequent filings are available online at www.sec.gov, www.pahc.com, or on request from Phibro.

Non-GAAP Financial Measures

We use non-GAAP financial measures, such as adjusted EBITDA and adjusted net income, to assess and analyze our operational results and trends and to make financial and operational decisions. Management uses adjusted EBITDA as its primary operating measure. We report adjusted net income to portray the results of our operations prior to considering certain income statement elements. We believe these non-GAAP financial measures are also useful to investors because they provide greater transparency regarding our operating performance. The non-GAAP financial measures included in this presentation should not be considered alternatives to measurements required by GAAP, such as net income, operating income, and earnings per share, and should not be considered measures of liquidity. These non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. Reconciliation of non-GAAP financial measures and GAAP financial measures are included in the tables accompanying this presentation and/or our Quarterly Report on Form 10-Q and Annual Report on Form 10-K. Reported results are presented in accordance with GAAP, whereas adjusted results are GAAP results adjusted to exclude a) acquisition-related items, including intangible amortization, cost of goods sold and transaction costs, b) unusual, non-operational or non-recurring items, including stock-based compensation and restructuring costs, c) other (income) expense as separately reported in the consolidated statements of operations, including foreign currency (gains) losses, net and d) income tax effects related to pre-tax adjustments and unusual or non-recurring income tax items.

Internet Posting of Information

We routinely post information that may be important to investors in the “Investors” section of our website at www.pahc.com. We encourage investors and potential investors to consult our website regularly for important information about us.

This presentation is a supplement to, and should be read in conjunction with, Phibro Animal Health Corporation’s earnings release for the quarter ended March 31, 2024.

Key Themes

Continued Sales Momentum

Q3 Total Consolidated sales and adjusted EBITDA growth of 7% and 9%
Sales growth
- *Animal Health +10%*
- *Mineral Nutrition +2%*
- *Performance Products -4%*

Fiscal year-to-date Total Consolidated sales and adjusted EBITDA growth of +3% and -3%
Sales growth:
- *Animal Health +7%*
- *Mineral Nutrition -1%*
- *Performance Products -14%*

Strong Growth in Animal Health

Q3 Animal Health sales and adjusted EBITDA growth of 10% and 7%
Sales growth
- *Vaccines +26%*
- *MFAs and other +16%*
- *Nutritional specialties -11%*

Fiscal year-to-date Animal Health sales and adjusted EBITDA growth of 7% and 6%
Sales growth:
- *Vaccines +23%*
- *MFAs and other +7%*
- *Nutritional specialties -5%*

To Acquire Zoetis' MFA and Certain Water Soluble Products

- *To Acquisition of Zoetis MFA and certain water soluble products business for $350m, subject to working capital and other adjustments*
- *Strong strategic fit with Phibro core competences and capabilities*
- *Attractive financial profile (~400m in LTM revenues), with strong deleveraging profile and Adj. EBITDA accretion*
- *Transaction expected to close in second half of calendar year 2024*

Guidance affirmed for adjusted

Affirming fiscal year 2024 guidance
- *Net sales of $980 million to $1.020 billion*
- *Adjusted EBITDA of $106 million to $112 million*
- *Adjusted EPS of $1.04 to $1.16*

Updating guidance on GAAP Net Income and Diluted EPS for one-time costs related to integration of Zoetis products

Financial Performance - Consolidated

Third Quarter, Year-on-Year comparison

$ in millions, except per share data

	Q3 FY23	Q3 FY24	YOY %Δ
Consolidated			
Net Sales	$ 245.7	$ 263.2	7%
Net Income	$ 10.0	$ 8.4	(16%)
Diluted EPS	$ 0.25	$ 0.21	(16%)
Adjusted EBITDA	$ 27.4	$ 29.7	9%
Adjusted Net Income	$ 11.6	$ 12.7	9%
Adjusted Diluted EPS	$ 0.29	$ 0.31	9%

- *Year-On-Year % changes are in comparison to the same period of the prior fiscal year*
- *Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.*

Financial Performance – Animal Health

Third Quarter, Year-on-Year comparison

$ in millions

	Q3 FY23	Q3 FY24	YOY %Δ
Animal Health			
Net Sales	$ 164.4	$ 181.3	10%
MFAs & other	93.2	108.2	16%
Nutritional specialties	45.0	40.2	(11%)
Vaccines	26.2	32.9	26%
Adj. EBITDA	$ 34.2	$ 36.5	7%
Adj. EBITDA Margin	20.8%	20.1%	-70 bps

- *Year-On-Year % changes are in comparison to the same period of the prior fiscal year*
- *Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.*

Financial Performance – Other Segments

Third Quarter, Year-on-Year comparison

$ in millions

	Q3 FY23	Q3 FY24	YOY %Δ
Mineral Nutrition			
Net Sales	$ 62.9	$ 64.2	2%
Adj. EBITDA	$ 3.9	$ 4.7	21%
Adj. EBITDA Margin	6.1%	7.3%	+120 bps
Performance Products			
Net Sales	$ 18.3	$ 17.7	(4%)
Adj. EBITDA	$ 2.4	$ 2.4	(2%)
Adj. EBITDA Margin	13.2%	13.4%	+20 bps
Corporate			
Adj. EBITDA	$ (13.1)	$ (13.9)	6%

- *Year-On-Year % changes are in comparison to the same period of the prior fiscal year*
- *Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.*

Key Capitalization Metrics

March 31, 2024

Free Cash Flow [1]	Free cash flow was $40+ million for the TTM -- positive cash from operating activities of $79 million, less capital expenditures of $(39) million. Cash and cash equivalents and short-term investments of $99 million
Leverage	4.4x gross leverage ratio; $487 million total debt / $110 million TTM adjusted EBITDA 3.5x net leverage ratio; $388 million debt / $110 million TTM adjusted EBITDA
Dividend	Quarterly dividend of $0.12 per share; $4.9 million dividend paid
Interest Rates	$300 million of debt at fixed interest rate of 0.61% + margin

[1] Free cash flow equals cash flow from operating activities less capital expenditures
TTM: trailing twelve months
TTM adjusted EBITDA for leverage calculation based on covenant definition

Financial Guidance

Fiscal Year 2024

$ in millions, except earnings per share (EPS) data

	FY 2023	FY 2024 Full Year Guidance	
	Actual	Low	High
Consolidated			
Net Sales	$ 978	$ 980	$ 1,020
Net Income	$ 33	$ 7	$ 12
Diluted EPS	$ 0.81	$ 0.17	$ 0.30
Adjusted EBITDA	$ 113	$ 106	$ 112
Adjusted Net Income	$ 49	$ 42	$ 47
Adjusted Diluted EPS	$ 1.21	$ 1.04	$ 1.16
Adjusted Effective Tax Rate	33.0%	30.0%	28.0%

Q&A