

# Phibro Animal Health Corporation



## Company Overview

*As of August 24, 2022*

# Important Information



## Cautionary Statement Regarding Forward-Looking Statements

This presentation 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](http://www.sec.gov), [www.pahc.com](http://www.pahc.com), or on request from Phibro.

## Non-GAAP Financial Measures

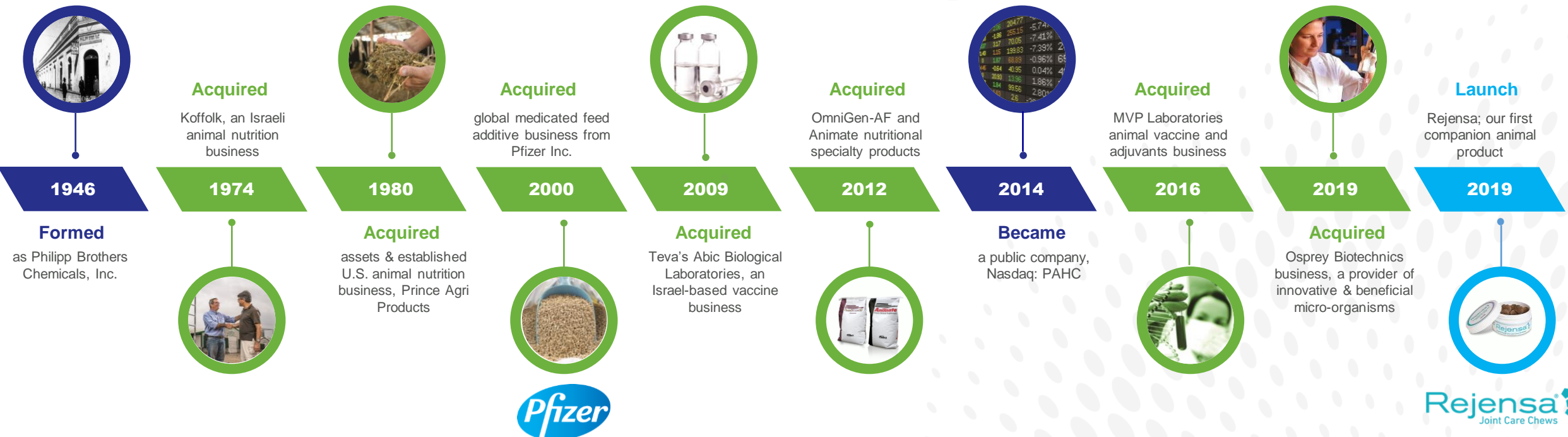
We use non-GAAP financial measures, such as adjusted EBITDA and adjusted net income, to assess and analyze our operational results and trends and to make financial and operational decisions. Management uses adjusted EBITDA as its primary operating measure. We report adjusted net income to portray the 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](http://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 / Form 10-K for the year ended June 30, 2022.**

# An Evolution





## **IN BUSINESS**

*since 1946*



## **>1,800 EMPLOYEES**

*manufacturing products at 12 sites,  
selling ~780 product lines*



## **WE MANUFACTURE**

*70% of our products*



## **SALES IN >80 COUNTRIES**

*to more than 3,700 customers*



## **IPO 2014**

*(Nasdaq: PAHC)*



## **PROFITABLE & GROWING**

*with guidance\* of \$113-118 million of  
adjusted EBITDA, reflecting 2-6% growth*

# Our Leadership



## Jack C. Bendheim

Chairman of the Board of Directors,  
President and Chief Executive Officer

- Joined Phibro in 1969
- President since 1988
- Chief Executive Officer from 1998-2002 and since March 2014
- Former Chairman of the Animal Health Institute
- Member of the Board of Directors since 1984
- Majority shareholder



## Damian Finio

Chief Financial Officer

- Joined Phibro in 2020
- Chief Financial Officer since 2020
- 30+ years relevant financial experience
- Former Chief Financial Officer, Teligent (Nasdaq: TLGT), Virtus Pharmaceuticals, West-Ward Pharmaceuticals
- 14 years at AstraZeneca in a variety of Finance roles
- B.S. in Accounting from Penn State University
- MBA from the University of Delaware
- (Inactive) CPA and Certified Treasury Professional



## Larry L. Miller

Chief Operating Officer

- Joined Phibro in 2008
- Chief Operating Officer since 2016
- 35+ years of experience in the Animal Health industry
- Former Vice President of the Global Ruminant Business - Intervet/Schering-Plough Animal Health
- Former General Manager Australia and New Zealand - Schering-Plough Animal Health
- B.S. in Animal Science from the University of Nebraska
- Executive MBA from the City University of New York

# Core Strengths

## ENDURANCE

01

Established in 1946 as a chemical company, transforming into a leader in the Animal Health industry driven by acquisitions and organic growth

## ANTICIPATION

02

Had the foresight to invest in nutritional specialty, mineral nutrition and vaccine products enabling the Company to grow the Animal Health business beyond just medicated feed additives

## OPPORTUNISTIC

03

Seizing opportunities to acquire accretive businesses: Prince Agri Products in 1980, Pfizer's MFA business in 2000, Abic Laboratories' vaccine business in 2009, Osprey Biotechnics' micro-organism business in 2019 and entering the high-growth area of Companion Animals in 2019 with the launch of Rejensa

## BREADTH

04

Approximately 780 product lines sold in >80 countries spanning three business segments: Animal Health, Mineral Nutrition and the legacy Performance Products division

## WISDOM

05

Led by a seasoned CEO with more than 50 years at the Company, flanked by other corporate and regional senior leaders with more than 30 years of relevant experience at large multi-national companies such as Schering-Plough, Elanco, Cargill, Novartis, Pfizer, AstraZeneca and Merck

## ALIGNMENT

06

A closely held public company with a CEO who is also the Chairman of the Board of Directors and a majority shareholder clearly driven by incentives aligned directly to the remainder of our shareholders



## 7 IPO Growth Strategies <sup>1</sup>

## Growth since the IPO <sup>2</sup>

Continue Our Expansion into High-Growth Emerging Markets

Increased from selling in 65 countries to >80

↑ 23%

Leverage Proprietary Vaccine Technologies to Increase Sales in Poultry

Vaccine net sales increased from \$29 to \$88 million (while poultry sales increased from \$261 to \$319 million)

↑ 203%

Continue Our Growth of Nutritional Specialties, Including Cross-Selling Other Products in Our Animal Health and Mineral Nutrition Portfolio

Nutritional specialties net sales increased from \$52 to \$157 million

↑ 202%

Transition to a Direct Sales Model in Key Markets

Transitioned 17 countries & territories to direct sales model, increasing sales from \$30 to \$84 million

↑ 180%

Enhance Gross Profit through Product Mix and Recent Investments in Manufacturing Capacity

Gross profit increased from \$179 to \$285 million alongside a 290-basis point gain in gross margin

↑ 59%

Deliver New Product Innovation Through Focused Research and Development Investment <sup>3</sup>

Increased from ~610 product lines to ~780

↑ 28%

Remain a Partner of Choice for New Products and Technologies

Increased from 2,850 to 3,790 customers

↑ 33%

<sup>1</sup> – Growth strategies highlighted in the Company's Form S-1 filed at the time of the Initial Public Offering on April 10, 2014

<sup>2</sup> – Per FY 2022 financial performance as disclosed in the Company's Form 10-K for the year ended June 30, 2022 vs. fiscal year, 2013 as disclosed in Phibro's Form S-1 filed with the SEC on April 10, 2014

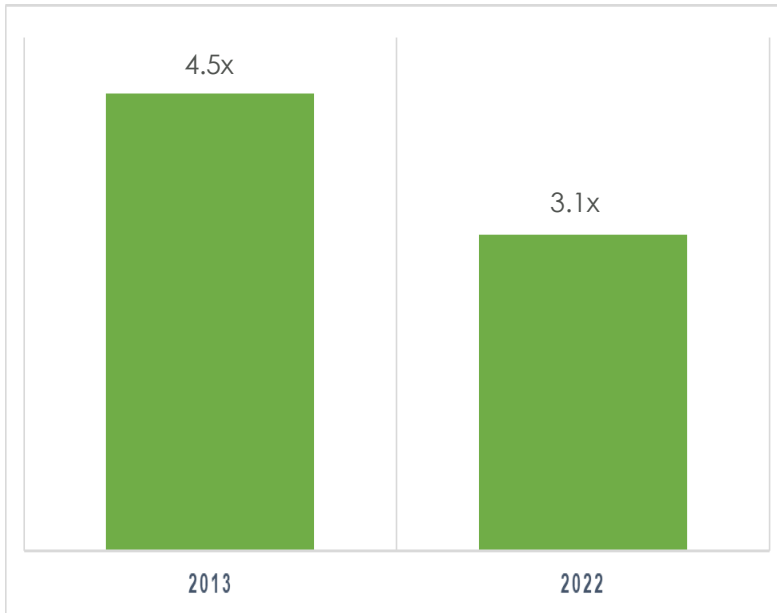
<sup>3</sup> – Form S-1 filed with the SEC on April 10, 2014 quoted ~1,100 product presentations. In the June 30, 2022 Form 10-K the Company moved to presenting product "lines" and therefore the 610 product lines shown here in 2014 reflects management's best estimate of lines vs. presentations at that point in time

# Capitalization

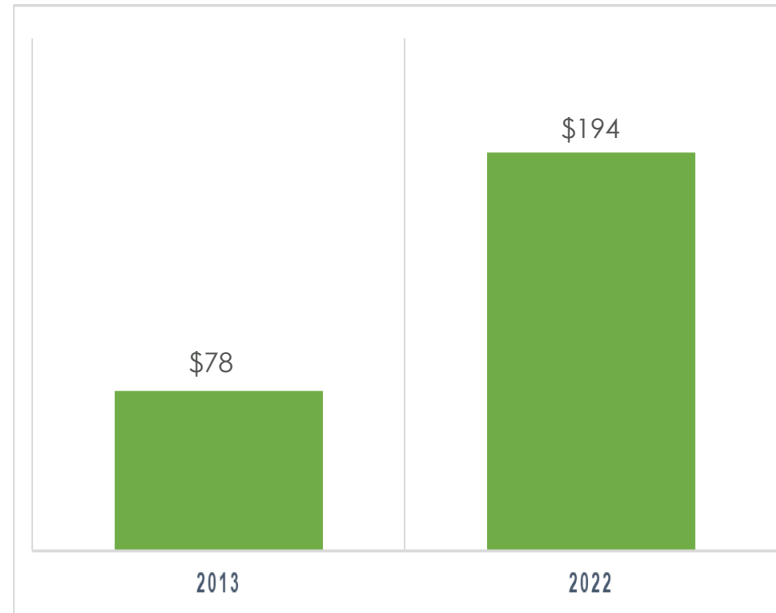


We strengthened the balance sheet while increasing the dividend per share by 20%:

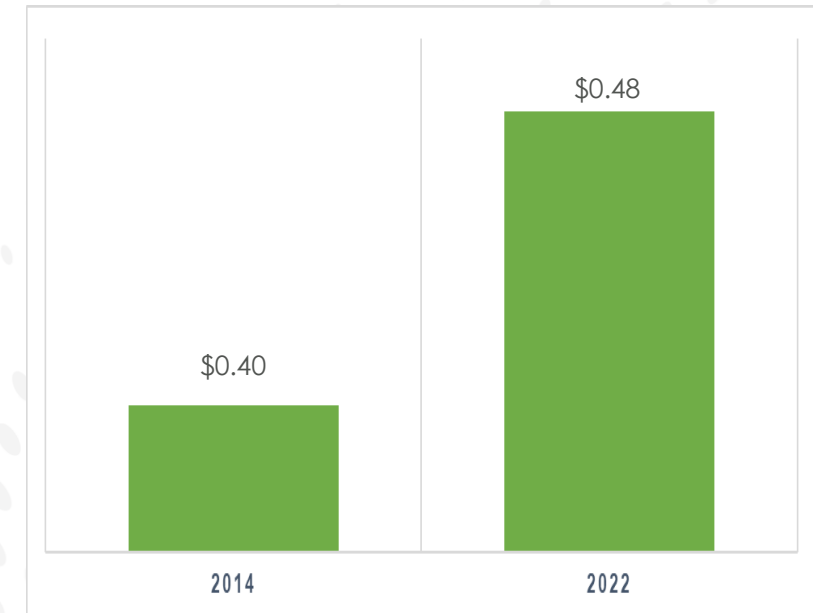
## Net Leverage <sup>1</sup>



## Liquidity <sup>2</sup>



## Dividend per share <sup>3</sup>



<sup>1</sup> Net leverage = Total debt less cash equivalents divided by trailing twelve month adjusted EBITDA

<sup>2</sup> Liquidity = Cash equivalents plus available revolving credit (subject to leverage ratio covenant limitations)

<sup>3</sup> Dividend of \$0.40 per share is for the year ending June 30, 2015 (the first full year the Company was public)

# Business Segments



FISCAL  
YEAR  
2022


Sales  
\$942m

Adj. EBITDA  
\$111m

1	ANIMAL HEALTH	Sales \$607m	Adj. EBITDA \$124m
Sales \$362m	MFAs & Other	MFAs & other - Antimicrobials, anticoccidials, rumen function, anthelmintics, antibiotics, cleaning products, process aids used in ethanol fermentation, yeast	
Sales \$157m	Nutritional Specialties	<b>Nutritional specialties</b> - Immune modulators, DCAD solutions, yeasts, mycotoxin binders, phytogenic feed additives, direct fed microbials  <b>Plant Science</b> - micro-nutrients, microbial seed treatment, foliar and furrow applications  <b>Companion animal</b> – Rejensa ®	
Sales \$88m	Vaccines	<b>Vaccines</b> - Conventional and autogenous  <b>MVP adjuvants</b> - oil-in-water, polymers, custom	

2	MINERAL NUTRITION	Sales \$260m	Adj. EBITDA \$24m
Trace and macro minerals, organic trace minerals, premixes, Selenium yeast, colorants			

3	PERFORMANCE PRODUCTS	Sales \$76m	Adj. EBITDA \$9m
Specialty ingredients for use in personal care products, industrial chemicals, chemical catalysts			

	CORPORATE	Adj. EBITDA (\$46m)
All expenses not attributable to the Animal Health, Mineral Nutrition or Performance Products business segments, including strategic investments		

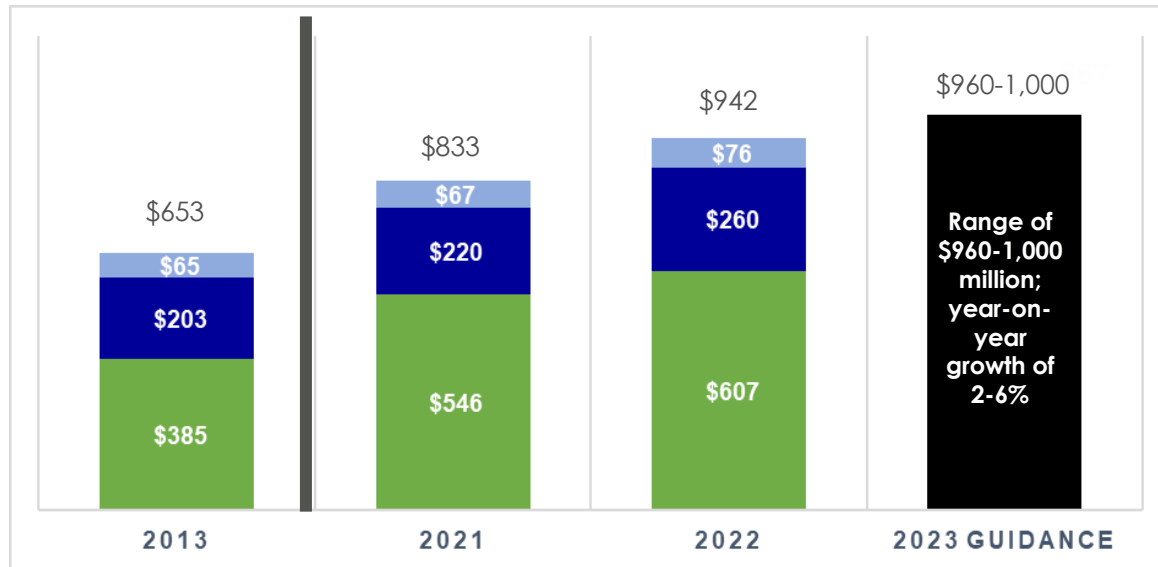
Net sales and Adjusted EBITDA reflect fiscal year ended June 30, 2022  
Consolidated Adjusted EBITDA includes corporate overhead of \$46m excluded from segment Adjusted EBITDA.

# Net Sales & Adjusted EBITDA Trend

Consolidated

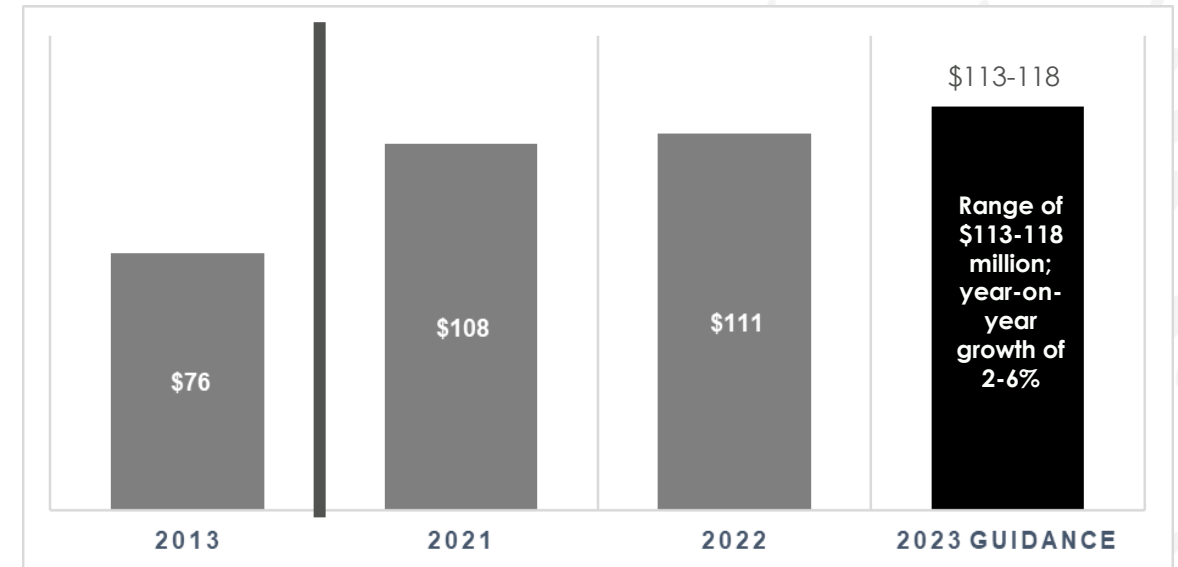


## Net Sales



■ Animal Health ■ Mineral Nutrition ■ Performance Products

## Adjusted EBITDA



\$ in millions

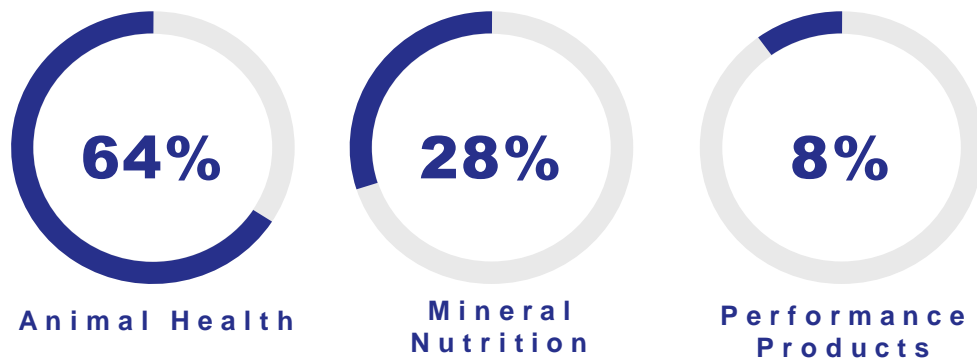
Net sales and Adjusted EBITDA reflect fiscal years ended June 30

"2023 Guidance" reflects Fiscal Year 2023 financial guidance as of August 24, 2022

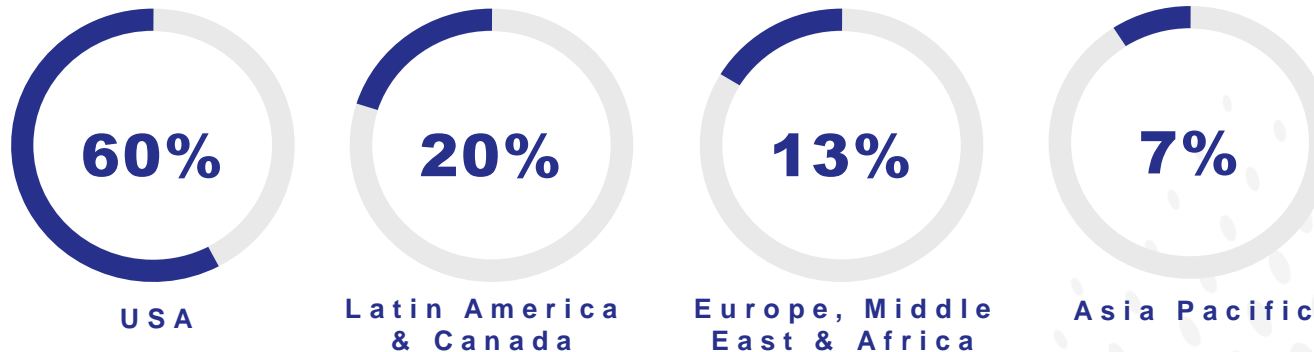
# Net Sales Allocation



## By Segment



## By Region



## By Species



Net sales allocation as disclosed in the Company's Form 10-K filed with the SEC for the year ended June 30, 2022, and "Other" includes sales related to: Performance Products customers; the ethanol industry; aquaculture and other minor species; adjuvants for animal vaccine manufacturers; and Mineral Nutrition's other customers.



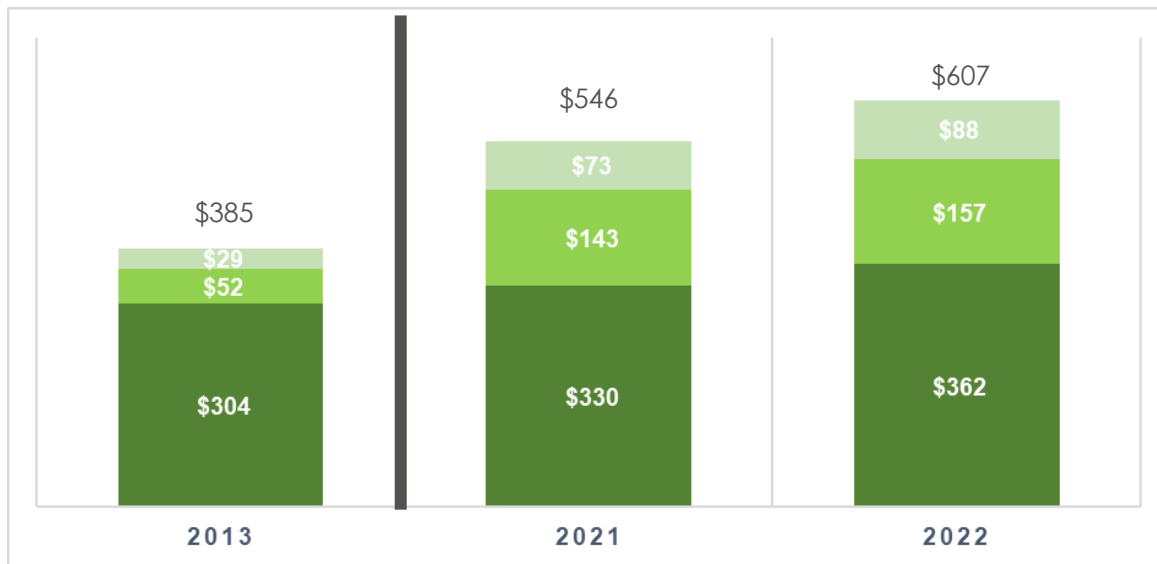
# Animal Health segment

# Net Sales & Adjusted EBITDA trend

Animal Health

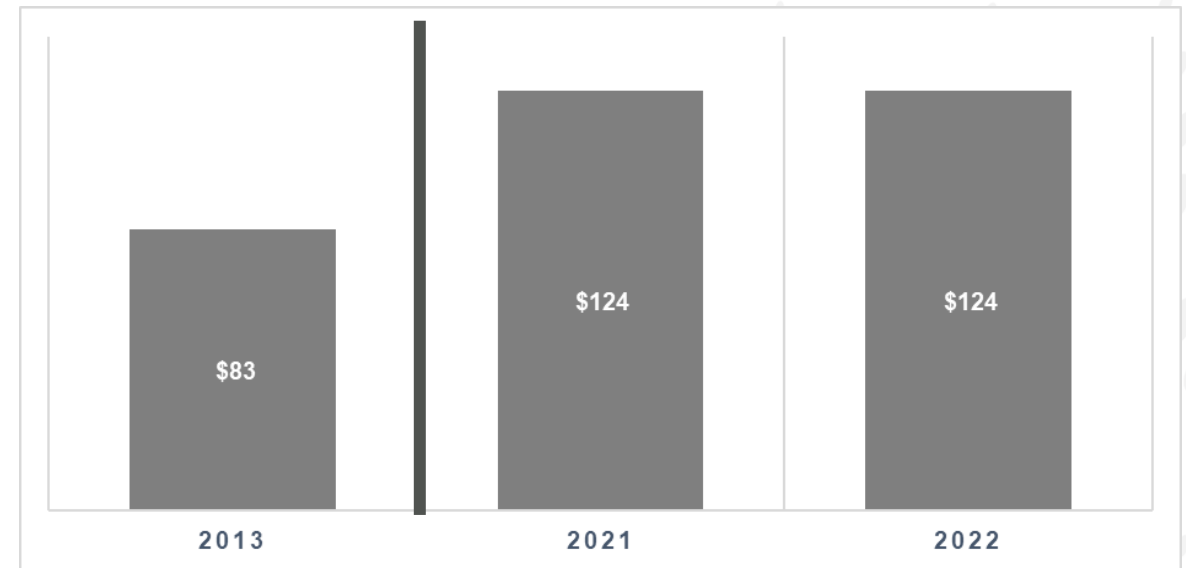


## Net Sales



■ MFAs and other ■ Nutritional Specialties ■ Vaccines

## Adjusted EBITDA



\$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30

# Animal Health - Key Products



## Medicated Feed Additives

### Antimicrobials

**V-Max** **Stafac** **Mecadox**  
**Terramycin** **Neo-Terramycin**

### Anticoccidials

**Aviax** **Nicarb**  
**Aviax** **Aviax Plus**  
**Aviax 5%** **Coxistac** **AMPROLIUM**  
The Original  
 A Quality Product of Phibro Animal Health

### Anthelmintics and Rumen Function

**Rumatel**  
Safe, Effective, Convenient  
**Banminth** **Bloat Guard**

## Nutritional Specialties

**Animate**  
**OmniGen**  
**OmniGen PRO**  
**NutraGen**  
**Magni-Phi**  
**Provia PRIME** **Avensin 40%**  
monensin additive  
**Provia PACE** **Rejensa**  
Joint Care Chews

## Vaccines

**MB-1** **Phivax**  
IBD ChickPak  
**Phivax IB-Shield**  
**Phivax SLE**  
**Salmin Plus**  
**TAbic IBVAR206**  
Live IB Variant 2 Vaccine  
**Tailor-Made**  
Autogenous Vaccines  
**PHI-Tech**  
VACCINATION MANAGEMENT

# Companion Animal Development Pipeline



Multiple data sources project the Companion Animal Health industry to grow at a CAGR of ~8-10% from 2022 to 2029.

## IN DEVELOPMENT



### Derma care

- Licensed a novel early-stage atopic dermatitis compound
- Estimated Addressable Market\* for atopic dermatitis in dogs worldwide: \$1 billion



### Oral Care (Cats and Dogs)

- Novel early-stage approach for oral care
- Estimated Addressable Market\* for oral care in cats and dogs worldwide: \$2 billion



### Novel Lyme Vaccine Delivery System

- Development progress slowed due to COVID-19
- Estimated Addressable Market\* for Lyme Disease vaccines for dogs in the US: \$80 million



### Mitral Valve Disease (MVD)

- Development & commercialization collaboration with Rejuvenate Bio, Inc.
- Estimated Addressable Market\* for MVD dogs in the US: \$200 million

## ON THE MARKET



**Rejensa**<sup>®</sup>  
Joint Care Chews

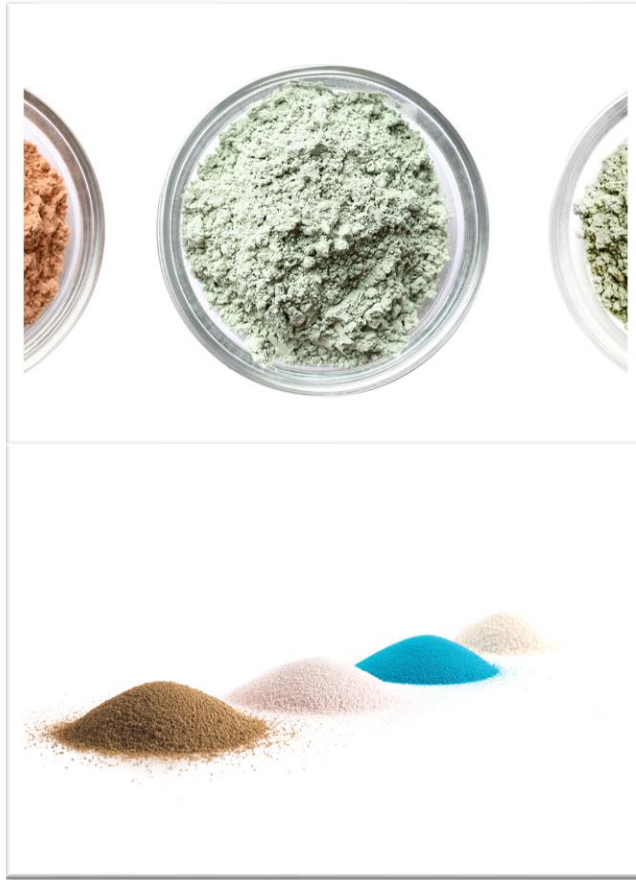
# Our First Companion Animal Product



- Estimated Addressable Market\* for pet joint supplements in the US: \$625 million
- We project sales will double year over year in FY 2023



\* Estimated Addressable Market amounts are management's estimate as of the date hereof derived from publicly available information, our industry knowledge and assumptions based on such information and knowledge. We believe these estimates are reasonable, however, they may prove to be inaccurate.



# Mineral Nutrition segment

# Mineral Nutrition Highlights

*A complement to our Animal Health segment*



We develop and manufacture custom trace mineral pre-mix blends to meet each customer's specifications.

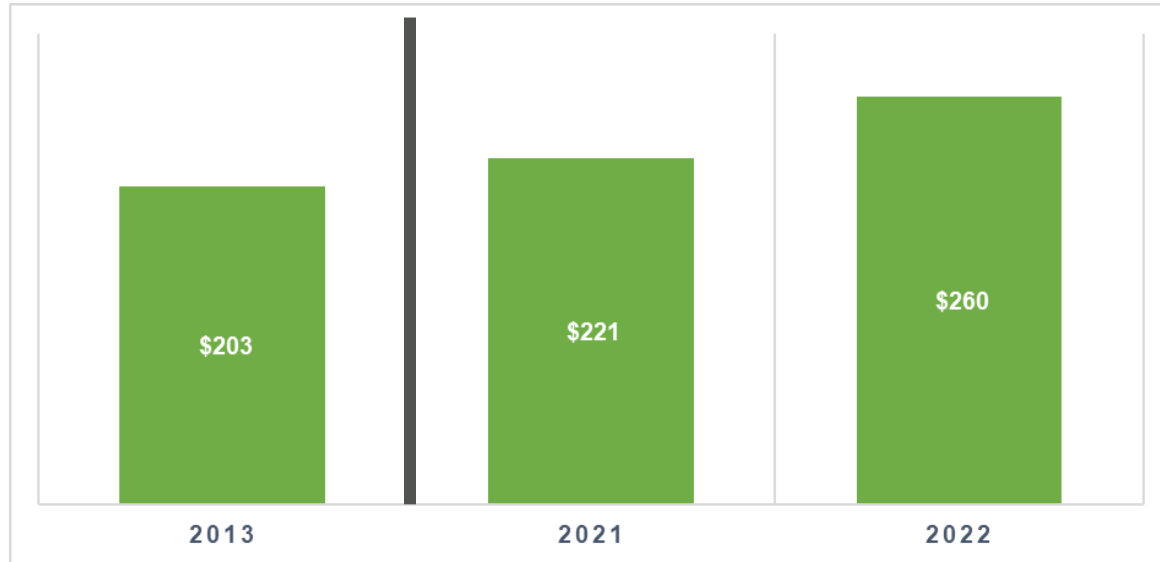
- Trace and macro mineral products including copper, zinc, cobalt, iron, selenium, manganese, magnesium, iodine, others
- Organic trace minerals
- Fortifies and maintains an optimal balance of minerals in the diet
- Volume growth driven by livestock production numbers, with pricing based on costs of the underlying minerals
- North America focused
- Build in-house brands such as **GemStone** and **Vistore** finding opportunities to cross-sell with our portfolio of animal health products in order to grow the business

# Net Sales & Adjusted EBITDA Trend

Mineral Nutrition



## Net Sales



## Adjusted EBITDA



\$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30



# Performance Products segment

# Performance Products Highlights

*Our legacy chemical business*



We manufacture and market several specialty ingredients.

- The Performance Product business segment is comprised of PhibroChem, Ferro Metal & Chemical, and Phibro-Tech.
- PhibroChem and Ferro Metal & Chemical supply specialty chemicals to the US and European markets for use in coatings, personal care, metal finishing and a range of industrial applications.
- Phibro-Tech is a metal-based industrial recycler and a manufacturer of copper-based products.

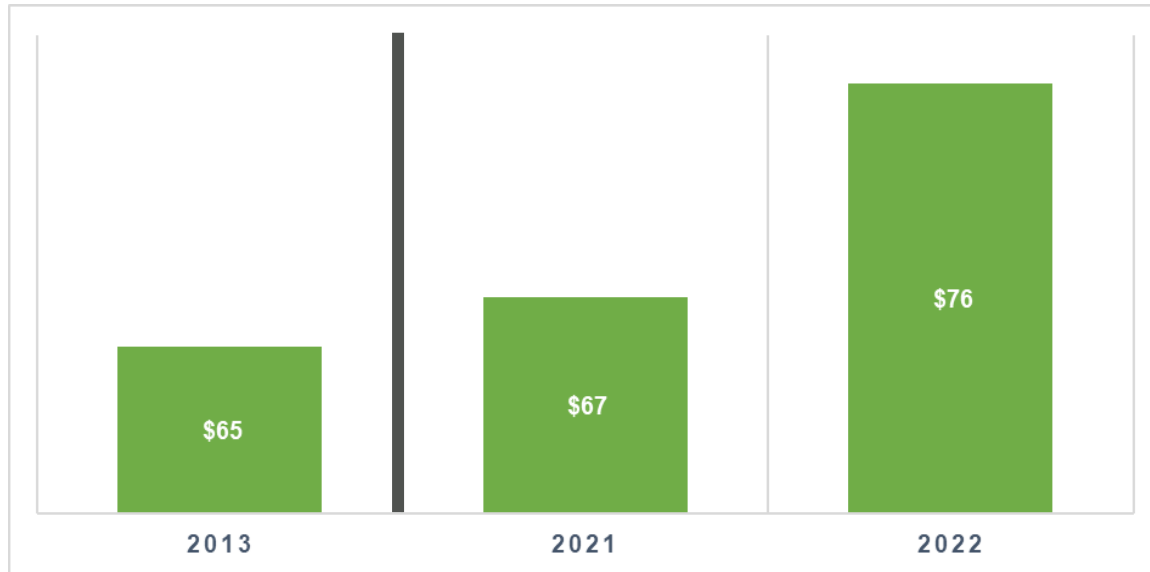


# Net Sales & Adjusted EBITDA Trend

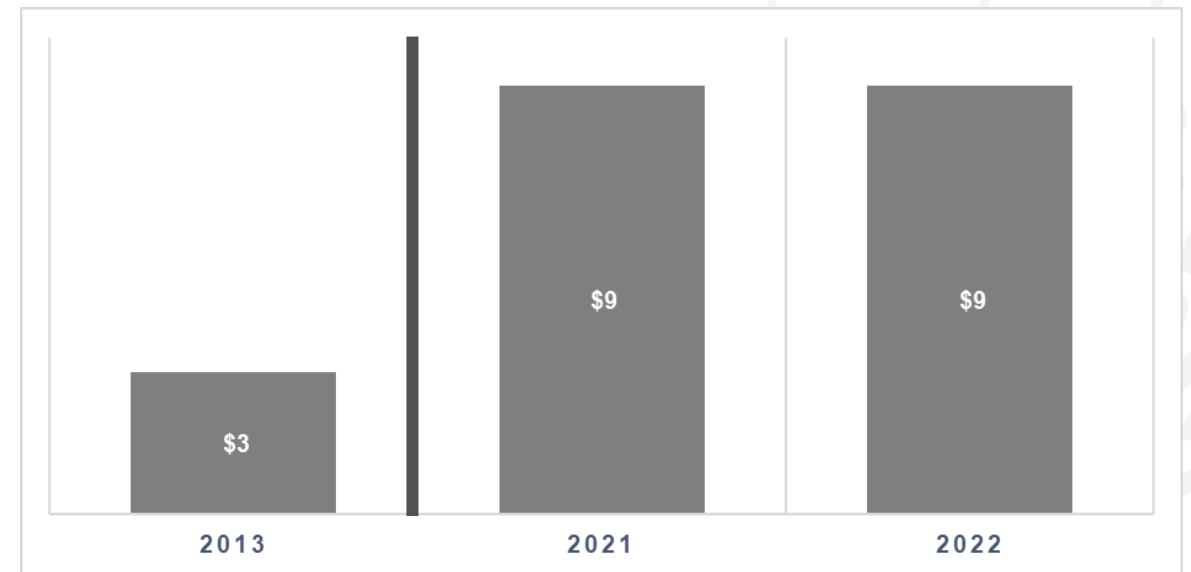
## Performance Products



### Net Sales



### Adjusted EBITDA



\$ in millions

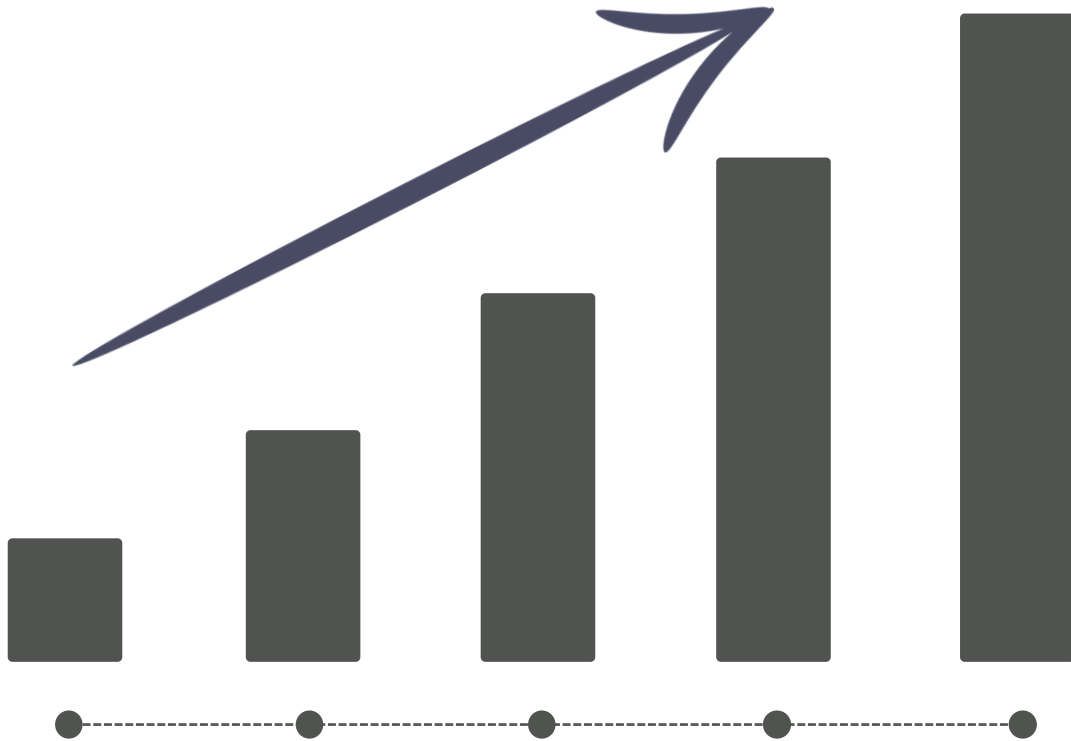
Net sales and Adjusted EBITDA reflect fiscal years ended June 30



# Fiscal Year 2023 Financial Guidance

*As of August 24, 2022*

# Drivers for Growth



## Industry growth factors

- ✓ Limited land and water for agriculture
- ✓ Increase in global population and wealth
- ✓ Food supply is becoming global
- ✓ Consumer demand for safe & affordable protein
- ✓ Call for responsible animal health and welfare

## Phibro strengths

- ✓ We align with the global demand for increased **animal protein** production
- ✓ We are **economically important** to our customers' success
- ✓ We have secured **leading positions in high growth markets**
- ✓ We **actively promote animal health and welfare**
- ✓ Our customers express **strong brand loyalty** to our products
- ✓ We employ one of the most **experienced sales and technical staff**
- ✓ We continue to **add opportunities to our companion animal development pipeline**

# Fiscal Year 2023 Financial Guidance

As of August 24, 2022



\$ in millions, except per share data

	Actual FY22	FY 2023 Full Year Guidance			
		Low	High	Low	High
<b>Consolidated</b>					
<b>Net Sales</b>	\$ 942	\$ 960	\$ 1,000	2%	6%
<b>Net Income</b>	\$ 49	\$ 45	\$ 49	-8%	0%
<b>Diluted EPS</b>	\$ 1.21	\$ 1.11	\$ 1.21	-8%	0%
<b>Adj. EBITDA</b>	\$ 111	\$ 113	\$ 118	2%	6%
<b>Adj. Net Income</b>	\$ 53	\$ 52	\$ 56	-2%	5%
<b>Adj. Diluted EPS</b>	\$ 1.31	\$ 1.28	\$ 1.38	-2%	5%
<b>Adj. Effective Tax Rate</b>	29.5%	30.0%			

- Although macroeconomic headwinds are anticipated to persist, we are projecting consolidated Net Sales growth of 2% to 6%
  - Animal Health, 3% to 7%:
    - Double digit % growth of nutritional specialty products by driving the use of direct fed microbials and doubling sales of our companion animal product, Rejensa<sup>®</sup>, with single digit % growth in Vaccines & MFAs and other
  - Other segments, 0% to 4%:
    - Single digit % growth projected for both Mineral Nutrition and Performance Products segments as the sales directly correlate to the underlying cost of raw materials, primarily trace minerals such as copper
- Planned strategic investments and capital improvements of \$37 million and \$39 million, a year-over-year increment of \$8 million and \$2 million, respectively
- With the annualization of FY22 price increases and actions taken to control input costs, we are projecting 2% to 6% growth in Adjusted EBITDA

# Investing in our future

- We are planning to invest \$37 million in R&D and other projects, which include companion animal, nutritional specialty and vaccine development projects and a joint venture in China to develop a vaccine to combat African Swine Fever
- We are planning to invest \$39 million in capital improvement projects, which include our ongoing build-out of a new vaccine facility in Ireland, significant investment in our Quincy, IL facility and expanding vaccine manufacturing capacity at several locations

## Strategic Investments



\$ in millions

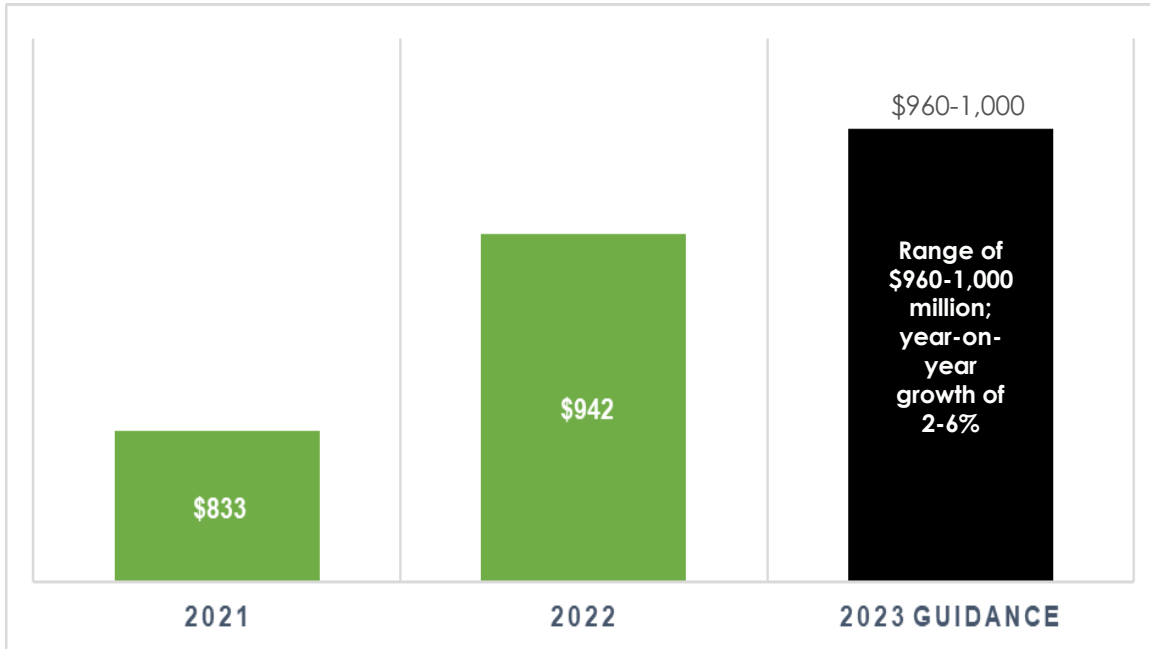
"2023 Guidance" reflects management's best estimate of R&D, capital, and other project assumptions embedded in Fiscal Year 2023 financial guidance as of August 24, 2022.

# Net Sales and Profitability

Consolidated

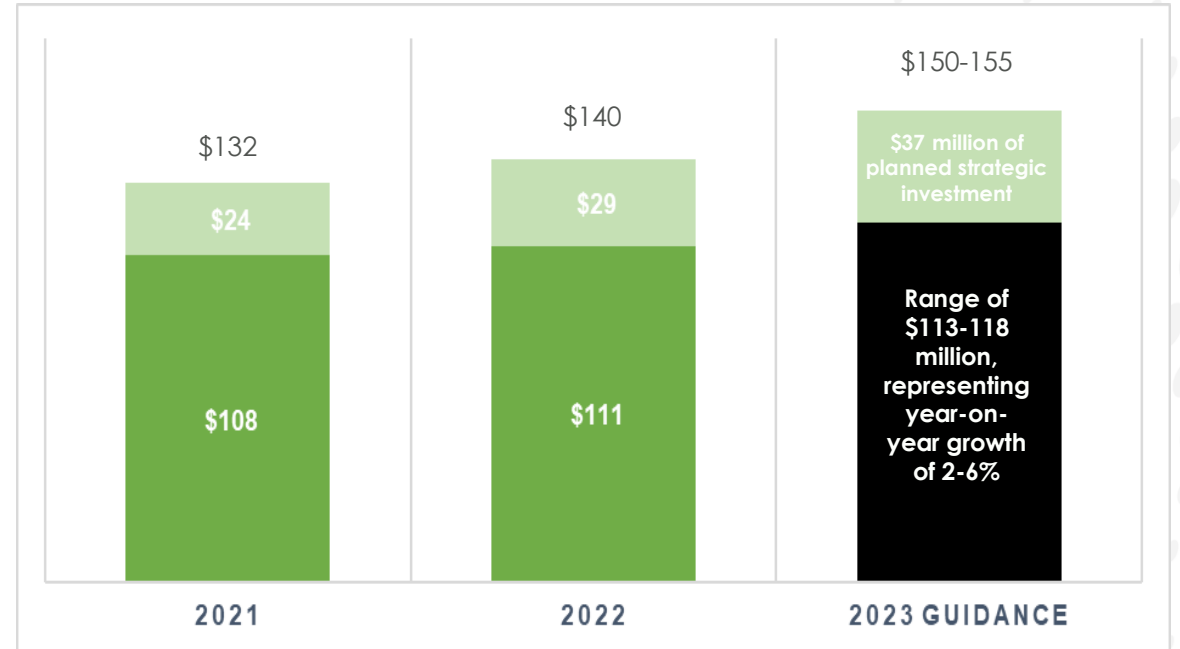


## Net Sales



Before the planned strategic investment of \$37 million (see prior slide), adjusted EBITDA guidance is \$150-155 million, representing year-on-year growth of 7-11%

## Adjusted EBITDA + strategic investments



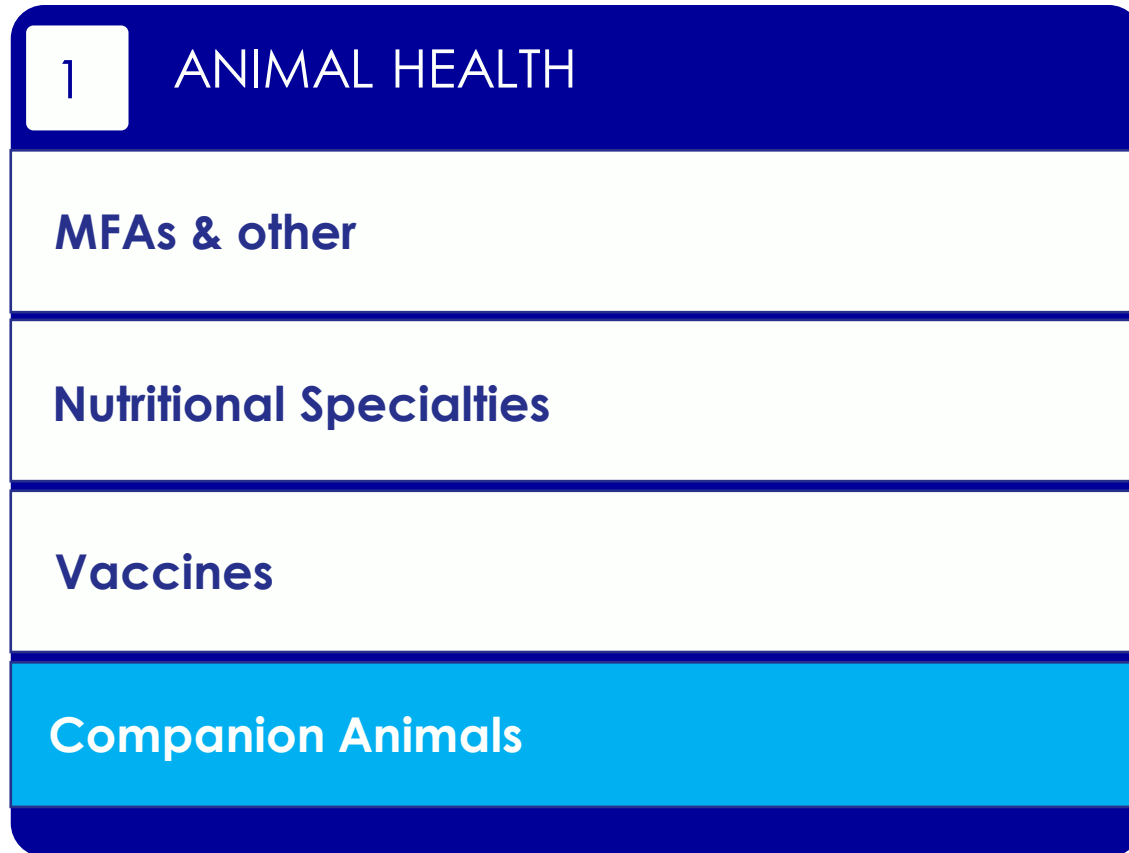
Strategic investments

\$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30

"2023 Guidance" reflects Fiscal Year 2023 financial guidance as of August 24, 2022

# Building a portfolio of companion animal products



- Our concentration of sales in MFAs & other has reduced from 47% of sales at the time of our IPO to 38% for the year ending June 30, 2022
- We see opportunities to grow Nutritional Specialties and Vaccines through continued geographic expansion, launching new products and adding manufacturing capacity
- And, over the medium-term, we are committed to building a fourth animal health product line in the high-growth area of companion animals having launched our first product in 2019



© 2022 Phibro Animal Health Corporation, Teaneck, NJ 07666

Phibro; Phibro logo design; Healthy Animals. Healthy Food. Healthy World.; and any other Phibro brand or brands shown herein are trademarks owned by or licensed to Phibro Animal Health Corporation or its affiliates. Any other trademark that might be mentioned herein and that is not a Phibro brand (property of or licensed to Phibro Animal Health Corporation or its affiliates) is used for identification purposes only and is owned by its holder.

