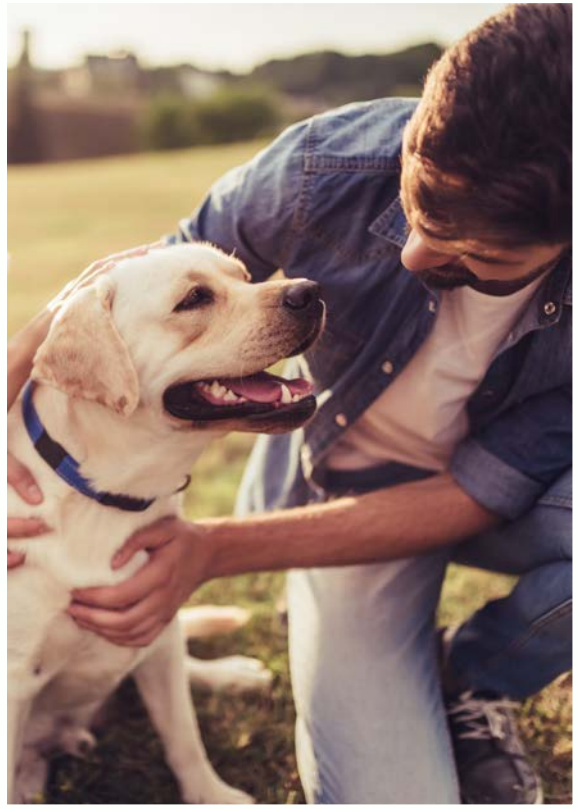
Phibro Animal Health Corporation









Company Overview

As of February 10, 2022

Important Information

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains forward-looking statements that are subject to risks and u**ncertainties, 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 December 31, 2021.

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An Evolution



1946

Formed

as Philipp Brothers Chemicals, Inc.

Acquired

Koffolk, an Israeli animal nutrition business

1974





1980

Acquired

assets & established U.S. animal nutrition business, Prince Agri Products

Acquired

global medicated feed additive business from Pfizer Inc.

2000



Pfizer

teva



2009

Acquired

Teva's Abic Biological Laboratories, an Israel-based vaccine business

Acquired

OmniGen-AF and Animate nutritional specialty products

2012



Nasdaq



2014

Became

a public company, Nasdaq: PAHC

Acquired

MVP Laboratories animal vaccine and adjuvants business

2016



OSPREY Biotechnics



2019

Acquired

Osprey Biotechnics business, a provider of innovative & beneficial micro-organisms

Launch

Rejensa; our first companion animal product

2019



Rejensa Joint Care Chews

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About Us

IN BUSINESS
since 1946

>1,700 EMPLOYEES
manufacturing products at 12 sites, selling 1,625 product presentations

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 $110-114 million of adjusted EBITDA, reflecting 2-6% growth*

* *FY 2022 financial guidance as of February 9, 2022*

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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

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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

More than 1,600 product presentations 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

Then & Now

7 IPO Growth Strategies [1]	Growth since the IPO [2]	
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 $73 million (while poultry sales increased from $261 to $297 million)	152%
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 $143 million	175%
Transition to a Direct Sales Model in Key Markets	Transitioned 17 countries & territories to direct sales model, increasing sales from $30 to $67 million	123%
Enhance Gross Profit through Product Mix and Recent Investments in Manufacturing Capacity	Gross profit increased from $179 to $271 million alongside a 520-basis point gain in gross margin	52%
Deliver New Product Innovation Through Focused Research and Development Investment	Increased from ~1,100 product presentations to ~1,600	45%
Remain a Partner of Choice for New Products and Technologies	Increased from 2,850 to 3,725 customers	31%

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

2 – Per FY 2021 financial performance as disclosed in the Company's Form 10-K for the year ended June 30, 2021 vs. fiscal year, 2013 as disclosed in Phibro's Form S-1 filed with the SEC on April 10, 2014

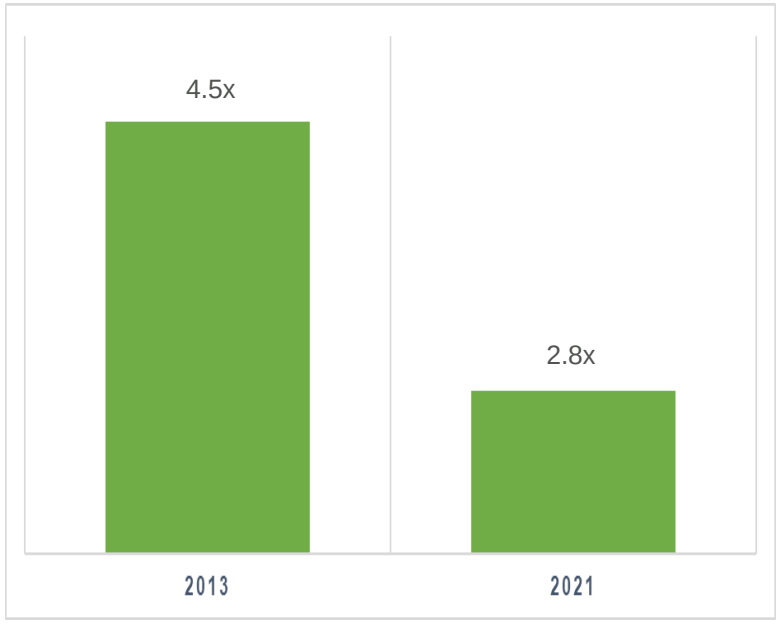
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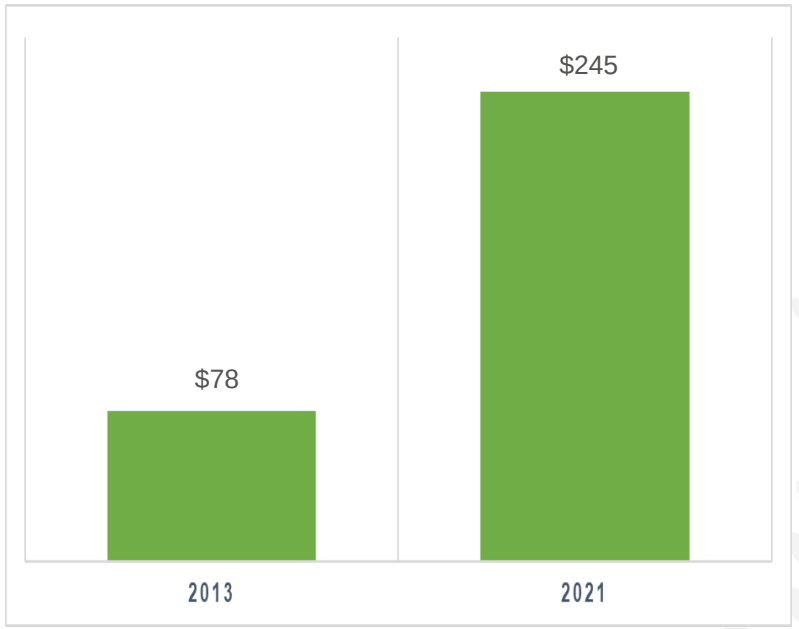
Capitalization

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

Net Leverage [1]



Liquidity [2]



Dividend per share [3]



[1] *Net leverage = Total debt less cash equivalents divided by trailing twelve month adjusted EBITDA*
[2] *Liquidity = Cash equivalents plus available revolving credit (subject to leverage ratio covenant limitations)*
[3] *Dividend of $0.40 per share is for the year ending June 30, 2015 (the first full year the Company was public)*

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Business Segments

FISCAL YEAR 2021	Sales $833m	Adj. EBITDA $108m

1 ANIMAL HEALTH

Sales $546m | **Adj. EBITDA $124m**

Sales $330m	**MFAs & Other**	**MFAs & other** - Antimicrobials, anticoccidials, rumen function, anthelmintics, antibiotics, cleaning products, process aids, yeast
Sales $143m	**Nutritional Specialties**	**Nutritional specialties** - Immune modulators, DCAD solutions, yeasts, mycotoxin binders, phytogenic feed additives, direct fed microbials **Plant Science** - micro-nutrients, microbial seed treatment, foliar and furrow applications **Companion animal** - Rejensa
Sales $73m	**Vaccines**	**Vaccines** - Conventional and autogenous **MVP adjuvants** - oil-in-water, polymers, custom

2 MINERAL NUTRITION

Sales $221m | **Adj. EBITDA $17m**

Trace and macro minerals, organic trace minerals, premixes, Selenium yeast, colorants

3 PERFORMANCE PRODUCTS

Sales $67m | **Adj. EBITDA $9m**

Specialty ingredients for use in personal care products, industrial chemicals, chemical catalysts

CORPORATE

Adj. EBITDA ($43m)

All expenses not attributable to the Animal Health, Mineral Nutrition or Performance Products business segments, including all strategic investments

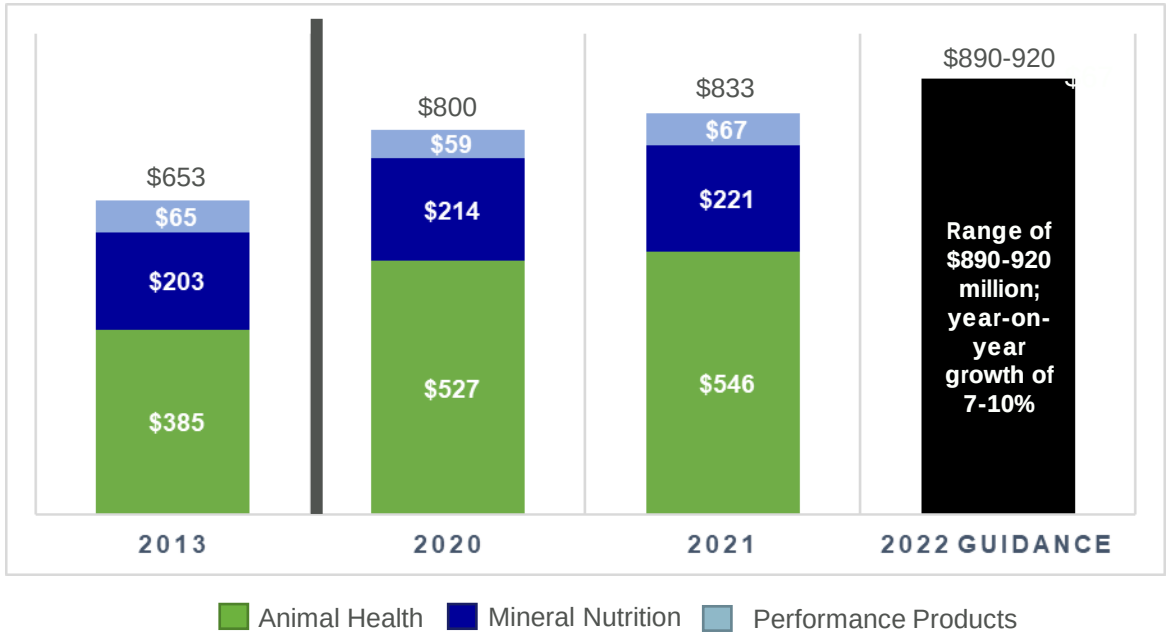
Net sales and Adjusted EBITDA reflect fiscal year ended June 30, 2021
Consolidated Adjusted EBITDA includes corporate overhead of $43m excluded from segment Adjusted EBITDA.

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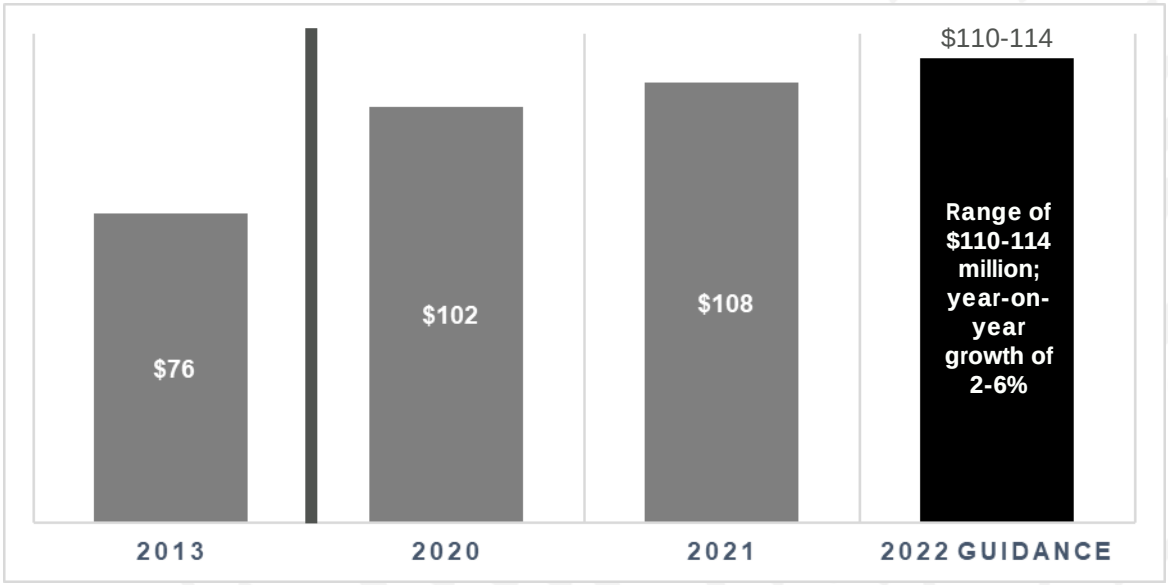
Net Sales & Adjusted EBITDA Trend

Consolidated

Net Sales



Adjusted EBITDA

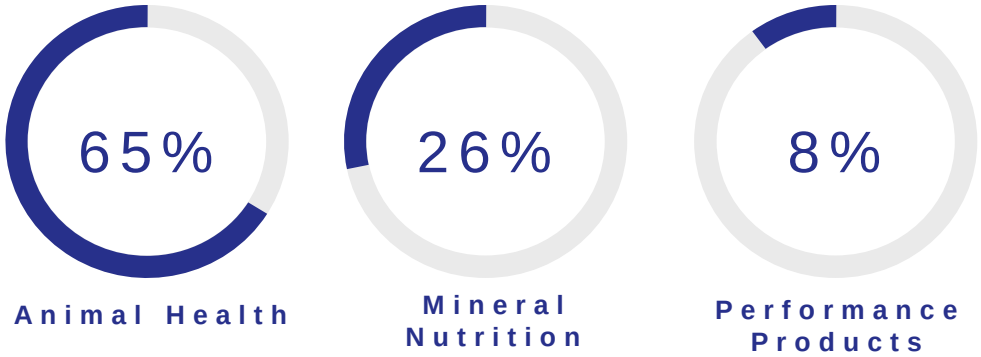


$ in millions
Net sales and Adjusted EBITDA reflect fiscal year ended June 30, 2021
"2022 Guidance" reflects Fiscal Year 2022 financial guidance as of February 9, 2022

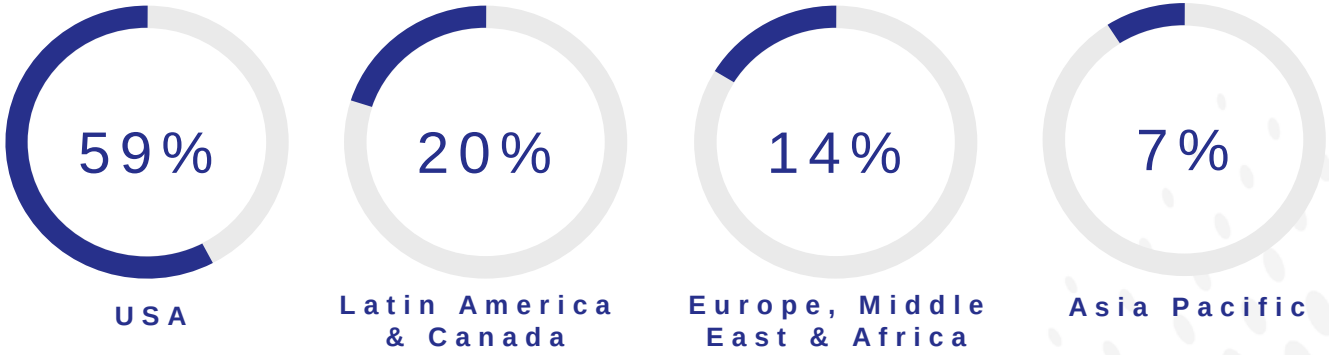
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Net Sales Allocation

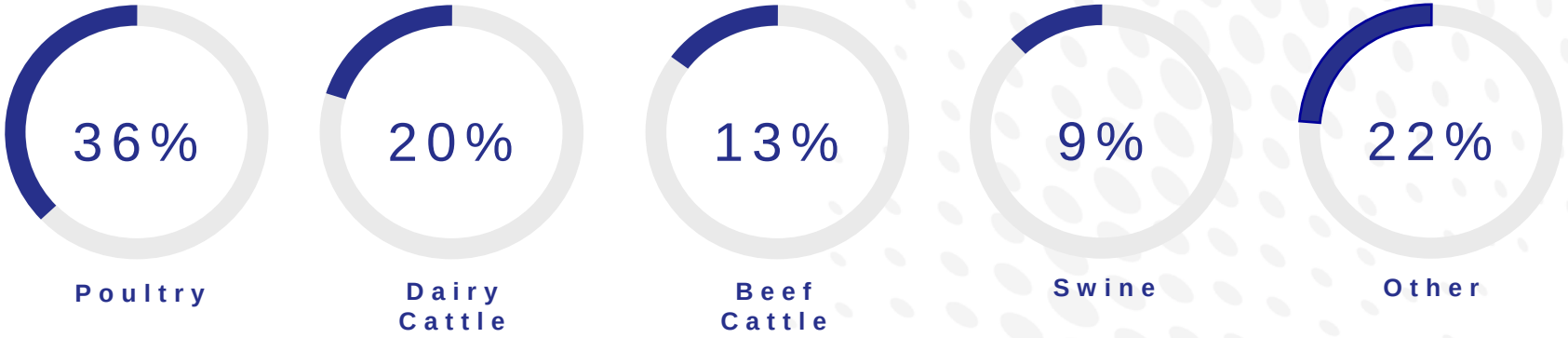
By Segment



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, 2021, and "Other" Other includes sales related to: Performance Products customers; the ethanol industry; aquaculture and other minor species; adjuvants for animal vaccine manufacturers; and Mineral Nutrition other customers.

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Animal Health segment

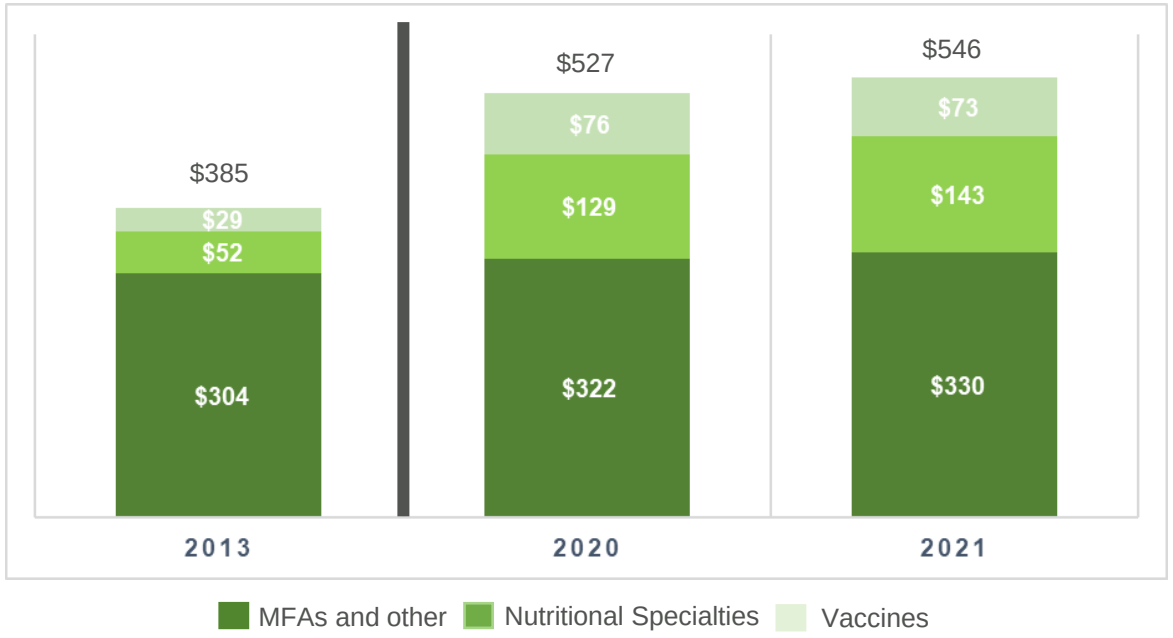
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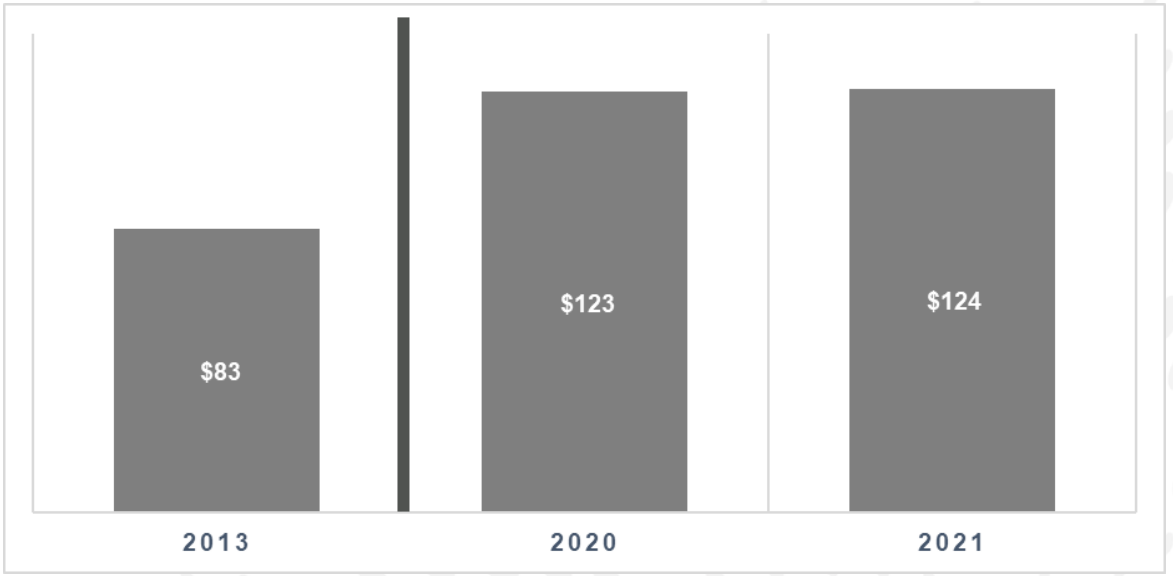
Net Sales & Adjusted EBITDA trend

Animal Health

Net Sales



Adjusted EBITDA



$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30

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Animal Health - Key Products

Medicated Feed Additives

Antimicrobials

V-Max®
Stafac®
Mecadox®
Terramycin®
Neo-Terramycin®

Anticoccidials

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

Anthelmintics and Rumen Function

Rumatel®
Banminth®
Bloat Guard®

Nutritional Specialties

Animate®
OmniGen™
OmniGen™ PRO
NutraGen™
Magni-Phi®
Provia™ PRIME
Avensin® 40%
Provia™ PACE
Rejensa® Joint Care Chews

Vaccines

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

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Companion Animal Development Pipeline

Multiple data sources project the Companion Animal Health industry to grow at a CAGR of ~7-9% from 2021 to 2028.

IN DEVELOPMENT

Dermacare

- 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, but work is expected to re-start in fiscal year 2022.
- Estimated Addressable Market* for Lyme Disease vaccines for dogs in the US: $80 million

ON THE MARKET

Rejensa® Joint Care Chews

** Industry growth and 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.*

Our First Companion Animal Product

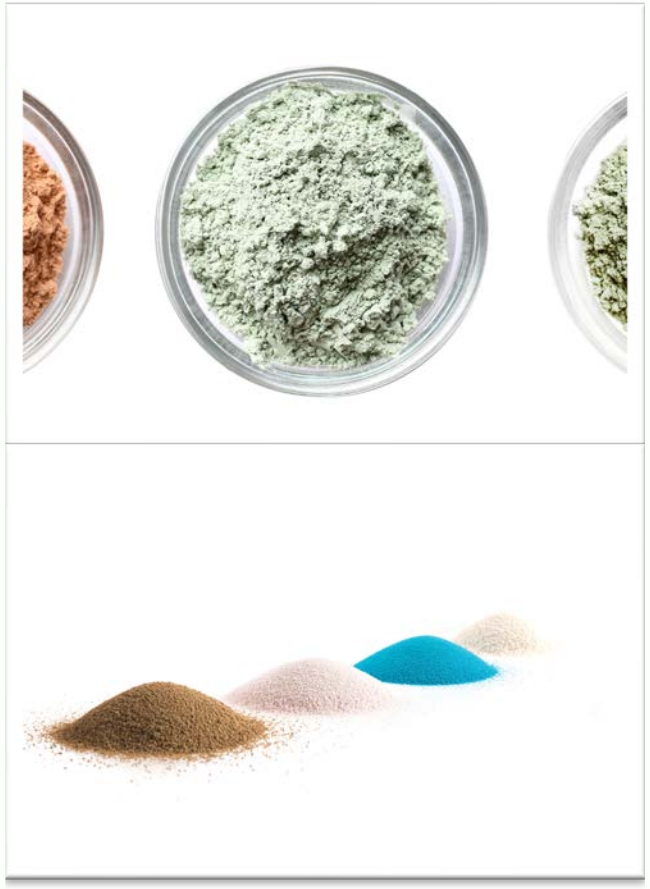
- Estimated Addressable Market* for pet joint supplements in the US: $625 million
- Sales doubled in the second half of FY 2021 over the first half, and we project sales will double year over year in FY 2022



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.

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Mineral Nutrition segment

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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**

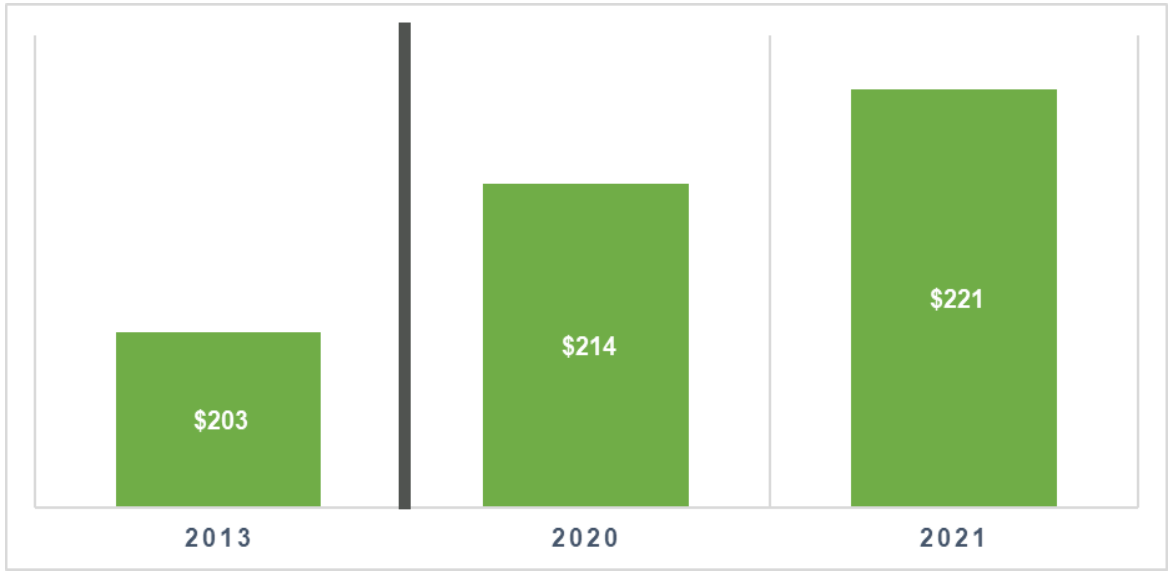
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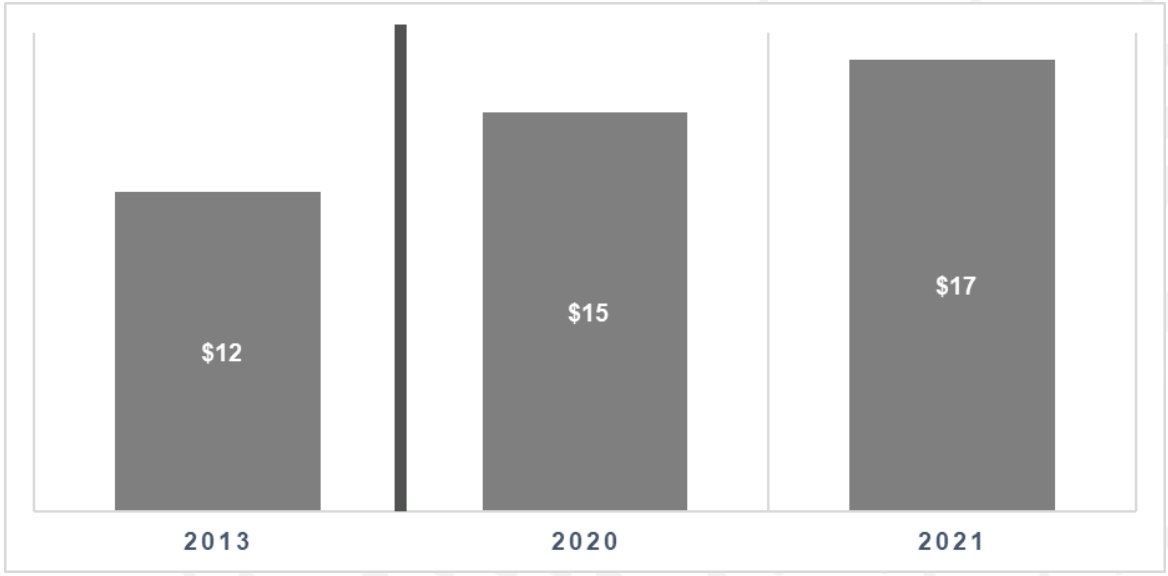
Net Sales & Adjusted EBITDA Trend

Mineral Nutrition

Net Sales



Adjusted EBITDA



$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30

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Performance Products segment

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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.

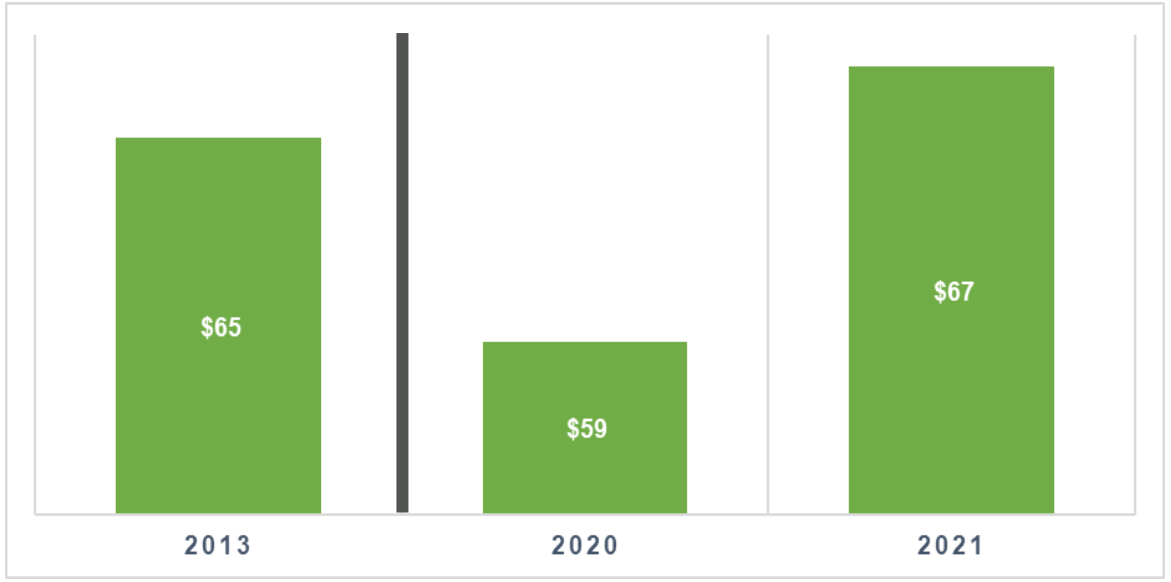
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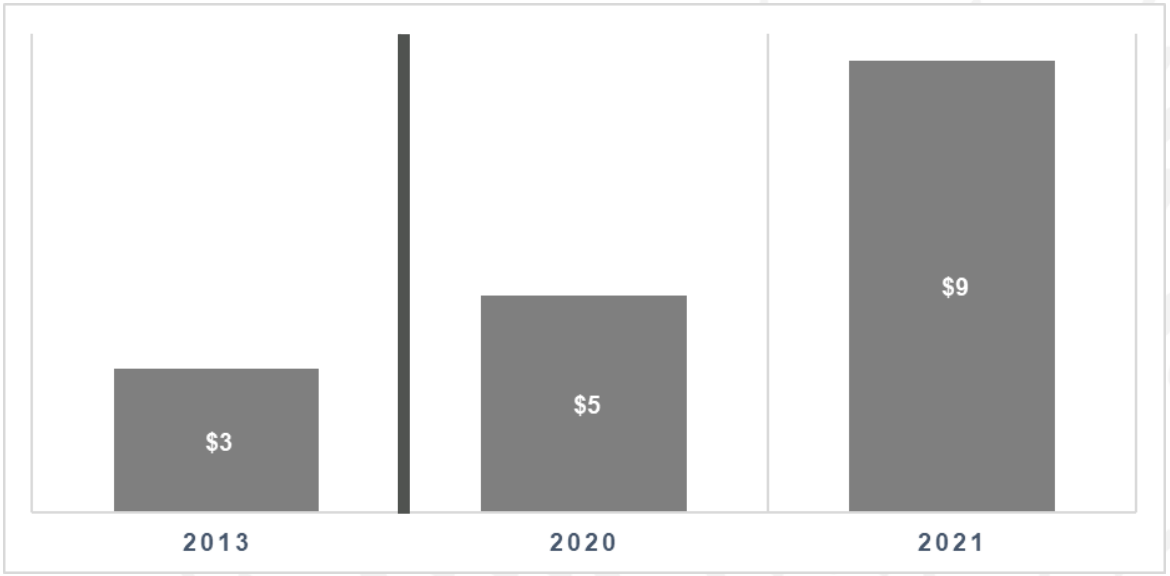
Net Sales & Adjusted EBITDA Trend

Performance Products

Net Sales



Adjusted EBITDA



$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30

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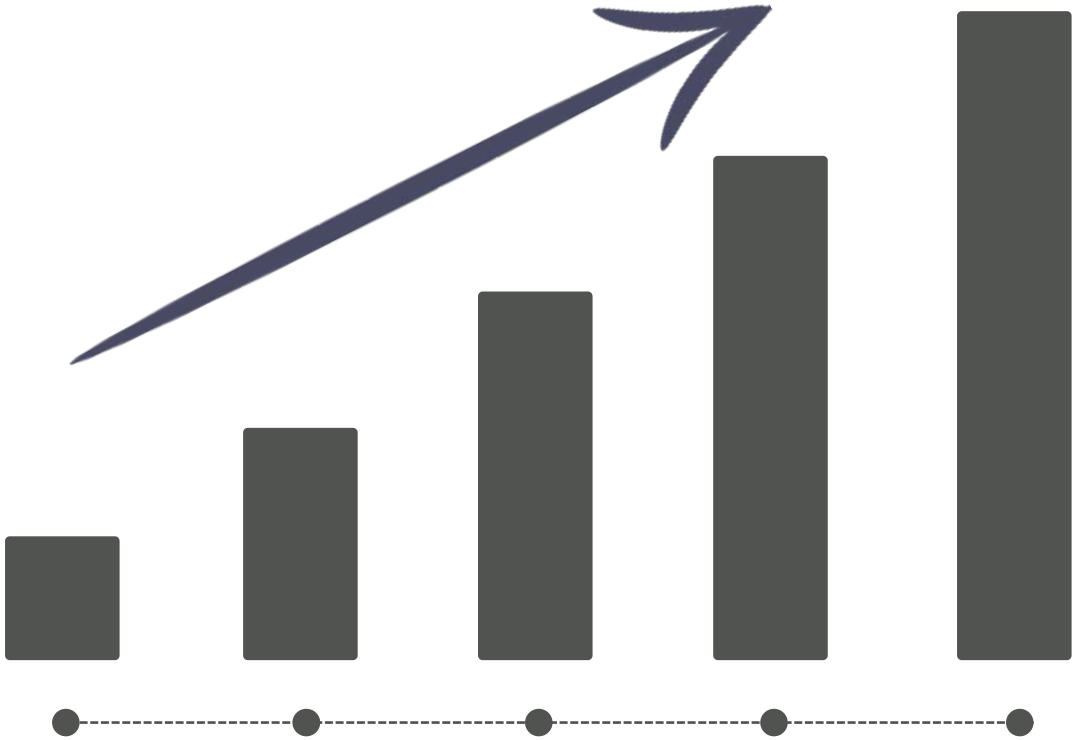
Fiscal Year 2022 Financial Guidance

As of February 9, 2021

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Drivers for Growth



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**

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**

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Fiscal Year 2022 Financial Guidance

As of February 9, 2022

$ in millions, except per share data

			FY 2022 Guidance			
			Previous		*Revised*	
	FY21	H1 FY22	Low	High	Low	High
Consolidated						
Net Sales	$ 833.4	$ 447.4	$ 860.0	$ 890.0	$ 890.0	$ 920.0
Adjusted EBITDA	$ 107.9	$ 51.6	$ 110.0	$ 114.0	$ 110.0	$ 114.0
Adjusted Net Income	$ 51.3	$ 25.3	$ 50.7	$ 53.3	$ 52.8	$ 56.4
Adjusted Diluted EPS	$ 1.27	$ 0.62	$ 1.25	$ 1.32	$ 1.30	$ 1.39
Adjusted EBITDA Margin	12.9%	11.5%	12.8%	12.8%	12.4%	12.4%
Adjusted Effective Tax Rate	29.5%	25.9%	29.0%	31.0%	26.0%	27.0%

- We revised and raised financial guidance for Net Sales, adjusted Net Income and adjusted Diluted EPS
- Adjusted EBITDA guidance of $110-114 million is unchanged and assumes further improvement in adjusted EBITDA margin
  - from the 10.5% and 12.5% reported in our first and second quarters, respectively, to an average of 13.2% for the second half of the fiscal year
  - assumed margin improvements are expected to be derived from:
    - price increases, subject to normal competitive conditions, which have gone and will continue to go into effect, and
    - continued freight surcharges, where applicable, which have been and will continue to be applied
- The potential economic impact of COVID-19 variants remain a risk

Note, previous guidance was conveyed in the Company's November 2, 2021, first quarter earnings press release whereas the revised guidance was conveyed in the Company's February 9, 2022, second quarter earnings press release

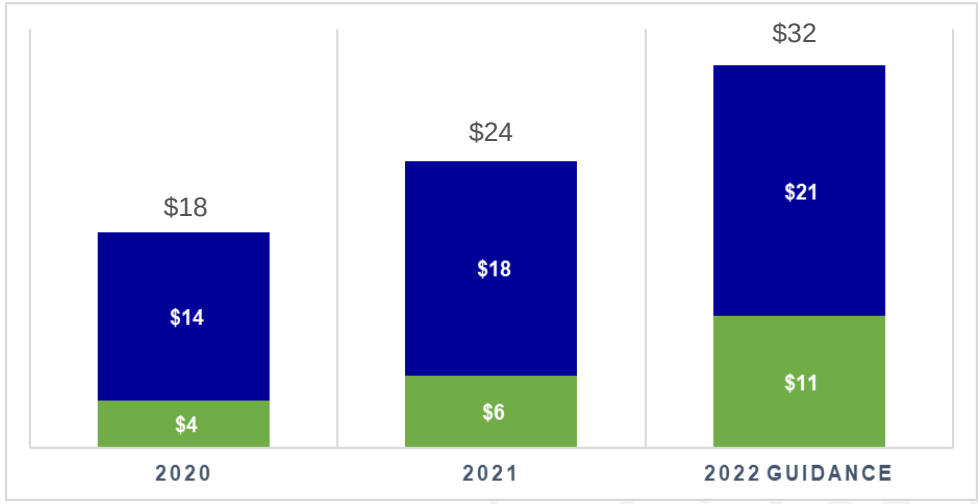
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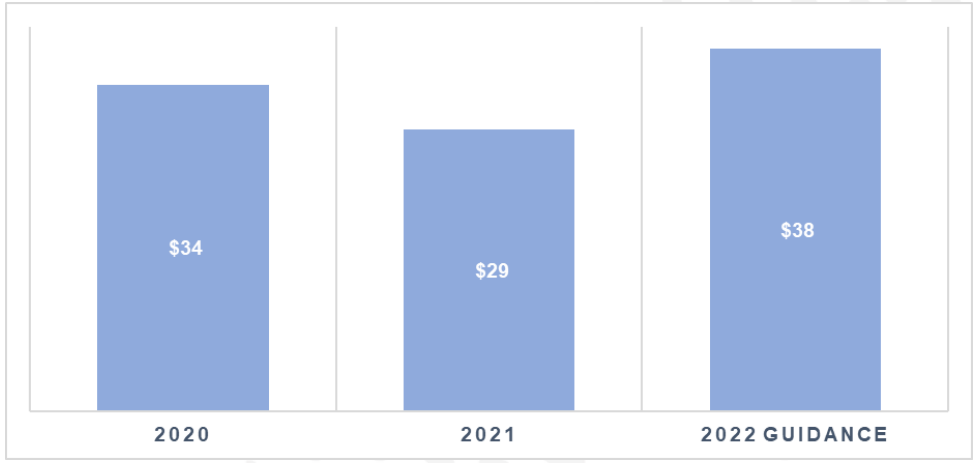
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Investing in our future

- **We are planning to invest $32 million in our Animal Health business in FY 2022**
- **R&D projects include investments in our companion animal pipeline and a joint venture in China to develop a vaccine to combat African Swine Fever**
- **Other projects include our ongoing build-out of a new vaccine facility in Sligo, Ireland and ongoing product registrations around the globe**

Strategic Investments





$ in millions

"2022 Guidance" reflects management's best estimate of R&D, capital, and other project assumptions embedded in Fiscal Year 2022 financial guidance as of February 9, 2022.

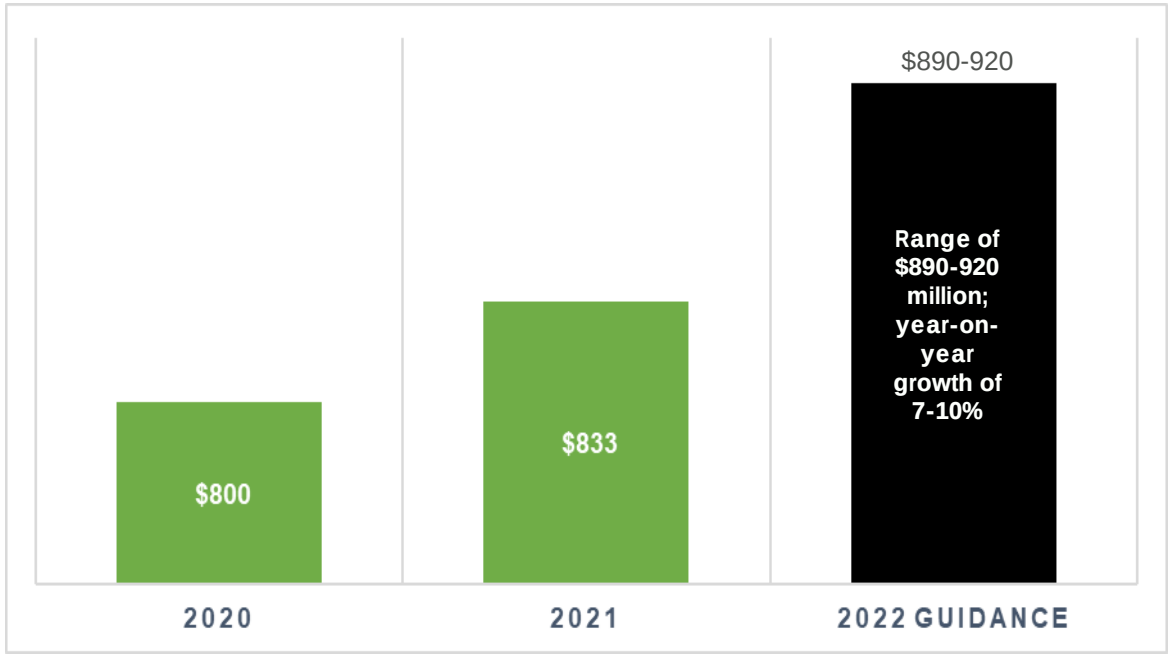
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Phibro ANIMAL HEALTH CORPORATION

Net Sales and Profitability

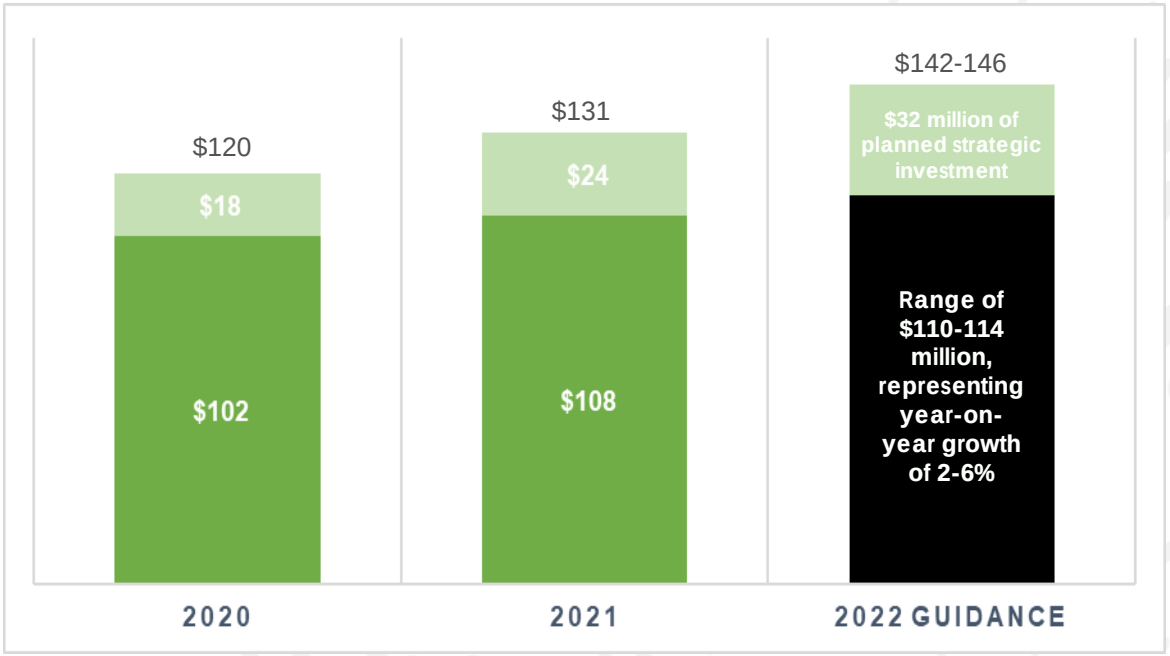
Consolidated

Before the planned strategic investment of $32 million (see prior slide), adjusted EBITDA guidance is $142-146 million, representing year-on-year growth of 8-11%

Net Sales



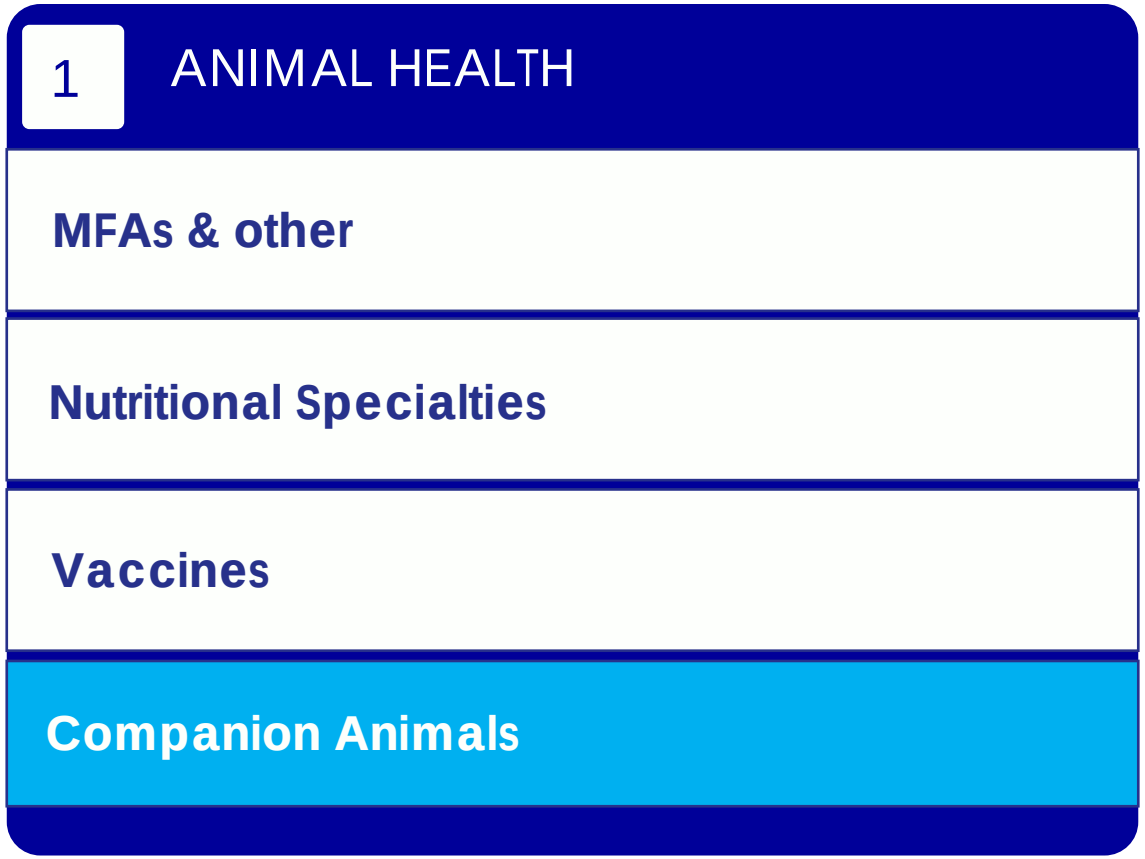
Adjusted EBITDA



$ in millions
Net sales and Adjusted EBITDA reflect fiscal year ended June 30, 2021
"2022 Guidance" reflects Fiscal Year 2022 financial guidance as of February 9, 2022

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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 40% for the year ending June 30, 2021
- 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

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ESG; the way we've always operated



- The principles of ESG have been the foundation of how we operate for years
- Phibro ESG Council launched in May 2021, chaired by our Chief Financial Officer, Damian Finio
- External advisory firm engaged in August 2021
- A global cross-functional team is working diligently to inventory programs in place, identify and establish targets, and design and develop new programs
- Our goal is to publish Phibro's first ESG Report during the fiscal year ending June 30, 2022

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