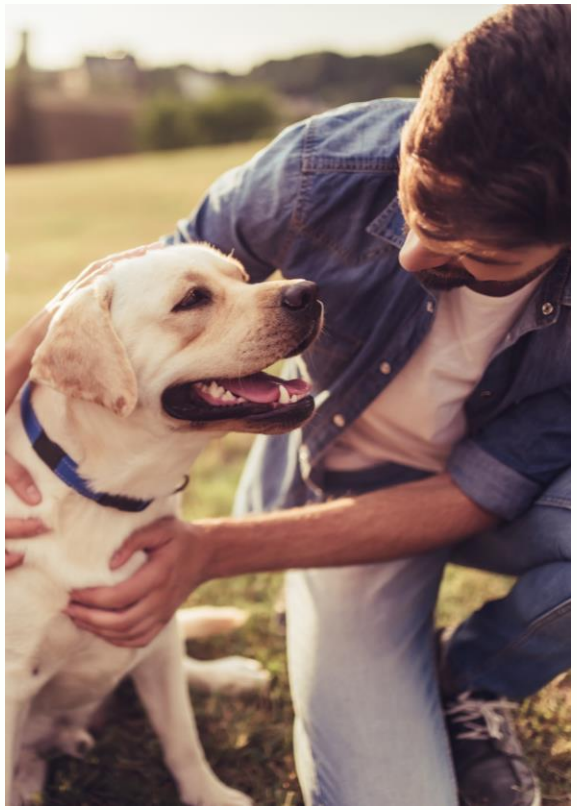
Phibro Animal Health Corporation



Company Overview

November 2023

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 / Form 10-Q for the quarter ended September 30, 2023.

An Evolution



1946

Formed

as Philipp Brothers Chemicals, Inc.

1974

Acquired

Koffolk, an Israeli animal nutrition business





1980

Acquired

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

2000

Acquired

global medicated feed additive business from Pfizer Inc.



Pfizer

teva



2009

Acquired

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

2012

Acquired

OmniGen-AF and Animate nutritional specialty products



Nasdaq



2014

Became

a public company, Nasdaq: PAHC

2016

Acquired

MVP Laboratories animal vaccine and adjuvants business



OSPREY Biotechnics



2019

Acquired

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

2019

Launched

Rejensa®; our first companion animal product



Rejensa Joint Care Chews

Phibro ANIMAL HEALTH CORPORATION

About Us

IN BUSINESS
since 1946

>1,900 EMPLOYEES
manufacturing products at 14 sites, selling ~730 product lines

WE MANUFACTURE
70% of our products

SALES IN >80 COUNTRIES
to approximately 4,000 customers

IPO 2014
(Nasdaq: PAHC)

PROFITABLE & GROWING
with guidance of $106-$112 million of adjusted EBITDA*

* FY 2024 financial guidance as of November 8, 2023

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



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 730 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

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 $100 million (while poultry sales increased from $261 to $331 million)	245%
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 $173 million	233%
Transition to a Direct Sales Model in Key Markets	Transitioned 17 countries & territories to direct sales model, increasing sales from $30 to $89 million	197%
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 [3]	Increased from ~610 product lines to ~730	~20%
Remain a Partner of Choice for New Products and Technologies	Increased from 2,850 to ~4,000 customers	~40%

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 2023 financial performance as disclosed in the Company's Form 10-K for the year ended June 30, 2023 vs. fiscal year, 2013 as disclosed in Phibro's Form S-1 filed with the SEC on April 10, 2014

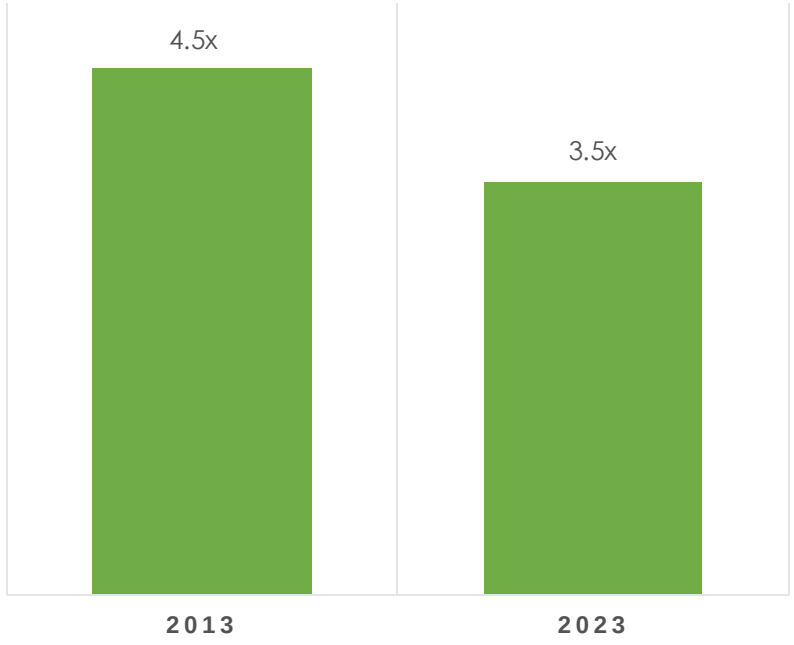
3 – Form S-1 filed with the SEC on April 10, 2014 quoted ~1,100 product presentations. In the June 30,2023 Form 10-K the Company presented product "lines" and therefore the 610 product lines shown here in 2014 reflects management's best estimate of lines vs. presentations at that point in time

Phibro ANIMAL HEALTH CORPORATION

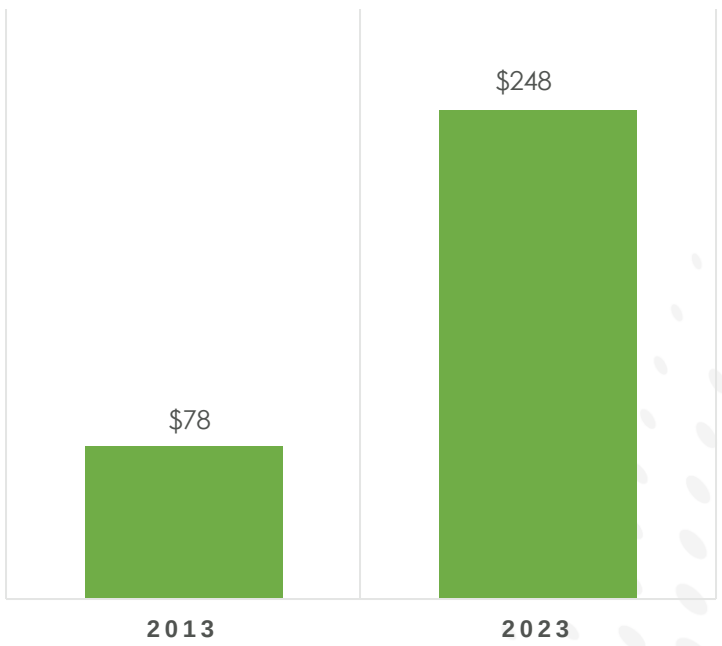
Capitalization

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

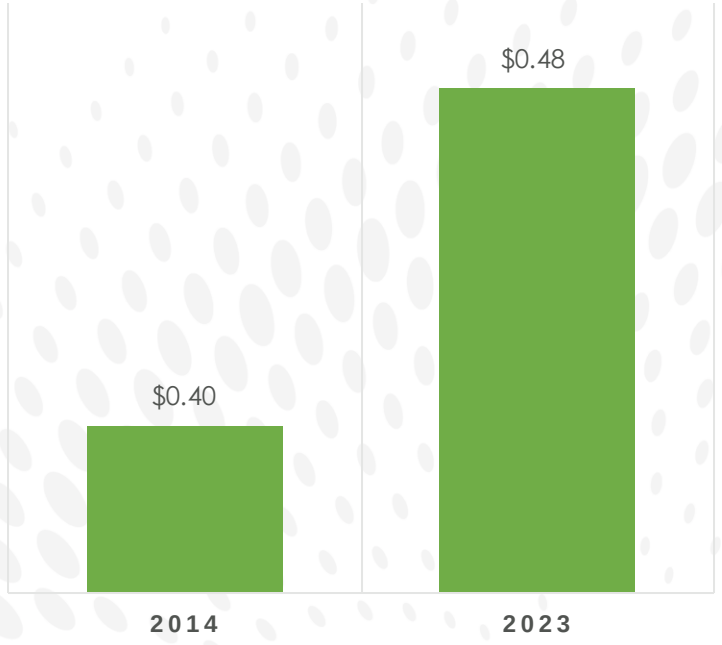
Net Leverage [1]



Liquidity [2]



Dividend per share [3]



[1] *Net leverage = Total debt less cash equivalents divided by trailing twelve month adjusted EBITDA*
[2] *Liquidity = $m 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)*

Phibro ANIMAL HEALTH CORPORATION

Business Segments

FISCAL YEAR 2023 | **Sales $978m** | **Adj. EBITDA $113m**

1 ANIMAL HEALTH

Sales $660m | **Adj. EBITDA $136m**

Sales $387m	**MFAs & Other**	**MFAs & other** - Antimicrobials, anticoccidials, rumen function, anthelmintics, antibiotics, cleaning products, process aids used in ethanol fermentation, yeast
Sales $173m	**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 $100m	**Vaccines**	**Vaccines** - Conventional and autogenous **MVP adjuvants** - oil-in-water, polymers, custom

2 MINERAL NUTRITION

Sales $243m | **Adj. EBITDA $17m**

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

3 PERFORMANCE PRODUCTS

Sales $75m | **Adj. EBITDA $9m**

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

CORPORATE

Adj. EBITDA ($50m)

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

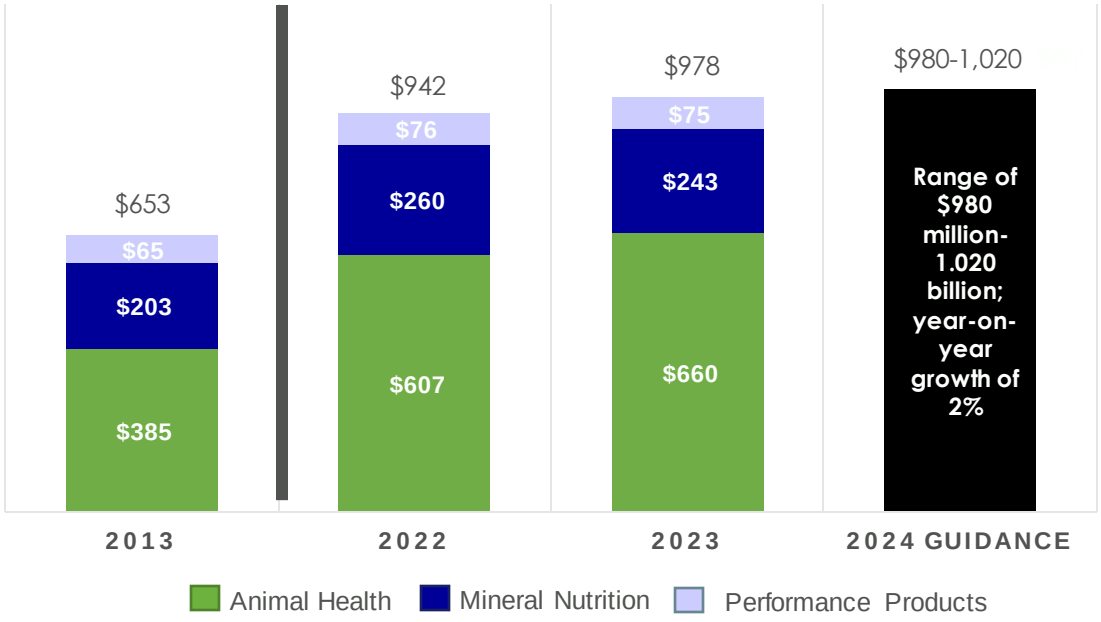
Net sales and Adjusted EBITDA reflect fiscal year ended June 30, 2023
Consolidated Adjusted EBITDA includes corporate overhead of $50m excluded from segment Adjusted EBITDA.

Phibro ANIMAL HEALTH CORPORATION

Net Sales & Adjusted EBITDA Trend

Consolidated

Net Sales



Adjusted EBITDA



$ in millions
Net sales and Adjusted EBITDA reflect fiscal years ended June 30
"2024 Guidance" reflects Fiscal Year 2023 financial guidance as of November 9, 2023

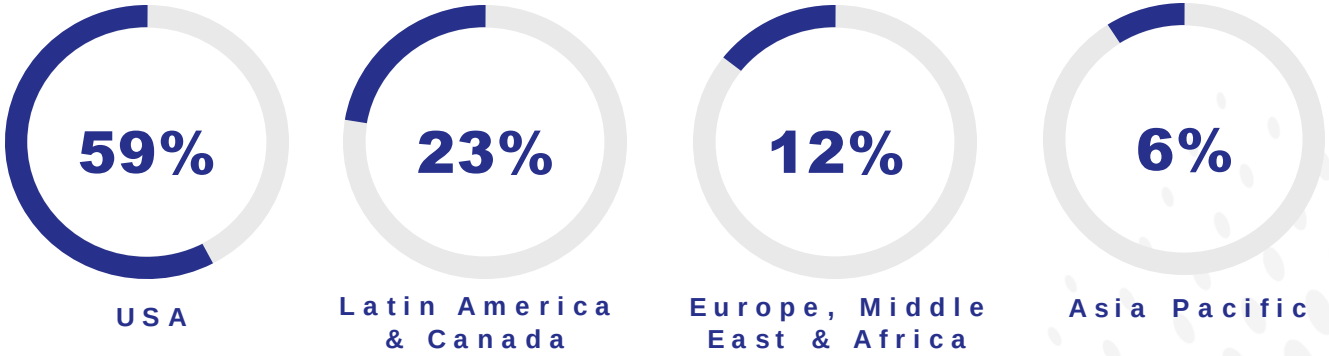
Phibro ANIMAL HEALTH CORPORATION

Net Sales Allocation, FY23

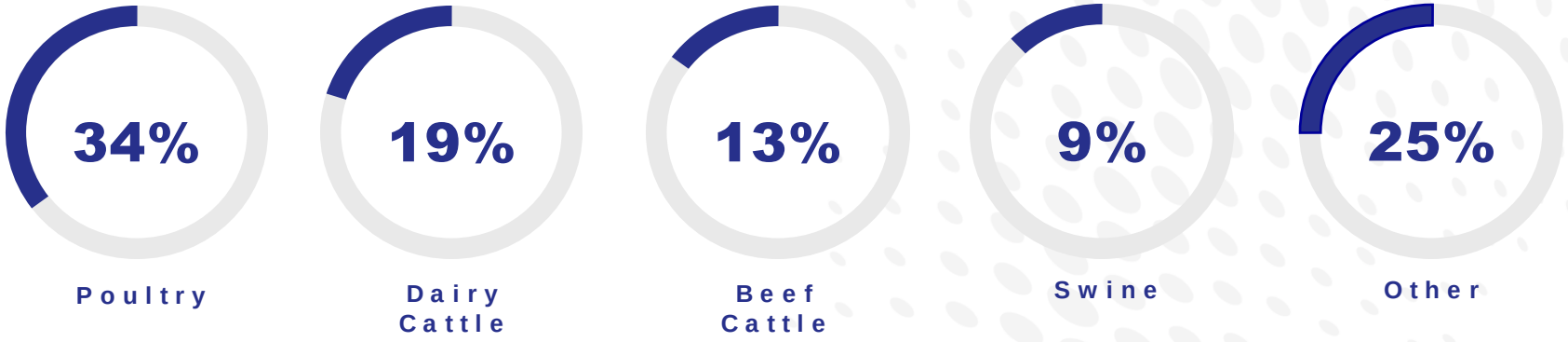
By Segment



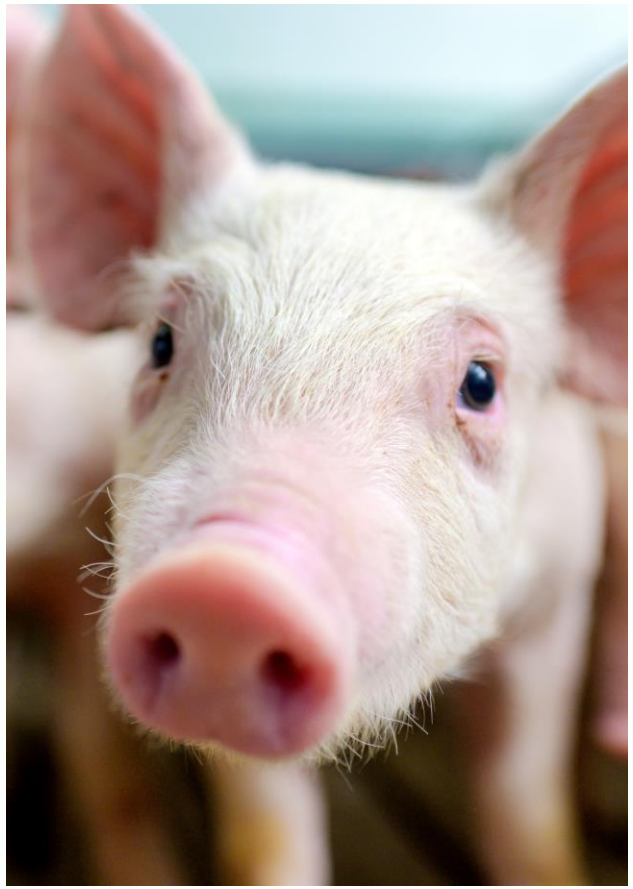
By Region



By Species



Net sales allocation as disclosed in the Company's Form 10-K filed with the SEC for the year ended June 30, 2023, 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.









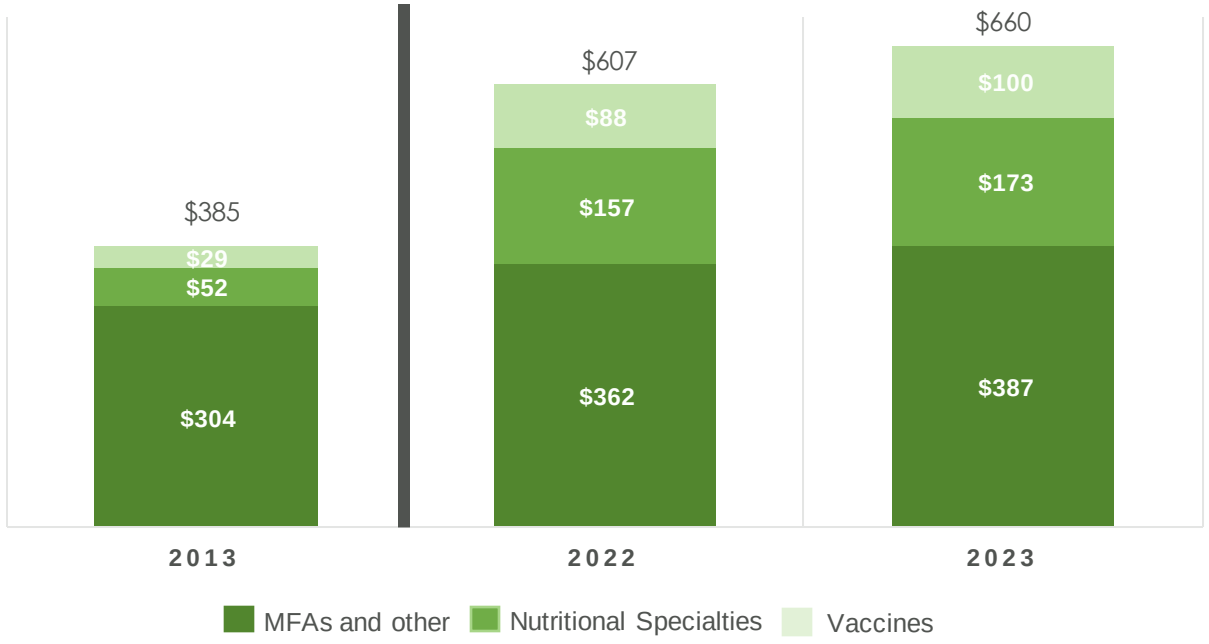
Animal Health

Phibro ANIMAL HEALTH CORPORATION™

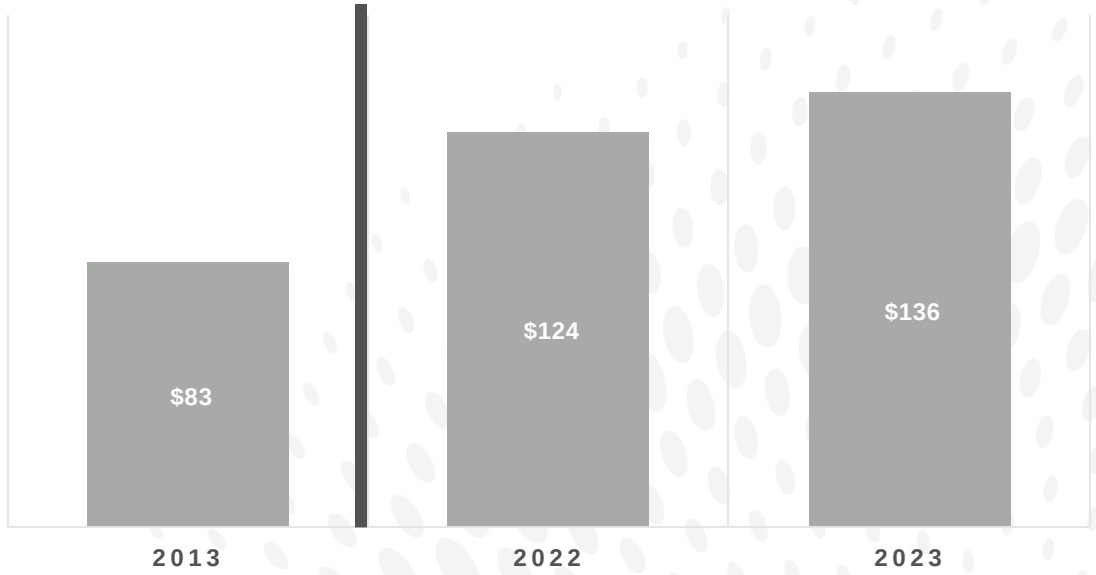
Net Sales & Adjusted EBITDA trend

Animal Health

Net Sales



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 5% · Nicarb · Aviax Plus · Avensin 40% · Coxistac · The Original AMPROLIUM

Anthelmintics and Rumen Function

Rumatel · Banminth · Bloat Guard

Nutritional Specialties

Animate · OmniGen · NutraGen · Magni-Phi · Ephicax 110 · MicroLife PRIME · Rejensa Joint Care Chews · MicroLife PACE · cellerate YEAST SOLUTIONS

Vaccines

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

Phibro ANIMAL HEALTH CORPORATION

Companion Animal Development Pipeline

Multiple data sources project the Companion Animal Health industry to grow at a CAGR of ~8-10% from 2023 to 2029.

IN DEVELOPMENT

Derma care (Dogs)
- Licensed a novel early-stage atopic dermatitis compound
- Est. Addressable Market* for atopic dermatitis in dogs worldwide: $1B

Oral Care (Cats and Dogs)
- Novel early-stage approach for oral care
- Est. Addressable Market* for oral care in cats and dogs worldwide: $2B

Novel Lyme Vaccine Delivery System (Dogs)
- Development progress slowed due to COVID-19
- Est. Addressable Market* for Lyme Disease vaccines for dogs in the US: $80m

Mitral Valve Disease (MVD) (Dogs)
- Development & commercialization collaboration with Rejuvenate Bio, Inc.
- Estimated Addressable Market* for MVD dogs in the US: $200 million

Pain Management (Dogs)
- Licensed a pain management product in development
- Est. Addressable Market* for pain management in dogs worldwide : $1B+

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.

Phibro ANIMAL HEALTH CORPORATION

Our First Companion Animal Product

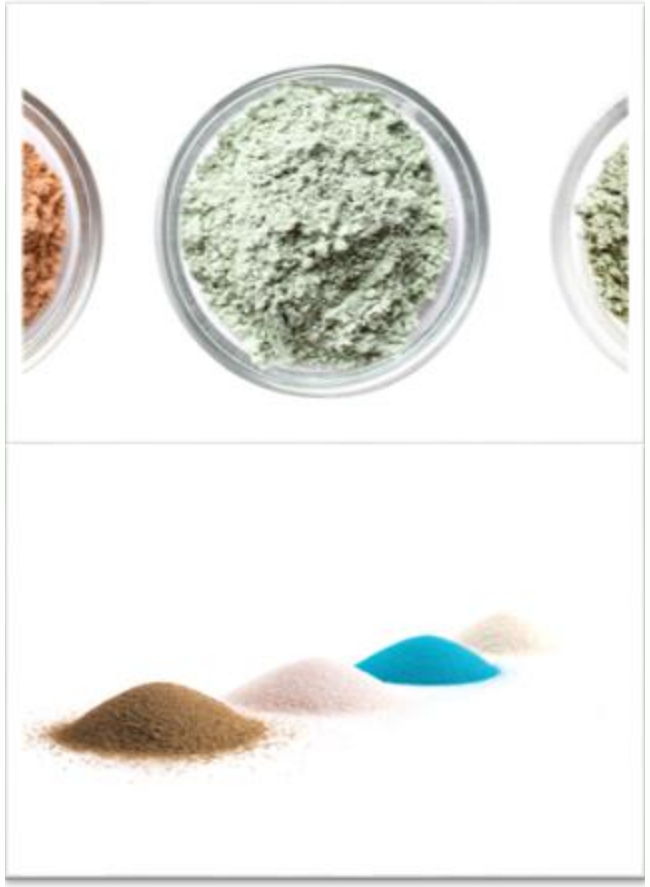
- Estimated Addressable Market* for pet joint supplements in the US: $850 million
- We project strong year over year sales growth in FY 2024



** 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.*

Phibro ANIMAL HEALTH CORPORATION







Mineral Nutrition

Phibro ANIMAL HEALTH CORPORATION

Mineral Nutrition Highlights

A complement to our Animal Health segment

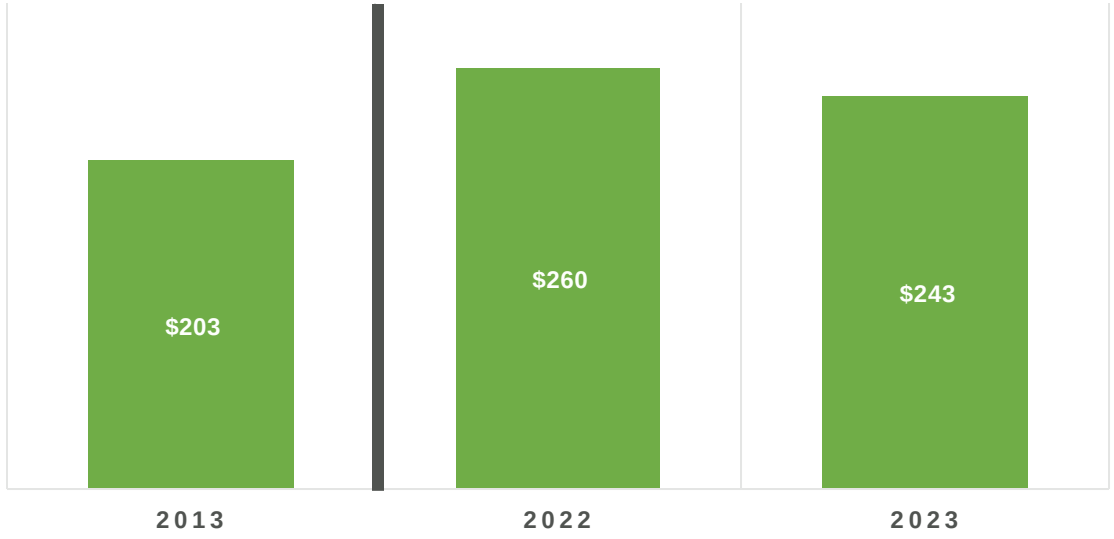
We develop and manufacture custom trace mineral pre-mix blends to meet each customer's specifications.

- **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**

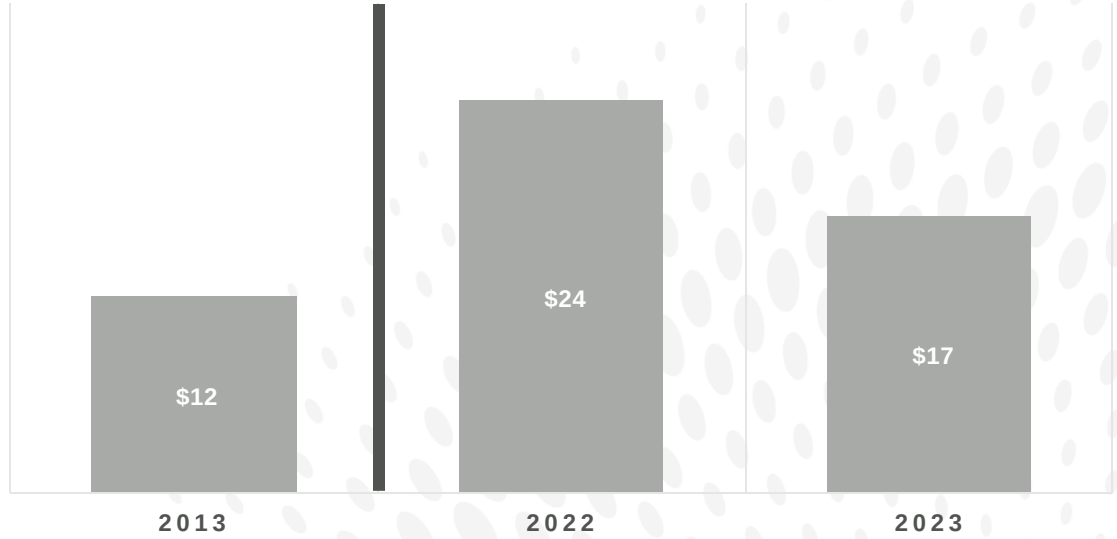
Net Sales & Adjusted EBITDA Trend

Mineral Nutrition

Net Sales



Adjusted EBITDA



$ in millions

Net sales and Adjusted EBITDA reflect fiscal years ended June 30







Performance Products

Phibro ANIMAL HEALTH CORPORATION

Performance Products Highlights

Our legacy chemical business

We manufacture and market several specialty ingredients.

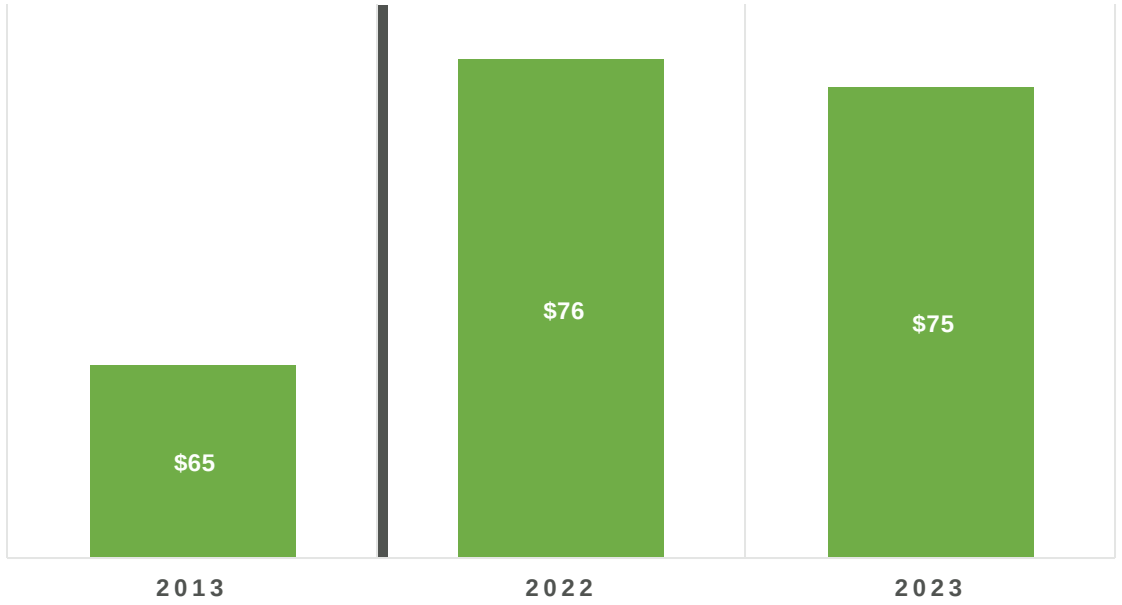


- **The Performance Product business segment is comprised of PhibroChem, Ferro Metal & Chemical, and Phibro-Tech.**
- **PhibroChem and Ferro Metal & Chemical supply specialty chemicals to the US and European markets for use in coatings, personal care, metal finishing and a range of industrial applications.**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

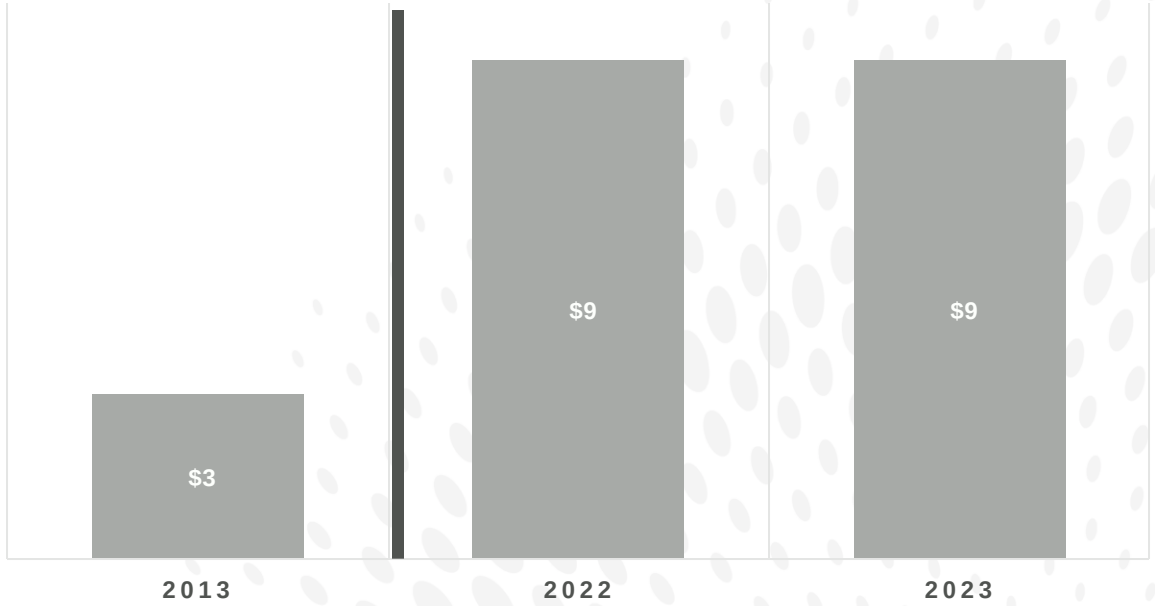
Net Sales & Adjusted EBITDA Trend

Performance Products

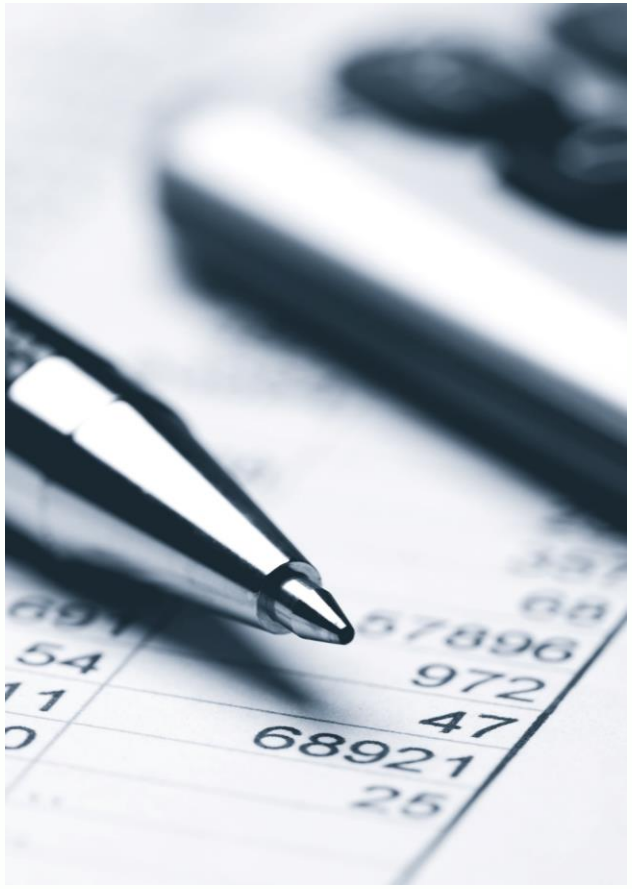
Net Sales



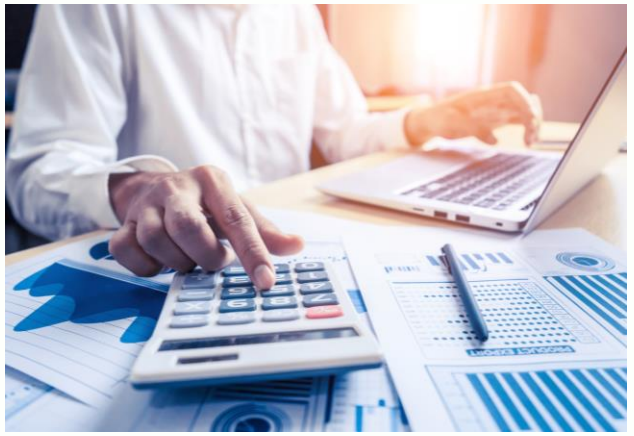
Adjusted EBITDA



$ in millions
Net sales and Adjusted EBITDA reflect fiscal years ended June 30







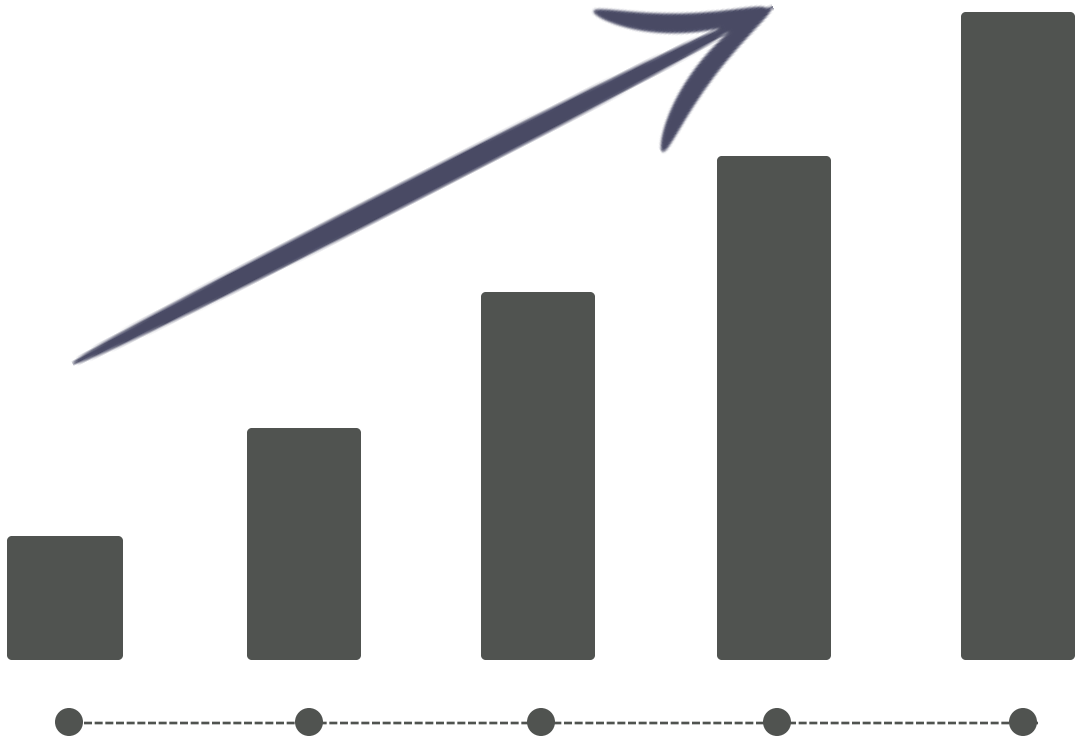


Fiscal Year 2024 Financial Guidance

As of November 9, 2023

Phibro ANIMAL HEALTH CORPORATION

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**
- We continue to **add opportunities to our companion animal development pipeline**

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 ANIMAL HEALTH CORPORATION

Fiscal Year 2024 Financial Guidance

As of November 9, 2023

$ in millions, except per share data

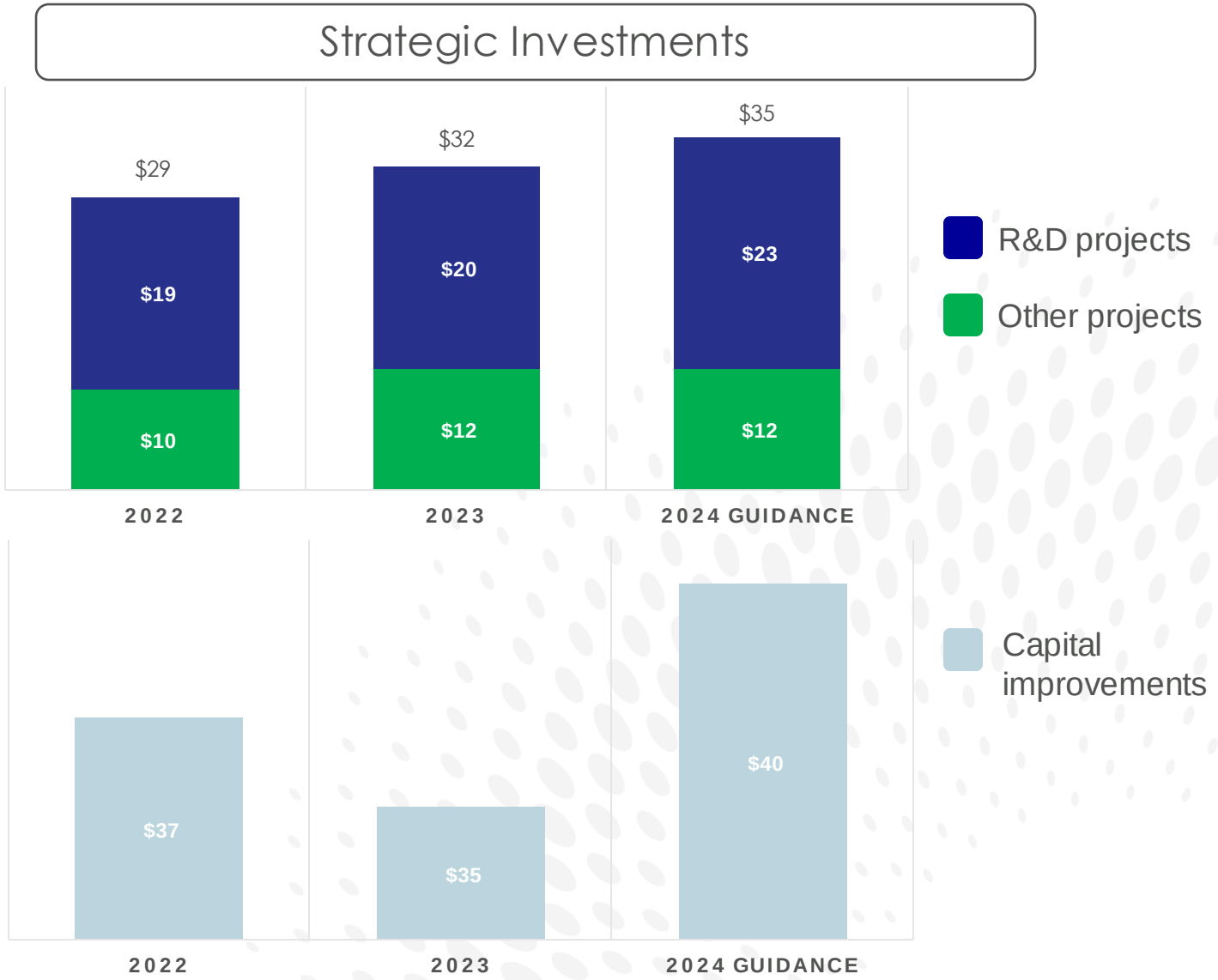
	FY 2023	FY 2024 Updated	
	Actual	Low	High
Consolidated			
Net Sales	$ 978	$ 980	$ 1,020
Net Income	$ 33	$ 23	$ 28
Diluted EPS	$ 0.81	$ 0.57	$ 0.69
Adjusted EBITDA	$ 113	$ 106	$ 112
Adjusted Net Income	$ 49	$ 42	$ 47
Adjusted Diluted EPS	$ 1.21	$ 1.04	$ 1.16
Adjusted Effective Tax Rate	33.0%	31.0%	33.0%

- The updated guidance reflects expectations for the fiscal year
  - reflecting difficulty fundamentals in certain parts of our business, including international beef, feedlots, the U.S. and China dairy sectors and the pace of recovery in the Mineral Nutrition and Performance Products segments
  - the costs of manufacturing disruptions and inefficiencies due to the current conflict in Israel
- We expect our December quarter to be similar to or less than last year, reflecting some of the issues described above

Phibro ANIMAL HEALTH CORPORATION

Investing in our future

- We are planning to invest $35 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 $40 million in capital improvement projects, which include our ongoing build-out of a new vaccine facility in Ireland, investment in our Quincy, IL facility and expanding vaccine manufacturing capacity



$ in millions

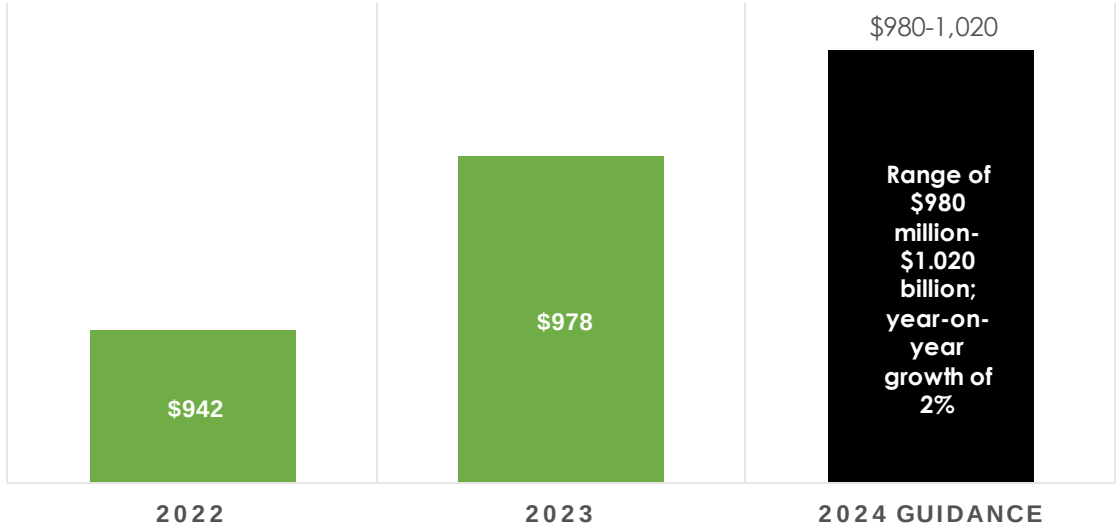
"Guidance" reflects management's best estimate of R&D, capital, and other project assumptions embedded in Fiscal Year 2024 financial guidance as of November 9, 2023.

Net Sales and Profitability

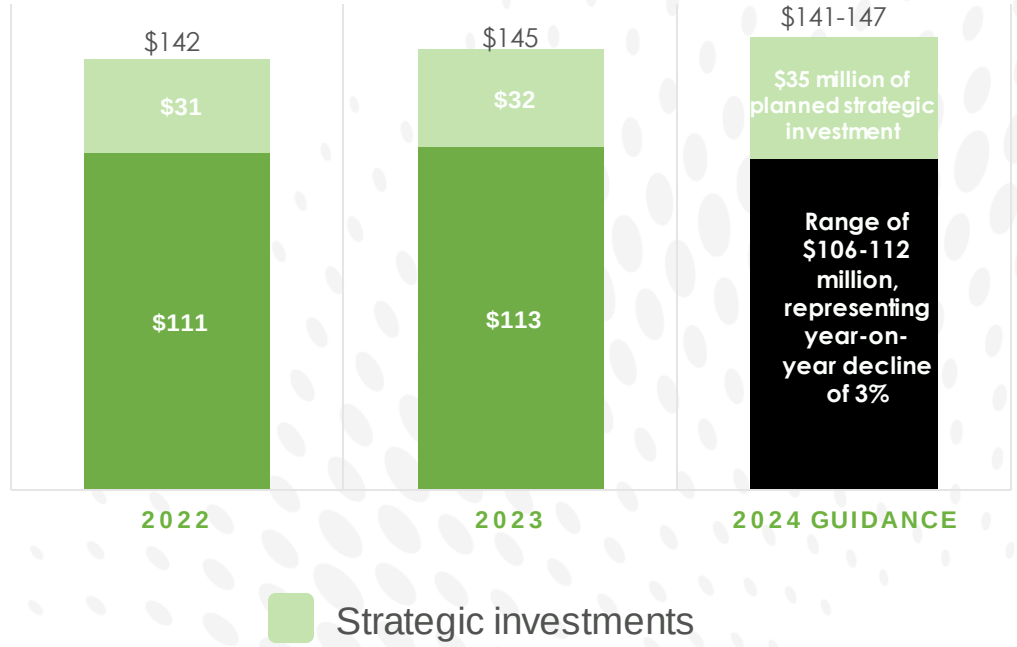
Consolidated

Before the planned strategic investment of $35 million (see prior slide), adjusted EBITDA guidance is $106-112 million, representing year-on-year decline of 3%

Net Sales

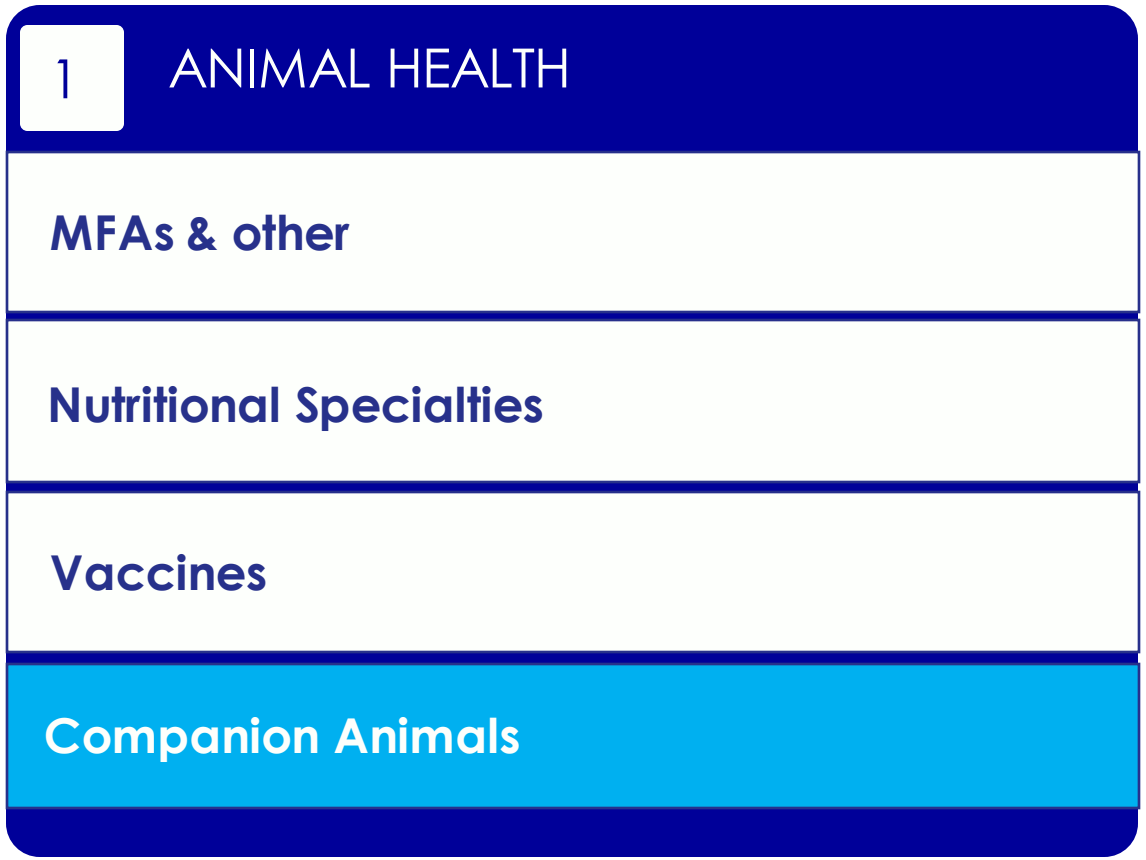


Adjusted EBITDA + strategic investments



$ in millions
Net sales and Adjusted EBITDA reflect fiscal years ended June 30
"2024 Guidance" reflects Fiscal Year 2023 financial guidance as of November 9, 2023

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, 2023
- 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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