Phibro Animal Health Corporation



Phibro to Acquire Zoetis' Medicated Feed Additives (MFA) and Certain Water Soluble Products Business

April 2024

Important Information

Forward-Looking Statements

This presentation contains forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995, which reflect the current views of Phibro Animal Health Corporation ("Phibro") with respect to business plans or prospects, future operating or financial performance, the proposed sale of Zoetis' medicated feed additive (MFA) and certain water soluble products business and related assets, and other future events. These statements are not guarantees of future performance or actions. Forward-looking statements are subject to risks and uncertainties, including uncertainties as to the timing of the consummation of the proposed transaction or whether it will be completed; risks associated with the impact or terms of the potential transaction; risks associated with the benefits and costs of the proposed transaction, including the risk that the expected benefits of the proposed transaction will not be realized within the expected time frame, in full or at all, and the risk that conditions to the potential transaction will not be satisfied and/or that the potential transaction will not be completed within the expected time frame, on the expected terms or at all; the risk that any consents or regulatory or other approvals required in connection with the proposed transaction will not be received or obtained within the expected time frame, on the expected terms or at all; the risk that the financing intended to fund the proposed transaction may not be obtained; the risk that costs incurred in connection with the proposed transaction will exceed Phibro's estimates or otherwise adversely affect its business or operations; and the impact of the proposed transaction on Phibro's business and the risk that consummating the proposed transaction may be more difficult, time-consuming or costly than expected, including the impact on Phibro's resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, governmental authorities, suppliers, employees and other business counterparties. There can be no assurance that the proposed transaction will in fact be completed in the manner described or at all. If one or more of these risks or uncertainties materialize, or if Phibro 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 Phibro's most recent Annual Report on Form 10-K, including in the sections thereof captioned "Item 1A. Risk Factors," Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. These filings and subsequent filings are available online at www.sec.gov or www.pahc.com, or on request from Phibro.

Non-GAAP Financial Information

We use non-GAAP financial measures, such as adjusted EBITDA and adjusted EBITDA margin, 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 appendix to this presentation and/or our Quarterly Report on Form 10-Q and Annual Report on Form 10-K.

This presentation also includes certain financial measures for the combined company. These measures are provided for illustrative purposes, are based on an arithmetic sum of the relevant historical financial measures of Phibro and Zoetis' medicated feed additive (MFA) and certain water soluble products business being acquired by Phibro, and do not reflect pro forma adjustments. These measures do not reflect what the combined company's financial condition or results of operations would have been had the proposed transaction occurred on or prior to the dates indicated. The combined company's actual financial position and results of operations may differ significantly from the amounts reflected herein due to a variety of factors.

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Overview: Phibro to Acquire Zoetis' MFA and Certain Water Soluble Products Business

Phibro ANIMAL HEALTH CORPORATION ® + zoetis

MFA and Certain Water Soluble Products Business

- **Acquisition of Zoetis MFA and Certain Water Soluble Products Business for $350mm, subject to working capital and other adjustments**
- **Strong strategic fit with Phibro core competence & capabilities**
- **Attractive financial profile (~$400mm in LTM revenues), with strong deleveraging profile and Adj. EBITDA accretion**
- **Transaction expected to close in H2 2024(1)**

Note: (1) Calendar Year.

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Transaction Highlights

1 Boost to Phibro scale, making Phibro #6 in Global Animal Health by revenue

- MFA business continues to be a critical part of meeting global protein demand
- Strong strategic fit with Phibro existing MFA franchise, and nicely complements Nutritional Specialties and Vaccines, which are key growth drivers for the business
- Combined LTM Revenue of ~$1.4B, with continued durable organic growth

2 Financially compelling

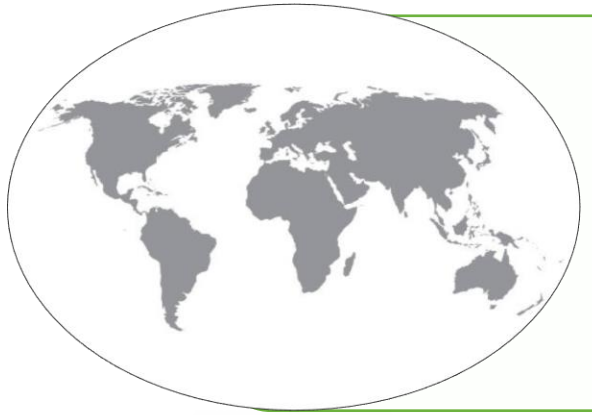
- Significant boost to Phibro Adj. EBITDA margin and earnings power over time
- Deal expected to be Adj. EPS accretive (greater than $0.60 per share) in the first 12 months
- Strong value retention for Phibro shareholders

3 Prudent capital allocation, with ability to continue to build over time

- Rapid deleveraging expected with targeted return to <3.0x net leverage by 2027 fiscal year end
- Cash generation will allow continued investment in our faster growing Nutritional Specialties, Companion Animal, and Vaccine segments

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1 MFAs Remain Critical in Meeting Global Protein Demand



The world population is expected to reach 9.8bn by 2050 and will require 70% more animal protein

MFAs help improve the wellbeing and overall health of livestock by treating and controlling disease, which enables animals to achieve optimal performance

- **Improve Overall Animal Health and Welfare**
- **Provides More Affordable Food with Less Natural Resource Inputs**

Healthy Animals, Healthy Food, Healthy World

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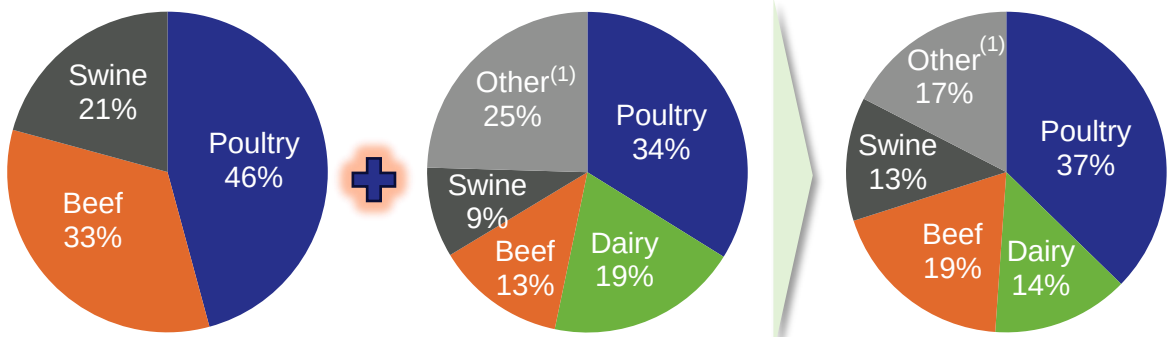
1 Phibro Standalone Business Today

Fiscal Year 2023 Snapshot:			$978mm *Sales*	$113mm *Adj. EBITDA*
Segment Overview				
Animal Health	MFAs & Other	• Antimicrobials, anticoccidials, rumen health, anthelmintics, and process aids used in ethanol fermentation	***$387mm***	***$136mm***
	Nutritional Specialties	• ***Nutritional Specialties:*** Immune modulators, phytogenic feed additives, DCAD solutions, direct fed microbials, and mycotoxin binders • ***Plant Science:*** Micro-nutrients, microbials (in seed treatment, foliar, and furrow applications) • ***Companion Animal:*** Rejensa	***$173mm***	
	Vaccines	• ***Vaccines:*** Conventional and autogenous • ***MVP Adjuvants:*** Proprietary product formulations (Oil-in-water, polymer technology)	***$100mm***	
Mineral Nutrition		• Custom premixes, trace and macro minerals, organic trace minerals	***$243mm***	***$17mm***
Performance Products		• Specialty ingredients for use in personal care products, industrial chemicals, chemical catalysts	***$75mm***	***$9mm***

Note: Consolidated Adjusted EBITDA includes corporate overhead of $50mm excluded from segment Adjusted EBITDA.

1 Zoetis' MFA and Certain Water Soluble Products Business Footprint

Species Mix

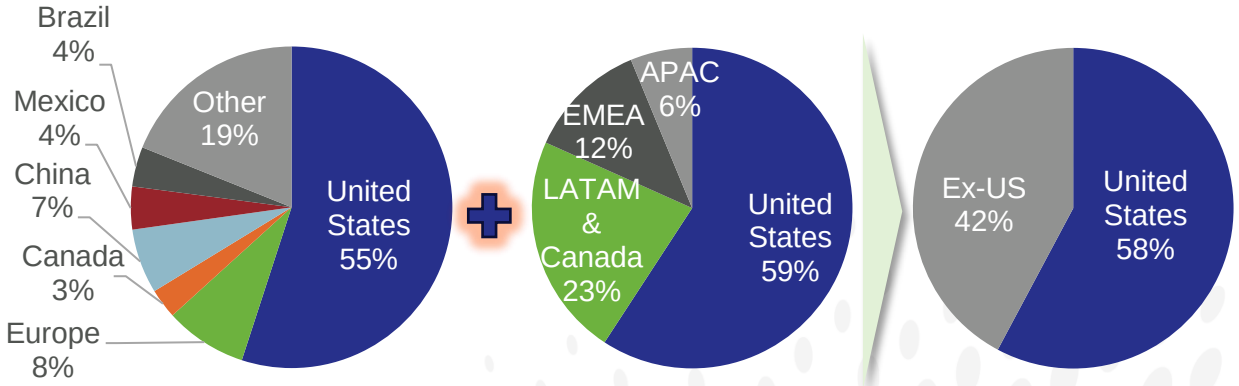


Zoetis MFA and Certain Water Soluble Products Business Today

Phibro Today

Combined

Geographic Mix



Zoetis MFA and Certain Water Soluble Products Business Today

Phibro Today

Combined

Zoetis MFA and certain water soluble products business is expected to provide a large stream of consistent revenue

Zoetis MFA Global Manufacturing Footprint (including ~300 manufacturing & commercial colleagues)

Chicago Heights, IL	Willow Island, WV	Eagle Grove, IA	Salisbury, MD	Suzhou, China	Medolla, Italy
					

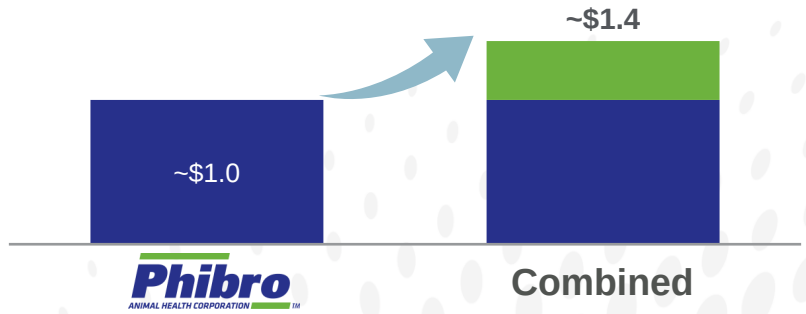
Note: Business mix based on LTM 6/30/23 revenue.
(1) Includes sales related to: Performance Products customers; the ethanol industry; aquaculture and other animal species; adjuvants for animal vaccine manufacturers; and Mineral Nutrition customers.

2 Financially Compelling

Expand and Diversify Revenue Base

- Acquisition significantly expands revenue base
- Stable, low-to-mid single digit top line growth
- Six manufacturing facilities across 3 continents

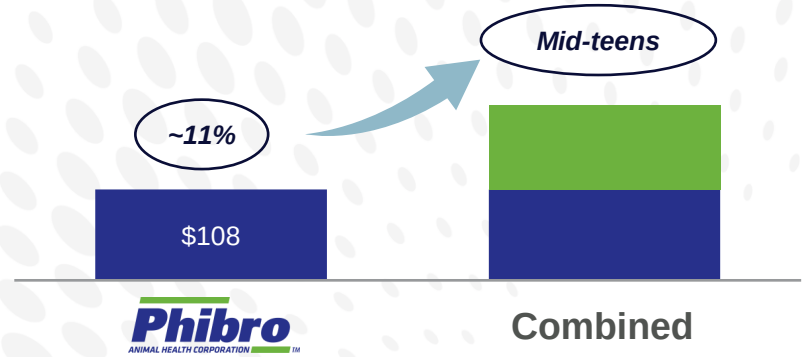
LTM Dec 2023 Revenue ($bn)



Accretion and Enhanced Margin Contribution

- Zoetis' MFA and certain water soluble products business has a targeted margin of low ~20% (including standalone costs) compared to Phibro standalone of ~11%
- Combined margin expected to be in mid-teens
- Deal expected to be Adj. EPS accretive (greater than $0.60 per share) in the first 12 months

LTM Dec 2023 Adj. EBITDA(1) ($mm)
(% Margin)



Note: (1) For a reconciliation of Adj. EBITDA to net income, see the appendix to this presentation.

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2 Transaction Overview

Structure	• Purchase of assets exclusive to Zoetis Medicated Feed Additive (MFA) and certain water soluble products business; shared assets outside of perimeter
Purchase Price	• Total transaction consideration of $350mm, subject to working capital and other adjustments
Transition Plan	• Company to enter into TSA agreement at closing
Financing Plan	• Our existing lenders have provided debt financing commitments for incremental TLA
Expected Leverage at Close	• Expected net leverage at close of ~3.5x-4.0x combined Adj. EBITDA
Anticipated Closing	• The transaction, which is subject to regulatory approvals and customary closing conditions and adjustments, is expected to close in the second half of 2024(1)

Note: (1) Calendar Year.

3 Prudent Capital Allocation

- **Prudent capital deployment, with strong value retention for Phibro shareholders**
  - Attractive purchase price (as measured by multiple of Adj. EBITDA) in markets Phibro knows well
  - Significant boost to Phibro revenues and earnings power
- **100% cash / debt financed (no equity dilution)**
- **Rapid deleveraging expected with targeted return to <3.0x net leverage by 2027 fiscal year end**
- **Cash generation will allow continued investment in our faster growing Nutritional Specialties, Companion Animal, and Vaccine segments**

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Q&A

Appendix

Net Income to Adj. EBITDA Reconciliation

($mm)	LTM Ended 12/31/2023
Net income	**$14.8**
Interest expense, net	17.6
Provision for income taxes	13.3
Depreciation and amortization	34.8
EBITDA	**$80.6**
Acquisition-related cost of goods sold	0.3
Pension settlement costs	10.7
Brazil employment taxes	4.2
Stock-based compensation	0.2
Environmental remediation costs	0.3
Foreign currency (gains) losses, net	11.6
Adjusted EBITDA	**$107.8**

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