

**First Quarter  
September 2015  
Webcast and Conference Call  
November 10, 2015**

*Participant Dial In Numbers:*

|                            |                         |
|----------------------------|-------------------------|
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| <i>Conference ID:</i>      | <i>46698066</i>         |

# Cautionary Statement



## Forward-Looking Statements

This communication contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical or current fact included in this report 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,” “believe,” “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 guarantees 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, 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 Information

We use non-GAAP financial measures, such as adjusted EBITDA, adjusted net income and pro forma adjusted diluted earnings per share, 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 report pro forma adjusted diluted earnings per share to reflect the pro forma effects of the IPO and refinancing on all periods presented. 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 communication 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 communication and/or our Quarterly Report on Form 10-Q.

## 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.

# Participants

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**Jack Bendheim**

*Chairman, President, Chief Executive Officer*

**Richard Johnson**

*Chief Financial Officer*

# Q1 Results – September 2015



- Consolidated sales +3%
  - Animal Health volume growth
  - Mineral Nutrition volume growth offset by lower commodity pricing
  - Performance Products volume declines
- Gross profit +11%
  - Volumes and mix
  - Improved operating efficiencies
  - Favorable cost of goods from volumes and currencies
- SG&A +9%
  - Animal Health selling, marketing, development
- Adjusted EBITDA +13%
- Adjusted diluted EPS +22%
  - Growth in adjusted EBITDA
  - Cash income taxes flat to last year

|                       | Consolidated                               |  |                       |                         |
|-----------------------|--|--|-----------------------|-------------------------|
|                       | For the three months ended<br>September 30 | 2015                                   | 2014 ex-<br>licensing | Change ex-<br>licensing |
|                       |  | <i>(in millions, except per share)</i> |                       |                         |
| Animal Health         | \$ 120.1                                   | \$ 111.2                               | \$ 8.9                | 8%                      |
| Mineral Nutrition     | 54.5                                       | 55.4                                   | (1.0)                 | (2)%                    |
| Performance Products  | 12.5                                       | 14.8                                   | (2.3)                 | (15)%                   |
| Net sales             | <b>\$ 187.1</b>                            | \$ 181.5                               | \$ 5.7                | 3%                      |
| Gross profit          | 60.2                                       | 54.3                                   | 5.8                   | 11%                     |
| <i>% of net sales</i> | 32.2%                                      | 29.9%                                  |                       |                         |
| SG&A                  | 38.3                                       | 35.2                                   | 3.1                   | 9%                      |
| <i>% of net sales</i> | 20.5%                                      | 19.4%                                  |                       |                         |
| Adjusted EBITDA       | <b>\$ 27.7</b>                             | \$ 24.5                                | 3.2                   | 13%                     |
| <i>% of net sales</i> | 14.8%                                      | 13.5%                                  |                       | +130bps                 |
| Adjusted diluted EPS  | <b>\$ 0.44</b>                             | \$ 0.36                                | \$ 0.08               | 22%                     |

Comparisons exclude \$6 million of 2014 milestone payments for licensing of vaccine delivery technology. Adjustments exclude intangible amortization expense, acquisition related accrued compensation, foreign currency gains or losses and acquisition related accrued interest. Adjusted EPS reflects cash income taxes paid.

# Animal Health

- Sales +8%

- Volume growth
- MFAs and other: international markets
- Nutritional specialties: dairy focus; poultry product introduction in U.S.
- Vaccines: volume growth

For the three months ended  
September 30

## Animal Health

|                         | 2015     | 2014 ex-licensing | Change ex-licensing  |     |
|-------------------------|----------|-------------------|----------------------|-----|
|                         |          |                   | <i>(in millions)</i> |     |
| MFAs and other          | \$ 85.5  | \$ 80.8           | \$ 4.7               | 6%  |
| Nutritional specialties | 22.4     | 19.5              | 2.9                  | 15% |
| Vaccines                | 12.2     | 10.9              | 1.3                  | 12% |
| Net sales               | \$ 120.1 | \$ 111.2          | \$ 8.9               | 8%  |

- Adjusted EBITDA +19%

- EBITDA margin +240bps
- Gross profit growth: volumes, product mix and favorable manufacturing costs
- Operating expense investments

Adjusted EBITDA  
*% of segment net sales*

|                               |         |         |        |         |
|-------------------------------|---------|---------|--------|---------|
| Adjusted EBITDA               | \$ 31.5 | \$ 26.5 | \$ 5.0 | 19%     |
| <i>% of segment net sales</i> | 26.2%   | 23.8%   |        | +240bps |

# Other Segments

|  | For the three months ended<br>September 30 | 2015                 | 2014     | Change   |         |
|--|--|----------------------|----------|----------|---------|
|  |  | <i>(in millions)</i> |          |          |         |
| <b>Mineral Nutrition</b>   |  |                      |          |          |         |
| – Volume growth offset by lower commodity pricing                    |  |                      |          |          |         |
| – Operating margin down on sales mix and unfavorable SG&A comparison |  |                      |          |          |         |
|  | Net sales                                  | \$ 54.5              | \$ 55.4  | \$ (1.0) | (2)%    |
|  | Adjusted EBITDA                            | \$ 3.2               | \$ 3.5   | \$ (0.3) | (9)%    |
|  | <i>% of segment net sales</i>              | 5.8%                 | 6.3%     |          | -050bps |
| <b>Performance Products</b>  |  |                      |          |          |         |
| – Reduced industrial demand  |  |                      |          |          |         |
|  | Net sales                                  | \$ 12.5              | \$ 14.8  | \$ (2.3) | (15)%   |
|  | Adjusted EBITDA                            | \$ 0.1               | \$ 1.0   | \$ (1.0) | (92)%   |
|  | <i>% of segment net sales</i>              | 0.7%                 | 7.0%     |          | -630bps |
| <b>Corporate</b>   |  |                      |          |          |         |
|  | Adjusted EBITDA                            | \$ (7.0)             | \$ (6.5) | \$ (0.5) | *       |
|  |  |                      |          |          |         |

\* Calculation not meaningful

# Capitalization and Capital Allocation

September 30, 2015



- 2.9x leverage ratio at September 30, 2015
  - \$307 million total debt
  - \$107 million LTM adjusted EBITDA
- \$32 million cash on hand at September 30, 2015
- \$(10) million net cash flow before financing for the September 2015 quarter
  - Investment in business growth
  - Working capital and other items used \$25 million of cash
  - Capex of \$8 million
- Dividend
  - \$3.9 million quarterly dividend paid September 2015
  - \$3.9 million quarterly dividend to be paid December 2015
    - \$0.10 per common share

# QUESTIONS AND ANSWERS





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