



**Phibro**  
ANIMAL HEALTH  
CORPORATION

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**Fourth Quarter and Fiscal Year  
June 2014  
Webcast and Conference Call  
September 17, 2014**

*Participant Dial-in Numbers*

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**HEALTHY ANIMALS. HEALTHY FOOD. HEALTHY WORLD.®**

# Cautionary Statements

## Forward-Looking Statements

This communication contains forward-looking statements, which reflect Phibro's current views with respect to business plans or prospects, future operating or financial performance, expectations regarding future use of cash and dividend payments, and other future events. 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. Forward-looking statements are subject to risks and uncertainties. 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 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 Information

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 Annual Report on Form 10-K.

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*



# Overview

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- Strong Q4 top line and bottom line performance
- Transformational year
- Goals for fiscal year 2015
  - Multiple opportunities
  - Deliver growth while continuing to invest in our key initiatives

# Q4 Results – June 2014

- Consolidated sales +12%
  - Animal Health sales +13%
  - Mineral Nutrition sales +13%
  - Performance Products stable
- Adjusted EBITDA +23%
  - All segments contributed
- Pro forma adjusted diluted EPS<sup>(1)</sup> of \$0.22
  - \$7 million cash income taxes

Consolidated				
For the three months ended June 30				
<i>(in millions, except per share)</i>	2014	2013	Change	
MFAs and Other	\$ 87.2	\$ 78.0	\$ 9.2	12%
Nutritional Specialties	16.3	13.9	2.4	17%
Vaccines	10.6	8.8	1.8	21%
<b>Animal Health</b>	<b>114.1</b>	<b>100.7</b>	<b>13.4</b>	<b>13%</b>
Mineral Nutrition	54.9	48.7	6.2	13%
Performance Products	14.7	14.8	(0.1)	(1)%
<b>Net sales</b>	<b>183.7</b>	<b>164.2</b>	<b>19.5</b>	<b>12%</b>
Gross profit	54.3	48.2	6.1	13%
<i>% of net sales</i>	29.5%	29.3%		
SG&A	41.2	33.3	8.0	24%
<i>% of net sales</i>	22.4%	20.3%		
<b>Adjusted EBITDA</b>	<b>\$ 24.2</b>	<b>\$ 19.7</b>	<b>\$ 4.6</b>	<b>23%</b>
<i>% of net sales</i>	13.2%	12.0%		+120bps
Pro forma Adjusted EPS	\$ 0.22	\$ 0.29	\$ (0.07)	(25)%

<sup>(1)</sup> Reflects the pro forma effects of the IPO and refinancing for all periods presented.

Adjustments exclude loss on insurance claim, intangible amortization expense, stock-based compensation expense, foreign currency gains or losses, loss on extinguishment of debt and other income or expense. Adjustments reflect cash income taxes paid.



# Animal Health

## ■ Sales +13%

- Largely volume growth; selected pricing actions
- MFAs and Other: Brazil; Latin America, Asia Pacific
- Nutritional Specialties: dairy focus in U.S. and EU
- Vaccines: volume growth in most markets where we operate

Animal Health					
For the three months ended June 30					
(in millions)	2014	2013	Change		
MFAs and Other	\$ 87.2	\$ 78.0	\$ 9.2	12%	
Nutritional Specialties	16.3	13.9	2.4	17%	
Vaccines	10.6	8.8	1.8	21%	
<b>Net sales</b>	<b>\$ 114.1</b>	<b>\$ 100.7</b>	<b>\$ 13.4</b>	<b>13%</b>	
<b>Adjusted EBITDA</b>	<b>\$ 26.1</b>	<b>\$ 23.0</b>	<b>\$ 3.1</b>	<b>13%</b>	
<i>% of segment net sales</i>	22.9%	22.9%			

## ■ Adjusted EBITDA +13%

- Operating margin stable
- Gross profit growth primarily due to volumes
- Continued operating expense investment behind growth initiatives

# Other Segments

## Mineral Nutrition

- Volumes up, partially offset by commodity pricing
- Margins improved primarily due to increased demand

	For the three months ended June 30			
(in millions)	2014	2013	Change	
<b>Mineral Nutrition</b>				
<b>Net sales</b>	\$ 54.9	\$ 48.7	\$ 6.2	13%
<b>Adjusted EBITDA</b>	\$ 3.5	\$ 2.8	\$ 0.7	26%
<i>% of segment net sales</i>	6.4%	5.7%		+70bps

## Performance Products

- Stable sales
- Improved operating margin
- Reduced environmental costs

<b>Performance Products</b>				
<b>Net sales</b>	\$ 14.7	\$ 14.8	\$ (0.1)	(1)%
<b>Adjusted EBITDA</b>	\$ 1.5	\$ (1.6)	\$ 3.1	*
<i>% of segment net sales</i>	10.4%	(11.0)%		*

## Corporate

- Public company costs
- Excludes \$5.4 million loss on insurance claim

<b>Corporate</b>				
<b>Adjusted EBITDA</b>	\$ (6.9)	\$ (4.5)	\$ (2.4)	*

\* Calculation not meaningful

# Fiscal Year – June 2014

- Consolidated sales +6%
  - Animal Health +12%
- Adjusted EBITDA +20%
  - Animal Health +\$17.3 million, +21%
- Pro forma adjusted diluted EPS<sup>(1)</sup> of \$1.22

Consolidated					
For the years ended June 30					
<i>(in millions, except per share)</i>	2014	2013	Change		
MFAs and Other	\$ 326.6	\$ 303.7	\$ 22.8	8%	
Nutritional Specialties	63.1	52.3	10.7	21%	
Vaccines	41.4	28.9	12.6	44%	
<b>Animal Health</b>	<b>431.1</b>	<b>384.9</b>	<b>46.1</b>	<b>12%</b>	
Mineral Nutrition	201.6	203.2	(1.6)	(1)%	
Performance Products	59.3	65.0	(5.8)	(9)%	
<b>Net sales</b>	<b>691.9</b>	<b>653.2</b>	<b>38.8</b>	<b>6%</b>	
Gross profit	207.8	179.0	28.8	16%	
<i>% of net sales</i>	30.0%	27.4%			
SG&A	144.0	122.2	21.7	18%	
<i>% of net sales</i>	20.8%	18.7%			
<b>Adjusted EBITDA</b>	<b>\$ 90.6</b>	<b>\$ 75.8</b>	<b>\$ 14.8</b>	<b>20%</b>	
<i>% of net sales</i>	13.1%	11.6%		+150bps	
Pro forma Adjusted EPS	\$ 1.22	\$ 1.01	\$ 0.21	20%	

<sup>(1)</sup> Reflects the pro forma effects of the IPO and refinancing for all periods presented. Adjustments exclude loss on insurance claim, intangible amortization expense, stock-based compensation expense, foreign currency gains or losses, loss on extinguishment of debt and other income or expense. Adjustments reflect cash income taxes paid.





# Capitalization and Capital Allocation

## June 30, 2014

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- 3.2x leverage ratio (total debt/adjusted EBITDA)
  - Continued progress
- \$12 million cash on hand as of June 30, 2014
- \$25 million capex estimated for fiscal 2015
- Dividend
  - First quarterly payment in September 2014; \$0.10 per share
  - Targeting approximately \$15.6 million annually



# Guidance – FY June 2015

- Animal Health primary growth driver
- \$4mm revenue and income from licensing of proprietary vaccine delivery technology
- Mineral Nutrition sales and profit growth

	Consolidated		
	For the years ended June 30		
<i>(in millions, except per share)</i>	2015 Guidance	2014 Reported	Change
Net sales	\$ 735 - \$ 755	\$ 692	6% - 9%
Adjusted EBITDA	\$ 99 - \$ 103	\$ 91	9% - 14%
Pro forma Adjusted EPS	\$ 1.46 - \$ 1.51	\$ 1.22	20% - 24%



## *Questions and Answers*



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