



Phibro
ANIMAL HEALTH
CORPORATION

TM



TM

Third Quarter – March 2014 Webcast and Conference Call May 14, 2014

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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. 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 Registration Statement on Form S-1, as amended, that was declared effective on April 10, 2014, including in the sections thereof captioned "Forward-Looking Statements" and Risk Factors." The Registration Statement on Form S-1 and Phibro's subsequent filings are available online at www.sec.gov, 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 adjusted diluted earnings per share, to assess and analyze our operational results and trends and to make financial and operational decisions. 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 our Quarterly Reports on Form 10-Q.



Participants

Jack Bendheim

Chairman, President, Chief Executive Officer

Richard Johnson

Chief Financial Officer

Daniel Bendheim

Executive Vice President, Corporate Strategy



Overview

- Welcome to our first earnings call as a public company
 - Will discuss Q3 2014 results and Q4 2014 & FY 2014 guidance
- Our focused growth initiatives in Animal Health delivered strong growth
 - Consolidated sales of \$173 mm
 - Animal Health sales (\$108 mm, + 15% growth compared to Q3 2013) with balance across MFAs, Nutritionals and Vaccines
- Consolidated adjusted EBITDA of \$22 mm (+ 16% growth compared to Q3 2013) driven by Animal Health growth and margin expansion
 - Continue to invest in key drivers of growth – sales, marketing and development spending
- Pro forma adjusted diluted EPS of \$0.36 (+28% growth compared to Q3 2013)
- Continue focus on Animal Health growth initiatives
 - Good operating momentum
 - Looking for tuck-in acquisitions



Quarter Results – March 2014

- Consolidated sales + 7%
 - Animal Health sales + 15%
 - Mineral Nutrition and Performance Products stable sequentially
- Adjusted EBITDA + 16%
 - Animal Health volume growth and margin expansion
- Pro forma adjusted diluted EPS + 28%
 - \$1.1 million cash income taxes in the quarter

Consolidated <i>(in millions, except per share)</i>	For the three months ended March 31,		Change	
	2014	2013		
MFAs and other	\$ 81.4	\$ 72.7	\$ 8.7	12%
Nutritional Specialties	16.2	14.2	2.0	14%
Vaccines	10.2	7.0	3.2	46%
Animal Health	107.8	93.9	13.9	15%
Mineral Nutrition	49.9	51.8	(1.9)	(4)%
Performance Products	15.6	17.0	(1.5)	(9)%
Net sales	173.3	162.7	10.6	7%
Gross profit	52.8	45.8	7.1	15%
<i>% of net sales</i>	30.5%	28.1%		
SG&A	35.5	31.3	4.2	14%
<i>% of net sales</i>	20.5%	19.2%		
Adjusted EBITDA	\$ 22.4	\$ 19.4	\$ 3.0	16%
<i>% of net sales</i>	13.0%	11.9%		+110bps
Pro forma Adjusted Diluted EPS	\$ 0.36	\$ 0.28	\$ 0.08	28%

Amounts and percentages may reflect rounding adjustments

* Calculation not meaningful



Animal Health

- Sales + 15%
 - Largely volume growth; selected pricing actions
 - MFAs and other: Asia Pacific; Latin America
 - Dairy nutritionals in US and EU
 - Vaccines: volume growth in most markets where we operate

Animal Health (in millions)	For the three months ended March 31,		Change	
	2014	2013		
MFAs and other	\$ 81.4	\$ 72.7	\$ 8.7	12%
Nutritional Specialties	16.2	14.2	2.0	14%
Vaccines	10.2	7.0	3.2	46%
Net sales	\$ 107.8	\$ 93.9	\$ 13.9	15%
Adjusted EBITDA	\$ 25.5	\$ 20.3	\$ 5.2	25%
<i>% of segment net sales</i>	23.7%	21.7%		+200bps

- Adjusted EBITDA + 25%
 - +200bps margin expansion over last year
 - Gross profit margin expanded on product mix, pricing and production efficiencies
 - Continued operating expense investment behind growth initiatives

Other Segment Performance

Mineral Nutrition

- Volumes up slightly, offset by commodity pricing
- Margins compressed on competitive conditions
- Stable sequentially

Mineral Nutrition (in millions)	For the three months ended March 31,		Change
	2014	2013	
Net sales	\$ 49.9	\$ 51.8	\$ (1.9) (4)%
Adjusted EBITDA	\$ 2.8	\$ 3.4	\$ (0.6) (18)%
<i>% of segment net sales</i>	5.6%	6.6%	(100)bps

Performance Products

- Volumes and pricing down from last year
- Stable sequentially

Performance Products (in millions)	For the three months ended March 31,		Change
	2014	2013	
Net sales	\$ 15.6	\$ 17.0	\$ (1.5) (9)%
Adjusted EBITDA	\$ 0.9	\$ 1.6	\$ (0.7) (43)%
<i>% of segment net sales</i>	5.8%	9.3%	(350)bps

Corporate

- Public company costs

Corporate (in millions)	For the three months ended March 31,		Change
	2014	2013	
Adjusted EBITDA	\$ (6.8)	\$ (5.9)	\$ (0.8) *

Guidance – June 2014

- 4Q cash income taxes will be approximately \$8 million; includes \$6 million of non-recurring foreign withholding taxes and foreign tax audit settlement → \$0.15 EPS cost
- 4Q reported interest expense will be approximately \$6.7 million; Senior Notes interest continues until May redemption
- 4Q reported results will include approximately a \$23.7 million loss on extinguishment of debt
- Share base: 38.8 million shares outstanding; plus 0.6 million additional diluted shares (at current market) for options and warrant
- Will provide fiscal year 2015 guidance with release of June 2014 year-end results

<i>(in millions, except per share)</i>	For the three months ended June 30,		
	2014	2013	Change
	Guidance	Reported	
Net sales	\$ 174 - \$ 177	\$ 164	6% - 8%
Adjusted EBITDA	\$ 23 - \$ 24	\$ 20	15% - 20%
Pro forma Adjusted Diluted EPS	\$ 0.19 - \$ 0.21	\$ 0.30	* *

** Calculation not meaningful*

<i>(in millions, except per share)</i>	For the Fiscal Year ended June 30,		
	2014	2013	Change
	Guidance	Reported	
Net sales	\$ 682 - \$ 685	\$ 653	4% - 5%
Adjusted EBITDA	\$ 89 - \$ 90	\$ 76	17% - 19%
Pro forma Adjusted Diluted EPS	\$ 1.19 - \$ 1.22	\$ 1.02	17% - 19%



Capitalization and Capital Allocation

- Pro forma leverage of 3.4x at March 31, 2014
 - \$290 million debt / \$86 million LTM adjusted EBITDA
 - Continue progress toward mid-term improvement

- Pro forma cash of \$17 million at March 31, 2014
 - Forecast approximately same level at June 2014; payment of \$10 million senior notes interest at 4Q redemption

- Dividend
 - Plan first payment in September 2014; August 2014 record date
 - \$0.10 per share quarterly; approximately \$15.5 million annually
 - Approximately 30% of fiscal year 2014 pro forma adjusted net income; 2.7% yield at IPO price; 2.2% yield at May 13th close



Questions and Answers



Appendix

Pro forma Adjusted Net Income

<i>Pro forma Adjusted Net Income</i> <i>(in millions, except per share amounts)</i>	Three months ended March 31,		Nine months ended March 31,		Three months ended June 30, - Guidance		Fiscal Year ended June 30, - Guidance	
	2014	2013	2014	2013	2014	2013	2014	2013
Adjusted income before provision for income taxes	\$ 9.8	\$ 6.8	\$ 28.3	\$ 18.3	\$ 12.5	\$ 7.2	\$ 40.9	\$ 25.4
Adjusted provision (benefit) for income taxes	1.1	1.3	4.9	6.2	8.0	0.9	12.9	7.1
Adjusted net income	\$ 8.7	\$ 5.5	\$ 23.4	\$ 12.1	\$ 4.5	\$ 6.3	\$ 28.0	\$ 18.4
Adjusted income before provision for income taxes	\$ 9.8	\$ 6.8	\$ 28.3	\$ 18.3	\$ 12.5	\$ 7.2	\$ 40.9	\$ 25.4
Add: actual interest	8.8	8.9	26.4	26.8	6.7	8.9	33.0	35.7
Less: pro forma interest	(3.4)	(3.4)	(10.1)	(10.3)	(3.4)	(3.5)	(13.5)	(13.8)
Pro forma adjusted net income before provision for income taxes	15.2	12.3	44.6	34.7	15.8	12.6	60.4	47.3
Adjusted provision (benefit) for income taxes	1.1	1.3	4.9	6.2	8.0	0.9	12.9	7.1
Pro forma adjusted net income	\$ 14.1	\$ 11.0	\$ 39.7	\$ 28.5	\$ 7.8	\$ 11.7	\$ 47.5	\$ 40.2
Pro forma adjusted diluted EPS	\$ 0.36	\$ 0.28	\$ 1.01	\$ 0.72	\$ 0.20	\$ 0.30	\$ 1.21	\$ 1.02
Pro forma weighted average shares - diluted	39.4	39.4	39.4	39.4	39.4	39.4	39.4	39.4

Notes

Table is based on mid-point of guidance

Pro forma weighted average diluted shares assume a \$17.50 market price for all periods presented



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