

Phibro Animal Health Corporation



Webcast and
Conference Call

November 7, 2024

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Conference ID:
3927884

Financial Results

Fiscal Year 2025

First Quarter Ended September 30, 2024

Important Information



Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements that are subject to risks and uncertainties, including with respect to any 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,” “believe,” “estimate,” “expect,” “forecast,” “outlook,” “potential,” “project,” “projection,” “plan,” “intend,” “seek,” “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 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, adjusted net income, adjusted diluted EPS and free cash flow 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 may not 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.

We are not providing a reconciliation of forward-looking guidance of non-GAAP financial measures to the most directly comparable GAAP financial measures because of the uncertainty regarding, and the potential variability of, certain of the items required for a reconciliation; accordingly, a reconciliation of the non-GAAP financial measure to the corresponding GAAP financial measure is not available without reasonable effort. These items are uncertain, depend on various factors and may have a material impact on our future GAAP results.

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 for the quarter ended September 30, 2024.

Key Themes



Continued Sales Momentum

Q1 Total Consolidated sales and adjusted EBITDA growth of 13% and 64%

Sales growth

- Animal Health +14%
- Mineral Nutrition +5%
- Performance Products 27%

Strong Growth in Animal Health

Q1 Animal Health sales and adjusted EBITDA growth of 14% and 42%

Sales growth

- Vaccines +22%
- MFAs and other +15%
- Nutritional specialties 6%

Preliminary Estimates for the Zoetis Portfolio*

For the eight months period in Fiscal Year 2025:

- Net Sales of approximately \$200 million
- Adjusted EBITDA margin of approximately 20%
- Adjusted EPS of approximately \$0.25 (inclusive of incremental interest expense)
- Negative GAAP EPS driven by purchase price accounting on cost of goods sold and one time deal costs

**includes short-term impacts from integration*

FY2025 Full Year Guidance Phibro Standalone

2025 guidance

- Net sales of \$1.050 billion to \$1.100 billion
- Adjusted EBITDA of \$124 million to \$132 million
- Adjusted EPS of \$1.34 to \$1.48
- GAAP EPS \$0.89 to \$1.04

Guidance including Zoetis MFA acquisition to be provided as part of Q2 earnings.

Financial Performance - Consolidated

First Quarter, Year-on-Year comparison



\$ in millions, except per share data

Q1 FY24	Q1 FY25	YOY %Δ
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Consolidated

Net Sales	\$ 231.3	\$ 260.4	13%
Net Income	\$ (8.0)	\$ 7.0	*
Diluted EPS	\$ (0.20)	\$ 0.17	*
Adjusted EBITDA	\$ 18.7	\$ 30.7	64%
Adjusted Net Income	\$ 5.5	\$ 14.1	155%
Adjusted Diluted EPS	\$ 0.14	\$ 0.35	154%

- Year-On-Year % changes are in comparison to the same period of the prior fiscal year
- Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.

Financial Performance – Animal Health

First Quarter, Year-on-Year comparison



\$ in millions

	Q1 FY24	Q1 FY25	YOY %Δ
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Animal Health

Net Sales	\$ 160.5	\$ 182.5	14%
MFAs & other	94.1	107.8	15%
Nutritional specialties	40.2	42.6	6%
Vaccines	26.2	32.0	22%
Adj. EBITDA	\$ 28.5	\$ 40.4	42%
Adj. EBITDA Margin	17.7%	22.1%	+440 bps

- Year-On-Year % changes are in comparison to the same period of the prior fiscal year
- Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.

Financial Performance – Other Segments

First Quarter, Year-on-Year comparison



\$ in millions

	Q1 FY24	Q1 FY25	YOY %Δ
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Mineral Nutrition

Net Sales	\$ 56.0	\$ 59.1	5%
Adj. EBITDA	\$ 2.9	\$ 3.8	31%
Adj. EBITDA Margin	5.1%	6.4%	+130 bps

Performance Products

Net Sales	\$ 14.8	\$ 18.8	27%
Adj. EBITDA	\$ 1.4	\$ 2.3	62%
Adj. EBITDA Margin	9.5%	12.1%	+260 bps

Corporate

Adj. EBITDA	\$ (14.1)	\$ (15.8)	(12%)
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- Year-On-Year % changes are in comparison to the same period of the prior fiscal year
- Adjusted results adjust GAAP results for one-off items, acquisition-related items and other (income) expense, including foreign currency (gains) losses.

Key Capitalization Metrics

September 30, 2024



Free Cash Flow ⁽¹⁾	Free cash flow was \$41 million for the TTM -- positive cash from operating activities of \$84 million, less capital expenditures of \$(43) million. Cash and cash equivalents and short-term investments of \$90 million
Leverage	3.9x gross leverage ratio; \$477 million total debt / \$123 million TTM adjusted EBITDA 3.1x net leverage ratio; \$387 million debt / \$123 million TTM adjusted EBITDA
Dividend	Quarterly dividend of \$0.12 per share; \$4.9 million dividend paid
Interest Rates	\$300 million of debt at fixed interest rate of 0.51% + margin through June 2025. An additional \$150 million of debt at fixed interest rate of 3.18% + margin through September 2029.

⁽¹⁾ Free cash flow equals cash flow from operating activities less capital expenditures
TTM: trailing twelve months



2024 Credit Facilities

Executed on July 3, 2024

The 2024 Credit Facilities:

- had an initial aggregate principal amount of \$610 million, consisting of a \$300 million Term A Loan and a \$310 million Revolver
- included a \$300 million Term A Loan, which replaced the Company's existing 2021 Term A Loan and 2023 Incremental Term Loan,
- included a \$310 million Revolver, which replaced the Company's existing \$310 million revolving credit facility,
- extended the maturity of the Company's 2021 Credit Facilities from April 2026 to maturity dates ranging from July 2029 to July 2031,
- included a \$350 million delayed draw provision that has been exercised with the closing of the Zoetis transaction.

Additional information regarding the terms and conditions of the 2024 Credit Facilities are contained in our Form 10-Q that was filed yesterday.

Financial Guidance – Phibro Standalone (excluding Zoetis MFA acquisition)

Fiscal Year 2025



\$ in millions, except earnings per share (EPS) data

	FY 2024	FY 2025		FY 2025	
	Actual	Previous		Updated	
		Low	High	Low	High
Consolidated					
Net Sales	\$ 1,018	\$ 1,040	\$ 1,090	\$ 1,050	\$ 1,100
Net Income	\$ 2	\$ 32	\$ 38	\$ 36	\$ 42
Diluted EPS	\$ 0.06	\$ 0.79	\$ 0.93	\$ 0.89	\$ 1.04
Adjusted EBITDA	\$ 111	\$ 118	\$ 126	\$ 124	\$ 132
Adjusted Net Income	\$ 48	\$ 50	\$ 56	\$ 55	\$ 60
Adjusted Diluted EPS	\$ 1.19	\$ 1.22	\$ 1.37	\$ 1.34	\$ 1.48
Adjusted Effective Tax Rate Range	26.9%	25.0%	27.0%	24.0%	26.0%



Q&A

