

Second Quarter
December 2016
Webcast and Conference Call
February 7, 2017

Participant Dial In Numbers

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Conference ID	20859240

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 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 Information

We use non-GAAP financial measures, such as adjusted EBITDA and adjusted net income, 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 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 and 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. We encourage investors and potential investors to consult our website regularly for important information about us.

Participants

Jack Bendheim

Chairman, President, Chief Executive Officer

Richard Johnson

Chief Financial Officer

Q2 Results – December 2016



- Consolidated sales slight decrease
 - Animal Health volume growth
 - Mineral Nutrition commodity pricing
- Gross profit +3%
 - Favorable mix
 - Volumes
 - Lower material costs
 - Improved operating efficiencies
- SG&A +5%
 - +1% excluding \$1.7 million for pension settlement cost
- Adjusted EBITDA +10%
- Adjusted diluted EPS +5%
 - Growth in Adjusted EBITDA
 - Partially offset by increased depreciation expense and higher effective income tax rate

	Consolidated			
	For the three months ended December 31		Change	
	2016	2015		
	<i>(in millions, except per share amounts and percentages)</i>			
Animal Health	\$ 123.7	\$ 121.5	\$ 2.2	2%
Mineral Nutrition	56.7	58.9	(2.2)	(4)%
Performance Products	11.2	11.4	(0.2)	(2)%
Net sales	\$ 191.6	\$ 191.8	\$ (0.2)	(0)%
Gross profit	63.5	61.5	2.0	3%
<i>% of net sales</i>	33.1%	32.0%		
SG&A	40.9	38.8	2.0	5%
<i>% of net sales</i>	21.3%	20.3%		
Adjusted EBITDA	\$ 31.2	\$ 28.4	\$ 2.8	10%
<i>% of net sales</i>	16.3%	14.8%		+150bps
Adjusted diluted EPS	\$0.39	\$0.37	\$ 0.02	5%

Adjustments exclude acquisition-related intangible amortization expense, acquisition-related accrued compensation, acquisition-related transaction costs, pension settlement cost, foreign currency gains or losses and acquisition-related accrued interest. The adjusted provision for income taxes includes the income tax effect of pre-tax income adjustments and the elimination of non-recurring or discrete items.

Animal Health



- Sales +2%

- Volume growth
- Nutritional specialties: U.S. poultry and dairy industries
- Vaccines: volume growth including MVP products
- MFAs and other: international volume declines; Brazil decline due to economic conditions; timing of orders in other markets; modest decline in U.S. due to medically important antibacterials partially offset by growth in other products

For the three months ended December 31	Animal Health			
	2016	2015	Change	
	<i>(in millions, except percentages)</i>			
MFAs and other	\$ 77.5	\$ 85.6	\$ (8.1)	(9)%
Nutritional specialties	29.2	24.2	5.0	21%
Vaccines	17.0	11.7	5.2	45%
Net sales	\$ 123.7	\$ 121.5	\$ 2.2	2%
Adjusted EBITDA	\$ 34.6	\$ 32.4	\$ 2.3	7%
<i>% of segment net sales</i>	<i>28.0%</i>	<i>26.6%</i>		<i>+140bps</i>

- Adjusted EBITDA +7%

- Gross profit growth
- Modest operating expense increase

Other Segments



- Mineral Nutrition
 - Lower sales on reduced commodity pricing
 - 13% growth in Adjusted EBITDA
- Performance Products
 - Operating improvement on favorable sales mix and product costs
- Corporate
 - Increased business development costs

For the three months ended December 31	2016	2015	Change	
	<i>(in millions, except percentages)</i>			
Mineral Nutrition				
Net sales	\$ 56.7	\$ 58.9	\$ (2.2)	(4)%
Adjusted EBITDA	\$ 4.7	\$ 4.2	\$ 0.6	13%
<i>% of segment net sales</i>	<i>8.4%</i>	<i>7.1%</i>		<i>+130bps</i>
Performance Products				
Net sales	\$ 11.2	\$ 11.4	\$ (0.2)	(2)%
Adjusted EBITDA	\$ 0.3	\$ (0.0)	\$ 0.3	*
<i>% of segment net sales</i>	<i>2.3%</i>	<i>(0.1)%</i>		<i>+240bps</i>
Corporate				
Adjusted EBITDA	\$ (8.4)	\$ (8.1)	\$ (0.3)	*

* Calculation not meaningful

Capitalization and Capital Allocation

December 31, 2016



- 2.8x leverage ratio at December 31, 2016
 - \$331 million total debt
 - \$119 million LTM adjusted EBITDA
- \$39 million cash on hand at December 31, 2016
- Net cash flow before financing was a \$21 million source of cash in the December 2016 quarter
 - Favorable working capital
 - Timing of capex
- Quarterly dividend of \$0.10 per common share
 - \$3.9 million paid December 2016
 - \$3.9 million to be paid March 2017

Guidance



Consolidated			
For the years ended June 30			
<i>(in millions, except per share)</i>	<u>2017 Guidance</u>	<u>2016</u>	<u>Growth</u>
Net sales - Animal Health segment	\$ 495 - \$ 510	\$ 486	2% - 5%
Net sales	\$ 750 - \$ 770	\$ 752	(0)% - 2%
Adjusted EBITDA	\$ 116 - \$ 120	\$ 114	2% - 5%
<i>ratio</i>	<i>15.5% 15.6%</i>	<i>15.2%</i>	<i>+30bps</i>
Adjusted EPS	\$ 1.38 - \$ 1.45	\$ 1.43	(3)% - 1%

- We have reaffirmed our financial guidance for the fiscal year 2017 as initially presented in our August 29, 2016 press release. The guidance is shown in detail on the schedule included with the press release.

QUESTIONS AND ANSWERS



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