

Phibro Animal Health Corporation

PAHC - BUY - Raising PT to \$35 from \$24 Post Beat & Raise F1Q15

November 12, 2014

*Reminder: Be sure to register for the 2014 Guggenheim Securities **Life Sciences Day on Tuesday, December 16 in Boston**, by contacting your Guggenheim institutional sales representative. This event will consist of a full day of one-on-one meetings with senior management from more than 35 large-, mid-, and small-cap life sciences companies.*

- We arrive at our new 12-month PT by using a blend of P/E, DCF & Sum-of-the-Parts. The increase in our PT is a result of upwards earnings revisions. Post F1Q15 results, we remain positive on PAHC because sales growth (driven by volume) and margin expansion continue to be robust. Therefore, the sustainability of PAHC's earnings growth is still underappreciated, in our view.
- Our investment thesis is:** 1) Global trends over the next several decades support the need for PAHC's products; 2) PAHC is a leader in high-growth sectors of Animal Health; 3) The Animal Health industry has better dynamics than Human Health; 4) Margin expansion should drive EPS growth.
- F1Q15 positives that support our thesis:** 1) Good volume growth in Animal Health across all species and PAHC is taking share (producers are also growing animals to heavier weights); 2) Majority of gross margin improvement came from Animal Health business, mostly from volume growth and favorable product mix and, to a lesser extent, from higher average selling prices; 3) With respect to M&A, management stated PAHC could see interesting potential bolt-on deals (none announced yet).
- PAHC reported F1Q15 EPS of \$0.51, \$0.15 higher than consensus and \$0.19 higher than us. Our Variance Analysis has details. PAHC increased its F'15 guidance by \$0.11 (midpoint of the ranges) to \$1.57-\$1.62. We increased our sales forecasts which drives higher EPS for F'15 & F'16.



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PAHC BUY

EARNINGS RELEASE

Investment Thesis: Growth

SHARE PRICE	\$27.92
PRICE TARGET	\$35.00

Revenue (\$M) (FY Jun)	1Q	2Q	3Q	4Q	FY
2014	162.2	172.7	173.3	183.7	691.9
2015	187.5	175.3E	185.8E	190.4E	739.0E
Prior	170.5	183.0E	183.8E	197.7E	735.0E
2016	—	—	—	—	798.0E
Prior	—	—	—	—	786.0E

Adjusted EPS (\$)	1Q	2Q	3Q	4Q	FY
2014	0.30	0.35	0.36	0.22	1.22
P/E					22.9x
2015	0.51	0.30E	0.37E	0.39E	1.57E
Prior	0.32	0.38E	—	0.42E	1.49E
P/E					17.8x
2016	—	—	—	—	1.76E
Prior	—	—	—	—	1.66E
P/E					15.9x

Market Data & Valuation Multiples

52-Week Range	\$15.00 - \$29.89
Shares Out (M)	17.4
Market Cap (M)	\$1,088
ADV (3 mo; 000)	88

SCENARIO	VALUATION	INVESTMENT THESIS
Bull Case	F2015E EPS: \$1.90 12-Month Bull Case Scenario: \$45 Upside/Downside Potential: 61%	<ul style="list-style-type: none"> • 5-year sales and EPS CAGRs of 10% and 20%, respectively • 600 bps of operating margin expansion from F'13A to F'19E • Business development
Base Case	F2015E EPS: \$1.57 12-Month Base Case Scenario: \$35 Upside/Downside Potential: 25%	<ul style="list-style-type: none"> • 5-year sales and EPS CAGRs of 6% and 11%, respectively • 547 bps of operating margin expansion from F'13A to F'19E • No additional business development
Bear Case	F2015E EPS: \$1.45 12-Month Bear Case Scenario: \$25 Upside/Downside Potential: -10%	<ul style="list-style-type: none"> • 5-year sales and EPS CAGRs of 3% and 7%, respectively • 500 bps of operating margin expansion from F'13A to F'19E • No additional business development

Source: Guggenheim Securities, LLC

VALUATION METHODOLOGY AND RISKS

We use a DCF analysis to get to our new 12-month price target of \$35. We use a WACC of 12% and an exit multiple of 13x forward EBIT to arrive at our price target. This compares favorably to other Animal Health companies, which trade on average at a forward EV/EBIT of 16x. This also compares favorably to similar companies that have been acquired at a historical EV/EBITDA of 11x, which means the EV/EBIT would likely be even higher. Risks to our valuation include: 1) regulatory restrictions on the use of antibacterials in food-producing animals; 2) increased competition from larger and better capitalized companies in the industry; 3) adverse weather conditions and the availability of natural resources; 4) lack of new product launches and/or existing products fail to gain market share.

PHIBRO VARIANCE ANALYSIS

(in millions of \$US, except per share amounts)

	Actual F1Q15 Amount	Guggenheim Estimate F1Q15 Amount	Variance	Comments
Total Revenue	187.5	170.5	17.0	Growth in Animal Health and Mineral Nutrition. Milestone of \$6MM.
COGS	127.2	116.2	10.9	
Gross Profit	60.3	54.3	6.0	
SG&A and R&D	34.2	35.6	(1.5)	
Other Operating Expenses	0.0	0.0	-	
Operating Income	26.2	18.7	7.5	
Non Operating Items	-3.5	-3.4	(0.1)	
Pre-Tax Income	22.7	15.2	7.4	
Taxes	2.4	2.7	(0.3)	
Tax Rate	10.7%	18.0%	-7.3%	\$1.2MM benefit from unrecognized tax benefits and release of valuation allowance.
Net Income	20.2	12.5	7.7	
Averages Shares	39.6	39.6	0.1	
Operating EPS	\$0.51	\$0.32	\$0.19	
Margin Analysis				
Revenues	100.0%	100.0%		
COGS	67.8%	68.2%		
Gross Margin	32.2%	31.8%		
SG&A and R&D	18.2%	20.9%		
Net Income	10.8%	7.3%		

Source: Guggenheim Securities, LLC and Company reports

CATALYST CALENDAR

Date	Driver	Upcoming Event
Calendar 2014		
2014	Carbadox	Codex could adopt language curtailing its use
2014	Teaneck, NJ	FDA re-inspects facility, issued 483s last time
Calendar 2015+		
Late 2016	U.S. Animal Health Antibiotics	FDA wants sponsors to complete process for label changes relating to new GFI213

Source: Guggenheim Securities, LLC and Company reports

FINANCIAL MODEL

(\$ in MM, except per share amounts)	Phibro F2015	Midpoint	Guggenheim F2015
	Guidance		Estimate
Net Sales	\$739 to \$759	\$749	\$739
Net Sales Growth	7% to 10%	8.5%	6.8%
Adjusted EBITDA	\$103 to \$107	\$105	\$109
Adjusted EBITDA Growth	14% to 18%	16.0%	13.8%
Adjusted diluted EPS ⁽¹⁾	\$1.57 to \$1.62	\$1.60	\$1.57
Diluted Average Shares Outstanding	39.6		39.7
Capex	\$25		\$25

Source: Guggenheim Securities, LLC and Company Reports

(1) Cash taxes of \$10MM to \$12MM.

Phibro Animal Health - Quarterly Income Statement Analysis 2009-2021E

(\$ in Millions)																		
(Year Ended June 30.)	2009 (a)	2010 (a)	2011(a)	2012(a)	2013(a)	2014 (b)	1Q15A (c)	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	CAGR 16E-21E
Total Revenue	537.1	594.2	618.3	654.1	653.2	691.9	187.5	175.3	185.8	190.4	739.0	798.0	847.4	896.7	949.2	1,005.1	1,064.7	5.9
COGS	406.4	439.5	471.7	490.0	474.2	484.1	127.2	119.6	125.5	129.0	501.2	536.4	563.7	590.9	619.8	650.6	683.3	
Gross Profit	130.8	154.7	146.7	164.1	179.0	207.8	60.3	55.8	60.3	61.4	237.8	261.6	283.7	305.8	329.4	354.6	381.4	
SG&A and R&D	81.1	97.4	101.2	111.6	117.9	133.7	34.2	38.0	39.0	39.3	150.5	160.0	169.6	178.9	188.8	194.4	200.3	
Other (Income)/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Operating Expense	81.1	97.4	101.2	111.6	117.9	133.7	34.2	38.0	39.0	39.3	150.5	160.0	169.6	178.9	188.8	194.4	200.3	
Operating Income	49.7	57.3	45.4	52.6	61.1	74.1	26.2	17.8	21.3	22.1	87.3	101.6	114.1	126.9	140.6	160.1	181.1	12.3
Interest Income	0.2	0.1	0.3	0.3	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.4	0.2	0.4	0.4	0.4	1.0	
Interest Expense	(31.5)	(34.5)	(34.6)	(35.7)	(35.8)	(13.8)	(3.5)	(3.3)	(3.3)	(3.3)	(13.3)	(14.6)	(14.3)	(12.5)	(10.5)	(10.5)	(10.5)	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Non-Operating Items	(31.3)	(34.4)	(34.3)	(35.4)	(35.6)	(13.8)	(3.5)	(3.2)	(3.2)	(3.2)	(13.1)	(14.2)	(14.1)	(12.1)	(10.1)	(10.1)	(9.5)	
Pre-tax Income	18.4	23.0	11.2	17.1	25.4	60.3	22.7	14.5	18.0	18.9	74.1	87.4	100.1	114.7	130.5	150.0	171.7	
Tax Rate	21.8%	1.3%	34.1%	42.0%	27.9%	20.3%	10.7%	18.0%	18.0%	18.0%	15.8%	19.4%	19.9%	29.9%	30.0%	30.0%	30.0%	
Taxes	4.0	0.3	3.8	7.2	7.1	12.2	2.4	2.6	3.2	3.4	11.7	17.0	19.9	34.3	39.1	45.0	51.5	
Adjusted Net Income	14.4	22.7	7.4	9.9	18.3	48.1	20.2	11.9	14.8	15.5	62.4	70.4	80.2	80.4	91.3	105.0	120.2	11.3
Average Shares	69.0	69.0	68.9	68.9	68.9	39.4	39.6	39.7	39.7	39.8	39.7	40.0	40.2	40.4	40.6	40.8	41.0	
Adjusted Diluted EPS	\$0.21	\$0.33	\$0.11	\$0.14	\$0.27	\$1.22	\$0.51	\$0.30	\$0.37	\$0.39	\$1.57	\$1.76	\$2.00	\$1.99	\$2.25	\$2.58	\$2.93	10.7
%Change																		
Total Revenue		10.6%	4.1%	5.8%	-0.1%	5.9%	15.6%	1.5%	7.2%	3.7%	6.8%	8.0%	6.2%	5.8%	5.9%	5.9%	5.9%	
YOY Growth																		
COGS		8.2%	7.3%	3.9%	-3.2%	2.1%	12.8%	-1.7%	4.2%	-0.3%	3.5%	7.0%	5.1%	4.8%	4.9%	5.0%	5.0%	
Gross Profit		18.3%	-5.2%	11.9%	9.0%	16.1%	21.8%	9.0%	14.1%	13.1%	14.4%	10.0%	8.5%	7.8%	7.7%	7.6%	7.6%	
SG&A and R&D		20.2%	3.9%	10.2%	5.7%	13.4%	7.6%	15.4%	13.7%	13.2%	12.6%	6.3%	6.0%	5.5%	5.5%	3.0%	3.0%	
Other (Income)/Expense		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Operating Income		15.3%	-20.7%	15.7%	16.1%	21.4%	47.2%	-2.6%	14.7%	12.9%	17.8%	16.4%	12.3%	11.2%	10.8%	13.9%	13.1%	
Non-Operating Items		9.7%	-0.3%	3.3%	0.6%	-61.4%	3.4%	-4.7%	-6.7%	-9.8%	-4.5%	8.1%	-1.0%	-13.6%	-16.6%	-0.6%	-6.1%	
Pre-tax Income		24.9%	-51.4%	53.7%	48.2%	137.4%	57.5%	-2.1%	19.6%	18.0%	22.9%	17.9%	14.5%	14.7%	13.7%	15.0%	14.4%	
Tax Rate		-94.0%	2507.2%	23.3%	-33.5%	-27.4%	-40.3%	113.5%	146.9%	-60.5%	-22.2%	23.0%	2.6%	50.3%	0.3%	0.0%	0.0%	
Taxes		-92.5%	1166.7%	89.5%	-1.4%	72.3%	-5.9%	109.0%	195.3%	-53.4%	-4.4%	44.9%	17.5%	72.3%	14.1%	15.0%	14.4%	
Adjusted Net Income		57.6%	-67.5%	35.2%	84.2%	162.6%	71.3%	-12.3%	5.8%	77.7%	29.8%	12.8%	13.8%	0.4%	13.6%	15.0%	14.4%	
Adjusted Diluted EPS		57.6%	NM	NM	84.2%	359.1%	70.5%	-12.9%	5.0%	76.6%	29.0%	12.0%	13.2%	-0.1%	13.0%	14.4%	13.9%	

Source: Guggenheim Securities, LLC and Company Reports

(a) Excludes other income/expense items that are non-operating in nature, foreign currency gain/loss, loss on extinguishment of debt, share based compensation, acquisition intangible amortization, tax effect on adjustments & discontinued operations.

(b) Excludes foreign currency loss, loss on insurance claim, acquisition intangible amortization, share based compensation, pro forma interest and the related tax effects of the adjustments. Share count has been adjusted for the 0.442-for-1 split.

(c) Excludes intangible amortization, stock-based compensation, foreign currency loss and the related tax effects.

Phibro Animal Health - Quarterly Margin Analysis 2009-2021E

	2009	2010	2011	2012	2013	2014	1Q15A	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	75.7%	74.0%	76.3%	74.9%	72.6%	70.0%	67.8%	68.2%	67.6%	67.7%	67.8%	67.2%	66.5%	65.9%	65.3%	64.7%	64.2%
Gross Margin	24.3%	26.0%	23.7%	25.1%	27.4%	30.0%	32.2%	31.8%	32.4%	32.3%	32.2%	32.8%	33.5%	34.1%	34.7%	35.3%	35.8%
SG&A and R&D	15.1%	16.4%	16.4%	17.1%	18.1%	19.3%	18.2%	21.7%	21.0%	20.7%	20.4%	20.1%	20.0%	20.0%	19.9%	19.3%	18.8%
Oper. Inc.	9.3%	9.7%	7.3%	8.0%	9.3%	10.7%	14.0%	10.1%	11.5%	11.6%	11.8%	12.7%	13.5%	14.2%	14.8%	15.9%	17.0%
Operating Expenses	15.1%	16.4%	16.4%	17.1%	18.1%	19.3%	18.2%	21.7%	21.0%	20.7%	20.4%	20.1%	20.0%	20.0%	19.9%	19.3%	18.8%
Non-Oper. Items	-5.8%	-5.8%	-5.5%	-5.4%	-5.5%	-2.0%	-1.9%	-1.8%	-1.7%	-1.7%	-1.8%	-1.8%	-1.7%	-1.4%	-1.1%	-1.0%	-0.9%
Pretax Income	3.4%	3.9%	1.8%	2.6%	3.9%	8.7%	12.1%	8.3%	9.7%	9.9%	10.0%	11.0%	11.8%	12.8%	13.7%	14.9%	16.1%
Adjusted Net Income	2.7%	3.8%	1.2%	1.5%	2.8%	7.0%	10.8%	6.8%	8.0%	8.1%	8.5%	8.8%	9.5%	9.0%	9.6%	10.4%	11.3%

Source: Guggenheim Securities, LLC and Company Reports

Phibro Animal Health - Quarterly Revenue Model 2011-2021E

(\$ in Millions)															
(Year Ended June 30)	2011	2012	2013	2014	1Q15A	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
<i>MFAs & Other</i>	273.3	290.5	303.7	326.6	80.8	83.5	90.5	93.2	348.0	373.0	401.0	431.0	463.4	498.1	535.5
<i>Nutritional Specialties</i>	43.1	47.7	52.3	63.1	19.5	18.7	20.3	19.5	78.0	90.0	96.8	104.0	111.8	120.2	129.2
<i>Vaccines</i>	28.8	36.9	28.9	41.4	16.9	10.2	11.3	11.6	50.0	57.0	61.3	65.9	70.8	76.1	81.8
Animal Health	345.2	375.2	384.9	431.1	117.2	112.4	122.1	124.3	476.0	520.0	559.0	600.9	646.0	694.4	746.5
Mineral Nutrition	209.3	210.1	203.2	201.6	55.4	48.0	48.2	49.4	201.0	206.0	208.1	210.1	212.2	214.4	216.5
Performance Products	63.9	68.8	65.0	59.3	14.8	14.9	15.5	16.8	62.0	65.0	65.3	65.7	66.0	66.3	66.6
Other New Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	15.0	20.0	25.0	30.0	35.0
Total Revenues	618.3	654.1	653.2	691.9	187.5	175.3	185.8	190.4	739.0	798.0	847.4	896.7	949.2	1005.1	1064.7
% Change															
<i>MFAs & Other</i>		6.3%	4.5%	7.5%	3.6%	4.3%	11.2%	6.9%	6.5%	7.2%	7.5%	7.5%	7.5%	7.5%	7.5%
<i>Nutritional Specialties</i>		10.7%	9.8%	20.5%	38.0%	13.9%	25.4%	19.3%	23.7%	15.4%	7.5%	7.5%	7.5%	7.5%	7.5%
<i>Vaccines</i>		28.1%	-21.9%	43.4%	86.2%	-11.2%	10.4%	9.4%	20.8%	14.0%	7.5%	7.5%	7.5%	7.5%	7.5%
Animal Health		8.7%	2.6%	12.0%	15.8%	4.1%	13.2%	8.9%	10.4%	9.2%	7.5%	7.5%	7.5%	7.5%	7.5%
Mineral Nutrition		0.4%	-3.3%	-0.8%	20.0%	-5.2%	-3.4%	-10.0%	-0.3%	2.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Performance Products		7.8%	-5.5%	-8.9%	-0.2%	5.4%	-0.4%	14.0%	4.6%	4.8%	0.5%	0.5%	0.5%	0.5%	0.5%
Other New Products		NM	NM	NM	NM	NM	NM	NM	NM	NM	114.3%	33.3%	25.0%	20.0%	16.7%
Total Revenues		5.8%	-0.1%	5.9%	15.6%	1.5%	7.2%	3.7%	6.8%	8.0%	6.2%	5.8%	5.9%	5.9%	5.9%

Source: Guggenheim Securities, LLC and Company Reports

Phibro Animal Health - Annual Revenue Model 2011-2021E

(\$ in Millions)																						
	Year End June 30,																					
	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2012/ 2011	2013/ 2012	2014/ 2013	2015E/ 2014	2016E/ 2015E	2017E/ 2016E	2018E/ 2017E	2019E/ 2018E	2020E/ 2019E	2021E/ 2020E	CAGR 16E-21E
Base Business																						
MFAs & Other	273.3	290.5	303.7	326.6	348.0	373.0	401.0	431.0	463.4	498.1	535.5	6.3%	4.5%	7.5%	6.5%	7.2%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Nutritional Specialties	43.1	47.7	52.3	63.1	78.0	90.0	96.8	104.0	111.8	120.2	129.2	10.7%	9.8%	20.5%	23.7%	15.4%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Vaccines	28.8	36.9	28.9	41.4	50.0	57.0	61.3	65.9	70.8	76.1	81.8	28.1%	-21.9%	43.4%	20.8%	14.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Total Animal Health	345.2	375.2	384.9	431.1	476.0	520.0	559.0	600.9	646.0	694.4	746.5	8.7%	2.6%	12.0%	10.4%	9.2%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Mineral Nutrition	209.3	210.1	203.2	201.6	201.0	206.0	208.1	210.1	212.2	214.4	216.5	0.4%	-3.3%	-0.8%	-0.3%	2.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Performance Products	63.9	68.8	65.0	59.3	62.0	65.0	65.3	65.7	66.0	66.3	66.6	7.8%	-5.5%	-8.9%	4.6%	4.8%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other New Products	0.0	0.0	0.0	0.0	0.0	7.0	15.0	20.0	25.0	30.0	35.0	NM	NM	NM	NM	NM	114.3%	33.3%	25.0%	20.0%	16.7%	NM
Total Revenues	618.3	654.1	653.2	691.9	739.0	798.0	847.4	896.7	949.2	1,005.1	1,064.7	5.8%	-0.1%	5.9%	6.8%	8.0%	6.2%	5.8%	5.9%	5.9%	5.9%	5.9%

Source: Guggenheim Securities, LLC and Company Reports

Phibro Animal Health - Cash Flow Analysis 2012-2021E

(\$ in Millions)										
(Year ended June 30)	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Cash flows provided by Operating Activities:										
Net Income	7.0	24.9	(3.1)	62.4	70.4	80.2	80.4	91.3	105.0	120.2
Depreciation and Amortization	17.5	19.0	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5
Amortization of deferred financing costs, imputed interest & debt discount	1.7	1.9	1.4	-	-	-	-	-	-	-
Other	0.5	(10.6)	7.7	-	-	-	-	-	-	-
Net Changes in Working Capital	5.1	(34.8)	(28.2)	(11.3)	(18.0)	(15.4)	(15.8)	(17.0)	(15.2)	(16.2)
Net cash provided by Operating Activities	31.9	0.4	(0.7)	72.6	73.9	86.2	86.1	95.8	111.3	125.4
Cash flows from Investing Activities										
Purchases of PP&E	(14.8)	(19.9)	(19.8)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Net proceeds from sale of assets	0.6	1.3	-	-	-	-	-	-	-	-
Acquisitions, net of cash acquired	(3.4)	(18.7)	-	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Other	-	-	0.4	-	-	-	-	-	-	-
Net cash used in Investing Activities	(17.6)	(37.3)	(19.4)	(35.0)	(35.0)	(35.0)	(35.0)	(35.0)	(35.0)	(35.0)
Cash flows from Financing Activities										
(Repayment) or Issuance of long term debt	(8.2)	13.9	(80.1)	2.6	(54.0)	(30.0)	(35.0)	(40.0)	-	-
Cash dividends paid	-	(3.0)	(25.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
Other	-	-	109.7	-	12.0	10.0	-	-	-	-
Net cash (used in) provided by Financing Activities	(8.2)	10.9	4.6	(12.4)	(57.0)	(35.0)	(50.0)	(55.0)	(15.0)	(15.0)
Effect of exchange-rate on cash	(0.7)	(0.5)	-	-	-	-	-	-	-	-
Net (decrease) increase in cash and equivalents	5.3	(26.5)	(15.5)	25.1	(18.1)	16.2	1.1	5.8	61.3	75.4
Cash and equivalents at beginning of year	48.6	53.9	27.4	11.8	37.0	18.8	35.0	36.1	41.9	103.2
Cash and equivalents at end of year	53.9	27.4	11.8	37.0	18.8	35.0	36.1	41.9	103.2	178.6

Source: Guggenheim Securities, LLC and Company Reports

Phibro Animal Health - Balance Sheet Analysis 2012-2021E

(\$ in Millions)

(Year ended June 30)	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Assets										
Cash and Cash Equivalent	53.9	27.4	11.8	37.0	18.8	35.0	36.1	41.9	103.2	178.6
Accounts Receivable	99.1	99.1	113.9	121.8	133.7	144.4	155.5	167.5	177.4	187.9
Inventories	120.1	140.0	143.2	148.7	159.1	167.2	175.3	183.9	193.0	202.7
Other current assets	28.7	29.8	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Total Current Assets	301.9	296.4	299.3	337.9	342.1	377.1	397.3	423.7	503.9	599.6
Plant, Property & Equipment	101.7	104.4	109.2	112.7	116.3	119.8	123.3	126.9	130.4	134.0
Intangible	15.0	35.2	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
Other assets	22.3	38.2	34.1	44.1	54.1	64.1	74.1	84.1	94.1	104.1
Total Other Assets	139.0	177.8	173.0	186.6	200.1	213.7	227.2	240.8	254.3	267.9
TOTAL ASSETS	440.9	474.1	472.3	524.5	542.2	590.7	624.5	664.4	758.2	867.4
Liabilities & Shareholder's Equity										
Current portion of long-term debt	5.4	0.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Accounts Payable	67.9	57.9	59.6	61.7	66.0	69.4	72.8	76.3	80.1	84.1
Accrued Expenses and other current liabilities	52.6	57.4	49.9	49.9	49.9	49.9	49.9	49.9	49.9	49.9
Total Current Liabilities	125.9	115.4	112.4	114.5	118.9	122.2	125.6	129.1	132.9	137.0
Long term debt	344.8	365.5	286.4	289.0	235.0	205.0	170.0	130.0	130.0	130.0
Other liabilities	58.5	62.1	58.3	58.3	58.3	58.3	58.3	58.3	58.3	58.3
Total Liabilities	529.1	543.1	457.2	461.9	412.2	385.5	353.9	317.5	321.2	325.3
Shareholders Equity	(88.2)	(68.9)	15.1	62.6	130.0	205.2	270.6	347.0	437.0	542.2
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	440.9	474.1	472.3	524.5	542.2	590.7	624.5	664.4	758.2	867.4

Source: Guggenheim Securities, LLC and Company Reports

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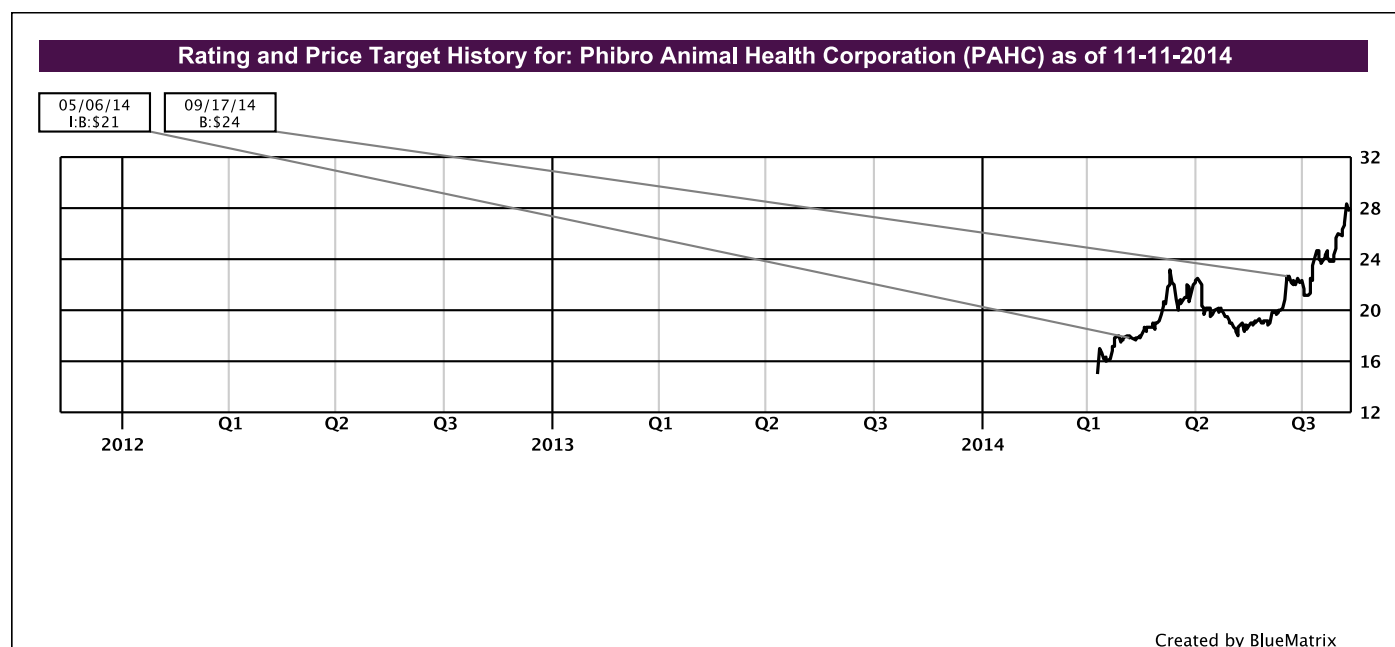
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