PHIBRO ANIMAL HEALTH CORP
Form 10-K
September 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2015
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to_____
Commission File Number: 001-36410

Phibro Animal Health Corporation
(Exact name of registrant as specified in its charter)

Delaware	13-1840497
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Glenpointe Centre East, 3rd Floor 300 Frank W. Burr Boulevard, Suite 21 Teaneck, New Jersey (Address of Principal Executive Offices)	07666-6712 (Zip Code)

(201) 329-7300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Class A Common Stock, $0.0001 par value per share (Title of each class)	NASDAQ Stock Market (Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of Securities Act. Yes No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's Class A common stock and Class B common stock held by non-affiliates of the registrant was $550,748,568 as of December 31, 2014, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the common stock on the NASDAQ Stock Market. The registrant has no non-voting common stock.

As of September 2, 2015, there were 17,952,757 shares of the registrant's Class A common stock, par value $0.0001 per share, and 21,149,811 shares of the registrant's Class B common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's Proxy Statement for the 2015 Annual Meeting of Shareholders to be held on November 9, 2015 (hereinafter referred to as the "2015 Proxy Statement") are incorporated herein by reference in Part III of this Annual Report on Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended June 30, 2015.

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Forward-Looking Statements

This Annual Report on Form 10-K 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 “could,” “would,” “will,” “should,” “can,” “can have,” “likely,” the negatives thereof and other words and terms of similar mea in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. Examples of such risks and uncertainties include:

- restrictions on the use of antibacterials in food-producing animals may become more prevalent;
- a material portion of our sales and gross profits are generated by antibacterials and other related products;
- competition in each of our markets from a number of large and small companies, some of which have greater financial, research and development (“R&D”), production and other resources than we have;
- the impact of current and future laws and regulatory changes;
- outbreaks of animal diseases could significantly reduce demand for our products;
- perceived adverse effects on human health linked to the consumption of food derived from animals that utilize our products could cause a decline in the sales of those products;
- our ability to successfully implement several of our strategic initiatives;
- our business may be negatively affected by weather conditions and the availability of natural resources;
- the continuing trend toward consolidation of certain customer groups as well as the emergence of large buying groups;
- our ability to control costs and expenses;
- any unforeseen material loss or casualty;
-

exposure relating to rising costs and reduced customer income;

- competition deriving from advances in veterinary medical practices and animal health technologies;

- unanticipated safety or efficacy concerns;

- our dependence on suppliers having current regulatory approvals;

- our raw materials are subject to price fluctuations and their availability can be limited;

- natural and man-made disasters, including but not limited to fire, snow and ice storms, flood, hail, hurricanes and earthquakes;

- terrorist attacks, particularly attacks on or within markets in which we operate;

- our reliance on the continued operation of our manufacturing facilities and application of our intellectual property;

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- adverse U.S. and international economic market conditions, including currency fluctuations;
- the risks of product liability claims, legal proceedings and general litigation expenses;
- our dependence on our Israeli and Brazilian operations;
- our substantial level of indebtedness and related debt-service obligations;
- restrictions imposed by covenants in our debt agreements;
- the risk of work stoppages; and
- other factors as described in “Risk Factors” in Item 1A. of this Annual Report on Form 10-K.

While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the way we expect. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933 (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 (“Section 404”) of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and (iii) exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have taken, and plan to continue to take, advantage of some or all of these exemptions. If we do continue to take advantage of any of these exemptions, we do not know if some investors will find our Class A common stock less attractive as a result. If some investors find our Class A common stock less attractive, there may be a less active trading market for our Class A common stock and our stock price may be more volatile. We have elected to forego the extended transition period for complying with new or revised accounting standards that emerging growth companies are permitted to take advantage of pursuant to Section 107 of the JOBS Act.

Pursuant to Section 102 of the JOBS Act, our 2015 Proxy Statement will provide reduced executive compensation disclosure.

We could remain an emerging growth company until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (b) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which would occur if the market value of our Class A common stock that is held by

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non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, (c) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period, or (d) June 2019, which is the end of the fiscal year following the fifth anniversary of our initial public offering.

Market, Ranking and Other Industry Data

Unless otherwise indicated, information contained in this report concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on management estimates and on information from Vetnosis Limited ("Vetnosis"), a research and consulting firm specializing in global animal health and veterinary medicine. The Vetnosis information cited in this document was not prepared by Vetnosis on our behalf. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. We believe these estimates are reasonable as of the date of this report, or if an earlier date is specified, as of such earlier date. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information is subject to change and cannot always be verified due to limits on the availability and reliability of independent sources, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. In addition, purchasing patterns and consumer preferences can and do change. As a result, you should be aware that market share, ranking and other similar data set forth in this report, and estimates and beliefs based on such data, may not be reliable.

Trademarks, Service Marks and Trade Names

The following trademarks and service marks used throughout this report belong to, are licensed to, or are otherwise used by us in our business: Stafac®; Eskalin™; V-Max®; Terramycin®; Neo-Terramycin®; Neo-TM™; TM-50®; TM-100™; Mecadox®; Nicarb®; Boviprol™; Bloat Guard®; Aviax®; Aviax II™; Aviax Plus™; Coxistac™; Posistac™; Banminth®; Cerditac™; Cerdimix™; Rumatel®; OmniGen-AF®; Animate®; Procreatin 7®; Magni-Phi®; Chromax®; Provia 6086™; SRP®; Safmannan®; Biosaf®; AB20®; Lactrol®; MJPRRS®; and TAbic®.

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PART I

Item 1. Business

Overview

Phibro Animal Health Corporation is a leading global diversified animal health and mineral nutrition company. We are committed to providing livestock producers with value-based products and solutions to help them maintain and enhance the health and productivity of their animals and meet the growing demand for animal protein. Our sales, marketing and technical support organization of approximately 275 employees sells more than 1,400 product presentations in over 65 countries to approximately 2,900 customers. We develop, manufacture and market products for a broad range of food animals including poultry, swine, beef and dairy cattle and aquaculture. Our products help prevent, control and treat diseases, enhance nutrition to help improve health and performance and contribute to balanced mineral nutrition. We sell animal health and mineral nutrition products either directly to integrated poultry, swine, and cattle integrators or through commercial animal feed manufacturers, wholesalers and distributors.

Our products include:

- Animal health products such as antibacterials, anticoccidials and vaccines, which help prevent and manage infectious disease in livestock and therefore improve food safety, and nutritional specialty products, which enhance nutrition to help improve health and performance.

- Mineral nutrition products that fortify the animal's diet and help maintain optimal health.

We have focused our efforts in regions where the majority of livestock production is consolidated in large commercial farms such as the United States, Brazil, China, Russia, Mexico, Australia, Turkey, Israel, Canada and Europe, and we believe we are well positioned to further accelerate our growth with our established network of sales, marketing and distribution professionals in emerging markets in Latin America, Asia Pacific, Europe and Africa.

In addition to animal health and mineral nutrition products, we manufacture and market specific ingredients for use in the personal care, automotive, industrial chemical and chemical catalyst industries. We sell performance products directly to customers in the aforementioned industries.

Unless otherwise indicated or the context requires otherwise, references in this report to "we," "our," "us," "the Company," "Phibro," "PAHC" and similar expression refer to Phibro Animal Health Corporation and its subsidiaries. We completed our initial public offering ("IPO") on April 16, 2014. Our Class A common stock trades on the NASDAQ Stock Market ("NASDAQ") under the trading symbol "PAHC." Our Class B common stock is not listed or traded on any stock exchange.

Business Segments

We manage our business in three segments—Animal Health, Mineral Nutrition and Performance Products—each with its own dedicated management and sales team, for enhanced focus and accountability. Net sales by segments, species and regions were:

	Segments			Change				Percentage of total		
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
Animal Health	$ 471	$ 431	$ 385	$ 40	9%	$ 46	12%	63%	62%	59%
Mineral Nutrition	227	202	203	26	13%	(2)	(1)%	30%	29%	31%
	51	59	65	(9)	(14)%	(6)	(9)%	7%	9%	10%

Performance Products							
Total	$ 749	$ 692	$ 653	$ 57	8%	$ 39	6%

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	Species			Change				Percentage of total		
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
Poultry	$ 283	$ 284	$ 261	$ (1)	(0)%	$ 23	9%	38%	41%	40%
Swine	93	90	91	3	3%	(1)	(1)%	12%	13%	14%
Dairy	131	120	102	11	9%	18	18%	17%	17%	16%
Cattle	118	83	75	35	42%	8	11%	16%	12%	11%
Other(1)	124	115	124	9	8%	(9)	(7)%	17%	17%	19%
Total	$ 749	$ 692	$ 653	$ 57	8%	$ 39	6%			

	Regions(2)			Change				Percentage of total		
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
U.S. & Canada	$ 483	$ 445	$ 437	$ 38	9%	$ 8	2%	65%	64%	67%
Brazil and Latin America	107	92	73	15	17%	19	26%	14%	13%	11%
China & Asia Pacific	61	62	53	(1)	(1)%	9	17%	8%	9%	8%
Israel & Other	97	93	90	4	4%	3	3%	13%	13%	14%
Total	$ 749	$ 692	$ 653	$ 57	8%	$ 39	6%			

(1)
Other includes the Performance Products segment, Mineral Nutrition sales to pet food and fertilizer manufacturers and sales to the ethanol industry

(2)
Net Sales by region are based on country of destination

Certain amounts and percentages may reflect rounding adjustments.
Adjusted EBITDA by segment was:

	Adjusted EBITDA			Change				Percentage of total(1)		
For the Year Ended	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013

June 30										
	($ in millions)									
Animal Health	$ 120	$ 100	$ 83	$ 20	20%	$ 17	21%	88%	86%	85%
Mineral Nutrition	14	12	12	3	24%	(0)	(4)%	11%	10%	12%
Performance Products	3	5	3	(2)	(43)%	2	58%	2%	4%	3%
Corporate	(27)	(26)	(22)	(1)	*	(4)	*			
Total	$ 110	$ 91	$ 76	$ 19	21%	$ 15	20%			

(1)
Before unallocated corporate costs

Certain amounts and percentages may reflect rounding adjustments.
Net identifiable assets by segment were:

	Net Identifiable Assets			Change				Percentage of total		
As of June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
Animal Health	$ 362	$ 361	$ 329	$ 0	0%	$ 32	10%	73%	77%	69%
Mineral Nutrition	59	58	65	2	3%	(7)	(11)%	12%	12%	14%
Performance Products	22	23	21	(1)	(5)%	2	10%	5%	5%	4%
Corporate	50	30	59	20	67%	(29)	(49)%	10%	6%	12%
Total	$ 493	$ 472	$ 474	$ 21	4%	$ (2)	(0)%			

Corporate includes all cash and cash equivalents.
Certain amounts and percentages may reflect rounding adjustments.
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Animal Health

Our Animal Health business develops, manufactures and markets more than 550 product presentations, including:

- antibacterials, which inhibit the growth of pathogenic bacteria that cause bacterial infections in animals; anticoccidials, which inhibit the growth of coccidia (parasites) that damage the intestinal tract of animals; and related products (MFAs and other);

- nutritional specialty products, which enhance nutrition to help improve health and performance (nutritional specialties); and

- vaccines, which cause an increase in antibody levels against a specific virus or bacterium, thus preventing infection from that viral or bacterial antigen (vaccines).

Our animal health products help our customers prevent, control and treat diseases and enhance nutrition to help improve health and performance, enabling our customers to more efficiently produce high-quality, wholesome animal protein products for human consumption. We develop, manufacture and market animal health products for a broad range of food animals including poultry, swine, beef and dairy cattle and aquaculture. We provide technical and product support directly to our customers to ensure the optimal use of our products. The animal health industry and demand for many of our animal health products in a particular region are affected by changing disease pressures and by weather conditions, as usage of our products follows varying weather patterns and seasons. As a result, we may experience regional and seasonal fluctuations in our animal health segment. Animal Health net sales by product group and regions were:

	Product Groups			Change				Percentage of total		
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
MFAs and other	$ 336	$ 327	$ 304	$ 9	3%	$ 23	8%	71%	76%	79%
Nutritional specialties	82	63	52	19	30%	11	21%	17%	15%	14%
Vaccines	53	41	29	12	29%	13	44%	11%	10%	7%
Animal Health	$ 471	$ 431	$ 385	$ 40	9%	$ 46	12%			

	Regions(1)			Change				Percentage of total		
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013		2015	2014	2013
	($ in millions)									
U.S. & Canada	$ 219	$ 195	$ 184	$ 24	12%	$ 11	6%	46%	45%	48%
	99	85	70	14	16%	15	21%	21%	20%	18%

Brazil & Latin America										
China & Asia Pacific	61	62	53	(1)	(1)%	9	17%	13%	14%	14%
Israel & Other	92	89	78	3	4%	11	14%	20%	21%	20%
Total	$ 471	$ 431	$ 385	$ 40	9%	$ 46	12%			

(1)
Net Sales by region are based on country of destination

Certain amounts and percentages may reflect rounding adjustments.

MFAs and Other

Our MFAs and other business primarily consists of concentrated medicated products that are administered through animal feeds, commonly referred to as Medicated Feed Additives (“MFAs”). Our MFAs and other business primarily consists of the production and sale of antibacterials (including Stafac®, Terramycin®, Neo-Terramycin® and Mecadox®) and anticoccidials (including Nicarb®, Aviax®, Aviax Plus™, Coxistac™ and amprolium). Growth in this business primarily stems from increased penetration into emerging markets. MFAs and other also includes antibacterial products used to control bacterial infections, as well as other processing aids, for the ethanol fermentation industry.

Approximately 50% of our MFAs and other sales in fiscal year 2015 were to the poultry industry, with sales to swine, cattle, dairy and other customers accounting for the remainder. The principal regions we serve include the U.S. and Canada, Brazil and Latin America, China and Asia Pacific, and Israel and other, with the largest region (as measured by net sales) accounting for less than half of total net sales.

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Nutritional Specialties

Many of our proprietary nutritional specialty products have been developed through basic research in cooperation with private research companies or by leading universities with whom we collaborate and then further develop through commercial trials with customers. Our nutritional specialty products include OmniGen-AF®, a unique, patented nutritional specialty product that has been shown in several studies to help maintain a cow's healthy immune system, and Animate®, a unique, patented anionic nutritional specialty product that helps optimize the health and performance of the transition dairy cow. We sell OmniGen-AF in the U.S., Canada, Mexico, Brazil, several European countries, Turkey, Israel, Japan and Australia. We have obtained regulatory approval to sell OmniGen-AF in China, and we are in the process of launching the product. We sell Animate in the U.S., Canada and Mexico. We sell Magni-Phi®, a unique proprietary specialty product that has been shown in several studies to help improve immune response in poultry, which may lead to better health and performance, to poultry integrators in the U.S. Our nutritional specialties sales are primarily to the U.S. dairy market, with recent or planned entries into the dairy markets of Europe, Brazil and other Latin American countries, Australia and China.

Vaccines

Our vaccines products are primarily focused on preventing diseases in the poultry and swine industries. We market these products in the United States, China, South East Asia, India, Turkey, East and Central Europe, Africa, Brazil and other Latin American countries and Israel.

In January 2015, we became the exclusive distributor of the MJ Biologics, Inc. ("MJB") autogenous vaccine against porcine reproductive and respiratory syndrome ("PRRS") in swine in the U.S. and have agreed with MJB to collaborate on the development of certain other animal vaccines. This represents our first entry into the swine vaccine market. We are also the exclusive distributor of Epitopix's autogenous vaccines against salmonella and E.coli for chickens in the United States, containing their proprietary SRP® technology, primarily for broiler breeders and table egg laying hens. Our autogenous vaccines allow us to produce custom vaccines for veterinarians that contain antigens specific to each farm, allowing Phibro to provide comprehensive health management solutions to our customers.

We have developed TAbic®, an innovative and proprietary delivery platform for vaccines. TAbic is a patented technology for formulation and delivery of vaccine antigens in effervescent tablets, packaged in sealed aluminum blister packages. The technology replaces the glass bottles that are in common use today, and offers significant advantages including storage requirements, customer handling and disposal.

Mineral Nutrition

Our Mineral Nutrition business manufactures and markets more than 425 formulations and concentrations of trace minerals such as zinc, manganese, copper, iron and other compounds, with a focus on customers in North America. Our customers use these products to fortify the daily feed requirements of their livestock's diets and maintain an optimal balance of trace elements in each animal. We manufacture and market mineral nutrition products for a broad range of food animals including poultry, swine and beef and dairy cattle. Volume growth in the mineral nutrition sector is primarily driven by livestock production numbers, while pricing is largely based on costs of the underlying commodity metals. Demand for our mineral nutrition products can vary in different seasons of the year and due to extreme changes in weather conditions in a particular region, both of which may cause animal feed consumption to fluctuate. As a result, we may experience regional and seasonal fluctuations in our Mineral Nutrition segment.

Performance Products

Our Performance Products business manufactures and markets a number of specialty ingredients for use in the personal care, automotive, industrial chemical and chemical catalyst industries, predominantly in the United States.

Our Products

Animal Health

MFAs and Other

The MFA business primarily consists of the production and sale of antibacterials (Stafac, Terramycin, Neo-Terramycin and Mecadox) and anticoccidials (Nicarb, Aviax, Aviax Plus, Coxistac and amprolium).

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Antibacterials and Anticoccidials

We manufacture and market a broad range of antibacterials and other medicated products to the global livestock industry. These products provide therapeutic benefits for the animals and increased feed conversion efficiency, which are proven drivers of profitability for animal producers. The table below presents our core MFA products:

Product	Active Ingredient	Market Entry of Active Ingredient	Description
Terramycin®/TM-50®/ TM-100™	oxytetracycline	1951	Antibacterial with multiple applications for a wide number of species
Nicarb®	nicarbazin	1954	Anticoccidial for poultry
amprolium	amprolium	1960	Anticoccidial for poultry and cattle
Bloat Guard®	poloxalene	1967	Anti-bloat treatment for cattle
Banminth®	pyrantel tartrate	1972	Anthelmintic for livestock
Mecadox®	carbadox	1972	Antibacterial for swine to control salmonellosis and dysentery
Stafac®/Eskalin™/V-Max®	virginiamycin	1975	Antibacterial used to prevent and control diseases in poultry, swine and cattle
Coxistac™/Posistac™	salinomycin	1979	Anticoccidial for poultry and cattle; disease preventative in swine
Rumatel®	morantel tartrate	1981	Anthelmintic for livestock
Cerditac™/Cerdimix™	oxibendazole	1982	Anthelmintic for livestock
Aviax®/Aviax II™	semduramicin	1995	Anticoccidial for poultry
Neo-Terramycin®/Neo-TM™	oxytetracycline + neomycin	1999	Combination of two antibacterials with multiple applications for a wide number of species
Aviax Plus™	semduramicin + nicarbazin	2010	Anticoccidial for poultry

Antibacterials are biological or chemical products used in the animal health industry to treat or to prevent diseases, thereby promoting more efficient livestock growth. Several factors contribute to limit the efficiency, weight gain and feed conversions of livestock production, including stress, poor nutrition, environmental and management challenges and disease. Antibacterials help prevent and treat disease in livestock, which leads to improved overall health of the animals and more efficient feed conversion. Our antibacterial products include:

- Oxytetracycline and Neomycin. Terramycin utilizes the active ingredient oxytetracycline and Neo-Terramycin combines the active ingredients neomycin and oxytetracycline to prevent and treat a wide range of diseases in chickens, turkeys, cattle, swine and aquaculture. We sell Terramycin and/or Neo-Terramycin products primarily in the United States, Latin America, Mexico and Asia to livestock and aquaculture producers, feed companies and distributors.

- Virginiamycin. Virginiamycin is an antibacterial marketed under the brand names Stafac to swine, cattle, chickens and turkeys producers, Eskalin™ to dairy cows and beef cattle producers and V-Max® for beef cattle producers. Virginiamycin is used to prevent necrotic enteritis in chickens, treat and control swine dysentery and aid in the prevention of liver

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abscesses in cattle. Our experience in the development and production of virginiamycin has enabled us to develop significant intellectual property and know-how, which have helped protect against generics. We are the sole worldwide manufacturer and seller of virginiamycin.

- Carbadox. We market carbadox under the brand name Mecadox for use in swine feeds to control swine salmonellosis and swine dysentery and, as a result, improve animal health and performance. Mecadox is sold primarily in the United States to feed companies and large integrated swine producers.

Anticoccidials are produced through fermentation and chemical synthesis, and are primarily used to prevent and control the disease coccidiosis in poultry and cattle, thereby promoting more efficient livestock growth. Coccidiosis is a disease of the digestive tract that has considerable health consequences to livestock and, as a result, is of great concern to livestock producers. We sell our anticoccidials primarily to integrated poultry producers and feed companies in North America, Latin America and Asia, and to international animal health companies. Our anticoccidial products include:

- Nicarbazin. We produce and market nicarbazin under the trademark Nicarb and as an active pharmaceutical ingredient. Nicarbazin is a broad-spectrum anticoccidial used for coccidiosis prevention in chickens.

- Amprolium. We produce and market amprolium as an active pharmaceutical ingredient. We also have received U.S. Food and Drug Administration (“FDA”) approval to sell amprolium as Boviprol™ 9.6% Oral Solution to cattle and calves.

- Salinomycin and Semduramicin. We produce and market Coxistac, Aviax/Aviax II™/Aviax Plus and Posistac™, which are in a class of compounds known as ionophores, to combat coccidiosis and increase feed efficiency in poultry and swine. We market our salinomycin and semduramicin products in Asia, Latin America and the Middle East and have received FDA approval to sell Coxistac in the United States.

Anthelmintics are used to treat infestations of parasitic intestinal worms. Our anthelmintic products include Rumatel® and Banminth®, which are both marketed to control major internal nematode parasites in beef and dairy cattle and swine.

Bloat Guard® is an anti-bloat treatment used in cattle to control bloat in animals grazing on legume or wheat-pasture.

Nutritional Specialties

Our primary nutritional specialty products have been identified, developed and commercialized by our staff of nutritionists working with private research companies, leading universities and customers with whom we collaborate. For those of our nutritional specialty products that are not proprietary or exclusive to us, we typically maintain unique supply agreements or primary distributor status with the product developers giving us preferential access to trademarks, territories and research data. Our nutritional specialty products include:

Product	Market Entry	Description
AB20®	1989	Natural flow agent that improves overall feed quality and effectiveness
Chromax®	1992	Source of organic chromium used to optimize swine production through reproductive efficiency
Biosaf®	1997	Heat stable live-cell yeast that optimize production efficiency
Procreatin 7®	1997	Live-cell yeast product for ruminant nutrition
Animate®	1999	Maintains proper blood calcium levels in dairy cows during critical transition period
Safmannan®	2000	Yeast cell wall components that optimize production efficiency
OmniGen-AF®	2004	Optimizes immune status in dairy cows

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Product	Market Entry	Description
Provia 6086™	2013	Direct fed microbial for all classes of livestock
Magni-Phi®	2015	Proprietary blend that improves immune response to enhance absorption and utilization of nutrients for poultry

AB20® is a natural flow agent that, when added to feed, improves the overall feed quality. The product is one of the most thoroughly researched in the broad flow agent segment.

Chromax®, chromium tripicolinate, is a source of organic chromium used to optimize swine production and is predominantly used in sows where it has been proven to improve reproductive efficiency and litter size. Chromax can result in a significant return on investment for swine producers because of its low cost relative to other production costs and the reproductive and litter size improvements it promotes.

Procreatin 7® is a branded live-cell yeast product specifically selected for ruminant nutrition. It is a single strain of saccharomyces cerevisiae DNA-verified yeast.

Animate is a unique patented anionic mineral supplement that helps optimize the health and performance of the transition dairy cow and improves profitability for dairy producers.

OmniGen-AF is a proprietary nutritional specialty product manufactured and marketed exclusively by us that has been shown in various studies to help maintain a cow’s healthy immune system and improve their natural response to potential environmental and health challenges.

Magni-Phi is a proprietary blend of saponins, triterpenoids and polyphenols that improves immune response to enhance the absorption and utilization of nutrients for poultry.

Our other nutritional specialty products include Provia 6086™, a direct fed microbial, and Safmannan® and Biosaf®, yeast cell wall and protected live-cell yeast components, respectively, that optimize production efficiency. We offer yeast culture products for all species of livestock.

Nutritional specialty products are marketed to livestock producers by working through key influencers, such as animal nutritionists and veterinarians.

Vaccines

We develop, manufacture and market vaccines primarily for poultry in China, South East Asia, India, Turkey, East and Central Europe, East Africa, South Africa, Brazil and other Latin American countries and Israel. In addition, we distribute certain autogenous vaccines for chickens and swine in the United States. We produce vaccines that protect animals from both viral and bacterial disease challenges.

We have developed TAbic, a unique and proprietary delivery platform for vaccines. TAbic is a patented platform technology for formulation and delivery of vaccine strains in effervescent tablets. This technology provides superior convenience to poultry producers by requiring less storage space, less labor and increased dosing flexibility as compared to traditional delivery technology using bottles. Several of our vaccine products are available in the patented TAbic format.

The IB variant 1 and IB variant 2 vaccines are intermediate virulence live vaccine strains used for the prevention of infectious bronchitis in poultry. Both vaccine strains have become significant tools in the increasing global fight against infectious bronchitis in regions throughout the world. These vaccine strains present us with an opportunity for growth.

The M.B. strain of Gumboro vaccine is an intermediate virulence live vaccine strain used for the prevention of Infectious Bursal Disease in poultry. The intermediate strain was developed to provide protection against the new field epidemic virus, which is more virulent than those previously encountered.

The V.H. strain of Newcastle disease vaccine is a pathogenic strain and is effective when applied by aerosol, coarse spray, drinking water or eye-drops. It has been used successfully under various management and climate conditions in many breeds of poultry.

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In the United States, we also distribute autogenous vaccines for chickens produced using Epitopix's proprietary SRP vaccine technology. Several clinical challenge studies with Salmonella and E. coli bacteria (which are a focus of food safety) have been completed using SRP technology.

We also focus on innovation to produce new antigens or new presentations of antigens, and have developed new vaccines, such as the recombinant VP2 and EDS vaccines, being sold as monovalent vaccines or in combinations with other antigens.

MJPRRS®, an autogenous vaccine for swine, is administered to pregnant sows to protect their offspring from PRRS in the U.S. This vaccine includes multiple PRRS isolates representing different groups of PRRS viruses.

Mineral Nutrition

Our mineral nutrition products principally include copper, zinc, cobalt, iron, selenium, manganese, magnesium, iodine and molybdenum.

Our major mineral nutrition customers are regional and national feed companies, distributors, co-ops, premixers, integrated swine, beef and poultry operations and pet food companies. The majority of our customers have nutrition staffs who determine their own formulae for custom trace mineral premixes.

Trace minerals' costs fluctuate with commodity markets, and therefore, these products are price-sensitive. Their sale requires a focused effort on cost management, quality control, customer service, pricing and logistics execution to be profitable.

Performance Products

Our Performance Products business manufactures and markets products for use in the personal care, automotive, industrial chemical and chemical catalyst industries. We operate the business through our PhibroChem (a division of PAHC), Ferro Metal and Chemical Corporation Limited and Phibro-Tech, Inc. ("Phibro-Tech") business units.

Sales and Marketing

Our sales organization includes sales, marketing and technical support employees. In markets where we do not have a direct commercial presence, we generally contract with distributors that provide logistics and sales and marketing support for our products. Together, our Animal Health and Mineral Nutrition businesses have a sales, marketing and technical support organization of approximately 275 employees plus approximately 180 distributors who market our portfolio of more than 1,300 product presentations to animal feed companies, distributors and livestock producers in over 65 countries.

In direct sales markets, we sell our animal health and mineral nutrition products through our local sales offices, either directly to integrated poultry, swine and cattle integrators or through commercial animal feed manufacturers, wholesalers and distributors. Our sales representatives visit our customers, including animal feed companies, distributors and livestock producers, to inform, promote and sell our products and services. In direct service markets, our technical operations specialists provide scientific consulting focused on disease management and herd management, training and education on diverse topics, including responsible product use.

We sell our Performance Products through our local sales offices to the personal care, automotive, industrial chemical and chemical catalyst industries. We market these products predominately in the United States.

Customers

We have approximately 2,900 customers, of which approximately 2,500 customers are served by our Animal Health and Mineral Nutrition businesses. We consider a diverse set of livestock producers, including poultry and pork operations and beef and dairy farmers, to be the primary customers of our

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livestock products. We sell our products directly to livestock and aquaculture producers and to distributors that typically re-sell the products to livestock producers. We do not consider the business to be dependent on a single customer or a few customers, and we believe the loss of any one customer would not have a material adverse effect on our results.

We typically sell pursuant to purchase orders from customers and generally do not enter into long-term delivery contracts.

Product Registrations, Patents and Trademarks

We own certain product registrations, patents, trade names and trademarks, and use know-how, trade secrets, formulae and manufacturing techniques, which assist in maintaining the competitive positions of certain of our products. We believe that technology is an important component of our competitive position, and it is intended to provide us with low cost positions enabling us to produce high quality products. Patents protect some of our technology, but a significant portion of our competitive advantage is based on know-how built up over many years of commercial operation, which is protected as trade secrets. We own, or have exclusive rights to use under license, more than 170 patents or pending applications in more than 40 countries but we believe that no single patent is of material importance to our business and, accordingly, that the expiration or termination thereof would not materially affect our business.

We market our animal health products under hundreds of governmental product registrations approving many of our products with respect to animal drug safety and efficacy. The use of many of our medicated products is controlled by regulatory authorities that are specific to each country (e.g., the FDA in the United States, Health Canada in Canada and EFSA/EMA in Europe). Because they regulate the safety and wholesomeness of the human food supply, their responsibility includes feed additives for animals from which human food products are derived. Each of our medicated products is registered separately in each country where it is sold. We continuously monitor, maintain and update the appropriate registration files pertaining to such regulations and approvals. In certain countries where we work with a third party distributor, local regulatory requirements may require registration in the name of such distributor. As of June 30, 2015, we had over 750 Animal Health product registrations globally, including 450 MFA registrations and 300 vaccine registrations. Our MFA global registrations included more than 90 registrations for virginiamycin. Additionally, many of our vaccine products are based on proprietary master seeds, proprietary adjuvant formulations or patented virus grouping technology. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, including by seeking to require our employees, consultants, advisors and partners to enter into confidentiality agreements and other arrangements upon the commencement of their employment or engagement.

We seek to file and maintain trademark registrations around the world based on commercial activities in most regions where we have, or desire to have, a business presence for a particular product or service. We currently maintain, or have rights to use under license, more than 1,400 trademark registrations or pending applications globally, identifying goods and services related to our business.

Our technology, brands and other intellectual property are important elements of our business. We rely on patent, trademark, copyright and trade secret laws, as well as non-disclosure agreements to protect our intellectual property rights. Our policy is to vigorously protect, enforce and defend our rights to our intellectual property, as appropriate.

Regulatory

Many of our animal health and mineral nutrition products require licensing by a governmental agency before marketing. To maintain compliance with these regulatory requirements, we have established processes, systems and dedicated resources with end-to-end involvement from product concept to launch and maintenance in the market. Our regulatory function seeks to engage in dialogue with various global agencies regarding their policies that relate to animal health products. For products that are currently subject to formal licensing by government agencies, our business relies on the ongoing approval and/or periodic re-approval of those licenses. Failure to maintain and, where applicable, renew those licenses for

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any reason including, but not limited to, changing regulations, more stringent technical, legal or regulatory requirements, or failure of the company or its agents to make timely, complete or accurate submissions, could result in suspension or loss of the company's rights to market its products in one or more countries.

United States

In the United States, governmental oversight of animal nutrition and health products is conducted primarily by the United States Department of Agriculture ("USDA") and/or the FDA. The United States Environmental Protection Agency (the "EPA") has jurisdiction over certain products applied topically to animals or to premises to control external parasites and shares regulatory jurisdiction of ethanol manufactured in biofuel manufacturing facilities with the FDA. The USDA and the FDA are primarily responsible for the safety and wholesomeness of the U.S. human food supply. The FDA regulates foods intended for human consumption and, through the Center for Veterinary Medicine ("CVM"), regulates the manufacture and distribution of animal drugs that will be given to animals from which human foods are derived. All manufacturers of animal health pharmaceuticals must show their products to be safe, effective and produced by a consistent method of manufacture as defined under the Federal Food, Drug, and Cosmetic Act. To protect the food and drug supply for animals, the FDA develops technical standards for animal drug safety and effectiveness and evaluates data necessary to support approvals of veterinary drugs. Drug sponsors are required to file reports of certain product quality defects and adverse events in accordance with agency requirements.

The main regulatory body in the United States for veterinary pesticides is the EPA. The EPA's Office of Pesticide Programs is responsible for the regulation of pesticide products applied to animals. All manufacturers of animal health pesticides must show their products will not cause "unreasonable adverse effects to man or the environment" as stated in the Federal Insecticide, Fungicide, and Rodenticide Act. Within the United States, pesticide products that are approved by the EPA must also be approved by individual state pesticide authorities before distribution in that state. Post-approval monitoring of products is required, with reports provided to the EPA and some state regulatory agencies.

FDA approval of Type A/B/C Medicated Feed Articles and drugs is based on satisfactory demonstration of safety, efficacy, manufacturing quality standards and appropriate labelling. Efficacy requirements are based on the desired label claim and encompass all species for which label indication is desired. Safety requirements include target animal safety and, in the case of food animals, human food safety (HFS). HFS reviews encompass drug residue levels and the safety of those residue levels. In addition to the safety and efficacy requirements for animal drugs used in food-producing animals, environmental safety must be demonstrated. Depending on the compound, the environmental studies may be quite extensive and expensive. In many instances, the regulatory hurdles for a drug that will be used in food-producing animals are at least as stringent as if not more so than those required for a drug used in humans.

The Office of New Animal Drug Evaluation is responsible for reviewing information submitted by drug sponsors who wish to obtain approval to manufacture and sell animal drugs. A new animal drug is deemed unsafe unless there is an approved New Animal Drug Application ("NADA"). Virtually all animal drugs are "new animal drugs" within the meaning of the term in the Federal Food, Drug, and Cosmetic Act. An approved Abbreviated New Animal Drug Application ("ANADA") is a generic equivalent of an NADA previously approved by the FDA. Both are administered by the FDA. The drug development process for human therapeutics can be more involved than that for animal drugs. However, because human food safety and environmental safety are issues for food-producing animals, the animal drug approval process for food-producing animals typically takes longer than for non-food-producing animals, such as companion animals.

The FDA may deny an NADA or ANADA if applicable regulatory criteria are not satisfied, require additional testing or information, or require post-marketing testing and surveillance to monitor the safety or efficacy of a product. There can be no assurances that FDA approval of any NADA or ANADA will be granted on a timely basis, or at all. Moreover, if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which it may be marketed. Finally, product approvals may be withdrawn if compliance with regulatory standards is not maintained or if problems

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occur following initial marketing. Among the conditions for NADA or ANADA approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to FDA's current Good Manufacturing Practice ("cGMP") regulations. A manufacturing facility is periodically inspected by the FDA for determination of compliance with cGMP after an initial pre-approval inspection. Certain subsequent manufacturing changes must be approved by the FDA prior to implementation. In complying with standards set forth in these regulations, manufacturers must continue to expend time, monies and effort in the area of production and quality control to ensure compliance. The process of seeking FDA approvals can be costly, time consuming, and subject to unanticipated and significant delays. There can be no assurance that such approvals will be granted on a timely basis, or at all. Any delay in obtaining or any failure to obtain FDA or foreign government approvals, or the suspension or revocation of such approvals, would adversely affect our ability to introduce and market our products and to generate revenue.

The issue of the potential for increased bacterial resistance to certain antibiotics used in certain food-producing animals is the subject of discussions on a worldwide basis and, in certain instances, has led to government restrictions on the use of antibiotics in these food-producing animals. The sale of antibiotics is a material portion of our business. Legislative bills are introduced in the U.S. Congress from time to time which, if adopted, could have an adverse effect on our business. One of these initiatives is a proposed bill called the Preservation of Antibiotics for Medical Treatment Act, which has been introduced in every Congress since the mid 2000's. To date, such bills have not had sufficient support to become law. Should statutory, regulatory or other developments result in restrictions on the sale of our products, it could have a material adverse impact on our financial position, results of operations and cash flows.

In November 2004, the CVM released a draft for comment of its risk assessment of streptogramin resistance for treatment of certain infections in humans attributable to the use of streptogramins in animals (the "risk assessment"). The risk assessment was initiated after approval of a human drug called Synercid® (quinupristin/dalfopristin) for treating vancomycin resistant Enterococcus faecium (VREf), which led to increased attention regarding the use of streptogramins in animals. Synercid and virginiamycin are both members of the streptogramin class of antimicrobial drugs. The risk assessment was unable to produce any firm conclusions as to whether, and, if so, how much, the use of virginiamycin in food animals contributes to the occurrence of streptogramin-resistant infections in humans via a foodborne pathway.

The stated concern underlying the status of virginiamycin as a "medically important antimicrobial" ("MIA") on the CVM's Guidance for Industry ("GFI") 152 list, a guidance document for evaluating the microbial safety of antimicrobial new animal drugs on food for human consumption, was the potential impact on use of Synercid for treating VREf in humans. In 2010, the U.S. label for Synercid was changed and the VREf indication was removed. The FDA determined that data submitted by the sponsor of Synercid failed to verify clinical benefit of the product for the treatment of VREf infections in humans. In September 2011, we requested that FDA remove the streptogramin class of antimicrobials from GFI 152 to reflect that they are not "medically important" for human therapy. In March 2012, the FDA declined our request, citing primarily the need to engage all stakeholders on any possible changes to GFI 152 through the processes mandated by the FDA's good guidance practices, including issuing guidance revisions in draft and giving the public an opportunity to comment. There can be no assurance that the FDA will in the future agree with our view that removal of the VREf indication for Synercid requires the FDA to remove virginiamycin from the GFI 152 list.

In April 2012, the CVM released its GFI 209 ("The Judicious Use of Medically Important Antimicrobial Drugs in Food-Producing Animals"). In December 2013, the CVM released the final version of GFI 213 ("New Animal Drugs and New Animal Drug Combination Products Administered in or on Medicated Feed or Drinking Water of Food-Producing Animals: Recommendations for Drug Sponsors for Voluntarily Aligning Product Use Conditions with GFI #209"), and the proposed language relating to amending the current Veterinary Feed Directive ("VFD") regulations. The two Guidance documents and the proposed revised VFD language are all relevant to the use of MIAs in the feed or drinking water of food-producing animals. The two key principles of GFI 209 are that MIAs should be limited to those uses that are considered necessary for assuring animal health, namely for the prevention, control, and/or treatment of disease and that MIA use in food-producing animals should include veterinary oversight/ consultation. GFI 213 outlines CVM's proposal with respect to removing production claims for MIAs as

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well as the path a sponsor may take for new claims. These Guidance documents are not legally binding, but they do reflect the FDA's current thinking. These GFIs provide an opportunity for sponsors to seek to amend product claims to more accurately reflect the health function of antimicrobial products; however, there can be no assurance that if a sponsor presents a specific proposal to pursue such changes the FDA will agree with that proposal or, even if the FDA does agree, that the execution of the work and the subsequent submission to the FDA will successfully achieve the desired label amendments.

In June 2015, the CVM issued final revisions to the existing VFD regulations, which include changes to the control and use of antimicrobial products for use in animal feed. Prior to implementation of the revised VFD regulations, many approved antimicrobial products could be obtained and used without formal veterinary authorization. Under the new VFD regulations, affected antimicrobial products may only be used if authorized by a veterinarian in accordance with the VFD regulations. The current use of our antimicrobial products in the U.S. typically, but not always, involves veterinary oversight. However, the final VFD regulations may impose additional costs on some producers, which may discourage them from using our antimicrobial products. The FDA expects the process for label changes relating to the new GFI 213 to be completed by late 2016.

In the United States, the antibacterial products within our poultry business, the largest portion of our MFAs and other business in this region, as well as our cattle business, have both approved therapeutic and non-therapeutic indications. We believe, based on current producer usage patterns, that the large majority of use of our products in these segments is for therapeutic purposes. We currently generate a portion of our revenues from antibacterial products sold for use in turkeys and swine in the United States where we do not currently have therapeutic claims that match our customers' usage patterns. We intend to ensure that our antibacterial product offerings are in full alignment with the FDA's guidance documents within the FDA's three-year implementation period, and will pursue both new and additional therapeutic claims for these products under the process provided by the FDA. However, there can be no assurance that we will be successful in obtaining such claims. While it is difficult to predict exactly what impact the removal of non-therapeutic claims for our products that are medically important antibacterials will ultimately have on our sales, we estimate that, had we voluntarily decided to withdraw all of our non-therapeutic claims in the United States, and did not add any new therapeutic claims, for our fiscal year ended June 30, 2015, our MFAs and other net sales would have been reduced by approximately $10 to $15 million.

Our carbadox product has been approved for use in food animals for over 40 years. In 1998, following a submission by the drug sponsor, the FDA conducted an evaluation of carbadox and found that it was safe based on the U.S. "sensitivity of the method" policy. Accordingly, the FDA continues to permit the approved use of carbadox. In June 2011, the FDA issued a letter to us requiring us to submit information relevant to the safety evaluation of carbadox. We have participated in a number of meetings with the CVM to discuss the approved conditions of use of carbadox in the United States and address the CVM's concerns that certain residues may persist in tissues for longer than previously determined. These discussions are ongoing, and we have indicated our willingness to work with the FDA and have undertaken further scientific studies to support the safe use of carbadox. There can be no assurance that the FDA will not seek some other course of action that could result in restriction of sales, or even a total ban on the use, of carbadox in the United States or that the results of any additional work we undertake, or have undertaken, will successfully support the continued market approval of carbadox.

In October 2012, the FDA conducted a cGMP audit of various quality documents and records at our Teaneck, NJ headquarters. At the conclusion of the audit, the FDA issued inspectional observations (Form 483) relating to various analytical test results and practices, expiration dating and reporting requirements regarding specification non-conformance for Stafac 20, one of our product formulations of virginiamycin. The procedures used to generate information and data in our records were consistent with our documented Standard Operating Procedures. We responded to the inspectional observations in writing in December 2012. In May 2013, the FDA sent us a letter indicating they were seeking further explanation and corrective actions regarding the issues raised in the inspectional observations. We provided responses in July and August 2013 outlining changes and providing additional information to address the FDA requests. In December 2013, the FDA replied to our response, noting some changes and proposed refinements to the revised testing procedures for our product, indicating that it would be beneficial for us to engage a third party consultant with cGMP expertise, and indicating that our updated procedures, among additional

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cGMP requirements, would be reviewed at the FDA's next inspection. In February 2015, the FDA conducted an inspection at our Teaneck, NJ headquarters to verify the information provided in our 2013 responses. A Form 483 was issued, which contained one inspectional observation citing two examples of the observed violation. The observation questioned whether or not we are able to confirm that the drug components (of Type A medicated products) remain uniformly dispersed and stable under ordinary conditions of shipment, storage and use. We responded to the inspectional observation in writing in March 2015. This inspectional observation has not impacted our ability to market products in the United States or any other country, and we expect the Form 483 observation will be satisfactorily addressed. While we believe we have taken appropriate actions to address our cGMP program, and are working to implement the FDA's remaining recommendations promptly, there can be no assurance that the FDA will concur. Failure to comply with cGMP standards could have a financially material impact on our business.

European Union

European Union ("E.U.") legislation requires that veterinary medicinal products must have a marketing authorization before they are placed on the market in the European Union. A veterinary medicinal product must meet certain quality, safety, efficacy and environmental criteria to receive a marketing authorization. The European Medicines Agency (and its main veterinary scientific committee, the Committee for Medicinal Products for Veterinary Use) and the national authorities in the various E.U. Member States, are responsible for administering this regime.

A separate E.U. regime applies to feed additives. It provides for a re-registration process for existing additives and this process is still ongoing. For certain types of additives, the authorizations are not generic in nature (so that they can be relied upon by any operator) but are limited to the company that obtained the marketing authorization. They are known as Brand Specific Approvals ("BSAs"). The system is similar to the U.S. system, where regulatory approval is for the formulated product or "brand."

The European Food Safety Authority (EFSA) is responsible for the E.U. risk assessment regarding food and feed safety. In close collaboration with national authorities and in open consultation with its stakeholders, EFSA provides independent scientific advice and communication on existing and emerging risks. EFSA may issue advice regarding the process of adopting or revising European legislation on food or feed safety, deciding whether to approve regulated substances such as pesticides and food additives, or, developing new regulatory frameworks and policies for instance in the field of nutrition. EFSA aims to provide appropriate, consistent, accurate and timely communications on food safety issues to all stakeholders and the public at large, based on the Authority's risk assessments and scientific expertise. One of the key areas of concern for the EFSA is the containment of antimicrobial resistance.

A number of manufacturers, including us, submitted dossiers in order to re-register various anticoccidials for the purpose of obtaining regulatory approval from the European Commission. The BSA for our nicarbazin product was published in October 2010. We sell nicarbazin under our own BSA and as an active ingredient for another marketer's product that has obtained a BSA and is sold in the European Union. Similarly, a BSA for our semduramicin product, Aviax, was published in 2006 and will require reauthorization in October 2016. We intend to submit a dossier for reauthorization in accordance with the requirements of the EFSA. There can be no guarantee that the submission will be reviewed favorably or in a timely manner. Failure to gain reauthorization in a timely manner could have an adverse financial impact on our business.

Brazil

The Ministry of Agriculture, Livestock Production and Supply ("MAPA") is the regulatory body in Brazil that is responsible for the regulation and control of pharmaceuticals, biologicals and medicinal feed additives for animal use. MAPA's regulatory activities are conducted through the Secretary of Agricultural Defense and its Livestock Products Inspection Department. These activities include the inspection and licensing of both manufacturing and commercial establishments for veterinary products, as well as the submission, review and approval of pharmaceuticals, biologicals and medicinal feed additives.

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Rest of world

We are also subject to regulatory requirements governing investigation, clinical trials and marketing approval for animal drugs in many other countries in which our products are sold. The regulatory approval process includes similar risks to those associated with FDA and European Commission approvals set forth above.

Global policy and guidance

Country-specific regulatory laws have provisions that include requirements for certain labeling, safety, efficacy and manufacturers' quality procedures (to assure the consistency of the products), as well as company records and reports. With the exception of Australia, Canada, Japan and New Zealand, most other countries' regulatory agencies will generally refer to the FDA, USDA, European Union and other international animal health entities, including the World Organization for Animal Health, Codex Alimentarius Commission, the recognized international standard-setting body for food ("Codex"), before establishing their own standards and regulations for veterinary pharmaceuticals and vaccines.

The Joint FAO/WHO Expert Committee on Food Additives is an international expert scientific committee that is administered jointly by the Food and Agriculture Organization of the United Nations and the World Health Organization. It provides risk assessments and safety evaluations of residues of veterinary drugs in animal products as well as exposure and residue definition and maximum residue limit proposals for veterinary drugs in traded food commodities. These internationally published references may also be used by national authorities when setting domestic standards. We work with the national authorities to establish acceptable safe levels of residual product in food-producing animals after treatment. This in turn enables the calculation of appropriate withdrawal times for our products prior to an animal entering the food chain.

In July 2014, the Codex adopted risk management advice language for a number of compounds including carbadox. The advice language states "authorities should prevent residues of carbadox in food. This can be accomplished by not using carbadox in food producing animals." The advice language is to provide advice only and is not binding on individual national authorities, and almost all national authorities already have long-established regulatory standards for carbadox, including prohibiting the use of carbadox in swine production within their territory, prohibiting the importation of pork from swine that are fed carbadox, or permitting the importation of pork from swine that are fed carbadox provided there is no detection of carbadox residues in the meat. The advice language may be considered by national authorities in making future risk management determinations. To the extent additional national authorities elect to follow the advice and prohibit the use of carbadox in food-producing animals and/or the importation of pork from swine that are fed carbadox, such decisions could have an adverse effect on our sales of carbadox in those countries or in countries that produce meat for export to those countries.

Advertising and promotion review

Promotion of animal health products is controlled by regulations in many countries. These rules generally restrict advertising and promotion to those approved claims and uses that have been reviewed and endorsed by the applicable agency. We conduct a review of promotion material for compliance with the local and regional requirements in the markets where we sell animal health products.

Food Safety Inspection Service/Generally Recognized As Safe

The FDA is authorized to determine the safety of substances (including "generally recognized as safe" ("GRAS") substances, and food and feed additives), as well as prescribing safe conditions of use. The FDA, which has the responsibility for determining the safety of substances, together with the Food Safety and Inspection Service, the food safety branch within the USDA, maintain the authority in the United States to determine that new substances and new uses of previously approved substances are suitable for use in meat, milk and poultry products.

In 2008, the FDA announced that the agency required formal review of all additives used in the production of ethanol, including our Lactrol® product (formulated virginiamycin), where the co-products may be used for animal feed. Virginiamycin has been certified by an independent expert panel convened by

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us as GRAS for use as a processing aid in ethanol production and as related to the use of the resulting distiller's co-products for animal feed. We believe that this determination satisfies the FDA requirement. However, there can be no assurance we will be successful in maintaining market access for our Lactrol product or other ethanol production additives that we sell.

Competition

We are engaged in highly competitive industries and, with respect to all of our major products, face competition from a substantial number of global and regional competitors. Some competitors have greater financial, R&D, production and other resources than we have. Our competitive position is based principally on our product registrations, customer service and support, breadth of product line, product quality, manufacturing technology, facility location, and product prices. We face competition in every market in which we participate. Some of our principal competitors include Bayer AG, Ceva Santé Animale, Boehringer Ingelheim International GMBH, Eli Lilly and Company (Elanco Animal Health), Huvepharma Inc., Lallemand Inc., Merck & Co., Inc. (Merck Animal Health and MSD Animal Health), Pharmgate LLC, Sanofi S.A. (Merial), Southeastern Minerals, Inc., Virbac and Zoetis Inc. Many of our products face competition from products that may be used as an alternative or substitute.

There continues to be consolidation in the animal health market, which could strengthen our competitors. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. There can be no assurance that we will have sufficient resources to maintain our current competitive position, however, we believe the following strengths create sustainable competitive advantages that will enable us to continue our growth as a leader in our industry:

Products Aligned with Need for Increased Protein Production

Increased scarcity of natural resources is increasing the need for efficient production of food animals such as poultry, swine and cattle. Our key animal health products, including our MFAs, vaccines and nutritional specialty products, help prevent and manage disease outbreaks and enhance nutrition to help support natural defenses against diseases. These products are often critical to our customers' efficient production of healthy animals. Our leading product franchise, Stafac/V-Max/Eskalin, is approved in over 30 countries for use in poultry, swine and cattle and is regarded as one of the leading MFA products for production animals. Similarly, our nutritional product offerings like OmniGen-AF and Animate are used increasingly in the global dairy industry.

Global Presence with Existing Infrastructure in Key High-Growth Markets

We have an established direct presence in many important emerging markets, and we believe we are a leader in many of the emerging markets in which we operate. Our existing operations, and established sales, marketing and distribution network in over 65 countries, provide us with opportunities to take advantage of global growth opportunities. Outside of the United States, our global footprint reaches to key high growth regions (countries where the livestock production growth rate is expected to be higher than the average growth rate) including Brazil and other countries in South America, China, India and Southeast Asia, Russia and former CIS countries, Mexico, Turkey, Australia, Canada and South Africa and other countries in Africa. Our operations in countries outside of the United States contributed approximately 54% of our Animal Health segment revenues for the year ended June 30, 2015.

Leading Positions in High Growth Sub-sectors of the Animal Health Market

We are a global leader in the development, manufacture and commercialization of MFA products for the animal health market. Our sales of MFA products were third largest in the animal health market. According to Vetnosis, MFA products are projected to grow at a compound annual rate of approximately 5.9% between 2014 and 2019. We believe we are well positioned in the fastest growing food animal species segments of the animal health market with significant presence in poultry and swine, which are projected by Vetnosis to grow globally at compound annual rates from 2014 through 2019 of 5.9% and 5.0%, respectively.

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Diversified and Complementary Product Portfolio with Strong Brand Name Recognition

We market products across the three largest livestock species (poultry, cattle and swine) and aquaculture and in the major product categories (MFAs, vaccines and nutritional specialty products). We believe our diversity of species and product categories enhances our sales mix and lowers our sales concentration risk. The complementary nature of our Animal Health and Mineral Nutrition portfolio provides us with unique cross-selling opportunities that can be used to gain access to new customers or deepen our relationships with existing customers. We believe we have strong brand name recognition for the Phibro name and for many of our animal health and mineral nutrition products, and we believe Phibro vaccines are recognized as an industry standard in efficacy against highly virulent disease challenges. Our diverse portfolio of products also allows us to address the distinct growing conditions of livestock in different regions.

Experienced Sales Force and Technical Support Staff with Strong, Consultative Customer Relationships

Within our Animal Health and Mineral Nutrition segments, utilizing both our sales, marketing and technical support organization of approximately 275 employees and a broad distribution network, we market our portfolio of more than 1,300 product presentations to livestock producers and veterinarians in over 65 countries. We interact with customers at both their corporate and operating level, which we believe allows us to develop an in-depth understanding of their needs. Our technical support and research personnel are also important contributors to our overall sales effort. We have a total of approximately 130 technical, field service and quality control/quality assurance personnel throughout the world. These professionals interface directly with our key customers to provide practical solutions to derive optimum benefits from our products.

Experienced, Committed Employees and Management Team

We have a diverse and highly skilled team of animal health professionals, including technical and field service personnel located in key countries throughout the world. These individuals have extensive field experience and are vital to helping us maintain and grow our business. Many of our field team have more than 20 years of experience in the animal health industry and many have been with us for more than 10 years.

We have a strong management team with a proven track record of success at both the corporate and operating levels. The executive management team has diverse backgrounds and an average of approximately 17 years of experience in the animal health industry.

Employees

As of June 30, 2015, we had more than 1,200 employees. Employees at our Guarulhos, Brazil facility are covered by a multi-employer regional industry-specific union. Certain of our Israeli employees are covered by site-specific collective bargaining agreements. Certain employees are covered by individual employment agreements. We believe our relations with union and non-union employees are good.

Manufacturing

The Animal Health business segment manufactures many products internally and supplements that production with contract manufacturing organizations (“CMOs”) as necessary.

We manufacture active pharmaceutical ingredients for certain of our antibacterial and anticoccidial related products at our facilities in Guarulhos, Brazil (virginiamycin and semduramicin) and Braganca Paulista, Brazil (nicarbazin). We manufacture active pharmaceutical ingredients (nicarbazin and amprolium) at our facility in Naot Hovav (formerly Ramat Hovav), Israel. We produce vaccines at our facility in Beit Shemesh, Israel. We produce pharmaceuticals, disinfectants and other animal health products at our facility in Petach Tikva, Israel. We produce certain of our major nutritional specialty and mineral nutrition products at our facilities in Quincy, Illinois, and we produce certain of our mineral nutrition products at our facility in Omaha, Nebraska.

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We supplement internal manufacturing and production capabilities with CMOs. We purchase certain active pharmaceutical ingredients for other medicated products from CMOs in China, India and other locations. We then formulate the final dosage form in our facilities and in contract facilities located in the United States, Brazil, Canada, Mexico, Australia, China and Israel.

We purchase certain raw materials necessary for the commercial production of our products from a variety of third-party suppliers. Such raw materials are generally available from multiple sources, are purchased worldwide and are normally available in quantities adequate to meet the needs of the Company's business.

We believe that our existing sites, as supplemented by CMOs, are adequate for our current requirements and for our operations in the foreseeable future.

Research and Development

Most of our manufacturing facilities have chemists and technicians on staff involved in product development, quality assurance, quality control and providing technical services to customers. Research, development and technical service efforts are conducted by our veterinarians (DVMs) and nutritionists at various facilities.

We operate Animal Health R&D at our facilities in: (i) Guarulhos, Brazil; (ii) Beit Shemesh, Israel; (iii) Naot Hovav (formerly Ramat Hovav), Israel; (iv) Quincy, Illinois; (v) Corvallis, Oregon; (vi) Manhattan, Kansas; (vii) St. Paul, Minnesota; and (viii) Mayan Tzvi, Israel.

These facilities provide R&D services relating to: fermentation development and micro-biological strain improvement; vaccine development; chemical synthesis and formulation development; nutritional specialty product development; and ethanol-related products.

Our R&D expenses were $9.5 million, $8.2 million and $6.6 million for fiscal years 2015, 2014 and 2013, respectively.

Environmental, Health and Safety

Our operations and properties are subject to Environmental Laws (as defined below) and regulations. We have incurred, and will continue to incur, expenses to attain and maintain compliance with Environmental Laws. While we believe that our operations are currently in material compliance with Environmental Laws, we have, from time to time, received notices of violation from governmental authorities, and have been involved in civil or criminal action for such violations, including for odor releases in Guarulhos, Brazil. Additionally, at various sites, our subsidiaries are engaged in continuing investigation, remediation and/or monitoring to address contamination associated with historical operations. We maintain accruals for costs and liabilities associated with Environmental Laws, which we currently believe are adequate. In many instances, it is difficult to predict the ultimate costs under Environmental Laws and the time period during which such costs are likely to be incurred.

Governmental authorities have the power to enforce compliance with their regulations. Violators of Environmental Laws may be subject to civil, criminal and administrative penalties, injunctions or both. Failure to comply with Environmental Laws may result in the temporary or permanent suspension of operations and/or permits, limitations on production, or increased operating costs. In addition, private plaintiffs may initiate lawsuits for personal injury, property damage, diminution in property value or other relief as a result of our operations. Environmental Laws, and the interpretation or enforcement thereof, are subject to change and may become more stringent in the future, potentially resulting in substantial future costs or capital or operating expenses. We devote considerable resources to complying with Environmental Laws and managing environmental liabilities. We have developed programs to identify requirements under and maintain compliance with Environmental Laws; however, we cannot predict with certainty the impact of increased and more stringent regulation on our operations, future capital expenditure requirements, or the cost of compliance. Based upon our experience to date, we believe that the future cost of compliance with existing Environmental Laws, and liabilities for known environmental claims pursuant to such Environmental Laws, will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

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Environmental Health and Safety Regulations

The following summarizes the principal Environmental Laws affecting our business.

Waste Management. Our operations are subject to statutes and regulations addressing the contamination by, and management of, hazardous substances and solid and hazardous wastes. In the U.S., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), also known as the "Superfund" law, and comparable state laws, generally impose strict joint and several liability for costs of investigation and remediation and related liabilities, on defined classes of "potentially responsible parties" ("PRPs"). PRPs can be required to bear all of such costs regardless of fault, the legality of the original disposal or ownership of the disposal site. We have been, and may become, subject to liability under CERCLA for cleanup costs or investigation or clean up obligations or related third-party claims in connection with releases of hazardous substances at or from our current or former sites or offsite waste disposal facilities used by us, including those caused by predecessors or relating to divested properties or operations.

We must also comply with the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), and comparable state laws regulating the treatment, storage, disposal, remediation and transportation of solid and hazardous wastes. These laws impose management requirements on generators and transporters of such wastes and on the owners and operators of treatment, storage and disposal facilities. As current or historic recyclers of chemical waste, certain of our subsidiaries have been, and are likely to be, the focus of extensive compliance reviews by environmental regulatory authorities under RCRA. Our subsidiary Phibro-Tech currently has a RCRA operating permit for its Santa Fe Springs, California facility, for which a renewal application is under review. Phibro-Tech initially submitted an application for renewal of its permit for the Santa Fe Springs facility in 1996. The State of California is expected to issue a draft permit in 2016 for public review and comment. In addition, because we or our subsidiaries have closed several facilities that had been the subject of RCRA permits, we or our subsidiaries have been and will be required to investigate and remediate certain environmental contamination conditions at these shutdown plant sites within the requirements of RCRA corrective action programs.

Federal Water Pollution Control Act, as amended. We must comply with regulations related to the discharge of pollutants to the waters of the United States without governmental authorization, including those pursuant to the Federal Water Pollution Control Act.

Chemical Product Registration Requirements. We must comply with regulations related to the testing, manufacturing, labeling, registration and safety analysis of our products in order to distribute many of our products, including, for example, in the U.S., the federal Toxic Substances Control Act and Federal Insecticide, Fungicide and Rodenticide Act, and in the European Union, the Regulation on Registration, Evaluation, Authorization and Restriction of Chemical Substances ("REACH").

Air Emissions. Our operations are subject to the U.S. Clean Air Act (the "CAA") and comparable U.S. state and foreign statutes and regulations, which regulate emissions of various air pollutants and contaminants. Certain of the CAA's regulatory programs are the subject of ongoing review and/or are subject to ongoing litigation, such as the rules establishing new Maximum Achievable Control Technology for industrial boilers; significant expenditures may be required to meet current and emerging air quality standards. Regulatory agencies can also impose administrative, civil and criminal penalties for non-compliance with air permits or other air quality regulations. States may choose to set more stringent air emissions rules than those in the CAA. State, national and international authorities have also issued requirements focusing on greenhouse gas reductions. In the U.S., the EPA has promulgated federal greenhouse gas regulations under the CAA affecting certain sources. In addition, a number of state, local and regional greenhouse gas initiatives are also being developed or are already in place. In Israel and Brazil, implementation of the Kyoto Protocol requirements regarding greenhouse gas emission reductions consists of energy efficiency regulations, carbon dioxide emissions allowances trading and renewable energy requirements.

Capital Expenditures

We have incurred and expect to continue to incur costs to maintain compliance with environmental, health and safety laws and regulations. Our capital expenditures relating to environmental, health and safety regulations were $4.5 million for fiscal year 2015. We estimate that our capital

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expenditures for compliance will be $3.1 million and $3.6 million in fiscal years 2016 and 2017, respectively; however, these estimates are subject to change given the uncertainty of future Environmental Laws and the interpretation and enforcement thereof, as further described in this Annual Report on Form 10-K. Our environmental capital expenditure plans cover, among other things, the currently expected costs associated with known permit requirements relating to facility improvements.

Contamination and Hazardous Substance Risks

Investigation, Remediation and Monitoring Activities. Certain of PAHC's subsidiaries that are currently or were historically engaged in recycling and other activities involving hazardous materials have been required to perform site investigations at their active, closed and former facilities and neighboring properties. Contamination of soil, groundwater and other environmental media has been identified or is suspected at several of these locations, including Santa Fe Springs, California; Powder Springs, Georgia; Union, Illinois; Sewaren, New Jersey; Sumter, South Carolina; and Joliet, Illinois, and regulatory authorities have required, and will continue to require, further investigation, corrective action and monitoring over future years. These subsidiaries also have been, and in the future may be, required to undertake additional capital improvements as part of these actions. In addition, RCRA and other applicable statutes and regulations require these subsidiaries to develop closure and post-closure plans for their facilities and in the event of a facility closure, obtain a permit that sets forth a closure plan for investigation, remediation and monitoring and requires post-closure monitoring and maintenance for up to 30 years. We believe we are in material compliance with these requirements and maintain adequate reserves to complete remediation and monitoring obligations at these locations.

In connection with past acquisitions and divestitures, we have undertaken certain indemnification obligations that require us, or may in the future require us, to conduct or finance environmental cleanups at sites we no longer own or operate. Under the terms of the sale of the former facility in Joliet, Illinois, Phibro-Tech remains responsible for any required investigation and remediation of the site attributable to conditions at the site at the time of the February 2011 sale date and we believe we have sufficient reserves to cover the cost of the remediation.

PRP at Omega Chemical Superfund Site. The EPA is investigating and planning for the remediation of offsite contaminated groundwater that has migrated from the Omega Chemical Corporation Superfund Site ("Omega Chemical Site"), which is upgradient of Phibro-Tech's Santa Fe Springs, California facility. The EPA has named Phibro-Tech and certain other subsidiaries of PAHC as PRPs due to groundwater contamination from Phibro-Tech's Santa Fe Springs facility that has allegedly commingled with contaminated groundwater from the Omega Chemical Site. In September 2012, the EPA notified approximately 140 PRPs, including Phibro-Tech and the other subsidiaries, that they have been identified as potentially responsible for remedial action for the groundwater plume affected by the Omega Chemical Site and for EPA oversight and response costs. Phibro-Tech contends that groundwater contamination at its site is due to historical operations that pre-date Phibro-Tech and/or contaminated groundwater that has migrated from upgradient properties. In addition, a successor to a prior owner of the Phibro-Tech site has asserted that PAHC and Phibro-Tech are obligated to provide indemnification for its potential liability and defense costs relating to the groundwater plume affected by the Omega Chemical Site. Phibro-Tech has vigorously contested this position and has asserted that the successor to the prior owner is required to indemnify Phibro-Tech for its potential liability and defense costs. Furthermore, a nearby property owner has filed a complaint in the Superior Court of the State of California against many of the PRPs allegedly associated with the groundwater plume affected by the Omega Chemical Site (including Phibro-Tech) for alleged contamination of groundwater underneath its property, and a group of companies that sent chemicals to the Omega Chemical Site for processing and recycling has filed a complaint under CERCLA, RCRA and the common law public nuisance doctrine in the United States District Court for the Central District of California against many of the PRPs allegedly associated with the groundwater plume affected by the Omega Chemical Site (including Phibro-Tech) for contribution toward past and future costs associated with the investigation and remediation of the groundwater plume affected by the Omega Chemical Site. Due to the ongoing nature of the EPA's investigation and Phibro-Tech's dispute with the prior owner's successor, at this time we cannot predict with any degree of certainty what, if any, liability Phibro-Tech or the other subsidiaries may ultimately have for investigation, remediation and the EPA oversight and response costs associated with the affected groundwater plume.

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Potential Claims. In addition to cleanup obligations, we could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage, which liability may not be covered by insurance.

Environmental Accruals and Financial Assurance. We have established environmental accruals to cover known remediation and monitoring costs at certain of our current and former facilities. Our accruals for environmental liabilities are recorded by calculating our best estimate of probable and reasonably estimable future costs using current information that is available at the time of the accrual. Our accruals for environmental liabilities totaled $6.8 million and $7.3 million as of June 30, 2015 and 2014, respectively.

In certain instances, regulatory authorities have required us to provide financial assurance for estimated costs of remediation, corrective action, monitoring and closure and post-closure plans. Our subsidiaries have, in most instances, chosen to provide the required financial assurance by means of letters of credit issued pursuant to our revolving credit facility. As of June 30, 2015, the total outstanding balance of letters of credit providing such financial assurance was $9.9 million.

Workplace Health and Safety

We are committed to manufacturing safe products and achieving a safe workplace. Our Environmental Health and Safety (“EHS”) Global Director, along with regional and site-based EHS professionals, manage environmental, health and safety matters throughout the Company. The site managers are responsible for implementing the established EHS controls. To protect employees, we have established health and safety policies, programs and processes at all our manufacturing sites. An external EHS audit is performed at each of our sites as needed based on the conditions at the respective sites.

Where You Can Find More information

We are subject to the information and periodic and current reporting requirements of the Exchange Act and, in accordance therewith, will file periodic and current reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). Such periodic and current reports, proxy statements and other information will be available to the public on the SEC’s website at www.sec.gov and through our website at www.pahc.com. You may also read or copy such periodic or current reports, proxy statements and other information the Company files with the SEC at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

Item 1A. Risk Factors

You should carefully consider all of the information set forth in this Annual Report on Form 10-K, including the following risk factors, before deciding to invest in our Class A common stock. If any of the following risks actually occurs, our business, financial condition, results of operation or cash flows could be materially adversely affected. In any such case, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. The risks below are not the only ones the Company faces. Additional risks not currently known to the Company or that the Company presently deems immaterial may also impair its business operations. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. The Company’s results could materially differ from those anticipated in these forward-looking statements as a result of certain factors, including the risks it faces described below and elsewhere. See also “Forward-Looking Statements.”

Risk Factors Relating to Our Business

Restrictions on the use of antibacterials in food-producing animals may become more prevalent.

The issue of the potential transfer of antibacterial resistance from bacteria from food-producing animals to human bacterial pathogens, and the causality and impact of that transfer, are the subject of global scientific and regulatory discussion. Antibacterials refer to molecules that can be used to treat or prevent bacterial infections and are a sub-categorization of the products that make up our medicated feed additives portfolios. In some countries, this issue has led to government restrictions on the use of specific

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antibacterials in some food-producing animals, regardless of the route of administration (in feed, water, intramammary, topical, injectable or other route of administration). These restrictions are more prevalent in countries where animal protein is plentiful and governments are willing to take action even when there is scientific uncertainty. In December 2013, the FDA announced a plan to phase out over a three-year period the production (non-therapeutic) uses of medically important antibacterials administered in animal feed or water to food producing animals. Medically important antibacterials include classes that are prescribed in animal and human health and are listed in the Appendix of the FDA-CVM Guidance for Industry (GFI) #152. The FDA plan objectives are described in GFI #209 and GFI #213 and provide for the continued use of medically important antibacterials in food-producing animals for treatment, control and prevention of disease ("therapeutic" use) under the supervision of a veterinarian. The FDA indicated that it took this action to help preserve the efficacy of medically important antibacterials to treat infections in humans. In the United States, the antibacterial products within our poultry business, the largest portion of our MFAs and other business in this region, as well as our cattle business, have both approved therapeutic and non-therapeutic indications. We believe, based on current producer usage patterns, that the large majority of use of our products in these segments is at therapeutic dosage levels. We currently generate a portion of our revenues from antibacterial products sold for use in turkeys and swine in the United States where we do not currently have therapeutic claims that match our customers' usage patterns. We intend to ensure that our antibacterial product offerings are in full alignment with the FDA's guidance documents within the FDA's three-year implementation period, and will pursue both new and additional therapeutic claims for these products with the FDA. However, there can be no assurance that we will be successful in obtaining such claims. While it is difficult to predict exactly what impact the removal of non-therapeutic claims for our products that are medically important antibacterials will ultimately have on our sales, we estimate that, based on our customers' usage patterns, had we voluntarily decided to withdraw all of our non-therapeutic claims for these products in the United States, and did not add any new therapeutic claims for these products, our MFAs and other net sales would have been reduced by approximately $10 to $15 million for the year ended June 30, 2015.

Our carbadox product has been approved for use in food animals for over 40 years. Certain regulatory bodies have raised concerns about the possible presence of certain residues of our carbadox product in meat from animals that consume the product. The product was banned for use in the European Union in 1998 and has been banned in several other countries outside the United States. In 1998, following a submission by the drug sponsor, the FDA conducted an evaluation of carbadox and found that it was safe based on the U.S. "sensitivity of the method" policy. Accordingly, the FDA continues to permit the approved use of carbadox. However, the FDA has subsequently raised concerns that certain residues from our carbadox product may persist in tissues for longer than previously determined. See "Business—Regulatory." In July 2014, the Codex adopted risk management advice language for a number of compounds including carbadox. The advice language states "authorities should prevent residues of carbadox in food. This can be accomplished by not using carbadox in food producing animals." The advice language is to provide advice only and is not binding on individual national authorities, and almost all national authorities already have long-established regulatory standards for carbadox. The advice language may be considered by national authorities in making future risk management determinations. To the extent additional national authorities elect to follow the risk management advice and prohibit the use of carbadox in food-producing animals, those decisions could have an adverse effect on our sales of carbadox in those countries or in countries like the United States that produce meat for export to those countries.

In 2008, the FDA announced that the agency required formal review of all additives used in the production of ethanol, including our Lactrol product (formulated virginiamycin), where the co-products may be used for animal feed. Virginiamycin has been certified by an independent expert panel convened by us as GRAS for use as a processing aid in ethanol production and as related to the use of the resulting distiller's co-products for animal feed. We believe that this certification satisfies the FDA requirement. However, there can be no assurance we will be successful in maintaining market access for our Lactrol product or other ethanol production additives that we sell.

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Our global sales of antibacterials and other related products were approximately $336 million for the year ended June 30, 2015. We cannot predict whether resistance concerns with antibacterials will result in additional restrictions, expanded regulations or public pressure to discontinue or reduce use of antibacterials in food-producing animals, which could materially adversely affect our operating results and financial condition.

A material portion of our sales are generated by antibacterials and other related products.

Our medicated products business is comprised of a relatively small number of compounds and accounted for 45% and 47% of net sales for the years ended June 30, 2015 and 2014, respectively. The significant loss of antibacterial or other related product sales for any reason, including competition, product bans or restrictions, public perception or any of the other risks related to such products as described in this Annual Report on Form 10-K, could have a material adverse effect on our business.

We face competition in each of our markets from a number of large and small companies, some of which have greater financial, R&D, production and other resources than we have.

Many of our products face competition from alternative or substitute products. We are engaged in highly competitive industries and, with respect to all of our major products, face competition from a substantial number of global and regional competitors. We believe many of our competitors are conducting R&D activities in areas served by our products and in areas in which we are developing products. Some competitors have greater financial, R&D, production and other resources than we have. Some of our principal competitors include Bayer AG, Ceva Santé Animale, Boehringer Ingelheim International GmbH, Eli Lilly and Company (Elanco Animal Health), Huvepharma Inc., Lallemand Inc., Merck & Co., Inc. (Merck Animal Health and MSD Animal Health), Pharmgate LLC, Sanofi S.A. (Merial), Southeastern Minerals, Inc., Virbac and Zoetis Inc. To the extent these companies or new entrants offer comparable animal health, mineral nutrition or performance products at lower prices, our business could be adversely affected. New entrants could substantially reduce our market share or render our products obsolete.

In certain countries, because of our size and product mix, we may not be able to capitalize on changes in competition and pricing as fully as our competitors. In recent years, there have been new generic medicated products introduced to the livestock industry, particularly in the United States.

There continues to be consolidation in the animal health market, which could strengthen our competitors. Our competitors can be expected to continue to improve the formulation and performance of their products and to introduce new products with competitive price and performance characteristics. There can be no assurance that we will have sufficient resources to maintain our current competitive position or market share.

Outbreaks of animal diseases could significantly reduce demand for our products.

The demand for our products could be significantly affected by outbreaks of animal diseases, and such occurrences may have a material adverse impact on the sale of our products and our financial condition and results of operations. The outbreaks of disease are beyond our control and could significantly affect demand for our products and consumer perceptions of certain meat products. An outbreak of disease could result in governmental restrictions on the import and export of chicken, pork, beef or other products to or from our customers. This could also create adverse publicity that may have a material adverse effect on our ability to sell our products successfully and on our financial condition and results of operations. In addition, outbreaks of disease carried by animals may reduce regional or global sales of particular animal-derived food products or result in reduced exports of such products, either due to heightened export restrictions or import prohibitions, which may reduce demand for our products due to reduced herd or flock sizes. There has been substantial publicity regarding H1N1, known as North American (or Swine) Influenza and, previously, H5N1, known as Highly Pathogenic Avian Influenza, in the human population. There have also been concerns relating to E. coli in beef and other food poisoning micro-organisms in meats and other foods. Consumers may associate human health fears with animal diseases, food, food production or food animals whether or not it is scientifically valid, which may have an adverse impact on the demand

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for animal protein. Occurrences of this type could significantly affect demand for animal protein, which in turn could affect the demand for our products in a manner that has a significant adverse effect on our financial condition and results of operations. Also, the outbreak of any highly contagious disease near our main production sites could require us to immediately halt production of our products at such sites or force us to incur substantial expenses in procuring raw materials or products elsewhere.

Outbreaks of an exotic or highly contagious disease in a country where we produce our products (particularly vaccines, which we currently produce in Israel) may result in other countries halting importation of our products for fear that our product may be contaminated with the exotic organism.

Perceived adverse effects on human health linked to the consumption of food derived from animals that utilize our products could cause a decline in the sales of those products.

Our business depends heavily on a healthy and growing livestock industry. If the public perceives a risk to human health from the consumption of the food derived from animals that utilize our products, there may be a decline in the production of those food products and, in turn, demand for our products. Livestock producers may experience decreased demand for their products or reputational harm as a result of evolving consumer views of animal rights, nutrition and health-related or other concerns. Any reputational harm to the livestock industry may also extend to companies in related industries, including us. In addition, campaigns by interest groups, activists and others with respect to perceived risks associated with the use of our products in animals, including position statements by livestock producers and their customers based on non-use of certain medicated products in livestock production, whether or not scientifically-supported, could affect public perceptions and reduce the use of our products. Those adverse consumer views related to the use of one or more of our products in animals could have a material adverse effect on our financial condition and results of operations.

Our business may be negatively affected by weather conditions and the availability of natural resources.

The animal health industry and demand for many of our animal health products in a particular region are affected by changing disease pressures and by weather conditions, as usage of our products follows varying weather patterns and weather-related pressures from diseases. As a result, we may experience regional and seasonal fluctuations in our results of operations.

In addition, livestock producers depend on the availability of natural resources, including abundant rainfall to sustain large supplies of drinking water, grasslands and grain production. Their animals' health and their ability to operate could be adversely affected if they experience a shortage of fresh water due to human population growth or floods, droughts or other weather conditions. In the event of adverse weather conditions or a shortage of fresh water, livestock producers may purchase less of our products.

Our operations could be subject to the effects of climate change.

Our operations and customers may be subject to potential physical impacts of climate change, including changes in weather patterns and the potential for extreme weather events, which could affect the manufacture and distribution of our products, agricultural yields and the demand for our products and result in additional regulation that increase our operating costs.

The testing, manufacturing, and marketing of certain of our products are subject to extensive regulation by numerous government authorities in the United States and other countries, including, but not limited to, the FDA.

Among other requirements, FDA approval of antibacterials and other medicated products, including the manufacturing processes and facilities used to produce such products, is required before such products may be marketed in the United States. Further, cross-clearance approvals are generally required for such products to be used in combination in animal feed. Similarly, marketing approval by a foreign governmental authority is typically required before such products may be marketed in a particular foreign country.

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In addition to approval of the product and its labeling, regulatory authorities typically require approval and periodic inspection of the manufacturing facilities. In order to obtain FDA approval of a new animal health product, we must, among other things, demonstrate to the satisfaction of the FDA that the product is safe and effective for its intended uses and that we are capable of manufacturing the product with procedures that conform to FDA's current cGMP regulations, which must be followed at all times. Following a cGMP inspection of our Teaneck, New Jersey headquarters in October 2012, the FDA issued inspectional observations (Form 483) relating to various analytical test results and practices, expiration dating and reporting requirements regarding specification non-conformance for Stafac 20, one of our product formulations of virginiamycin. In response to our subsequent submissions, the FDA sent us a letter in May 2013 indicating they were seeking further explanation and corrective actions regarding the issues raised in the inspectional observations, to which we responded. In December 2013, the FDA replied to our response, noting some changes and proposed refinements to the revised testing procedures for our product, indicating that it would be beneficial for us to engage a third party consultant with cGMP expertise, and indicating that our updated procedures, among additional cGMP requirements, would be reviewed at the FDA's next inspection. In February 2015, the FDA conducted an inspection at our Teaneck, NJ headquarters to verify the information provided in our 2013 response. A Form 483 was issued, which contained one inspectional observation citing two examples of the observed violation. The observation questioned whether or not we are able to confirm that the drug components (of Type A medicated products) remain uniformly dispersed and stable under ordinary conditions of shipment, storage and use. We responded to the inspectional observation in writing in March 2015. This inspectional observation has not impacted our ability to market products in the United States or any other country, and we expect that the inspectional observation will be satisfactorily addressed. However, the FDA may not be satisfied by the responses and actions taken by us in regard to the inspectional observations cited. The FDA has various means of enforcing cGMP requirements, including seizures and injunctions and failure to resolve this cGMP issue could have a financially material impact on our business.

The process of seeking FDA approvals can be costly, time consuming, and subject to unanticipated and significant delays. There can be no assurance that such approvals will be granted to us on a timely basis, or at all. Any delay in obtaining or any failure to obtain FDA or foreign government approvals or the suspension or revocation of such approvals would adversely affect our ability to introduce and market medicated feed additive products and to generate product revenue. For more information on FDA and foreign government approvals and cGMP issues, see "Business—Regulatory."

We may experience declines in the sales volume and prices of our products as the result of the continuing trend toward consolidation of certain customer groups as well as the emergence of large buying groups.

We make a majority of our sales to integrated poultry, swine and cattle operations and to a number of regional and national feed companies, distributors, co-ops and blenders. Significant consolidation of our customers may result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing our business. Additionally, the emergence of large buying groups potentially could enable such groups to attempt to extract price discounts on our products. Moreover, if, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, we could decide not to sell our products to a particular customer, which could result in a decrease in our revenues. Consolidation among our customer base may also lead to reduced demand for our products and replacement of our products by the combined entity with those of our competitors. The result of these developments may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to risk based on customer exposure to rising costs and reduced customer income.

Livestock producers may experience increased feed, fuel, transportation and other key costs or may experience decreased animal protein prices or sales. Either of these trends could cause deterioration in the financial condition of our livestock producer customers, potentially inhibiting their ability to purchase our products or pay us for products delivered. Our livestock producer customers may offset rising costs by reducing spending on our products, including by switching to lower-cost alternatives to our products.

Generic products may be viewed as more cost-effective than our products.

We face competition from products produced by other companies, including generic alternatives to certain of our products. We depend primarily on trade secrets to provide us with competitive advantages

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for many of our products. The protection afforded is limited by the availability of new competitive products or generic versions of existing products that can successfully compete with our products. As a result, we may face competition from new competitive products or lower-priced generic alternatives to many of our products. Generic competitors are becoming more aggressive in terms of pricing, and generic products are an increasing percentage of overall animal health sales in certain regions. If animal health customers increase their use of new or existing generic products, our financial condition and results of operations could be materially adversely affected.

Advances in veterinary medical practices and animal health technologies could negatively affect the market for our products.

The market for our products could be impacted negatively by the introduction and/or broad market acceptance of newly developed or alternative products that address the diseases and conditions for which we sell products, including “green” or “holistic” health products or specially bred disease-resistant animals. In addition, technological breakthroughs by others may obviate our technology and reduce or eliminate the market for our products. Introduction or acceptance of such products or technologies could materially adversely affect our business, financial condition and results of operations.

The misuse or extra-label use of our products may harm our reputation or result in financial or other damages.

Our products have been approved for use under specific circumstances for, among other things, the prevention, control and/or treatment of certain diseases and conditions in specific species, in some cases subject to certain dosage levels or minimum withdrawal periods prior to the slaughter date. There may be increased risk of product liability if livestock producers or others attempt any extra-label use of our products, including the use of our products in species for which they have not been approved, or at dosage levels or periods prior to withdrawal that have not been approved. If we are deemed by a governmental or regulatory agency to have engaged in the promotion of any of our products for extra-label use, such agency could request that we modify our training or promotional materials and practices and we could be subject to significant fines and penalties. The imposition of these sanctions could also affect our reputation and position within the industry. Even if we were not responsible for having promoted the extra-label use, concerns could arise about the safety of the resulting meat in the human food supply. Any of these events could materially adversely affect our financial condition and results of operations.

The public perception of the safety and efficacy of certain of our animal health products may harm our reputation.

The public perception of the safety and efficacy of certain of our animal health products, whether or not these concerns are scientifically or clinically supported, may lead to product recalls, withdrawals, suspensions or declining sales as well as product liability, and other claims.

In addition, we depend on positive perceptions of the safety and quality of our products, and animal health products generally, by our customers, veterinarians and end-users, and such concerns may harm our reputation. In some countries, these perceptions may be exacerbated by the existence of counterfeit versions of our products, which, depending on the legal and law enforcement recourse available in the jurisdiction where the counterfeiting occurs, may be difficult to police or stop. These concerns and the related harm to our reputation could materially adversely affect our financial condition and results of operations, regardless of whether such reports are accurate.

We are dependent on suppliers having current regulatory approvals, and the failure of those suppliers to maintain these approvals or challenges in replacing any of those suppliers could affect our supply of materials or affect the distribution or sale of our products.

Suppliers and third party contract manufacturers for our animal health and mineral nutrition products, like us, are subject to extensive regulatory compliance. If any one of these third parties discontinues its supply to us because of significant regulatory violations or otherwise, or an adverse event occurs at one of their facilities, the interruption in the supply of these materials could decrease sales of our affected products. In this event, we may seek to enter into agreements with third parties to purchase raw materials or products or to lease or purchase new manufacturing facilities. We may be unable to find a third

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party willing or able to provide the necessary products or facilities suitable for manufacturing pharmaceuticals on terms acceptable to us or the cost of those pharmaceuticals may be prohibitive. If we have to obtain substitute materials or products, additional regulatory approvals will likely be required, as approvals are typically specific to a single product produced by a specified manufacturer in a specified facility. As such, the use of new facilities also requires regulatory approvals. While we take measures where economically feasible and available to secure back-up suppliers, the continued receipt of active ingredients or products from a sole source supplier could create challenges if a sole source was interrupted. We may not be able to provide adequate and timely product to eliminate any threat of interruption of supply of our products to customers and these problems may materially adversely impact our business.

The raw materials used by us in the manufacture of our products can be subject to price fluctuations and their availability can be limited.

While the selling prices of our products tend to increase or decrease over time with the cost of raw materials, such changes may not occur simultaneously or to the same degree. The costs of certain of our significant raw materials are subject to considerable volatility, and we generally do not engage in activities to hedge the costs of our raw materials. Although no single raw material accounted for more than 6% of our cost of goods sold for the year ended June 30, 2015, volatility in raw material costs can result in significant fluctuations in our costs of goods sold of the affected products. The costs of raw materials used by our Mineral Nutrition business are particularly subject to fluctuations in global commodities markets and cost changes in the underlying commodities markets typically lead directly to a corresponding change in our revenues. Although we attempt to adjust the prices of our products to reflect significant changes in raw material costs, we may not be able to pass any increases in raw material costs through to our customers in the form of price increases. Significant increases in the costs of raw materials, if not offset by product price increases, could have a material adverse effect on our financial condition and results of operations. The supply of certain of our raw materials is dependent on third party suppliers. There is no guarantee that supply shortages of such raw materials will not occur. In addition, if any one of these third parties discontinues its supply to us, or an adverse event occurs at one of their facilities, the interruption in the supply of these materials could decrease sales of our affected products. In the event that we cannot procure necessary major raw materials from other suppliers, the occurrence of any of these may have an adverse impact on our business.

Our revenues are dependent on the continued operation of our various manufacturing facilities.

Although presently all our manufacturing facilities are considered to be in good condition, the operation of our manufacturing facilities involves many risks, including the breakdown, failure or substandard performance of equipment, construction delays, shortages of materials, labor problems, power outages, the improper installation or operation of equipment, natural disasters, terrorist activities, the outbreak of any highly contagious diseases near our production sites and the need to comply with environmental and other directives of governmental agencies. In addition, regulatory authorities such as the FDA typically require approval and periodic inspection of the manufacturing facilities to confirm compliance with applicable regulatory requirements, and those requirements may be enforced by various means, including seizures and injunctions. Certain of our product lines are manufactured at a single facility, and certain of our product lines are manufactured at a single facility with limited capacity at a second facility, and production would not be easily transferable to another site. The occurrence of material operational problems, including but not limited to the above events, may adversely affect our financial condition and results of operations.

A significant portion of our operations are conducted in foreign jurisdictions and are subject to the economic, political, legal and business environments of the countries in which we do business.

Our international operations could be limited or disrupted by any of the following:

- volatility in the international financial markets;

- compliance with governmental controls;

- difficulties enforcing contractual and intellectual property rights;

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- compliance with a wide variety of laws and regulations, such as the U.S. Foreign Corrupt Practices Act ("FCPA") and similar non-U.S. laws and regulations;

- compliance with foreign labor laws;

- compliance with Environmental Laws;

- burdens to comply with multiple and potentially conflicting foreign laws and regulations, including those relating to environmental, health and safety requirements;

- changes in laws, regulations, government controls or enforcement practices with respect to our business and the businesses of our customers;

- political and social instability, including crime, civil disturbance, terrorist activities and armed conflicts;

- trade restrictions, export controls and sanctions laws and restrictions on direct investments by foreign entities, including restrictions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury;

- changes in tax laws and tariffs;

- costs and difficulties in staffing, managing and monitoring international operations; and

- longer payment cycles and increased exposure to counterparty risk.

The multinational nature of our business subjects us to potential risks that various taxing authorities may challenge the pricing of our cross-border arrangements and subject us to additional tax, adversely impacting our effective tax rate and our tax liability.

In addition, international transactions may involve increased financial and legal risks due to differing legal systems and customs. Compliance with these requirements may prohibit the import or export of certain products and technologies or may require us to obtain a license before importing or exporting certain products or technology. A failure to comply with any of these laws, regulations or requirements could result in civil or criminal legal proceedings, monetary or non-monetary penalties, or both, disruptions to our business, limitations on our ability to import and export products and services, and damage to our reputation. In addition, variations in the pricing of our products in different jurisdictions may result in the unauthorized importation of our products between jurisdictions. While the impact of these factors is difficult to predict, any of them could materially adversely affect our financial condition and results of operations. Changes in any of these laws, regulations or requirements, or the political environment in a particular country, may affect our ability to engage in business transactions in certain markets, including investment, procurement and repatriation of earnings.

We are subject to product registration and authorization regulations in many of the jurisdictions in which we operate and/or distribute our products, including the United States and member states of the European Union.

We are subject to regulations related to testing, manufacturing, labeling, registration, and safety analysis in order to lawfully distribute many of our products, including for example, in the U.S., the federal Toxic Substances Control Act and the Federal Insecticide, Fungicide, and Rodenticide Act, and in the European Union, the Regulation on REACH. We are also subject to similar requirements in many of the other jurisdictions in which we operate and/or distribute our products. In some cases, such registrations are subject to periodic review by relevant authorities. Such regulations may lead to governmental restrictions or cancellations of, or refusal to issue, certain registrations or authorizations, or cause us or our customers to make product substitutions in the future. Such regulations may also lead to increased third party scrutiny and personal injury or product liability claims. Compliance with these regulations can be difficult, costly and time consuming and liabilities or costs relating to such regulations could have a material adverse effect on our business, financial condition and results of operations.

We have significant assets located outside the United States and a significant portion of our sales and earnings is attributable to operations conducted abroad.

As of June 30, 2015, we had manufacturing and direct sales operations in 14 countries and sold our products in over 65 countries. Our operations outside the United States accounted for 50% and 53% of

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our consolidated assets as of June 30, 2015 and 2014, respectively, and 36% and 37% of our consolidated net sales for the years ended June 30, 2015 and 2014, respectively. Our foreign operations are subject to currency exchange fluctuations and restrictions, political instability in some countries, and uncertainty of, and governmental control over, commercial rights.

Changes in the relative values of currencies take place from time to time and could in the future adversely affect our results of operations as well as our ability to meet interest and principal obligations on our indebtedness. To the extent that the U.S. dollar fluctuates relative to the applicable foreign currency, our results are favorably or unfavorably affected. We may from time to time manage this exposure by entering into foreign currency contracts. Such contracts generally are entered into with respect to anticipated costs denominated in foreign currencies for which timing of the payment can be reasonably estimated. No assurances can be given that such hedging activities will not result in, or will be successful in preventing, losses that could have an adverse effect on our financial condition or results of operations. There are times when we do not hedge against foreign currency fluctuations and therefore are subject to the risks associated with fluctuations in currency exchange rates.

In addition, international manufacturing, sales and raw materials sourcing are subject to other inherent risks, including possible nationalization or expropriation, labor unrest, political instability, price and exchange controls, limitation on foreign participation in local enterprises, health-care regulation, export duties and quotas, domestic and international customs and tariffs, compliance with export controls and sanctions laws, the Foreign Corrupt Practices Act and other laws and regulations governing international trade, unexpected changes in regulatory environments, difficulty in obtaining distribution and support, and potentially adverse tax consequences. Although such risks have not had a material adverse effect on us in the past, these factors could have a material adverse impact on our ability to increase or maintain our international sales or on our results of operations in the future.

We have manufacturing facilities located in Israel and a portion of our net sales and earnings is attributable to products produced and operations conducted in Israel.

Our Israeli manufacturing facilities and local operations accounted for 22% and 21% of our consolidated assets as of June 30, 2015 and 2014, respectively, and 20% and 19% of our consolidated net sales for the years ended June 30, 2015 and 2014, respectively. We maintain manufacturing facilities in Israel, which manufacture:

- nicarbazin and amprolium anticoccidials, most of which are exported from Israel to major world markets;
- vaccines, a substantial portion of which are exported to international markets; and
- animal health pharmaceuticals and trace minerals and nutritional specialty products for the local animal feed industry.

A substantial portion of this production is exported from Israel to major world markets. Accordingly, our Israeli operations are dependent on foreign markets and the ability to reach those markets. Hostilities between Israel and its neighbors may hinder Israel’s international trade. This, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Certain countries, companies and organizations continue to participate in a boycott of Israeli firms and other companies doing business in Israel or with Israeli companies. We do not believe that the boycott has had a material adverse effect on us, but we cannot provide assurance that restrictive laws, policies or practices directed toward Israel or Israeli businesses will not have an adverse impact on our operations or expansion of our business. Our business, financial condition and results of operations in Israel may be adversely affected by factors outside of our control, such as currency fluctuations, energy shortages and other political, social and economic developments in or affecting Israel.

We have manufacturing facilities located in Brazil and a portion of our sales and earnings is attributable to products produced and operations conducted in Brazil.

Our Brazilian manufacturing facilities and local operations accounted for 15% and 19% of our consolidated assets, as of June 30, 2015 and 2014, respectively, and 21% and 22% of our consolidated net sales for the years ended June 30, 2015 and 2014, respectively. We maintain manufacturing facilities in

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Brazil, which manufacture virginiamycin, semduramicin and nicarbazin. Our Brazilian facilities also produce Stafac, Aviax, Aviax Plus, Coxistac, Nicarb and Terramycin granular formulations. A substantial portion of the production is exported from Brazil to major world markets. Accordingly, our Brazilian operations are dependent on foreign markets and the ability to reach those markets.

Our business, financial condition and results of operations in Brazil may be adversely affected by factors outside of our control, such as currency fluctuations, energy shortages and other political, social and economic developments in or affecting Brazil.

Certain of our employees are covered by collective bargaining or other labor agreements.

As of June 30, 2015, approximately 195 of our Israeli employees and 387 of our Brazilian employees were covered by collective bargaining agreements. We believe we have satisfactory relations with our employees. There can be no assurance that we will not experience a work stoppage or strike at our manufacturing facilities. A prolonged work stoppage or strike at any of our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

The loss of key personnel may disrupt our business and adversely affect our financial results.

Our operations and future success are dependent on the continued efforts of our senior executive officers and other key personnel. Although we have entered into employment agreements with certain executives, we may not be able to retain all of our senior executive officers and key employees. These senior executive officers and other key employees may be hired by our competitors, some of which have considerably more financial resources than we do. The loss of the services of any of our senior executive officers or other key personnel, or the inability to hire and retain qualified employees, could have a material adverse effect on our business, financial condition and results of operations.

Our R&D relies on evaluations in animals, which may become subject to bans or additional regulations.

As a company that produces animal health medicines and vaccines, evaluation of our existing and new products in animals is required in order to be able to register our products. Animal testing in certain industries has been the subject of controversy and adverse publicity. Some organizations and individuals have attempted to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that the activities of such organizations and individuals are successful, our R&D, and by extension our financial condition and results of operations, could be materially adversely affected. In addition, negative publicity about us or our industry could harm our reputation.

Our operations, properties and subsidiaries are subject to a wide variety of complex and stringent federal, state, local and foreign environmental laws and regulations.

We are subject to environmental, health and safety laws and regulations, including those governing pollution; protection of the environment; the use, management and release of hazardous materials, substances and wastes; air emissions; greenhouse gas emissions; water use, supply, and discharges; the investigation and remediation of contamination; the manufacture, distribution and sale of regulated materials, including pesticides; the importing, exporting and transportation of products; and the health and safety of our employees and the public (collectively, “Environmental Laws”). See “Business—Environmental, Health and Safety.”

Pursuant to Environmental Laws, certain of our subsidiaries are required to obtain and maintain numerous governmental permits, licenses, registrations, authorizations and approvals, including “RCRA Part B” hazardous waste permits, to conduct various aspects of their operations (collectively “Environmental Permits”), any of which may be subject to suspension, revocation, modification, termination or denial under certain circumstances or which may not be renewed upon their expiration for various reasons, including noncompliance. See “Business—Environmental, Health and Safety.” These Environmental Permits can be difficult, costly and time consuming to obtain and may contain conditions that limit our operations. Additionally, any failure to obtain and maintain such Environmental Permits could restrict or otherwise prohibit certain aspects of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

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We have expended, and may be required to expend in the future, substantial funds for compliance with Environmental Laws. As recyclers of hazardous metal-containing chemical wastes, certain of our subsidiaries have been, and are likely to be, the focus of extensive compliance reviews by environmental regulatory authorities under Environmental Laws, including those relating to the generation, transportation, treatment, storage and disposal of solid and hazardous wastes under the RCRA. In the past, some of our subsidiaries have paid fines and entered into consent orders to address alleged environmental violations. See “Business—Environmental, Health and Safety.” We cannot assure you that our operations or activities or those of certain of our subsidiaries, including with respect to compliance with Environmental Laws, will not result in civil or criminal enforcement actions or private actions, regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial measures or costs, revocation of required Environmental Permits, or fines, penalties or damages, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot predict the extent to which Environmental Laws, and the interpretation or enforcement thereof, may change or become more stringent in the future, each of which may affect the market for our products or give rise to additional capital expenditures, compliance costs or liabilities that could be material.

Our operations or products may impact the environment or cause or contribute to contamination or exposure to hazardous substances.

Given the nature of our current and former operations, particularly at our chemical manufacturing sites, we have incurred, are currently incurring and may in the future incur liabilities under the CERCLA, or under other federal, state, local and foreign Environmental Laws related to releases of or contamination by hazardous substances, with respect to our current or former sites, adjacent or nearby third-party sites, or offsite disposal locations. See “Business—Environmental, Health and Safety.” Certain Environmental Laws, including CERCLA, can impose strict, joint, several, and retroactive liability for the cost of investigation and cleanup of contaminated sites on owners and operators of such sites, as well as on persons who dispose of or arrange for disposal of hazardous substances at such sites. Accordingly, we could incur liability, whether as a result of government enforcement or private claims, for known or unknown liabilities at, or caused by migration from or hazardous waste transported from, any of our current or former facilities or properties, including those owned or operated by predecessors or third parties. See “Business—Environmental, Health and Safety.” Such liability could have a material adverse effect on our business, financial condition and results of operations.

The nature of our current and former operations also exposes us to the risk of claims under Environmental Laws. We could be subject to claims by environmental regulatory authorities, individuals and other third parties seeking damages for alleged personal injury, property damage, and damages to natural resources resulting from hazardous substance contamination or human exposure caused by our operations, facilities or products, and there can be no assurance that material costs and liabilities will not be incurred in connection with any such claims. Our insurance may not be sufficient to cover any of these exposure, product, injury or damage claims.

Furthermore, regulatory agencies are showing increasing concern over the impact of animal health products and livestock operations on the environment. This increased regulatory scrutiny may necessitate that additional time and resources be spent to address these concerns for both new and existing products and could affect product sales and materially adversely affect our business, financial condition or results of operations.

We cannot assure you that our liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially adversely affect our business, financial condition or results of operations.

We have been and may continue to be subject to claims of injury from direct exposure to certain of our products that constitute or contain hazardous substances and from indirect exposure when such substances are incorporated into other companies’ products.

Because certain of our products constitute or contain hazardous substances, and because the production of certain chemicals involves the use, handling, processing, storage and transportation of hazardous substances, from time to time we are subject to claims of injury from direct exposure to such

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substances and from indirect exposure when such substances are incorporated into other companies' products. There can be no assurance that as a result of past or future operations, there will not be additional claims of injury by employees or members of the public due to exposure, or alleged exposure, to such substances. We are also party to a number of claims and lawsuits arising out of the normal course of business, including product liability claims and allegations of violations of governmental regulations, and face present and future claims with respect to workplace exposure, workers' compensation and other matters. In most cases, such claims are covered by insurance and, where applicable, workers' compensation insurance, subject to policy limits and exclusions; however, our insurance coverage, to the extent available, may not be adequate to protect us from all liabilities that we might incur in connection with the manufacture, sale and use of our products. Insurance is expensive and in the future may not be available on acceptable terms, if at all. A successful claim or series of claims brought against us in excess of our insurance coverage could have a materially adverse effect on our business, financial condition and results of operations. In addition, any claims, even if not ultimately successful, could adversely affect the marketplace's acceptance of our products.

We are subject to risks from litigation that may materially impact our operations.

We face an inherent business risk of exposure to various types of claims and lawsuits. We are involved in various legal proceedings that arise in the ordinary course of our business. Although it is not possible to predict with certainty the outcome of every pending claim or lawsuit or the range of probable loss, we believe these pending lawsuits and claims will not individually or in the aggregate have a material adverse impact on our results of operations. However, we could in the future be subject to various lawsuits, including intellectual property, product liability, personal injury, product warranty, environmental or antitrust claims, among others, and incur judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period.

We are subject to risks that may not be covered by our insurance policies.

In addition to pollution and other environmental risks, we are subject to risks inherent in the animal health, mineral nutrition and performance products industries, such as explosions, fires and spills or releases. Any significant interruption of operations at our principal facilities could have a material adverse effect on us. We maintain general liability insurance, pollution legal liability insurance, and property and business interruption insurance with coverage limits that we believe are adequate. Because of the nature of industry hazards, it is possible that liabilities for pollution and other damages arising from a major occurrence may not be covered by our insurance policies or could exceed insurance coverages or policy limits or that such insurance may not be available at reasonable rates in the future. Any such liabilities, which could arise due to injury or loss of life, severe damage to and destruction of property and equipment, pollution or other environmental damage or suspension of operations, could have a material adverse effect on our business.

Adverse U.S. and international economic and market conditions may adversely affect our product sales and business.

Current U.S. and international economic and market conditions are uncertain. Our revenues and operating results may be affected by uncertain or changing economic and market conditions, including the challenges faced in the credit markets and financial services industry. If domestic and global economic and market conditions remain uncertain or persist or deteriorate further, we may experience material impacts on our business, financial condition and results of operations. Adverse economic conditions impacting our customers, including, among others, increased taxation, higher unemployment, lower customer confidence in the economy, higher customer debt levels, lower availability of customer credit, higher interest rates and hardships relating to declines in the stock markets, could cause purchases of meat products to decline, resulting in a decrease in purchases of our products, which could adversely affect our financial condition and results of operation.

Adverse economic and market conditions could also negatively impact our business by negatively affecting the parties with whom we do business, including among others, our customers, our manufacturers and our suppliers.

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We may not be able to realize the expected benefits of our investments in emerging markets.

We have been taking steps to take advantage of the rise in global demand for animal protein in emerging markets, including by expanding our manufacturing presence, sales, marketing, and distribution in these markets. Failure to continue to maintain and expand our business in emerging markets could also materially adversely affect our operating results and financial condition.

Some countries within emerging markets may be especially vulnerable to periods of local, regional or global economic, political or social instability or crisis. For example, our sales in certain emerging markets have suffered from extended periods of disruption due to natural disasters. Furthermore, we have also experienced lower than expected sales in certain emerging markets due to local, regional and global restrictions on banking and commercial activities in those countries. For all these and other reasons, sales within emerging markets carry significant risks.

We may not be able to expand through acquisitions or integrate successfully the products, services and personnel of acquired businesses.

From time to time, we may make selective acquisitions to expand our range of products and services and to expand the geographic scope of our business. However, we may be unable to identify suitable targets, and competition for acquisitions may make it difficult for us to consummate acquisitions on acceptable terms or at all. We may not be able to locate any complementary products that meet our requirements or that are available to us on acceptable terms or we may not have sufficient capital resources to consummate a proposed acquisition. In addition, assuming we identify suitable products or partners, the process of effectively entering into these arrangements involves risks that our management's attention may be diverted from other business concerns. Further, if we succeed in identifying and consummating appropriate acquisitions on acceptable terms, we may not be able to integrate successfully the products, services and personnel of any acquired businesses on a basis consistent with our current business practice. In particular, we may face greater than expected costs, time and effort involved in completing and integrating acquisitions and potential disruption of our ongoing business. Furthermore, we may realize fewer, if any, synergies than envisaged. Our ability to manage acquired businesses may also be limited if we enter into joint ventures or do not acquire full ownership or a controlling stake in the acquired business. In addition, continued growth through acquisitions may significantly strain our existing management and operational resources. As a result, we may need to recruit additional personnel, particularly at the level below senior management, and we may not be able to recruit qualified management and other key personnel to manage our growth. Moreover, certain transactions could adversely impact earnings as we incur development and other expenses related to the transactions and we could incur debt to complete these transactions. Debt instruments could contain contractual commitments and covenants that could adversely affect our cash flow and our ability to operate our business, financial condition and results of operations.

We may not successfully implement our business strategies or achieve expected gross margin improvements.

We are pursuing and may continue to pursue strategic initiatives that management considers critical to our long-term success, including, but not limited to, increasing sales in emerging markets, base revenue growth through new product development and value added product lifecycle development; improving operational efficiency through manufacturing efficiency improvement and other programs; and expanding our complementary products and services. There are significant risks involved with the execution of these types of initiatives, including significant business, economic and competitive uncertainties, many of which are outside of our control. Accordingly, we cannot predict whether we will succeed in implementing these strategic initiatives. It could take several years to realize the anticipated benefits from these initiatives, if any benefits are achieved at all. We may be unable to achieve expected gross margin improvements on our products or technologies. Additionally, our business strategy may change from time to time, which could delay our ability to implement initiatives that we believe are important to our business.

Our product approval, R&D, acquisition and licensing efforts may fail to generate new products and product lifecycle developments.

Our future success depends on both our existing product portfolio, including our ability to obtain cross-clearances enabling the use of our medicated products in conjunction with other products, approval for use of our products with new species, approval for new claims for our products, approval of our

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products in new markets, and our pipeline of new products, including new products that we may develop through joint ventures and products that we are able to obtain through license or acquisition. The majority of our R&D programs focus on product lifecycle development, which is defined as R&D programs that leverage existing animal health products by adding new species or claims, achieving approvals in new markets or creating new combinations and reformulations. We commit substantial effort, funds and other resources to expanding our product approvals and R&D, both through our own dedicated resources and through collaborations with third parties.

We may be unable to determine with accuracy when or whether any of our expanded product approvals for our existing product portfolio or any of our products now under development will be approved or launched, or we may be unable to obtain expanded product approvals or develop, license or otherwise acquire product candidates or products. In addition, we cannot predict whether any products, once launched, will be commercially successful or will achieve sales and revenues that are consistent with our expectations. The animal health industry is subject to regional and local trends and regulations and, as a result, products that are successful in some of our markets may not achieve similar success when introduced into new markets. Furthermore, the timing and cost of our R&D may increase, and our R&D may become less predictable. For example, changes in regulations applicable to our industry may make it more time-consuming and/or costly to research, test and develop products.

Products in the animal health industry are sometimes derived from molecules and compounds discovered or developed as part of human health research. We may enter into collaboration or licensing arrangements with third parties to provide us with access to compounds and other technology for purposes of our business. Such agreements are typically complex and require time to negotiate and implement. If we enter into these arrangements, we may not be able to maintain these relationships or establish new ones in the future on acceptable terms or at all. In addition, any collaboration that we enter into may not be successful, and the success may depend on the efforts and actions of our collaborators, which we may not be able to control. If we are unable to access human health-generated molecules and compounds to conduct R&D on cost-effective terms, our ability to develop new products could be limited.

We are subject to the U.S. Foreign Corrupt Practices Act and other anti-corruption laws or trade control laws, as well as other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, financial condition and results of operations.

Our operations are subject to anti-corruption laws, including the FCPA and other anti-corruption laws that apply in countries where we do business. The FCPA, UK Bribery Act and these other laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under the FCPA or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce’s Bureau of Industry and Security, the U.S. Department of Treasury’s Office of Foreign Asset Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations and transfer pricing regulations (collectively, the “Trade Control laws”).

However, there is no assurance that we will be completely effective in ensuring our compliance with all applicable anticorruption laws, including the FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the FCPA and other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA other anti- corruption laws or Trade Control laws by U.S. or foreign authorities could also have an adverse impact on our reputation, business, financial condition and results of operations.

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The actual or purported intellectual property rights of third parties may negatively affect our business.

A third party may sue us or otherwise make a claim, alleging infringement or other violation of the third-party's patents, trademarks, trade dress, copyrights, trade secrets, domain names or other intellectual property rights. If we do not prevail in this type of litigation, we may be required to:

- pay monetary damages;

- obtain a license in order to continue manufacturing or marketing the affected products, which may not be available on commercially reasonable terms, or at all; or

- stop activities, including any commercial activities, relating to the affected products, which could include a recall of the affected products and/or a cessation of sales in the future.

The costs of defending an intellectual property claim could be substantial and could materially adversely affect our operating results and financial condition, even if we successfully defend such claims.

The intellectual property positions of animal health medicines and vaccines businesses frequently involve complex legal and factual questions, and an issued patent does not guarantee us the right to practice the patented technology or develop, manufacture or commercialize the patented product. We cannot be certain that a competitor or other third party does not have or will not obtain rights to intellectual property that may prevent us from manufacturing, developing or marketing certain of our products, regardless of whether we believe such intellectual property rights are valid and enforceable or we believe we would be otherwise able to develop a more commercially successful product, which may harm our financial condition and results of operations.

If our intellectual property rights are challenged or circumvented, competitors may be able to take advantage of our R&D efforts. We are also dependent upon trade secrets, which generally are difficult to protect.

Our long-term success largely depends on our ability to market technologically competitive products. We rely and expect to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection laws, as well as confidentiality and license agreements with our employees and others, to protect our intellectual property and proprietary rights. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from using our proprietary technologies or from marketing products that are very similar or identical to ours. Our currently pending or future patent applications may not result in issued patents, or be approved on a timely basis, or at all. Similarly, any term extensions that we seek may not be approved on a timely basis, if at all. In addition, our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products or provide us with any competitive advantage, including exclusivity in a particular product area. The scope of our patent claims also may vary between countries, as individual countries have their own patent laws. For example, some countries only permit the issuance of patents covering a novel chemical compound itself, and its first use, and thus further methods of use for the same compound, may not be patentable. We may be subject to challenges by third parties regarding our intellectual property, including claims regarding validity, enforceability, scope and effective term. The validity, enforceability, scope and effective term of patents can be highly uncertain and often involve complex legal and factual questions and proceedings. Our ability to enforce our patents also depends on the laws of individual countries and each country's practice with respect to enforcement of intellectual property rights. In addition, if we are unable to maintain our existing license agreements or other agreements pursuant to which third parties grant us rights to intellectual property, including because such agreements expire or are terminated, our financial condition and results of operations could be materially adversely affected.

In addition, patent law reform in the United States and other countries may also weaken our ability to enforce our patent rights, or make such enforcement financially unattractive. For instance, in September 2011, the United States enacted the America Invents Act, which will permit enhanced third-party actions for challenging patents and implement a first-to-invent system, and, in April 2012, Australia enacted the Intellectual Property Laws Amendment

(Raising the Bar) Act, which provides higher standards for obtaining patents. These reforms could result in increased costs to protect our intellectual property or limit our ability to patent our products in these jurisdictions.

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Additionally, certain foreign governments have indicated that compulsory licenses to patents may be granted in the case of national emergencies, which could diminish or eliminate sales and profits from those regions and materially adversely affect our operating results and financial condition.

Likewise, in the United States and other countries, we currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third party objection, which could prevent the maintenance or issuance of the same and thus create the potential need to rebrand or relabel a product. As our products mature, our reliance on our trademarks to differentiate us from our competitors increases and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

Our competitive position is also dependent upon unpatented trade secrets, which generally may be difficult to protect. Others may independently develop substantially equivalent proprietary information and techniques or may otherwise gain access to our trade secrets, trade secrets may be disclosed or we may not be able to protect our rights to unpatented trade secrets.

Many of our vaccine products and other products are based on or incorporate proprietary information, including proprietary master seeds and proprietary or patented adjuvant formulations. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, by requiring our employees, consultants, other advisors and other third parties to execute confidentiality agreements upon the commencement of their employment, engagement or other relationship. Despite these efforts and precautions, we may be unable to prevent a third party from copying or otherwise obtaining and using our trade secrets or our other intellectual property without authorization and legal remedies may not adequately compensate us for the damages caused by such unauthorized use. Further, others may independently and lawfully develop substantially similar or identical products that circumvent our intellectual property by means of alternative designs or processes or otherwise.

The misappropriation and infringement of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States, may occur even when we take steps to prevent it. In the future, we may be party to patent lawsuits and other intellectual property rights claims that are expensive and time consuming, and if resolved adversely, could have a significant impact on our business and financial condition. In the future, we may not be able to enforce intellectual property that relates to our products for various reasons, including licensor restrictions and other restrictions imposed by third parties, and that the costs of doing so may outweigh the value of doing so, and this could have a material adverse impact on our business and financial condition.

Increased regulation or decreased governmental financial support for the raising, processing or consumption of food animals could reduce demand for our animal health products.

Companies in the animal health industry are subject to extensive and increasingly stringent regulations. If livestock producers are adversely affected by new regulations or changes to existing regulations, they may reduce herd sizes or become less profitable and, as a result, they may reduce their use of our products, which may materially adversely affect our operating results and financial condition. Furthermore, adverse regulations related, directly or indirectly, to the use of one or more of our products may injure livestock producers' market position. More stringent regulation of the livestock industry or our products could have a material adverse effect on our operating results and financial condition. Also, many industrial producers, including livestock producers, benefit from governmental subsidies, and if such subsidies were to be reduced or eliminated, these companies may become less profitable and, as a result, may reduce their use of our products.

We have substantial debt and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations under our indebtedness. Restrictions imposed by our outstanding indebtedness, including the restrictions contained in our Credit Facilities, may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities.

As of June 30, 2015, we had $287.1 million aggregate outstanding indebtedness (reflects the principal amount of our Term B loan and capitalized lease obligations), $3.0 million outstanding borrowings under our revolving credit facility (together with the Term B loan, the "Credit Facilities") and

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$14.0 million of outstanding letters of credit. Subject to restrictions in our Credit Facilities, we may incur significant additional indebtedness. If we and our subsidiaries incur significant additional indebtedness, the related risks that we face could intensify.

Our substantial debt may have important consequences. For instance, it could:

- make it more difficult for us to satisfy our financial obligations, including those relating to the Credit Facilities;
- require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which will reduce funds available for other business purposes, including capital expenditures and acquisitions;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared with some of our competitors that may have less debt and better access to capital resources; and
- limit our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

The terms of the Credit Facilities contain certain covenants that limit our ability and that of our subsidiaries to create liens, merge or consolidate, dispose of assets, incur indebtedness and guarantees, repurchase or redeem capital stock and indebtedness, make certain investments or acquisitions, enter into certain transactions with affiliates or change the nature of our business. As a result of these covenants and restrictions, we will be limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We may not be able to maintain compliance with the covenants in any of our debt instruments in the future and, if we fail to do so, we may not be able to obtain waivers from the lenders and/ or amend the covenants. We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter our dividend policy, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The instruments that govern our indebtedness may restrict our ability to dispose of assets and may restrict

the use of proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

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In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness will depend on the generation of cash flow by our subsidiaries, including our international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from our subsidiaries or may subject any transfer of cash from our subsidiaries to substantial tax liabilities. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our operating results, financial condition and liquidity and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock.

We are subject to change of control provisions.

We are a party to certain contractual arrangements that are subject to change of control provisions. In this context, “change of control” is generally defined as including (a) any person or group, other than Mr. Jack C. Bendheim and his family and affiliates (the current holders of approximately 92.2% of the combined voting power of all classes of our outstanding common stock), becoming the beneficial owner of more than 50% of the total voting power of our stock, and (b) a change in any twelve month period in the majority of the members of the Board that is not approved by Mr. Bendheim and/or his family and affiliates or by the majority of directors in office at the start of such period.

Mr. Bendheim and his family and affiliates may choose to dispose of part or all of their stakes in us and/or may cease to exercise the current level of control they have over the appointment and removal of members of our Board. Any such changes may trigger a “change of control” event that could result in us being forced to repay the Credit Facilities or lead to the termination of a significant contract to which we are a party. If any such event occurs, this may negatively affect our financial condition and operating results. In addition, we may not have sufficient funds to finance repayment of any of such indebtedness upon any such “change in control.”

We depend on sophisticated information technology and infrastructure.

We rely on various information systems to manage our operations, and we increasingly depend on third parties and applications on virtualized, or “cloud,” infrastructure to operate and support our information technology systems. These third parties include large established vendors as well as small, privately owned companies. Failure by these providers to adequately service our operations or a change in control or insolvency of these providers could have an adverse effect on our business, which in turn may materially adversely affect our business, financial condition or results of operations.

We may be required to write down goodwill or identifiable intangible assets.

Under GAAP, if we determine goodwill or identifiable intangible assets are impaired, we will be required to write down these assets and record a non-cash impairment charge. As of June 30, 2015, we had goodwill of $12.6 million and identifiable intangible assets, less accumulated amortization, of $37.3 million. Identifiable intangible assets consist primarily of developed technology rights and patents, customer relationships, distribution agreements and trade names and trademarks.

Determining whether an impairment exists and the amount of the potential impairment involves quantitative data and qualitative criteria that are based on estimates and assumptions requiring significant management judgment. Future events or new information may change management’s valuation of goodwill or an intangible asset in a short amount of time. The timing and amount of impairment charges recorded in our consolidated statements of operations and write-downs recorded in our consolidated balance sheets could vary if management’s conclusions change. Any impairment of goodwill or identifiable intangible assets could have a material adverse effect on our financial condition and results of operations.

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We may be unable to adequately protect our customers' privacy or we may fail to comply with privacy laws.

The protection of customer, employee and company data is critical and the regulatory environment surrounding information security, storage, use, processing, disclosure and privacy is demanding, with the frequent imposition of new and changing requirements. In addition, our customers expect that we will adequately protect their personal information. Any actual or perceived significant breakdown, intrusion, interruption, cyber-attack or corruption of customer, employee or company data or our failure to comply with federal, state, local and foreign privacy laws could damage our reputation and result in lost sales, fines and lawsuits. Despite our considerable efforts and technology to secure our computer network, security could be compromised, confidential information could be misappropriated or system disruptions could occur. Such failures could materially adversely affect our financial condition and results of operation.

Risks Related to Ownership of Our Class A Common Stock

Our multiple class structure and the concentration of our voting power with certain of our stockholders will limit your ability to influence corporate matters, and conflicts of interest between certain of our stockholders and us or other investors could arise in the future.

As of September 2, 2015, BFI Co., LLC ("BFI") beneficially owns 72,000 shares of our Class A common stock and 21,149,811 shares of our Class B common stock, which together represent approximately 92.2% of the combined voting power of all classes of our outstanding common stock. As of September 2, 2015, our other stockholders, collectively own interests representing approximately 7.8% of the combined voting power of all classes of our outstanding common stock. Because of our multiple class structure and the concentration of voting power with BFI, BFI will continue to be able to control all matters submitted to our stockholders for approval for so long as BFI holds common stock representing greater than 50% of the combined voting power of all classes of our outstanding common stock. BFI will therefore have significant influence over management and affairs and control the approval of all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of the Company or its assets, for the foreseeable future.

We are classified as a "controlled company" and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

BFI controls a majority of the combined voting power of all classes of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the NASDAQ corporate governance standards. Under NASDAQ rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board consists of independent directors;
- the requirement that we have a nominating and corporate governance committee and that it is composed entirely of independent directors;
- the requirement that we have a compensation committee and that it is composed entirely of independent directors; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We utilize and intend to continue to utilize these exemptions. As a result, while we currently have a majority of independent directors:

- we may not have a majority of independent directors in the future;

- we will not have a nominating and corporate governance committee;

- our compensation committee will not consist entirely of independent directors; and

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- we will not be required to have an annual performance evaluation of the compensation committee.

Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements.

Our stock price may be volatile or may decline regardless of our operating performance.

The market price of our Class A common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including those described under "—Risks Related to Our Business" and "—Risks Related to Our Indebtedness" and the following:

- changes in financial estimates by any securities analysts who follow our Class A common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our Class A common stock;

- downgrades by any securities analysts who follow our Class A common stock;

- future sales of our Class A common stock by our officers, directors and significant stockholders;

- market conditions or trends in our industry or the economy as a whole and, in particular, in the animal health industry;

- investors' perceptions of our prospects;

- announcements by us or our competitors of significant contracts, acquisitions, joint ventures or capital commitments; and

- changes in key personnel.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs, and our resources and the attention of management could be diverted from our business.

Our majority stockholder has the ability to control significant corporate activities and our majority stockholder's interests may not coincide with yours.

As of September 2, 2015, approximately 92.2% of the combined voting power of all classes of our outstanding common stock is held by BFI. As a result of its ownership, so long as it holds a majority of the combined voting power of all classes of our outstanding common stock, BFI will have the ability to control the outcome of matters submitted to a vote of stockholders and, through our Board of Directors, the ability to control decision-making with respect to our business direction and policies. Matters over which BFI, directly or indirectly, exercises control include:

- the election of our Board of Directors and the appointment and removal of our officers;

- mergers and other business combination transactions, including proposed transactions that would result in our stockholders receiving a premium price for their shares;

- other acquisitions or dispositions of businesses or assets;

- incurrence of indebtedness and the issuance of equity securities;

- repurchase of stock and payment of dividends; and

- the issuance of shares to management under our equity incentive plans.

Even if BFI's ownership of our shares falls below a majority of the combined voting power of all classes of our outstanding common stock, it may continue to be able to influence or effectively control our decisions.

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Future sales of our Class A common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our Class A common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our Class A common stock and could impair our ability to raise capital through the sale of additional shares. In addition, subject to certain restrictions on converting Class B common stock into Class A common stock, all of our outstanding shares of Class B common stock may be converted into Class A common stock and sold in the public market by existing stockholders. As of September 2, 2015, we had 17,952,757 shares of Class A common stock and 21,149,811 shares of Class B common stock outstanding.

BFI, which holds all of our outstanding Class B common stock, has the right to require us to register the sales of their shares under the Securities Act, under the terms of an agreement between us and the holders of these securities. In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our Class A common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our Class A common stock.

As an emerging growth company under the JOBS Act we are eligible to take advantage of certain exemptions from various reporting requirements.

We are an emerging growth company, as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have taken, and plan to continue to take, advantage of some or all of these exemptions. If we do continue to take advantage of any of these exemptions, we do not know if some investors will find our Class A common stock less attractive as a result. The result may be a less active trading market for our securities and our security prices may be more volatile. We could remain an emerging growth company until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by nonaffiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period or (iv) June 2019, which is the end of the fiscal year following the fifth anniversary of our initial public offering.

Pursuant to the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 for so long as we are an “emerging growth company.”

Section 404 requires annual management assessments of the effectiveness of our internal control over financial reporting, starting with the annual report for the year ending June 30, 2015, that we file with the SEC, and generally requires in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an “emerging growth company.” We could remain an emerging growth company until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by nonaffiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period or (iv) June 2019, which is the end of the fiscal year following the fifth anniversary of our initial public offering.

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As a public company, we are subject to financial and other reporting and corporate governance requirements that did not previously apply to us and that may be difficult for us to satisfy and may divert management's attention from our business.

As a public company, we are required to file annual and quarterly reports and other information pursuant to the Exchange Act with the SEC. We are required to ensure that we have the ability to prepare consolidated financial statements that comply with SEC reporting requirements on a timely basis. We are also subject to other reporting and corporate governance requirements, including the applicable stock exchange listing standards and certain provisions of the Sarbanes-Oxley Act and the regulations promulgated thereunder, which impose significant compliance obligations upon us. Specifically, we are required to:

- prepare and distribute periodic reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable stock exchange rules;

- maintain compliance and internal audit functions that are more comprehensive;

- maintain effective disclosure controls and procedures;

- evaluate and maintain an effective system of internal control over financial reporting, and report on management's assessment thereof, in compliance with the requirements of Section 404 and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;

- continue to enhance our investor relations function;

- maintain internal policies, including those relating to disclosure controls and procedures; and

- involve and retain outside legal counsel and accountants in connection with the activities listed above.

As a public company, we are required to commit significant resources and management time and attention to the above-listed requirements, which cause us to incur significant costs and which may place a strain on our systems and resources. As a result, our management's attention might be diverted from other business concerns. Compliance with these requirements place significant demands on our legal, accounting and finance staff and on our accounting, financial and information systems and increase our legal and accounting compliance costs as well as our compensation expense as we have been or may be required to hire additional accounting, tax, finance and legal staff with the requisite technical knowledge, particularly after we are no longer an "emerging growth company."

Our management and independent registered public accounting firm have determined that there are material weaknesses in our internal controls over financial reporting. If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results.

Our management and independent registered public accounting firm have identified material weaknesses in our internal controls over financial reporting and our audit committee has agreed with the assessment of our management and independent registered public accounting firm. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Our management and independent registered public accounting firm have identified the following material weaknesses in our internal controls over financial reporting:

- We did not maintain effective internal controls to ensure processing and reporting of valid transactions are complete, accurate, and timely. Specifically, we have not designed and implemented formal accounting policies and procedures that define how transactions across the business cycles should be initiated, recorded, processed and reported and appropriately authorized and approved.

- We did not maintain effective internal controls over the accounting for and disclosures of technical accounting matters in the consolidated financial statements. Specifically, we did not maintain a sufficient complement of resources with an appropriate level of accounting

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knowledge, experience and training commensurate with our structure and financial reporting requirements.

- We did not maintain effective internal controls that restrict access to key financial systems and records to appropriate users and ensure appropriate segregation of duties is maintained. Certain personnel had access to financial application, programs and data beyond that needed to perform their individual job responsibilities and without independent monitoring. In addition, certain financial personnel had incompatible duties that allowed for the creation, review and processing of certain financial data without independent review and authorization.

Each of these material weaknesses could result in a material misstatement of our annual or interim financial statements that possibly would not be prevented or detected on a timely basis. We are currently evaluating the controls and procedures we will design and put in place to address these weaknesses and plan to implement appropriate measures as part of this effort. The measures may include additional staffing and other resources to strengthen internal controls and financial reporting. Failure to maintain an effective system of internal controls over financial reporting could have a material adverse effect on our business, financial condition and our results of operations. If we are unsuccessful in remediating the material weakness, or if we suffer other deficiencies or material weaknesses in our internal controls in the future, we may be unable to report financial information in a timely and accurate manner and it could result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis, which could cause investors to lose confidence in our financial reporting, negatively affect the trading price of our common stock, and could cause a default under the agreements governing our indebtedness. Failure to comply with requirements to design, implement and maintain effective internal controls could have a material adverse effect on our business and stock price.

As a public company, we have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our operating results. In addition, we are required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting and a statement that our auditors have issued an attestation report on the effectiveness of our internal controls, provided that, as long as we are an “emerging growth company,” our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404. Testing and maintaining internal controls may divert our management’s attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may not issue an unqualified opinion. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified opinion, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our stock.

Anti-takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our certificate of incorporation and bylaws contain provisions that may make the acquisition of the Company more difficult without the approval of our Board of Directors. These provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of Class A common stock;

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- prohibit, at any time after BFI and its affiliates cease to hold at least 50% of the combined voting power of all classes of our outstanding common stock, stockholder action by written consent, without the express prior consent of the Board of Directors;

- provide that the Board of Directors is expressly authorized to make, alter or repeal our amended and restated bylaws;

- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;

- establish a classified Board of Directors, as a result of which our Board of Directors will be divided into three classes, with each class serving for staggered three-year terms, which prevents stockholders from electing an entirely new Board of Directors at an annual meeting; and

- require, at any time after BFI and its affiliates cease to hold at least 50% of the combined voting power of all classes of our outstanding common stock, the approval of holders of at least three quarters of the combined voting power of all classes of our outstanding common stock for stockholders to amend the amended and restated bylaws or amended and restated certificate of incorporation.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our by-laws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

Provisions of our certificate of incorporation could have the effect of preventing us from having the benefit of certain business opportunities that we would otherwise be entitled to pursue.

Our certificate of incorporation provides that BFI and its affiliates are not required to offer corporate opportunities of which they become aware to us and could, therefore, offer such opportunities instead to other companies including affiliates of BFI. In the event that BFI obtains business opportunities from which we might otherwise benefit but chooses not to present such opportunities to us, these provisions of our restated certificate of incorporation could have

the effect of preventing us from pursuing transactions or relationships that would otherwise be in the best interests of our stockholders.

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We may not pay cash dividends in the future and, as a result, you may not receive any return on investment unless you are able to sell your Class A common stock for a price greater than your initial investment.

Though we have a paid a quarterly dividend of $0.10 per share since September 2014 on our Class A and Class B common stock and our Board of Directors has declared a cash dividend of $0.10 per share on Class A common stock and Class B common stock that is payable on September 23, 2015, any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, contractual restrictions, and our ability to obtain funds from our subsidiaries to meet our obligations. Accordingly, realization of a gain on your investment will depend on the appreciation of the price of our Class A common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table lists our material properties:

Business Segment(s)	Location	Owned/Leased	Approx. sq. Footage	Purpose(s)
Animal Health	Beit Shemesh, Israel	Owned/land lease	31,000	Manufacturing and Research
Animal Health	Braganca Paulista, Brazil	Owned	44,000	Manufacturing and Administrative
Animal Health	Corvallis, Oregon	Owned	5,000	Research
Animal Health	Guarulhos, Brazil	Owned	1,294,000	Manufacturing, Sales, Premixing, Research and Administrative
Animal Health	Naot Hovav, Israel	Owned/land lease	140,000	Manufacturing and Research
Mineral Nutrition	Omaha, Nebraska	Owned	84,000	Manufacturing
Animal Health	Petach Tikva, Israel	Owned	60,000	Manufacturing
Animal Health and Mineral Nutrition	Quincy, Illinois	Owned	325,000	Manufacturing, Sales, Research and Administrative
Performance Products	Santa Fe Springs, California	Owned	108,000	Manufacturing
Animal Health	State College, Pennsylvania	Owned	13,000	Research
Animal Health	St. Paul, Minnesota	Leased	4,200	Research
Corporate	Teaneck, New Jersey	Leased	44,800	Corporate and Administrative

In addition to the above facilities, we maintain sales offices throughout the world in countries including the United States, Canada, Mexico, Brazil, Argentina, Chile, the United Kingdom, Belgium, Turkey, Israel, South Africa, China, Malaysia and Australia.

Item 3. Legal Proceedings

We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of United States and foreign competition law, labor laws, consumer protection laws, and Environmental Laws and regulations, as well as claims or litigation relating to product liability, intellectual property, securities, breach of contract and tort. We operate in multiple jurisdictions and, as a result, a claim in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions.

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In 2007, a mass tort lawsuit was commenced by a class of approximately 100 citizens who live in the area of the Naot Hovav (formerly Ramat Hovav) Industrial Local Council in Israel, against the Industrial Council and the State of Israel, and including as additional defendants 18 manufacturers in the Industrial Council including our Koffolk subsidiary. The lawsuit was based on alleged injuries (including lung diseases, symptoms of cancer and miscarriages) resulting from the Industrial Council's plants and the sewage treatment facilities run by the Industrial Council. In January 2013, the Be'er Sheva District Court rejected the plaintiffs' claims. The plaintiffs appealed the court's judgement but withdrew their appeal in September 2014. As a result of the plaintiffs' withdrawal of their appeal, the lawsuit has concluded with no liability on part of the Company or our Koffolk subsidiary.

We do not believe that the ultimate resolution of existing claims and litigation will have a material adverse effect on our financial position, results of operations, liquidity or capital resources. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially adversely affect our reputation, even if resolved in our favor.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5.

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Since April 11, 2014, our Class A common stock has been traded on NASDAQ under the trading symbol "PAHC." Our Class B common stock is not listed or traded on any stock exchange. At June 30, 2015, there were 17,747,793 Class A common shares outstanding, and the closing sales price of our Class A common stock was $38.94. The table below sets forth the high and low sales prices of our common stock for the quarters indicated.

Quarter ended	High	Low
June 30, 2014	$ 23.74	$ 15.10
September 30, 2014	$ 23.12	$ 17.82
December 31, 2014	$ 33.89	$ 21.01
March 31, 2015	$ 37.56	$ 26.95
June 30, 2015	$ 39.14	$ 31.29

During fiscal year ended June 30, 2015, we did not sell any unregistered securities nor did we purchase any of our equity securities.

Holders of Record

As of September 2, 2015, there were 17,952,757 shares of our Class A common stock outstanding, which were held by 1 stockholder of record, not including beneficial owners of shares registered in nominee or street name. As of September 2, 2015, there were 21,149,811 shares of our Class B common stock outstanding, which were held by one stockholder of record. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. Information about 5% beneficial owners of our common stock is incorporated by reference from the discussion under the heading Security Ownership of Certain Beneficial Owners and Management in our 2015 Proxy Statement.

Dividend Policy

During fiscal year 2015, we paid quarterly dividends of $0.10 per share to holders of our Class A and Class B common stock. We intend to pay regular quarterly dividends to holders of our Class A and Class B common stock out of assets legally available for this purpose. On July 27, 2015, our Board of Directors declared a $0.10 per share quarterly dividend to holders of record as of September 2, 2015 of our Class A and Class B common stock, payable September 23, 2015. Any future determination to pay dividends will depend upon our results of operations, financial condition, capital requirements, our ability to obtain funds from our subsidiaries and other factors that our Board of Directors deems relevant. Additionally, the terms of our current and any future agreements governing our indebtedness could limit our ability to pay dividends or make other distributions.

Stock Performance Graph

This performance graph is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph shows a comparison from April 11, 2014 (the date our Class A common stock commenced trading on NASDAQ) through June 30, 2015, of the cumulative stockholder return of our Class A common stock, the S&P 500 Index, the NASDAQ Composite Index, the Russell 2000 Index and S&P Pharmaceuticals Index. The graph assumes that $100 was invested in our Class A common stock and each of the aforementioned indexes at the market close on April 11, 2014. The stock price performance shown on the graph is not necessarily indicative of future stock price performance, and we do not make any projections of future stockholder returns.

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Item 6.
Selected Financial Data

The following table presents our selected consolidated financial data and certain other financial data. The balance sheet data as of June 30, 2015, 2014, 2013, 2012 and 2011 and the results of operations data and cash flows data for the years then ended were derived from our consolidated financial statements. The consolidated financial data and other financial data presented below should be read in conjunction with our consolidated financial statements and the related notes thereto, under the sections entitled “Financial Statements and Supplementary Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

For the Years Ended June 30	2015	2014	2013	2012	2011
	(in thousands, except per share amounts)				
Results of operations data					
Net sales	$ 748,591	$ 691,914	$ 653,151	$ 654,101	$ 618,333
Cost of goods sold	512,219	484,139	474,187	489,962	471,668
Gross profit	236,372	207,775	178,964	164,139	146,665
Selling, general and administrative expenses	148,704	143,981	122,233	114,814	105,429
Operating income	87,668	63,794	56,731	49,325	41,236
Interest expense, net	14,305	32,962	35,629	35,419	34,288
Foreign currency (gains) losses, net	(5,400)	1,753	3,103	1,192	(5,758)
Loss on extinguishment of debt	—	22,771	—	—	20,002
Other (income) expense, net	—	—	151	(400)	593
Income (loss) before income taxes	78,763	6,308	17,848	13,114	(7,889)
Provision (benefit) for income taxes	18,483	9,435	(7,043)	6,138	5,033
Net income (loss)	$ 60,280	$ (3,127)	$ 24,891	$ 6,976	$ (12,922)
Net income (loss) per share:					
basic	$ 1.55	$ (0.10)	$ 0.82	$ 0.23	$ (0.42)
diluted	$ 1.51	$ (0.10)	$ 0.82	$ 0.23	$ (0.42)
Weighted average common shares outstanding–basic and diluted					
basic	38,969	32,193	30,458	30,458	30,458
diluted	39,815	32,193	30,458	30,458	30,458
Dividends per share	$ 0.40	$ 0.82	$ 0.10	$ —	$ 1.64
Other financial data					
Adjusted EBITDA(1)	$ 110,019	$ 90,597	$ 75,754	$ 66,852	$ 57,932
Cash provided (used) by operating activities(2)	68,704	(712)	1,437	31,988	(4,359)
Capital expenditures	20,058	19,846	19,947	14,824	21,635

As of June 30	2015	2014	2013	2012	2011
	(in thousands)				
Balance sheet data					
Cash and cash equivalents	$ 29,216	$ 11,821	$ 27,369	$ 53,900	$ 48,598

Working capital(3)	175,988	177,999	153,677	127,472	136,384
Total assets	493,318	472,323	474,142	440,908	435,694
Total debt(4)	289,518	289,391	365,604	350,121	357,996
Long-term debt and other liabilities	352,357	344,736	427,676	403,271	389,317
Total stockholders' equity (deficit)	29,628	15,149	(68,938)	(88,228)	(69,068)

(1)
See "Management's Discussion and Analysis of Financial Condition and Results of Operations—General description of non-GAAP financial measures" for descriptions of EBITDA and Adjusted EBITDA.

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For the Years Ended June 30	2015	2014	2013	2012	2011
	(in thousands)				
Net income (loss)	$ 60,280	$ (3,127)	$ 24,891	$ 6,976	$ (12,922)
Plus:					
Interest expense, net	14,305	32,962	35,629	35,419	34,288
Provision (benefit) for income taxes	18,483	9,435	(7,043)	6,138	5,033
Depreciation and amortization	21,604	21,453	19,023	17,527	16,696
EBITDA	114,672	60,723	72,500	66,060	43,095
Acquisition-related accrued compensation	747	—	—	—	—
Loss on insurance claim	—	5,350	—	—	—
Foreign currency (gains) losses, net	(5,400)	1,753	3,103	1,192	(5,758)
Loss on extinguishment of debt	—	22,771	—	—	20,002
Other (income) expense, net	—	—	151	(400)	593
Adjusted EBITDA	$ 110,019	$ 90,597	$ 75,754	$ 66,852	$ 57,932

(2)
Cash provided (used) by operating activities:

For the Years Ended June 30	2015	2014	2013	2012	2011
	(in thousands)				
Adjusted EBITDA	$ 110,019	$ 90,597	$ 75,754	$ 66,852	$ 57,932
Interest paid	(12,912)	(45,370)	(33,824)	(34,059)	(30,079)
Income taxes paid	(10,780)	(12,207)	(7,061)	(7,217)	(3,799)
Payment of premiums and costs on extinguished debt	—	(17,205)	—	—	(15,574)
Changes in operating assets and liabilities and other items	(17,623)	(16,527)	(33,432)	6,412	(12,839)
Net cash provided (used) by operating activities	$ 68,704	$ (712)	$ 1,437	$ 31,988	$ (4,359)

(3)
We define working capital as total current assets (excluding cash & cash equivalents) less total current liabilities (excluding current portion of long-term debt).

(4)
Total debt includes revolving credit facility, current and long-term portions of long-term debt and capitalized lease obligations.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Our management's discussion and analysis of financial condition and results of operations ("MD&A") is provided to assist readers in understanding our performance, as reflected in the results of our operations, our financial condition and our cash flows. The following discussion summarizes the significant factors affecting our consolidated operating results, financial condition, liquidity and cash flows as of and for the periods presented below. This MD&A should be read in conjunction with the "Selected Financial Data" and our consolidated financial statements and related notes thereto included under the section entitled "Financial Statements and Supplementary Data." Our future results could differ materially from our historical performance as a result of various factors such as those discussed in "Risk Factors" and "Forward-Looking Statements."

Overview of our business

Phibro Animal Health Corporation is a global diversified animal health and mineral nutrition company. We develop, manufacture and market products for a broad range of food animals including poultry, swine, beef and dairy cattle and aquaculture. Our products help prevent, control and treat diseases, enhance nutrition to help improve health and performance and contribute to balanced mineral nutrition. In addition to animal health and mineral nutrition products, we manufacture and market specific ingredients for use in the personal care, automotive, industrial chemical and chemical catalyst industries. We sell more than 1,400 product presentations in over 65 countries to approximately 2,900 customers.

Factors affecting our performance

Industry growth

According to Vetnosis, a research and consulting firm specializing in global animal health and veterinary medicine, the global livestock animal health sector represented approximately $13.6 billion of sales in 2013. The market grew at a compound annual growth rate of 6.2% between 2006 and 2013 and, excluding the impact of foreign exchange, the market is projected to grow at a compound annual growth rate of approximately 5.8% per year between 2014 and 2019. We believe global population growth, the growth of the global middle class and the productivity improvements needed due to limitations of arable land and water supplies have supported and will continue to support this growth.

Regulatory Developments

The issue of the potential transfer of antibacterial resistance from bacteria from food-producing animals to human bacterial pathogens, and the causality and impact of that transfer, are the subject of global scientific and regulatory discussion. Antibacterials refer to molecules that can be used to treat or prevent bacterial infections and are a sub-categorization of the products that make up our medicated feed additives portfolios. In some countries, this issue has led to government restrictions on the use of specific antibacterials in some food-producing animals, regardless of the route of administration (in feed, water, intramammary, topical, injectable or other route of administration). These restrictions are more prevalent in countries where animal protein is plentiful and governments are willing to take action even when there is scientific uncertainty. In December 2013, the FDA announced a plan to phase out over a three-year period the use of medically important antibacterials administered in animal feed or water for growth promotion in food producing animals. Medically important antibacterials include classes that are prescribed in animal and human health and are listed in the Appendix of the FDA-CVM Guidance for Industry (GFI) #152. The FDA plan objectives are described in GFI #209 and provide for the continued use of medically important antibacterials in food-producing animals for treatment, control and prevention of disease ("therapeutic" use) under the supervision of a veterinarian. The FDA indicated that it took this action to help preserve the efficacy of medically important antibacterials to treat infections in humans.

In the United States, the antibacterial products within our poultry business, our largest business in this region, as well as our cattle business, have both approved therapeutic and non-therapeutic indications. We believe, based on current producer usage patterns, that the large majority of use of our products in these

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segments is for therapeutic purposes. We currently generate a portion of our revenues from antibacterial products sold for use in turkey and swine in the United States where we do not currently have therapeutic claims that match our customers' usage patterns. We intend to ensure that our antibacterial product offerings are in full alignment with the FDA's guidance documents within the FDA's three-year implementation period, and will pursue both new and additional therapeutic claims for these products with the FDA. However, there can be no assurance that we will be successful in obtaining such claims. While it is difficult to predict exactly what impact the removal of non-therapeutic claims for our products that are medically important antibacterials will ultimately have on our sales, we estimate that, based on our customers' usage patterns, had we voluntarily decided to withdraw all of our non-therapeutic claims for these products in the United States, and did not add any new therapeutic claims for these products, our MFAs and other net sales would have been reduced by approximately $10 to $15 million for the year ended June 30, 2015.

Competition

The animal health industry is highly competitive. We believe many of our competitors are conducting R&D activities in areas served by our products and in areas in which we are developing products. Our competitors include the animal health businesses of large pharmaceutical companies and specialty animal health businesses. In addition to competition from established participants, there could be new entrants to the animal health medicines and vaccines industry in the future. Principal methods of competition vary depending on the region, species, product category or individual products, including reliability, reputation, quality, price, service and promotion to veterinary professionals, pet owners and livestock producers.

Foreign exchange

We conduct operations in many areas of the world, involving transactions denominated in a variety of currencies. In fiscal year 2015, we generated approximately 36% of our revenues from operations outside the U.S. Although a portion of our revenues are denominated in various currencies, the selling prices of the majority of our sales outside the United States are referenced in U.S. dollars, and as a result, our revenues have not been significantly directly affected by currency movements. We are subject to currency risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. We manufacture some of our major products in Brazil and Israel and production costs are largely denominated in local currencies, while the selling prices of the products are largely set in U.S. dollars. As such, we are exposed to changes in cost of goods sold resulting from currency movements and may not be able to adjust our selling prices to offset such movements. In addition, we incur selling and administrative expenses in various currencies and are exposed to changes in such expenses resulting from currency movements. Because our financial statements are reported in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations.

Climate

The animal health industry and demand for many of our animal health products in a particular region are affected by changing disease pressures and by weather conditions, as usage of our products follows varying weather patterns and weather-related pressures from diseases. As a result, we may experience regional and seasonal fluctuations in our results of operations.

In addition, livestock producers depend on the availability of natural resources, including abundant rainfall to sustain large supplies of drinking water, grasslands and grain production. Their animals' health and their ability to operate could be adversely affected if they experience a shortage of fresh water due to human population growth or floods, droughts or other weather conditions. In the event of adverse weather conditions or a shortage of fresh water, livestock producers may purchase less of our products.

Product development initiatives

Our future success depends on both our existing product portfolio, including our ability to obtain cross-clearances enabling the use of our medicated products in conjunction with other products, approval

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for use of our products with new species, approval for new claims for our products, approval of our products in new markets, and our pipeline of new products, including new products that we may develop through joint ventures and products that we are able to obtain through license or acquisition. The majority of our R&D programs focus on product lifecycle development, which is defined as R&D programs that leverage existing animal health products by adding new species or claims, achieving approvals in new markets or creating new combinations and reformulations. We commit substantial effort, funds and other resources to expanding our product approvals and R&D, both through our own dedicated resources and through collaborations with third parties.

Recent Developments

MJB Transactions

In January 2015, we entered into a Collaboration and Distribution Agreement (the "Collaboration Agreement") with MJB, pursuant to which we and MJB will collaborate on the development of certain animal vaccines and MJB granted us an exclusive license to manufacture and distribute, in North America, any vaccine product currently being developed or sold by MJB or any other product that is developed under the Collaboration Agreement. We will reimburse MJB's cost of goods, make certain minimum base payments of $0.2 million per month to MJB during the term of the Collaboration Agreement, subject to certain offset provisions, and pay 50% of all gross margins over $0.4 million per month to MJB.

We also entered into a Technology License Agreement (the "License Agreement") with MJB, pursuant to which MJB granted us an exclusive license to develop, manufacture and commercialize, outside of North America, vaccine products using MJB's patents and know-how. We will make quarterly royalty payments to MJB in an amount equal to a specified percentage of net sales outside of North America.

We also entered into an Intellectual Property Purchase Agreement (the "Purchase Agreement") with MJB, pursuant to which we will acquire the intellectual property and certain other assets comprising MJB's business relating to animal vaccines. The closing date of the acquisition (the "Closing" or the "Closing Date") is anticipated to occur on or before January 1, 2021, subject to certain closing conditions. Upon the occurrence of certain events, the Closing of the Purchase Agreement will occur prior to the scheduled Closing Date.

Under the terms of the Purchase Agreement, we made an upfront payment to MJB of $5.0 million and agreed to pay MJB a "Closing Payment" at Closing in an amount to be calculated based on the worldwide net sales of MJB's vaccines for the twelve months immediately prior to the Closing Date. The Closing Payment will not be less than $10.0 million, subject to offset in certain limited circumstances. In addition, MJB will be entitled to receive earn-out payments, from the Closing Date through December 31, 2030, based on (i) a single-digit percentage of the net sales of any "Royalty Product" (as defined in the License Agreement) that we sell commercially in North America, and (ii) a single-digit percentage of the net sales of any Royalty Product that we sell commercially outside of North America, at the time of or after the Closing.

In connection with this transaction, we also made a loan of $5.0 million to MJB's sole shareholder, which matures on the Closing Date. The loan bears interest at a variable rate equal to LIBOR plus 300 basis points, and accrued interest shall be paid semi-annually on each July 1 and January 1. The unpaid principal amount of the loan, together with all outstanding and unpaid interest, will be due and payable at Closing or over a period ending January 2025 in the event of a termination of the Purchase Agreement by us or upon the occurrence of certain customary events of default.

We have accounted for the MJB transaction as a business combination in accordance with ASC 805, Business Combinations. We have recorded intangible assets of $9.2 million, which includes $7.6 million of technology-related assets and $1.6 million of in-process research and development, and a long-term liability of $4.2 million, net of the upfront payment, payable at the Closing Date and during the earn-out period. We may further refine the determination of the intangible assets during the measurement period. The closing payment will also include $5.0 million (pro-rated on a monthly basis), conditional upon continuing service of a key employee through January 2018; this amount will be recognized as compensation expense over the service period. As of June 30, 2015, $0.7 million of accrued compensation was recognized and included in the long-term liability.

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Analysis of the consolidated statements of operations

Summary Results of Operations

For the Years Ended June 30	2015	2014	2013	Change 2015 / 2014		Change 2014 / 2013	
	(in thousands, except per share)						
Net sales	$ 748,591	$ 691,914	$ 653,151	$ 56,677	8%	$ 38,763	6%
Gross profit	236,372	207,775	178,964	28,597	14%	28,811	16%
Selling, general and administrative expenses	148,704	143,981	122,233	4,723	3%	21,748	18%
Operating income	87,668	63,794	56,731	23,874	37%	7,063	12%
Interest expense, net	14,305	32,962	35,629	(18,657)	(57)%	(2,667)	(7)%
Foreign currency (gains) losses, net	(5,400)	1,753	3,103	(7,153)	*	(1,350)	(44)%
Loss on extinguishment of debt	—	22,771	—	(22,771)	*	22,771	*
Other (income) expense, net	—	—	151	—	*	(151)	*
Income before income taxes	78,763	6,308	17,848	72,455	*	(11,540)	(65)%
Provision for income taxes	18,483	9,435	(7,043)	9,048	*	16,478	*
Net income	$ 60,280	$ (3,127)	$ 24,891	$ 63,407	*	$ (28,018)	*
Net income per share							
basic	$ 1.55	$ (0.10)	$ 0.82				
diluted	$ 1.51	$ (0.10)	$ 0.82				
Weighted average number of shares outstanding							
basic	38,969	32,193	30,458				
diluted	39,815	32,193	30,458				
Ratio to net sales							
Gross profit	31.6%	30.0%	27.4%				
Selling, general	19.9%	20.8%	18.7%				

and administrative expenses			
Operating income	11.7%	9.2%	8.7%
Income before income taxes	10.5%	0.9%	2.7%
Net income	8.1%	(0.5)%	3.8%
Effective tax rate	23.5%	149.6%	(39.5)%

Certain amounts and percentages may reflect rounding adjustments

*

Calculation not meaningful

Changes in net sales from period to period primarily result from changes in volumes and average selling prices. Although a portion of our net sales is denominated in various currencies, the selling prices of the majority of our sales outside the United States are referenced in U.S. dollars, and as a result, our revenues have not been significantly directly affected by currency movements.

Our effective income tax rate varies significantly from period to period and from the federal statutory rate, primarily due to the mix of income tax provisions on profitable foreign jurisdictions, no income tax provision or benefit being recorded on domestic pre-tax income or losses and the tax effect of discrete transactions. We have approximately $34.7 million of federal NOLs and the domestic provision does not recognize income tax benefits or the related deferred tax assets until it is more likely than not that such assets will be realized. Our fiscal year 2014 provision for income taxes was increased by $3.2 million of withholding taxes on the repatriation of certain foreign earnings. Our fiscal year 2013 provision for income taxes was reduced by a $9.1 million benefit that resulted from an acquisition related change in the domestic

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valuation allowance. At the point when our domestic tax provision is no longer affected by valuation allowances, we expect our normalized effective tax rate in the future periods to approximate 30%. We intend to continue to reinvest undistributed earnings of our foreign subsidiaries indefinitely.

Net sales, Adjusted EBITDA and reconciliation of GAAP net income to Adjusted EBITDA

We report Net Sales and Adjusted EBITDA by segment to understand the operating performance of each segment. This enables us to monitor changes in net sales, costs and other actionable operating metrics at the segment level. See "—General description of non-GAAP financial measures" for descriptions of EBITDA and Adjusted EBITDA.

Segment net sales and Adjusted EBITDA:

				Change			
For the Years Ended June 30	2015	2014	2013	2015 / 2014		2014 / 2013	
	(in thousands)						
Net Sales							
MFAs and other	$ 335,735	$ 326,568	$ 303,743	$ 9,167	3%	$ 22,825	8%
Nutritional specialties	81,702	63,068	52,337	18,634	30%	10,731	21%
Vaccines	53,363	41,417	28,861	11,946	29%	12,556	44%
Animal Health	$ 470,800	$ 431,053	$ 384,941	39,747	9%	46,112	12%
Mineral Nutrition	227,102	201,599	203,169	25,503	13%	(1,570)	(1)%
Performance Products	50,689	59,262	65,041	(8,573)	(14)%	(5,779)	(9)%
Total	$ 748,591	$ 691,914					