PHIBRO ANIMAL HEALTH CORP
Form S-1/A
April 08, 2014
TABLE OF CONTENTS
As filed with the Securities and Exchange Commission on April 8, 2014
No. 333-194467

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PHIBRO ANIMAL HEALTH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	2834	13-1840497
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Glenpointe Centre East, 3rd Floor
300 Frank W. Burr Boulevard, Suite 21
Teaneck, New Jersey 07666-6712
(201) 329-7300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jack C. Bendheim
President and Chief Executive Officer
Glenpointe Centre East, 3rd Floor
300 Frank W. Burr Boulevard, Suite 21
Teaneck, New Jersey 07666-6712
(201) 329-7300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.
If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.
If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.
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. (Check one):

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

TABLE OF CONTENTS

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2) (3)	Amount of Registration Fee
Class A common stock, $0.0001 par value per share	13,529,750	$ 18.00	$ 243,535,500	$ 31,368 (4)

(1)

- Includes 1,764,750 shares subject to the underwriter's option to purchase additional shares.

(2)

- Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.

(3)

- Includes the offering price of any additional shares of Class A common stock that the underwriters have the option to purchase.

(4)

- $31,368 previously paid.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF CONTENTS

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion

Preliminary Prospectus dated April 8, 2014

P R O S P E C T U S

11,765,000 Shares

Phibro Animal Health Corporation

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Phibro Animal Health Corporation. We are offering 7,352,941 shares of our Class A common stock. (1)

The selling stockholder is offering 4,412,059 shares of our Class A common stock. We will not receive any proceeds from the sale of shares by the selling stockholder. (1)

(1)

- The number of shares being offered assumes the shares will be sold at the midpoint of the range set forth below. Should the share price to the public be different than the midpoint of the range, the number of shares that we and the selling stockholder sell will change proportionately so that the aggregate price to the public of shares we sell will equal $125 million.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price per share of the Class A common stock is expected to be between $16.00 and $18.00. We have applied to list our Class A common stock on the NASDAQ Stock Market ("NASDAQ") under the symbol "PAHC." After the completion of this offering, certain of the holders of shares of our Class B common stock will hold interests representing a majority of our outstanding voting power. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of NASDAQ.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are an "emerging growth company," as that term is defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements.

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 17.

	Per Share	Total
Price to public	$	$
Underwriting discounts (2)	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses to the selling stockholder	$	$

(2)

- See also "Underwriting" beginning on page 151 for a full description of compensation in connection with this offering.

The underwriters have an option to purchase up to 1,764,750 additional shares from the selling stockholder at the initial public offering price, less the underwriting discount. The underwriters can exercise this option at any time and from time to time within 30 days from the date of this prospectus.

Delivery of the shares of Class A common stock will be made on or about , 2014.

BofA Merrill Lynch	Morgan Stanley	Barclays
Guggenheim Securities	Macquarie Capital	Cantor Fitzgerald & Co.

The date of this prospectus is , 2014.

TABLE OF CONTENTS
TABLE OF CONTENTS

We have not and the underwriters have not authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

EMERGING GROWTH COMPANY STATUS

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, or 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, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended ("Section 404"), or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and 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 not made a decision regarding whether to take advantage of all of these exemptions. If we do 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 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.

Pursuant to Section 102 of the JOBS Act, we have provided reduced executive compensation disclosure, including the elimination of compensation discussion and analysis.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period.

We could remain an emerging growth company for up to five years, or 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 non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

MARKET, RANKING AND OTHER INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus 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 information from Vetnosis Limited ("Vetnosis"), a research and consulting firm specializing in global animal health and veterinary medicine, and management estimates. Vetnosis is a leading provider of research products, commercial information and analysis of the global animal health sector. The information from Vetnosis contained in this prospectus 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 prospectus, 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 prospectus, 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 prospectus 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 ™; Cox Banminth ®; Cerditac ™; Cerdimix ™; Rumatel ®; OmniGen-AF ®; Animate ®; Procreatin 7 ®; NutrafitoPlus ™; Ch Provia 6086 ™; Safmannan ®; Biosaf ®; AB20 ®; Lactrol ®; and TAbic ®.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

The following summary highlights information appearing elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully. In particular, you should read the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto included elsewhere in this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See "Forward-Looking Statements."

In this prospectus, unless the context requires otherwise, references to "PAHC" refer to Phibro Animal Health Corporation, the issuer of the Class A common stock offered hereby, and references to "the Company," "we," "our," or "us" refer to PAHC and, as appropriate in the context, its consolidated subsidiaries.

Our Company

Phibro Animal Health Corporation is one of the leading animal health companies in the world and is dedicated to helping meet the growing demand for animal protein. We are a global diversified animal health and mineral nutrition company. For nearly 40 years we have been committed to providing livestock producers with value-based products and solutions to help them maintain and enhance the health and productivity of their animals. We sell more than 1,100 product presentations in over 65 countries to approximately 2,850 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 believe we are the only global company with an animal health business that concentrates exclusively on animals for human consumption and are one of the few global companies offering a comprehensive range of animal health and mineral nutrition products. We believe our key products such as Stafac ®, Nicarb ®, and OmniGen-AF ® ("OmniGen") enjoy strong brand name recognition and customer loyalty in the markets we serve. We believe our vaccines are recognized as a standard in efficacy against highly virulent disease challenges and our patented TAbic ® vaccine delivery technology provides superior convenience and logistical benefits over conventional glass bottles. The foundation of our product portfolio is based on several key proprietary molecules and formulations that are supported by additional complementary products, which help address important customer needs. As an example of our portfolio depth, we believe over 5.4 billion of the 8.5 billion broiler chickens produced in the United States in 2012 received at least one of our products.

We are further differentiated by our team of highly trained and dedicated professionals who provide technical service and support for our products and offer practical solutions to our customers. Within our Animal Health and Mineral Nutrition segments, utilizing both our sales, marketing and technical support organization of approximately 225 employees and a broad distribution network, we market our portfolio of more than 1,000 product presentations to livestock producers and veterinarians in over 65 countries. Technical support and research is an important aspect of our overall sales effort. Our global reach allows us to connect with key global customers at their corporate, regional and local decision-making levels, and we are implementing a strategy for working with our customers with the broadest and most complex needs by assigning a key account manager to have global responsibility for leading our sales, service, product supply and strategic relationship commitments to these customers (our "Global Key Account Strategy"). We believe our close contact with customers provides us with an in-depth understanding of their businesses and allows us to identify and develop products to address unmet customer needs, anticipate emerging trends and establish ourselves as trusted advisors to our customers.

We have focused our efforts in high value geographies (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.

TABLE OF CONTENTS

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.

For the fiscal year ended June 30, 2013, our net sales were $653.2 million, our net income was $24.9 million and our Adjusted EBITDA was $75.8 million. For the six months ended December 31, 2013, our net sales were $335.0 million, our net income was $8.1 million and our Adjusted EBITDA was $43.9 million. Our revenue stream is well-balanced and diversified by product, geography and customers, and our largest single customer (a distributor) represented approximately 8% of net sales for fiscal year 2013. 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. Our Animal Health business contributed 59% of our net sales and 85% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013, and we expect Animal Health will continue to be the key driver of our future growth. Our Mineral Nutrition business contributed 31% of our net sales and 12% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013. Our Performance Products business contributed 10% of our net sales and 3% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013. See “Summary Consolidated Financial and Other Data” for a reconciliation of Adjusted EBITDA to net income.

Animal Health Industry

The global livestock animal health sector represented approximately $13.3 billion of sales in 2012, or approximately 60% of the global animal health medicines and vaccines market. Vetnosis projects the global livestock animal health market to grow at a compound annual rate of 6% between 2012 and 2017. We believe this growth will be driven by:

- global demographic trends such as population growth and increasing standards of living. As the global population continues to grow in size and improve in standard of living, it is forecast that people will consume an increasing amount of animal protein and dairy, both in the aggregate and on a per capita basis;
- increasingly scarce natural resources, such as water and arable land to support livestock, driving a need for improved efficiency of livestock producers;
- significant pressure on producers to improve productivity while navigating heightened food safety and biosecurity regulations; and
- changing producer dynamics as food supply becomes increasingly global. Producers in many of the largest emerging market countries are not able to meet the rapid growth in local demand, leading to increased global trade in protein, increased sophistication of producers and migration towards industrial scale production.

These factors put increasing economic and other pressures on producers to raise larger numbers of animals together, which in turn, increases bacterial and other disease pressures.

There is considerable scientific and regulatory debate concerning whether the use of antibiotics in livestock can increase the risk to humans who consume meat potentially containing antibiotic-resistant organisms. For example, the United States Food and Drug Administration (the “FDA”) recently announced a plan to help phase out the use of medically important antibiotics in livestock feed for growth promotion and/or feed efficiency purposes. However, the recent FDA guidance provides for continued use of antibiotics in food-producing animals for treatment, control and prevention of disease under the supervision of a veterinarian. We believe most rigorous analyses have shown that,

when used properly, these products create little to no risk for humans. Furthermore, this risk must be balanced against the benefits of permitting the use of antibiotics in animals, which we believe include the prevention, control and treatment of disease for animal welfare, the preservation of scarce natural resources to reduce the impact of agriculture on the environment, the safety and sustainability of the food supply and the need to feed the world's growing population.

Business Segments

We believe our business is uniquely positioned to capitalize on both the local and global trends outlined. We manage our business in three segments—Animal Health, Mineral Nutrition and Performance Products.

TABLE OF CONTENTS

- Animal Health (Fiscal Year 2013 net sales of $384.9 million). 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 (medicinal feed additives ("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 viral or bacterial antigens (Vaccines).

- We believe the costs of our products are small relative to other livestock production costs, including feed, and offer high return on investments by improving overall animal health, resulting in improved production yields and economic outcomes for producers.

- Mineral Nutrition (Fiscal Year 2013 net sales of $203.2 million). Our Mineral Nutrition business manufactures and markets more than 450 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 diets and maintain an optimal balance of trace elements in their animals. Volume growth in the mineral nutrition sector is primarily driven by livestock production numbers, while pricing is based on costs of the underlying minerals.

- Performance Products (Fiscal Year 2013 net sales of $65.0 million). 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.

Competitive Strengths

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. 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. As an example, our nutritional product offerings like OmniGen are used increasingly in the global dairy industry. In the United States, we estimate approximately 20% of the total 9 million dairy cow herd receive OmniGen.

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- 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 in 14 countries 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 (regions where the livestock production growth rate is expected to be higher than the average global growth rate) including Brazil and other countries in South America, China, India and Asia/Pacific, Russia and former members of the Commonwealth of Independent States ("CIS") countries, Mexico, Turkey, Australia, Canada and South Africa and other countries in Africa. We are planning to establish additional sales and technical offices in key developing regions such as Latin America and Asia, where protein consumption is expected to nearly double by 2050. Our operations in countries outside of the United States contributed approximately 37% of our revenues for the year ended June 30, 2013. According to an IMS Industry Market Survey, we were the fastest growing animal health company in Brazil in 2012.

TABLE OF CONTENTS

- 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, a sector that, according to Vetnosis, is projected to grow at a compound annual rate of approximately 5.3% between 2012 and 2017. Measured by revenues, we were the 3rd largest business in the MFA sector in 2012. 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 between 2012 and 2017 of 6.2% and 6.6%, respectively.

- Diversified and Complementary Product Portfolio with Strong Brand Name Recognition. We market products across the three largest livestock species (poultry, cattle and swine) and 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 Phibro and our Animal Health and Mineral Nutrition products.

- Experienced Sales Force and Technical Support Staff with Strong, Consultative Customer Relationships. Within our Animal Health and Mineral Nutrition segments, utilizing both sales, marketing and technical support organization of approximately 225 employees and a broad distribution network, we market our portfolio of more than 1,000 product presentations to livestock producers and veterinarians in over 65 countries. We interact with customers at both their corporate and operating levels, which we believe allows us to develop an in-depth understanding of their needs, and are implementing a Global Key Account Strategy for working with our customers with the broadest and most complex needs. We believe our frequent and close interactions with our customers help us to establish a trusted advisor relationship. We believe the challenges facing our customers will continue to evolve as commercial agricultural food production continues to grow. We believe our strong customer relationships will put us in a position to introduce new products and applications that best address our customers' still unmet or emerging needs.

- Products That Make Important Contributions to Our Customers' Success. We believe our products are critical to the health and performance of our customers' livestock, and typically represent a relatively small percentage of their total end-product cost. We believe many livestock producers target at least $3 of expected savings for every $1 spent on animal health products. Our customers' data collection systems are generally sophisticated and are able to measure multiple inputs and results and translate those results into the economic benefit provided. For example, an ongoing project involving studies at 427 dairies in the United States with more than 270,000 cows demonstrated that using our OmniGen-AF nutritional specialty product resulted in a 23% reduction in total herd death loss and significant reductions in cows delivered to the hospital pen, as well as reductions in cases of ketosis, mastitis, metritis and retained fetal membrane. The studies also showed use of OmniGen resulted in increased milk production and higher quality milk, as measured by a decrease in somatic cell count (a standard measure of milk quality). These effects result in significant economic benefits to the producers. Despite their meaningful benefits in animal health outcomes and producer economics, our products typically represent a small portion of total animal production costs. As such, we believe our products represent

a key component of value creation for our customers.

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- 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. Our field team consists of more than 180 people, a substantial portion of whom have more than 20 years of experience in the animal health industry and many of whom have been with us for more than 10 years. We have a strong

TABLE OF CONTENTS

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.

- Track Record of Growth and Significant Cash Flow Generation. Over the past three years, we have demonstrated an ability to grow our revenues and to grow our profitability at a rate that meaningfully exceeds our revenue growth. Our total net sales and Adjusted EBITDA grew at compound annual growth rates ("CAGRs") of 2.8% and 14.4%, respectively, from fiscal year 2011 to fiscal year 2013. Our Adjusted EBITDA margin improved 220 basis points ("bps"), growing from 9.4% in fiscal year 2011 to 11.6% in fiscal year 2013. Our Animal Health segment was the principal driver of the strong growth and margin expansion. Animal Health net sales and Adjusted EBITDA grew at CAGRs of 5.6% and 17.5%, respectively, from fiscal year 2011 to fiscal year 2013. Animal Health's Adjusted EBITDA margin improved 420 bps, growing from 17.4% in fiscal year 2011 to 21.6% in fiscal year 2013. See "Summary Consolidated Financial and Other Data" for a reconciliation of Adjusted EBITDA to net income.

Growth Strategies

We are committed to maintaining the health of animals and bringing solutions to our customers who raise and care for them. We intend to continue to grow our business by pursuing the following core strategies:

- Continue Our Expansion into High-Growth Emerging Markets. We believe our global presence and existing infrastructure puts us in a strong position to take advantage of the rise in global demand for animal protein. Key drivers of revenue expansion for our MFA product line stem from industry growth trends in emerging markets, including protein demand growth and producer demand for effective and sophisticated products to manage their production. We believe the rapid growth of protein consumption in emerging markets will present us with opportunities to gain new customers and expand our relationships with our existing customers. Furthermore, we believe consolidation and greater sophistication of livestock producers in emerging markets will drive adoption of our products as producers seek to achieve greater benefits of scale and technology. In addition to implementation of our Global Key Account Strategy, we plan to expand our local sales teams to enable us to introduce a greater number of products and increase our sales penetration. We believe our local sales teams will facilitate enhanced and frequent customer interaction and will allow us to more efficiently develop new products and applications in response to the needs of our customers.

- Leverage Proprietary Vaccine Technologies to Increase Sales in Poultry. We have developed TAbic ®, an innovative and proprietary delivery platform for vaccines. TAbic ® is a patented platform technology for formulation and delivery of vaccines in effervescent tablets, packaged in sealed aluminum blister packages. The technology replaces the conventional glass bottles commonly used today and offers significant advantages, including transport and storage requirements, customer handling and disposal. We believe that we are well-positioned to increase vaccine sales in key emerging markets such as Brazil and other countries in South America, China, India and Asia/Pacific, Europe, Russia and former CIS countries, Mexico, Turkey, Australia, Israel, and South Africa and other countries in Africa. We recently were named the exclusive distributor of Epitopix's autogenous vaccines for chickens in the United States, which contain proprietary Sideophore Receptors and Porins (SRP ®) technology and provide us entry into the United States vaccine business.

- Continue Our Growth of Nutritional Specialties, Including Cross-Selling with Other Products in Our Animal Health and Mineral Nutrition Portfolio. We estimate OmniGen has achieved over 20% penetration into the total 9 million U.S. dairy cow herd and is poised for additional U.S. growth. We have in the last year launched OmniGen in several European countries and Brazil, focused on our target segment of progressive industrial producers (industrial producers who practice modern dairy production techniques) representing approximately 15 million dairy cows in Europe and almost 2 million dairy cows in Brazil. In the rapidly growing progressive

TABLE OF CONTENTS

industrial dairy segment in China, which has approximately 5 million dairy cows, we are working on obtaining regulatory approval for OmniGen. We believe we can leverage our MFAs and Vaccine businesses to drive increased sales of OmniGen, Animate ® and other nutritional specialty products in the United States, European, Brazilian, Chinese and other high growth dairy markets. In addition, in the U.S. we have successfully leveraged our significant presence to market our innovative Animal Health products to the same customers that buy our Mineral Nutrition products. Our sales professionals already employ these cross-selling techniques and we believe there is opportunity to further leverage these relationships and increase our sales penetration across all of our product categories.

- Transition to a Direct Sales Model in Key Markets. We believe our historical direct sales model in the United States and other countries has helped us gain high penetration and provides us with a superior return on investment compared with the use of third party distributors. We believe direct interactions help us better support and educate our customers regarding disease awareness, which in turn encourages them to adopt new and more sophisticated animal health solutions, including the use of our MFAs, vaccines and nutritional specialty products. In addition, this model enables us to have direct involvement with the regulatory approval process in these countries, which in our experience has allowed us to be more successful in obtaining regulatory approvals on a more timely basis. In countries such as Brazil, China, Turkey and South Africa, we have also successfully completed the transition to a direct sales and/or demand creation and service model where the increasing breadth of our product portfolio has made it economically attractive. Over time, we plan to transition to a direct sales and technical service model in a number of emerging markets for our Animal Health business.

- Enhance Gross Profit through Product Mix and Recent Investments in Manufacturing Capacity. Our Animal Health segment has higher gross profit margins than the Mineral Nutrition and Performance Products segments. We expect our Animal Health segment will continue to grow faster than the Mineral Nutrition and Performance Products segments, which will lead to further opportunities for margin expansion. Our recent capital expenditure program has reduced our manufacturing costs for proprietary products and substantially expanded our manufacturing capacity. We believe our manufacturing capacity will allow us to enter new market segments at attractive margins where other higher-cost animal health companies will be at a competitive disadvantage.

- Deliver New Product Innovation Through Focused Research & Development Investment. We will continue to invest in research and development (“R&D”) to deliver innovation and to create further uses and applications for our products. We will also continue to invest in our pipeline of product development initiatives to support the growth of our Animal Health products including new indications for use of our existing products in current and additional species.

- Remain a Partner of Choice for New Products and Technologies. In addition to in-house development, we believe we are well positioned to remain a desirable company for developers of new products and technologies to work with in commercialization, marketing and distribution of products based on our experience and successful track record. We believe our global sales and marketing reach and strong reputation make us an attractive candidate for distribution/licensing agreements. We intend to continue to expand the scope of our existing partnerships by collaborating on new products and technologies that can add value to our

customers, just as our significant presence in the Mineral Nutrition business and routine contact with the entire supply chain helped us to identify and bring in-house promising nutritional specialty products such as OmniGen and Animate ®. We also intend to continue to grow our business through focused acquisitions, asset and technology purchases, in-licensing transactions and new strategic partnerships.

TABLE OF CONTENTS

Risk Factors

An investment in our Class A common stock involves a high degree of risk. Any of the factors set forth under "Risk Factors" may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our Class A common stock. Among these important risks are the following:

- an expansion of the regulatory restrictions on the use of antibacterials in food-producing animals could result in a decrease in our revenues;
- a material portion of our sales and gross profits are generated by antibacterials and other related products;
- 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;
- 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 such products;
- our business may be negatively affected by weather conditions and the availability of natural resources;
- our business is subject to risk based on customer exposure to rising costs and reduced customer income;
- the continuing trend toward consolidation of certain customer groups as well as the emergence of large buying groups could negatively affect our sales volume and prices of our products;
- advances in veterinary medical practices and animal health technologies could negatively affect demand for our products;
- the misuse or extra-label use of our products may harm our reputation or result in financial or other damages;

- 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;

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

- following the offering, we will be classified as a controlled company" and, as a result, will 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.

Recent Developments

Dividend

On February 26, 2014, the Board of Directors approved a $25 million pro rata dividend to be distributed to the existing holders of common shares of the Company (the "Dividend"). On February 28, 2014, we paid the Dividend to the existing holders of common shares of the Company.

Domestic Senior Credit Facility Amendment

On February 28, 2014, we amended our existing domestic senior credit facility (the "Domestic Senior Credit Facility") to permit the Dividend.

TABLE OF CONTENTS

Refinancing

Concurrently with and conditioned upon completion of this offering, we expect to enter into a $100 million revolving credit facility (the "2014 Revolving Credit Facility") and $290 million senior secured term loan facility (the "2014 Senior Secured Term Loan Facility," together with the 2014 Revolving Credit Facility, the "New Credit Facilities"). The 2014 Revolving Credit Facility is expected to have an interest rate of 2.75% plus LIBOR. The 2014 Senior Secured Term Loan Facility is expected to have an interest rate of 3.00% plus LIBOR, with a LIBOR floor of 1.00%. The maturity date of the 2014 Revolving Credit Facility and the maturity date of the 2014 Senior Secured Term Loan Facility are expected to be the fifth and seventh anniversaries of the closing date of the New Credit Facilities, respectively. The foregoing terms are not final and will depend upon the results of negotiations with lenders. See "Description of Certain Indebtedness." A portion of the proceeds from the New Credit Facilities, together with the net proceeds of this offering, will be used to repay in full our 9.25% senior notes due July 1, 2018, the amounts currently outstanding under the term loan payable to Mayflower, the term loan payable to BFI and the Domestic Senior Credit Facility and pay fees and expenses. The Domestic Senior Credit Facility will be terminated following such repayment. The resulting estimated annual interest savings are expected to be $20.8 million. We will record a loss on extinguishment of debt of approximately $26.7 million upon repayment of our existing debt. See also "Use of Proceeds" and "Capitalization."

Our Corporate Information

We are organized in Delaware. BFI Co., LLC ("BFI"), a Bendheim family investment vehicle, and Mayflower Limited Partnership ("Mayflower"), a limited partnership that is managed by 3i Investments plc and advised by 3i Corporation, and whose sole limited partner is 3i Group plc, the ultimate parent company of both 3i Investments plc and 3i Corporation, are our controlling stockholders and, as of December 31, 2013, owned approximately 70.1% and 29.9% of our outstanding equity interests, respectively. Our principal executive offices are located at Glenpointe Centre East, 3rd Floor, 300 Frank W. Burr Boulevard, Suite 21, Teaneck, New Jersey 07666-6712. Our telephone number is (201) 329-7300. The address of our website is www.pahc.com. The information contained on our website does not constitute a part of this prospectus.

TABLE OF CONTENTS

Organizational Structure

The chart below illustrates our corporate structure upon completion of this offering. For additional information concerning our stockholders, see "—Principal Stockholders" below.

(1)

- PAHC is a holding company and an operating company that includes the U.S. operations of a significant portion of our Animal Health and Performance Products businesses. Certain insignificant and indirect subsidiaries of PAHC are not shown for the sake of simplicity.

(2)

- Owns operating subsidiaries in Brazil, Mexico, Turkey, Hong Kong, South Africa, Canada and other international markets.

Principal Stockholders

After the consummation of this offering, 100% of our Class B common stock, representing approximately 92.8% of our voting power, will be held by BFI and approximately 28.5% of our Class A common stock, representing approximately 2.1% of our voting power, will be held by Mayflower.

BFI is a Bendheim family investment vehicle, formed as a limited liability company, owned by Jack C. Bendheim, his wife, their children and their spouses and trusts for their benefit and the benefit of his grandchildren. Mr. Bendheim has sole authority to vote the common stock of PAHC owned by BFI.

Mayflower is a Jersey limited partnership that is managed by 3i Investments plc, and advised by 3i Corporation, and whose sole limited partner is 3i Group plc, the ultimate parent company of both 3i Investments plc and 3i Corporation.

TABLE OF CONTENTS

The Offering

Issuer

Phibro Animal Health Corporation.

Class A common stock offered by us

7,352,941 shares. (1)

Class A common stock offered by Mayflower, the selling stockholder

4,412,059 shares. (1)

Underwriters' option to purchase additional shares

The selling stockholder has granted the underwriters a 30-day option to purchase up to an additional 1,764,750 shares at the public offering price less underwriting discounts.

Class A common stock to be outstanding immediately after completion of this offering

Immediately following the consummation of this offering and assuming the shares will be sold at the midpoint of the range set forth on the cover of this prospectus, we will have 16,462,561 shares of Class A common stock outstanding, after giving effect to the 0.442-for-1 stock split and reclassification of our common stock to take place immediately prior to the completion of this offering.

Class B common stock to be outstanding immediately after completion of this offering

Immediately following the consummation of this offering, we will have 21,348,600 shares of Class B common stock outstanding, after giving effect to the 0.442-for-1 stock split and reclassification of our common stock to take place immediately prior to the completion of this offering.

Use of proceeds

We estimate that the proceeds to us from this offering, after deducting estimated underwriting discounts and offering expenses payable by us, will be approximately $114.6 million, assuming the shares offered by us are sold for $17.00 per share, the midpoint of the price range set forth on the cover of this prospectus.

We intend to use the net proceeds from the sale of Class A common stock by us in this offering to repay certain of our outstanding indebtedness, to pay related fees and expenses and for general corporate purposes. For additional information, see "Use of Proceeds."

An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Administrative Agent with respect to our Domestic Senior Credit Facility. In addition, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is a lender under our Domestic Senior Credit Facility and will receive its respective share of

(1)

- The number of shares being offered assumes the shares will be sold at the midpoint of the range set forth on the cover of this prospectus. Should the share price to the public be different than the midpoint of the range, the number of shares that we and the selling stockholder sell will change proportionately so that the aggregate price to the public of shares we sell will equal $125 million.

TABLE OF CONTENTS

any repayment by us of amounts outstanding under our Domestic Senior Credit Facility with the net proceeds of this offering. See "Use of Proceeds" and "Underwriting—Other Relationships."

We will not receive any of the proceeds from the selling stockholder's sale of shares in this offering. See "Use of Proceeds" and "Principal and Selling Stockholders."

Principal stockholders

Upon completion of this offering, BFI will beneficially own a controlling interest in us. We currently intend to avail ourselves of the controlled company exemption under the corporate governance rules of NASDAQ.

Voting Rights

Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.

The shares of Class B common stock have economic rights identical to the shares of Class A common stock and will entitle the holders to 10 votes per share on all matters to be voted on by stockholders generally. We expect that immediately following this offering, the outstanding shares of Class B common stock will together entitle the holders thereof to 92.8% of the voting power of our outstanding common stock.

Holders of our Class A common stock and our Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.

Conversion of Class B common stock

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. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers by and among BFI, its affiliates and certain Bendheim family members, as described in the amended and restated certificate of incorporation. In addition, all shares of Class B common stock will automatically convert to shares of Class A common stock when the outstanding shares of Class B common stock and Class A common stock held by BFI, its affiliates and certain Bendheim family members, together, is less than 15% of the total outstanding shares of Class A common stock and Class B common stock, taken as a single class. See "Description of Capital Stock."

Dividend policy

We intend to pay regular quarterly dividends to holders of our Class A common stock out of assets legally available for this purpose. While any future determination as to whether to pay dividends will be at the discretion of our Board of Directors, we currently anticipate distributing an aggregate of approximately $15 million per year to holders of our Class A and

TABLE OF CONTENTS

Class B common stock, to be paid quarterly, beginning in our fiscal year 2015. Any future determination to pay dividends will also be subject to compliance with covenants in our current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements and other factors that our Board of Directors deems relevant. For additional information, see "Dividend Policy."

Proposed symbol for trading on NASDAQ

"PAHC."

Risk factors

For a discussion of risks relating to our company, our business and an investment in our Class A common stock, see "Risk Factors" and all other information set forth in this prospectus before investing in our Class A common stock.

Unless otherwise indicated, all information in this prospectus relating to the number of shares of Class A common stock and Class B common stock to be outstanding immediately after this offering:

- assumes the effectiveness of our amended and restated certificate of incorporation and amended and restated bylaws, which we will adopt prior to the completion of this offering;
- is based on the number of shares outstanding after giving effect to a 0.442-for-1 split and reclassification of our common stock into Class A and Class B common stock, which we will complete immediately prior to the consummation of this offering (assuming an offering price of $17.00 per share of Class A common stock (mid-point of the price range set forth in the cover of this prospectus));
- excludes 1,498,380 shares of Class A common stock issuable upon the exercise of outstanding stock options, and 386,750 shares of Class B common stock issuable upon the exercise of the outstanding BFI Warrant (as described in "Description of Certain Indebtedness"), at a weighted average exercise price of $11.83 per share;
- assumes (1) no exercise by the underwriters of their option to purchase up to 1,764,750 additional shares from the selling stockholder and (2) an initial public offering price of $17.00 per share, the mid-point of the price range set forth in the cover of this prospectus; and
- assumes the shares will be sold at the midpoint of the range set forth on the cover of this prospectus as the number of shares offered by the Company is expected to change based on the per share price.

Unless otherwise indicated, all share amounts in this prospectus relating to warrants and stock options and their related exercise prices have been adjusted to give effect to the 0.442-for-1 stock split and reclassification of our common stock to take place immediately prior to the completion of this offering.

TABLE OF CONTENTS

Summary Consolidated Financial and Other Data

The following table presents our summary consolidated financial data and certain other financial data. The balance sheet data as of June 30, 2013 and 2012 and the results of operations data and cash flows data for the years ended June 30, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus. The balance sheet data as of December 31, 2013 and the results of operations data and cash flows data for the six months ended December 31, 2013 and 2012 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus, and which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods. Operating results for the six months ended December 31, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2014.

The consolidated financial and other data presented below should be read in conjunction with our audited consolidated financial statements and the related notes thereto and our unaudited interim consolidated financial statements and the related notes thereto, included elsewhere in this prospectus, and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical consolidated financial and other data may not be indicative of our future performance.

	Six months ended		Fiscal year ended		
(in thousands, except per share amounts)	**December 31, 2013**	**December 31, 2012**	**June 30, 2013**	**June 30, 2012**	**June 30, 2011**
Results of operations data					
Net sales	$ 334,970	$ 326,265	$ 653,151	$ 654,101	$ 618,333
Cost of goods sold	234,302	241,213	474,187	489,962	471,668
Gross profit	100,668	85,052	178,964	164,139	146,665
Selling, general and administrative expenses	67,253	57,687	122,233	114,814	105,429
Operating income	33,415	27,365	56,731	49,325	41,236
Interest expense (1)	17,566	17,862	35,771	35,700	34,595
Interest (income)	(112)	(82)	(142)	(281)	(307)
Foreign currency (gains) losses, net	1,813	294	3,103	1,192	(5,758)
Other (income) expense, net (2)	—	46	151	(400)	593
Loss on extinguishment of debt	—	—	—	—	20,002
Income (loss) before income taxes	14,148	9,245	17,848	13,114	(7,889)

	Six months ended		Fiscal year ended		
Provision (benefit) for income taxes	6,003	(5,487)	(7,043)	6,138	5,033
Net income (loss) (3)	$ 8,145	$ 14,732	$ 24,891	$ 6,976	$ (12,922)
Net income (loss) per share – basic and diluted	$ 0.12	$ 0.21	$ 0.36	$ 0.10	$ (0.19)
Weighted average number of shares – basic and diluted	68,910	68,910	68,910	68,910	68,910
Pro forma net income per share (unaudited) – basic and diluted (4)	$ 0.27		$ 0.82		
Pro forma weighted average number of shares (unaudited) – basic and diluted (4)	30,458		30,458		
Other financial data					
EBITDA (5)	$ 42,095	$ 36,343	$ 72,500	$ 66,060	$ 43,095
Adjusted EBITDA (5)	43,908	36,683	75,754	66,852	57,932
Cash provided (used) by operating activities	16,397	(2,002)	415	31,882	(4,680)
Capital expenditures (6)	9,765	9,640	19,947	14,824	21,635

TABLE OF CONTENTS

(in thousands)	As of December 31, 2013	As of June 30, 2013	As of June 30, 2012
Balance sheet data			
Cash and cash equivalents (7)	$ 30,474	$ 27,369	$ 53,900
Working capital (8)	159,421	153,677	127,472
Total assets	480,828	474,142	440,908
Total debt (9)	363,821	365,604	350,121
Long-term debt and other liabilities	421,726	427,676	403,271
Total shareholders' deficit	(63,528)	(68,938)	(88,228)

(1)

- Interest expense for the fiscal years ended June 30, 2013, 2012 and 2011 includes amortization of deferred financing fees of $1,366, $1,418 and $1,405, respectively, and amortization of imputed interest and debt discount of $1,060, $1,382 and $1,787, respectively. Interest expense for the six months ended December 31, 2013 and 2012 includes amortization of deferred financing fees of $530 and $705, respectively, and amortization of imputed interest and debt discount of $256 and $602, respectively.

(2)

- Other (income) expense, net consists of items we consider non-operating in nature, including certain non-income tax costs, equity income or expense from an investment and the loss on the sale of an immaterial business.

(3)

- The table below reconciles net income (loss) to comprehensive income (loss).

(in thousands)	Six months ended December 31, 2013	Six months ended December 31, 2012	Fiscal year ended June 30, 2013	Fiscal year ended June 30, 2012	Fiscal year ended June 30, 2011
Net income (loss)	$ 8,145	$ 14,732	$ 24,891	$ 6,976	$ (12,922)
Other comprehensive income (loss):					
Fair value of derivative instruments	137	418	(222)	(841)	58
Foreign currency translation adjustment	(3,135)	(468)	(5,968)	(15,077)	2,940
Unrecognized net pension gains (losses)	429	619	5,390	(10,413)	1,014
Tax (provision) benefit on other comprehensive income	(221)	(394)	(2,016)	—	(358)

	Six months ended		Fiscal year ended		
(loss)					
Comprehensive income (loss)	$ 5,355	$ 14,907	$ 22,075	$ (19,355)	$ (9,268)

(4)

- Unaudited Pro Forma Net Income Per Share—Pro forma basic and diluted net income per share were computed to give the effect of the stock split that will take place immediately prior to the completion of this offering.

(in thousands, except per share amounts)	Six months ended December 31, 2013 (unaudited)	Fiscal year ended June 30, 2013
Net income	$ 8,145	$ 24,891
Basic shares:		
Weighted-average shares used to compute basic net income per share	68,910	68,910
Pro forma adjustment to reflect assumed stock split immediately prior to the completion of this offering	(38,452)	(38,452)
Weighted-average shares used to compute basic pro forma net income per share	30,458	30,458
Pro forma net income per share – basic and diluted	$ 0.27	$ 0.82

TABLE OF CONTENTS

(5)

- EBITDA and Adjusted EBITDA, as presented in this prospectus, are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). They are not measurements of our financial performance or liquidity under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities as measures of our liquidity. We define EBITDA as net income (loss) plus (i) net interest expense, (ii) provision for income taxes or less benefit for income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA adjusted for (i) (income) loss from, and disposal of, discontinued operations, (ii) other expense or other income, as separately reported on our consolidated statements of operations and comprehensive income, including foreign currency gains and losses and loss on extinguishment of debt and (iii) certain other items that we consider to be unusual or non-recurring as described in this section.

- EBITDA and Adjusted EBITDA are presented because these measures are used by management to analyze and compare ourselves with other companies on the basis of operating performance and we believe they are financial measures widely used by investors and analysts in our industry. In evaluating EBITDA and Adjusted EBITDA you should be aware that in the future we will incur expenses such as those used in calculating such measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Each of these measures has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

- they do not reflect any cash income taxes we may be required to pay or any potential tax benefits;

- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and

- other companies in our industry may calculate these measures differently than we do, which limits their usefulness as comparative measures.

- Because of these limitations, our EBITDA and Adjusted EBITDA should not be considered measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our GAAP results and using our EBITDA and Adjusted EBITDA as supplemental measures. See our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

TABLE OF CONTENTS

- The table below reconciles net income (loss) to EBITDA and Adjusted EBITDA.

(in thousands)	Six months ended December 31, 2013	Six months ended December 31, 2012	Fiscal year ended June 30, 2013	Fiscal year ended June 30, 2012	Fiscal year ended June 30, 2011
Net income (loss)	$ 8,145	$ 14,732	$ 24,891	$ 6,976	$ (12,922)
Plus:					
Interest expense	17,566	17,862	35,771	35,700	34,595
Interest (income)	(112)	(82)	(142)	(281)	(307)
Provision (benefit) for income taxes	6,003	(5,487)	(7,043)	6,138	5,033
Depreciation and amortization	10,493	9,318	19,023	17,527	16,696
EBITDA	$ 42,095	$ 36,343	$ 72,500	$ 66,060	$ 43,095
Adjustments:					
Foreign currency (gains) losses, net	1,813	294	3,103	1,192	(5,758)
Other (income) expense, net	—	46	151	(400)	593
Loss on extinguishment of debt	—	—	—	—	20,002
Adjusted EBITDA	$ 43,908	$ 36,683	$ 75,754	$ 66,852	$ 57,932

(6)

- Capital expenditures are for continuing operations only.

(7)

- Adjusted cash and cash equivalents would have been $15.9 million as of December 31, 2013, after giving effect to the adjustments described in Capitalization.

(8)

- Working capital is defined as total current assets (excluding cash & cash equivalents) less total current liabilities (excluding loans payable to banks and current portion of long-term debt).

(9)

- Total debt includes loans payable to banks, Domestic Senior Credit Facility, and current and long-term portions of long-term debt. Concurrently with and conditioned upon completion of this offering, we expect to enter into the New Credit Facilities. The 2014 Revolving Credit Facility is expected to have an interest rate of 2.75% plus LIBOR. The 2014 Senior Secured Term Loan Facility is expected to have an interest rate of 3.00% plus LIBOR, with a LIBOR floor of 1.00%. A portion of the proceeds from the New Credit Facilities, together with the net proceeds of this offering, will be used to repay in full our 9.25% senior notes due July 1, 2018, the amounts currently outstanding under the term loan payable to Mayflower, the term loan payable to BFI and the Domestic Senior Credit Facility and pay fees and expenses. The Domestic Senior Credit Facility

will be terminated following such repayment. The resulting estimated annual interest savings are expected to be $20.8 million. We will record a loss on extinguishment of debt of approximately $26.7 million upon repayment of our existing debt. Adjusted total debt would have been $290.1 million as of December 31, 2013, after giving effect to the adjustments described in Capitalization. See also “Use of Proceeds” and “Capitalization.”

TABLE OF CONTENTS

RISK FACTORS

Investing in our Class A common stock involves a number of risks. Before you purchase our Class A common stock, you should carefully consider the risks described below and the other information contained in this prospectus, including our consolidated financial statements and accompanying notes. 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.

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 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 medicinal 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 in animal feed for growth promotion in food production animals (for food production purposes, medically important antibacterials include classes that are prescribed in animal and human health). The guidance provides for 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 segments is at therapeutic dosage levels. 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 MFA & Other net sales would have been reduced by approximately $15 to $20 million for our fiscal year ended June 30, 2013.

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 EU 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." Separately, at an August 2013 meeting of the Codex Committee on Residues of Veterinary Drugs in Food ("CCRVDF"), a working group of the CCRVDF recommended that the Codex Alimentarius Commission ("Codex"), which is the recognized international standard-setting body for food, adopt, at its July 2014 meeting, risk management advice language for a number of compounds including carbadox stating that "authorities should prevent residues of carbadox in food. This can be accomplished by not using carbadox in food producing animals." While the proposed recommended language is to provide advice only and is not

TABLE OF CONTENTS

binding on individual national authorities, and virtually all national authorities already have long-established regulatory standards for carbadox, if adopted, the proposed recommended language may be considered by national authorities in making future risk management determinations. To the extent additional national authorities elect to follow the proposed 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 "generally recognized as safe" ("GRAS") 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.

Our global sales of antibacterials and other related products were approximately $303.7 million for the year ended June 30, 2013. 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 47% and 47% of net sales for the year ended June 30, 2013 and the six months ended December 31, 2013, 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 prospectus, 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 Archer-Daniels-Midland (ADM) Company, Bayer AG, Ceva Santé Animale, Boehringer Ingelheim GmbH, Eli Lilly and Company (Elanco Animal Health), Huvepharma Inc., Lallemand Inc., Merck & Co., Inc. (Merck Animal Health), Novartis AG, Pennfield Corporation, Sanofi (Merial), Southeastern Minerals, Inc., Virbac and Zoetis Inc. To the extent these companies or new entrants offer comparable animal health and 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 and nutrition 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

TABLE OF CONTENTS

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 O-157 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 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 the Company. In addition, campaigns by interest groups, activists and others with respect to perceived risks associated with the use of our products in animals, 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, as well as by climate change.

The animal health industry and demand for many of our animal health products in a particular region are affected by weather conditions, as usage of our products follows varying weather patterns. 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.

TABLE OF CONTENTS

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.

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 and nutrition 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 Good Manufacturing Practices ("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 one of our product formulations of virginiamycin (Stafac ® 20). 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. These observations have not impacted our ability to market products in the United States or any other country, and we expect that the identified observations 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—Government Regulation."

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 a number of regional and national feed companies, distributors, co-ops, blenders, integrated poultry, and swine and cattle operations. 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.

Feed, fuel and transportation and other key costs for livestock producers may increase or animal protein prices or sales may decrease. Either of these trends could cause deterioration in the financial condition of our livestock producer customers, potentially inhibiting their ability to purchase our products

TABLE OF CONTENTS

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 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.

Animal health products are subject to unanticipated safety or efficacy concerns, which may harm our reputation.

Unanticipated safety or efficacy concerns can arise with respect to animal health products, whether or not scientifically or clinically supported, leading to product recalls withdrawals or suspended 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 nutrition products, like us, are subject to extensive regulatory compliance. If any one of these third parties discontinues its

TABLE OF CONTENTS

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 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.

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 5% of our cost of goods sold for the year ended June 30, 2013, 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.

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;

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

TABLE OF CONTENTS

- 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 Registration, Evaluation, Authorization and Restriction of Chemical Substances ("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 December 31, 2013, we have manufacturing and sales operations in 14 countries and sell our products in over 65 countries. Our operations outside the United States accounted for 56% and 57% of our consolidated assets as of June 30, 2013 and December 31, 2013, respectively, and 37% and 37% of our

TABLE OF CONTENTS

consolidated net sales for the year ended June 30, 2013 and the six months ended December 31, 2013, 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 sales and earnings is attributable to products produced and operations conducted in Israel.

Our Israeli manufacturing facilities and local operations accounted for 24% and 26% of our consolidated assets as of June 30, 2013 and December 31, 2013, respectively, and 18% and 19% of our consolidated net sales for the year ended June 30, 2013 and the six months ended December 31, 2013, 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. Since the establishment of the State of Israel in 1948, Israel and its Arab neighbors have engaged in a number of armed conflicts. A state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Major 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. Currently, the Palestinian Authority is promoting a boycott against goods produced in Israeli settlements in the West Bank. We cannot predict whether such boycott will expand to include all Israeli goods, or the extent to which other countries will join in such boycott. 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 Israeli subsidiaries receive a portion of their revenues in U.S. dollars while their expenses are principally payable in New Israeli Shekels. Changes in the currency exchange rates could have an adverse effect on our results of operations.

TABLE OF CONTENTS

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 19% and 17% of our consolidated assets, as of June 30, 2013 and December 31, 2013, respectively, and 23% and 23% of our consolidated net sales for the year ended June 30, 2013 and the six months ended December 31, 2013, respectively. We maintain manufacturing facilities in 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 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 December 31, 2013, approximately 186 of our Israeli employees and 347 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 Matters.”

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,

TABLE OF CONTENTS

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 Matters." 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.

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 Resource, Conservation and Recovery Act of 1976, as amended ("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 Matters." 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 United States Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), 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 Matters." 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 Matters." 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.

TABLE OF CONTENTS

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 which 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 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 which 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 and 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

TABLE OF CONTENTS

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.

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

TABLE OF CONTENTS

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 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. 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 U.S. Foreign Corrupt Practices Act (“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.

TABLE OF CONTENTS

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.

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

TABLE OF CONTENTS

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.

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 are 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.

TABLE OF CONTENTS

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.

At December 31, 2013 we had $366.1 million aggregate outstanding indebtedness (primarily reflects the face value of the 9.25% senior notes, the Mayflower Term Loan, the BFI Term Loan and our Domestic Senior Credit Facility) plus $16.4 million of outstanding secured letters of credit. A portion of the proceeds from the New Credit Facilities, together with the net proceeds of this offering, will be used to repay in full our 9.25% senior notes due July 1, 2018, the amounts currently outstanding under the term loan payable to Mayflower, the term loan payable to BFI and the Domestic Senior Credit Facility and pay fees and expenses. See "Use of Proceeds" and "Capitalization."

Additionally, subject to restrictions in the indenture governing the 9 1⁄4% Senior Notes due 2018 (the "Senior Notes") and our Domestic Senior Credit Facility, the Mayflower Term Loan Agreement (as defined and described in "Description of Certain Indebtedness") and the BFI Term Loan Agreement (as defined and described in "Description of Certain Indebtedness") and those we expect to be contained in our New 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 Senior Notes;
- 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.

In connection with this offering we expect to use a portion of the proceeds to repay the indebtedness outstanding under the Mayflower Term Loan Agreement and the BFI Term Loan Agreement and certain other indebtedness, which may increase our ability to incur additional debt in the future.

TABLE OF CONTENTS

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 will 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.

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.

Restrictions imposed by the Domestic Senior Credit Facility and our other outstanding indebtedness, including the indenture governing the Senior Notes, and the restrictions that will be contained in our New 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.

The terms of the Domestic Senior Credit Facility, the BFI Term Loan Agreement, the Mayflower Term Loan Agreement and the indenture governing the Senior Notes contain and we expect the terms of the New Credit Facilities will 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. The Domestic Senior Credit Facility also contains and the terms of the New Credit Facilities will contain financial maintenance covenants. We expect to use the proceeds of this offering to repay certain of our outstanding indebtedness.

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.

TABLE OF CONTENTS

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) the reduction of the voting shareholding of Mr. Jack C. Bendheim and his family and affiliates, the holders of approximately 92.8% of our voting power after giving effect to this offering, and Mayflower, the holder of approximately 2.1% of our voting power after giving effect to this offering, including 3i Group plc, and related funds and affiliates of Mayflower and 3i Group plc, below 50% in the aggregate, and (b) a change in any two year period in the majority of the members of the Board whose appointment to, or removal from, the Board is not approved by Mr. Bendheim and/or his family and affiliates. Under the terms of the Senior Notes, if a "change of control" occurs, holders of the Senior Notes would be entitled to require us to purchase the Senior Notes at a purchase price of 101% of their principal amount, plus accrued interest. Our term loans with each of BFI and Mayflower will require repayment if a "change of control" occurs. In addition, our existing Domestic Senior Credit Facility may be terminated if Mr. Bendheim and his family and affiliates' voting shareholding in us are reduced below 50% and the lender is entitled to accelerate the payment of any sums owing under such facility. We expect our New Credit Facilities to include a similar provision.

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 Domestic Senior Credit Facility and our term loans with each of BFI and Mayflower, purchase the Senior Notes 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 many 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 and financial condition and 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 December 31, 2013, we had goodwill of $12.6 million and identifiable intangible assets, less accumulated amortization, of $32.6 million. Identifiable intangible assets consist primarily of developed technology rights and patents, customers relationships, distribution agreements and tradenames 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 an intangible asset in a short amount of time. The timing and amount of impairment charges recorded in our consolidated statements of operations and comprehensive income 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.

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

TABLE OF CONTENTS

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 this Offering and 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.

Following the consummation of this offering, BFI will beneficially own shares of our Class B common stock representing approximately 92.8% of our voting power. Investors in this offering and Mayflower, by contrast, will collectively own interests representing approximately 7.2% of our voting power. 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 our voting power. 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.

Following the offering, we will be classified as a “controlled company” and, as a result, will 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.

After the closing of this offering, BFI will continue to control a majority of the voting power of our common stock. As a result, we will be 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.

Following this offering, we intend 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
- we will not be required to have an annual performance evaluation of the compensation committee.

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

TABLE OF CONTENTS

An active trading market for our Class A common stock may not develop.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price for our Class A common stock will be determined through negotiations between us and the underwriters, and market conditions, and may not be indicative of the market price of our Class A common stock after this offering. If you purchase shares of our Class A common stock, you may not be able to resell those shares at or above the initial public offering price. We cannot predict the extent to which investor interest in the Company will lead to the development of an active trading market on NASDAQ or how liquid that market might become. An active public market for our Class A common stock may not develop or be sustained after the offering. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares of Class A common stock at a price that is attractive to you, or at all.

Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

After this offering, the market price for our Class A common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, 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 will have the ability to control significant corporate activities after the completion of this offering and our majority stockholder's interests may not coincide with yours.

Following this offering, approximately 92.8% of our voting power will be held by BFI. As a result of its ownership, so long as it holds a majority of our voting power, 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 will, directly or indirectly, exercise control following this offering 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;

TABLE OF CONTENTS

- 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 voting power, it may continue to be able to influence or effectively control our decisions.

The change of control rules under Section 382 of the Code may limit our ability to use net operating loss carryforwards to reduce future taxable income.

We have net operating loss ("NOL") carryforwards for federal and state income tax purposes. Generally, NOL carryforwards can be used to reduce future taxable income. Our use of our NOL carryforwards will be limited, however, under Section 382 of the Code, if we undergo a change in ownership of more than 50% of our common stock over a three-year period as measured under Section 382 of the Code. These complex change of ownership rules generally focus on ownership changes involving stockholders owning directly or indirectly 5% or more of our common stock, including certain public "groups" of stockholders as set forth under Section 382 of the Code, including those arising from new stock issuances and other equity transactions. In connection with this offering or with another public or private offering in the future, we may experience an ownership change within the meaning of Section 382 of the Code. If we experience an ownership change, the resulting annual limit on the use of our NOL carryforwards (which would generally equal the product of the applicable federal long-term tax-exempt rate, multiplied by the value of our common stock immediately before the ownership change, and potentially increased by certain existing gains, if any, recognized within five years after the ownership change if we have a net built-in gain in our assets at the time of the ownership change) could result in a meaningful increase in our federal and state income tax liability in future years. Whether an ownership change occurs by reason of trading in our stock is not within our control and the determination of whether an ownership change has occurred is complex. No assurance can be given that we will not in the future undergo an ownership change that would have a significant adverse effect on the use of our NOL carryforwards. In addition, the possibility of causing an ownership change may reduce our willingness to issue new common stock to raise capital.

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 after this offering, 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. Upon completion of this offering and assuming the shares are sold at the midpoint of the range set forth on the cover of this prospectus, we will have 16,462,561 shares of Class A common stock outstanding. The shares of Class A common stock offered in this offering will be freely tradable without restriction under the Securities Act of 1933, as amended (the "Securities Act"), except for any shares of our Class A common stock that may be held or acquired by Mayflower, our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

We, each of our officers and directors, BFI, Mayflower and our other security holders have agreed, subject to certain exceptions, with the underwriters not to dispose of or hedge any of the shares of Class A common stock or securities convertible into or exchangeable for shares of Class A common stock during the period from the date of this prospectus continuing through the date that is 180 days after the date of this prospectus (subject to extension in certain

circumstances), except, in our case, for the issuance (but not the subsequent disposition) of Class A common stock upon exercise of options under our existing management incentive plan. The representatives may, in their sole discretion, release any of these shares from these restrictions at any time without notice. For more detailed description of these agreements, see “Underwriting.”

TABLE OF CONTENTS

All of our shares of Class A common stock outstanding as of the date of this prospectus may be sold in the public market by existing stockholders, and, subject to certain restrictions on converting Class B common stock into Class A common stock, all of our shares of Class B common stock outstanding as of the date of this prospectus may be converted into Class A common stock and sold in the public market by existing stockholders, in each case 180 days after the date of this prospectus (subject to extension in certain circumstances). See “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling shares of our Class A common stock after this offering.

After this offering, subject to any lock-up restrictions described above with respect to certain holders and assuming the shares are sold at the midpoint of the range set forth on the cover of this prospectus, holders of approximately 4.7 million shares of our Class A common stock and 21.7 million shares of our Class B common stock (including shares issuable upon exercise of the BFI Warrant) will have the right to require us to register the sales of their shares under the Securities Act, under the terms of agreements between us and the holders of these securities. See “Shares Eligible for Future Sale—Registration Rights” for a more detailed description of these rights.

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, not being required to comply with the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and 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 not made a decision whether to take advantage of all of these exemptions. If we do take advantage of any of these exemptions, we do not know if some investors will find our securities 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. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We could remain an emerging growth company for up to five years, or 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 that is held by nonaffiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the preceding three year period.

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 second annual report that we file with the SEC as a public company, 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 be an emerging growth company for up to five years.

TABLE OF CONTENTS

As a public company, we will be subject to additional financial and other reporting and corporate governance requirements that may be difficult for us to satisfy and may divert management's attention from our business.

As a public company, we will be required to file annual and quarterly reports and other information pursuant to the Exchange Act with the SEC. We will be required to ensure that we have the ability to prepare consolidated financial statements that comply with SEC reporting requirements on a timely basis. We will also be 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 will be 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;
- create or expand the roles and duties of our Board of Directors and committees of the Board of Directors;
- institute compliance and internal audit functions that are more comprehensive;
- evaluate and maintain our 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;
- 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 will be required to commit significant resources and management time and attention to the above-listed requirements, which will 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. In addition, we might not be successful in implementing these requirements. Compliance with these requirements will place significant demands on our legal, accounting and finance staff and on our accounting, financial and information systems and will increase our legal and accounting compliance costs as well as our compensation expense as we 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."

In addition, the Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, significant resources and management oversight will be required. We will be implementing additional

procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur certain additional annual expenses related to these activities and, among other things, additional directors' and officers' liability insurance, reporting requirements, transfer agent fees, hiring additional personnel, increased auditing and legal fees and similar expenses.

Our management and independent registered public accounting firm in the past determined that there have been material weaknesses and significant deficiencies 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 independent registered public accounting firm identified material weaknesses and a significant deficiency in our internal controls over financial reporting. 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a registrant's financial reporting. Our failure to

TABLE OF CONTENTS

properly apply certain income tax accounting principles with respect to our acquisition of OmniGen Research, LLC was identified as a material weakness in our internal controls over financial reporting. They also identified other weaknesses in our internal controls over financial reporting that, when aggregated, resulted in a material weakness with respect to financial accounting, reporting, policies and procedures. These weaknesses related primarily to the lack of formal documentation and review of accounting information, which led to an inconsistent application of accounting policies and procedures, and a lack of segregation of duties due to a lack of personnel. They also identified certain weaknesses in information system controls. The deficiency in internal control relates to management's design of the control specifically related to oversight of key contractual terms and reconciliation of liability balances. They concluded that it was reasonably possible for a misstatement to occur, however the deficiency was less likely to result in a material misstatement that was not prevented or detected and corrected on a timely basis. Our audit committee and management team have agreed with the assessment of our independent registered public accounting firm. 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 will have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that will require 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 will be required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of this offering. This assessment will need to include 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 restated certificate of incorporation and amended and restated bylaws will contain provisions that may make the acquisition of the Company more difficult without the approval of our Board of Directors. These provisions:

TABLE OF CONTENTS

- 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;

- prohibit, at any time after BFI and its affiliates cease to hold at least 50% of our voting power, 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 our voting power, the approval of holders of at least three quarters of the outstanding voting power 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. For a further discussion of these and other such anti-takeover provisions, see “Description of Capital Stock—Anti-takeover Effects of our Restated Certificate of Incorporation and Amended and Restated Bylaws.”

Our restated certificate of incorporation upon consummation of this offering will designate 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 restated certificate of incorporation upon consummation of this offering will provide 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.

If you purchase shares of Class A common stock sold in this offering, you will incur immediate and substantial dilution.

If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution in the amount of $18.21 per share because the initial public offering price of $17.00 is substantially higher than the pro forma net tangible book value per share of our outstanding Class A

TABLE OF CONTENTS

common stock. Dilution results from the fact that the initial public offering price per share of the Class A common stock is substantially in excess of the book value per share of Class A common stock attributable to the existing stockholders for the presently outstanding shares of Class A common stock. In addition, you may also experience additional dilution upon future equity issuances or the exercise of stock options to purchase Class A common stock granted to our employees and directors under a management incentive plan. See “Dilution.”

We will have broad discretion in how we use the proceeds of this offering and we may not use these proceeds effectively. This could affect our results of operations and cause the price of our Class A common stock to decline.

Our management team will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds appropriately. We currently intend to use the net proceeds that we receive from this offering, to repay all amounts outstanding under the Mayflower Term Loan Agreement, all amounts outstanding under the BFI Term Loan Agreement and certain other indebtedness, to pay related fees and expenses and for general corporate purposes. We may use the net proceeds for corporate purposes that do not improve our results of operations or which cause our stock price to decline.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We may not obtain research coverage of our Class A common stock by securities and industry analysts. If no securities or industry analysts commence coverage of our Class A common stock, the trading price for our Class A common stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our Class A common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our Class A common stock could decrease, which could cause our stock price and trading volume to decline.

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

Our amended and restated certificate of incorporation will provide 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. See “Description of Capital Stock—Corporate Opportunity.”

We may not pay cash dividends in the foreseeable 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 purchase price.

Though we currently intend to pay an aggregate dividend of approximately $15 million per year on our Class A and Class B common stock, 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, if you purchase shares in this offering, realization of a gain on your investment will depend on the appreciation of the price of our Class A common stock, which may never occur.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical or current fact included in this prospectus 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. See “Risk Factors,” including:

- 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, 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;
- 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;
- adverse U.S. and international economic market conditions, including currency fluctuations;

TABLE OF CONTENTS

- 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; and
- the risk of work stoppages.

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" in this prospectus. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this prospectus 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 prospectus 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.

TABLE OF CONTENTS

USE OF PROCEEDS

We estimate that the proceeds to us from this offering, after deducting estimated underwriting discounts of approximately $8.4 million and offering expenses of approximately $2.0 million (after giving effect to the reimbursement of certain expenses by the underwriters) payable by us, will be approximately $114.6 million, assuming the shares offered by us are sold for $17.00 per share, the midpoint of the price range set forth on the cover of this prospectus.

We intend to use the net proceeds from the sale of Class A common stock by us in this offering, together with the proceeds from our New Credit Facilities, to repay certain of our outstanding indebtedness, to pay related fees and expenses and for general corporate purposes. We will not receive any of the proceeds from the sale of shares by Mayflower, the selling stockholder in this offering. See “Principal and Selling Stockholders.”

Concurrently with and conditioned upon this offering, we expect to enter into $390 million in New Credit Facilities. The 2014 Revolving Credit Facility is expected to have an interest rate of 2.75% plus LIBOR. The 2014 Senior Secured Term Loan Facility is expected to have an interest rate of 3.00% plus LIBOR, with a LIBOR floor of 1.00%. A portion of the proceeds from the New Credit Facilities, together with the net proceeds of this offering, will be used to repay in full our 9.25% senior notes due July 1, 2018, the amounts currently outstanding under the term loan payable to Mayflower, the term loan payable to BFI and the Domestic Senior Credit Facility and pay fees and expenses. Upon completion of this offering, we expect no additional amounts to be available under the 2014 Senior Secured Term Loan Facility and $100.0 million to be available under the 2014 Revolving Credit Facility (not giving effect to approximately $17.3 million of existing letters of credit that are expected to remain outstanding under the 2014 Revolving Credit Facility, and which will reduce such availability). The Domestic Senior Credit Facility will be terminated following such repayment. The resulting estimated annual interest savings are expected to be $20.8 million. We will record a loss on extinguishment of debt of approximately $26.7 million upon repayment of our existing debt. Our Principal Stockholders are the lenders under our existing term loans. See “Certain Relationships and Related Party Transactions.”

An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Administrative Agent with respect to our Domestic Senior Credit Facility. In addition, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is a lender under our Domestic Senior Credit Facility and will receive its respective share of any repayment by us of amounts outstanding under our Domestic Senior Credit Facility with the net proceeds of this offering. See “Use of Proceeds” and “Underwriting—Other Relationships.”

The following table summarizes the estimated sources and uses of proceeds in connection with the sale of Class A common stock and entry into the New Credit Facilities by us, assuming this offering had occurred on December 31, 2013. You should read the following together with the information set forth under “Prospectus Summary—Refinancing.”

Sources	**Amount (in millions)**	
New Credit Facilities	$ 290.0	(1)
Class A common stock offered hereby	125.0	
Total Sources	$ 415.0	

TABLE OF CONTENTS

Uses	Amount (in millions)	
Repay 9.25% senior notes due July 1, 2018	$ 300.0	
Repay term loan payable to Mayflower due December 31, 2016	24.0	
Repay term loan payable to BFI due August 1, 2014	10.0	
Repay Domestic Senior Credit Facility	32.0	
Pay call premium and make whole on senior notes	19.7	
Fees and expenses	15.4	(2)
Cash added to the Balance Sheet	13.9	
Total Uses	$ 415.0	

(1)

- Amounts will be borrowed under the 2014 Senior Secured Term Loan Facility.

(2)

- Includes approximately $5.0 million of fees and expenses expected to be incurred in connection with our entry into the New Credit Facilities.

Pending use of the net proceeds from this offering as described above, we may invest the net proceeds in short- and intermediate-term interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the United States government.

TABLE OF CONTENTS

DIVIDEND POLICY

We intend to pay regular quarterly dividends to holders of our Class A common stock out of assets legally available for this purpose. While any future determination as to whether to pay dividends will be at the discretion of our Board of Directors, we currently anticipate distributing an aggregate of approximately $15 million per year to holders of our Class A and Class B common stock, to be paid quarterly, beginning in our fiscal year 2015. Any future determination to pay dividends will also be subject to compliance with covenants in our current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements and other factors that our Board of Directors deems relevant. Additionally, our ability to pay dividends on our Class A common stock will be limited by restrictions on our ability to pay dividends or make distributions under the terms of current and any future agreements governing our indebtedness and our ability to obtain funds from our subsidiaries.

TABLE OF CONTENTS

CAPITALIZATION

The following table sets forth our cash and cash equivalents, indebtedness and our capitalization as of December 31, 2013 on:

- an actual basis; and
- an adjusted basis to give effect to the following:
  i. the dividend as described under "Prospectus Summary — Recent Developments";
  ii. the 0.442-for-1 split and reclassification of our common stock to take place immediately prior to the completion of this offering;
  iii. the sale by us of 7,352,941 shares of our Class A common stock in this offering at an assumed initial public offering price of $17.00 per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses payable by us; and
  iv. our entry into the New Credit Facilities and the application by us of the net proceeds from this offering and the New Credit Facilities as described under "Use of Proceeds."

You should read the following table in conjunction with the sections entitled "Prospectus Summary — Refinancing," "Use of Proceeds," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of December 31, 2013		
	Actual	Adjusted	
	(in thousands, except par value)		
Cash and cash equivalents	$ 30,474	$ 15,940	(1)
Debt:			
Domestic senior credit facility	$ 32,000	$ —	
9.25% senior notes	297,796	—	
Mayflower term loan	24,000	—	
BFI term loan	9,932	—	
New Credit Facilities (2)	—	290,000	(3)
Capital leases	93	93	
Total debt	$ 363,821	$ 290,093	
Stockholders' Equity:			
	7	—	

	As of December 31, 2013	
Common stock, par value $0.0001, 200,000 shares authorized; 68,910 shares issued and outstanding, on an as adjusted basis		
Preferred stock, par value $0.0001, 16,000 shares authorized; 0 shares issued and outstanding	—	—
Class A common stock, par value $0.0001, 300,000 shares authorized; 16,462.6 shares issued and outstanding, on an as adjusted basis	—	2
Class B common stock, par value $0.0001, 30,000 shares authorized; 21,348.6 shares issued and outstanding, on an as adjusted basis	—	2
Additional paid-in-capital (4)	43,003	132,570
Accumulated deficit (5)	(85,976)	(112,660)
Accumulated other comprehensive income (loss)	(20,562)	(20,562)
Total stockholders' deficit	(63,528)	(648)
Total capitalization	$ 300,293	$ 289,445

TABLE OF CONTENTS

(1)

- Reflects approximately $3.4 million of taxes paid in connection with repatriation of funds used to pay the $25.0 million dividend described under “Prospectus Summary — Recent Developments.”

(2)

- The 2014 Senior Secured Term Loan Facility will have an interest rate of 3.0% plus LIBOR, with a LIBOR floor of 1.0%. As part of the overall refinancing, which includes the pay down of our current debt, the resulting estimated annual interest savings will be $20.8 million.

(3)

- Does not include approximately $17.3 million of existing letters of credit that are expected to remain outstanding under the 2014 Revolving Credit Facility.

(4)

- A reconciliation of actual additional paid-in-capital to adjusted additional paid-in-capital:

	As of December 31, 2013
Actual additional paid-in-capital	$ 43,003
Dividend	(25,000)
Proceeds from offering	114,567
Adjusted paid-in-capital	$ 132,570

(5)

- A reconciliation of actual accumulated deficit to adjusted accumulated deficit:

	As of December 31, 2013
Actual accumulated deficit	$ (85,976)
Loss on extinguishment of debt	(26,684)
Adjusted accumulated deficit	$ (112,660)

TABLE OF CONTENTS

DILUTION

If you invest in our Class A common stock, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the initial public offering price per share of the Class A common stock is substantially in excess of the net tangible book value per share of Class A common stock attributable to the existing stockholders for the presently outstanding shares of Class A common stock.

Our net tangible book deficit as of December 31, 2013 was $(115.7) million, or $(3.80) per share of common stock (after giving effect to the 0.442-for-1 split and reclassification of our common stock to take place immediately prior to the completion of this offering). Net tangible book value per share represents the amount of our total tangible assets (which for the purpose of this calculation excludes capitalized debt issuance costs, net intangible assets and goodwill) less total liabilities, divided by the basic weighted average number of shares of common stock outstanding.

After giving effect to:

i.

- the dividend as described under “Recent Developments”;

ii.

- the 0.442-for-1 split and reclassification of our common stock to take place immediately prior to the completion of this offering;

iii.

- the sale by us of 7,352,941 shares of our Class A common stock in this offering at an assumed initial public offering price of $17.00 per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses payable by us; and

iv.

- our entry into the New Credit Facilities and the application by us of the net proceeds from this offering and the New Credit Facilities as described under “Use of Proceeds,”

our pro forma net tangible book deficit as of December 31, 2013 would have been approximately $(45.8) million, or $(1.21) per share of common stock. This represents an immediate increase in net tangible book value to our existing stockholders of $2.59 per share and an immediate dilution to new investors in this offering of $18.21 per share. The following table illustrates this pro forma per share dilution in net tangible book value to new investors.

Assumed initial public offering price per share		$ 17.00
Pro forma net tangible book value (deficit) per share as of December 31, 2013	$ (3.80)	
Increase per share attributable to new investors	2.59	
Pro forma net tangible book value per share after this offering		(1.21)
Dilution per share to new investors		$ 18.21

The following table summarizes as of the date of this offering, on an as adjusted basis, the number of shares of Class A common stock purchased, the total consideration paid and the average price per share paid by the new investors, based upon an assumed initial public offering price of $17.00 per share (the mid-point of the initial public offering price range), after giving effect to the 0.442-for-1 split and reclassification of our common stock to take place immediately prior to the completion of this offering and before deducting estimated underwriting discounts and offering expenses:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	4,697,561	28.5%	$ 50,123,161	20.0%	$ 10.67
New investors	11,765,000	71.5	200,005,000	80.0	17.00
Total	16,462,561	100 %	250,128,161	100 %	

TABLE OF CONTENTS

The tables and calculations above are based on 16,462,561 shares of Class A common stock outstanding after the completion of this offering and assume no exercise by the underwriters of their option to purchase up to an additional 1,764,750 shares from the selling stockholder. The number of shares outstanding excludes, as of the date of this offering, an aggregate of 5,131,620 shares of Class A common stock reserved for issuance under our equity incentive plan.

Except as otherwise indicated, the discussion and tables above assume no exercise of the underwriters' option to purchase additional shares, no exercise of any outstanding options and no exercise of the BFI Warrant.

If the underwriters' option to purchase additional shares is exercised in full, our existing stockholders would own approximately 17.8% and our new investors would own approximately 82.2% of the total number of shares of our Class A common stock outstanding after this offering. If the underwriters exercise their option to purchase additional shares in full, the pro forma net tangible book value per share after this offering would be $(1.21) per share, and the dilution in the pro forma net tangible book value per share to new investors in this offering would be $18.21 per share.

To the extent that any outstanding options or the BFI Warrant are exercised, new investors will experience further dilution. As of December 31, 2013, 1,885,130 shares of Class A common stock were issuable upon the exercise of outstanding options and the BFI Warrant at a weighted-average exercise price of $11.83 per share. If all of our outstanding options and the BFI Warrant had been exercised as of December 31, 2013, our pro forma net tangible book deficit as of December 31, 2013 would have been approximately $(93.4) million or $(2.89) per share of our common stock, and the pro forma net tangible book value after giving effect to this offering would have been $(0.59) per share, representing dilution in our pro forma net tangible book value per share to new investors of $17.59.

TABLE OF CONTENTS

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected consolidated financial data and certain other financial data. The balance sheet data as of June 30, 2013, 2012, 2011, 2010 and 2009 and the results of operations data and cash flows data for the years ended June 30, 2013, 2012, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements. The balance sheet data as of December 31, 2013 and the results of operations data and cash flows data for the six months ended December 31, 2013 and 2012 have been derived from our unaudited interim consolidated financial statements which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim period. Operating results for the six months ended December 31, 2013 and 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2014.

The consolidated financial data and other financial data presented below should be read in conjunction with our audited consolidated financial statements and the related notes thereto and our unaudited interim consolidated financial statements and the related notes thereto, included elsewhere in this prospectus, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical consolidated financial data may not be indicative of our future performance.

	Six months ended December 31,		Fiscal year ended June 30,				
(in thousands, except per share amounts)	**2013**	**2012**	**2013**	**2012**	**2011**	**2010**	**2009**
Results of operations data							
Net sales	$334,970	$326,265	$653,151	$654,101	$618,333	$594,209	$537,133
Cost of goods sold	234,302	241,213	474,187	489,962	471,668	439,476	407,473
Gross profit	100,668	85,052	178,964	164,139	146,665	154,733	129,660
Selling, general and administrative expenses	67,253	57,687	122,233	114,814	105,429	101,925	84,645
Impairment of long-lived assets	—	—	—	—	—	—	3,628
Operating income	33,415	27,365	56,731	49,325	41,236	52,808	41,387
Interest expense (1)	17,566	17,862	35,771	35,700	34,595	34,496	31,512
Interest (income)	(112)	(82)	(142)	(281)	(307)	(119)	(166)
Foreign currency gains (losses), net	1,813	294	3,103	1,192	(5,758)	(1,275)	12,098
Other income (expense), net (2)	—	46	151	(400)	593	108	67
(Loss) on extinguishment of debt	—	—	—	—	20,002	—	—

	Six months ended December 31,		Fiscal year ended June 30,				
Income (loss) from continuing operations before income taxes	14,148	9,245	17,848	13,114	(7,889)	19,598	(2,124)
Provision (benefit) for income taxes	6,003	(5,487)	(7,043)	6,138	5,033	3,792	3,412
Income (loss) from continuing operations	8,145	14,732	24,891	6,976	(12,922)	15,806	(5,536)
(Loss) from discontinued operations, net of income taxes	—	—	—	—	—	(3,358)	(2,761)
Gain on disposal of discontinued operations, net of income taxes	—	—	—	—	—	29,603	—
Net income (loss) (3)	$8,145	$14,732	$24,891	$6,976	$(12,922)	$42,051	$(8,297)
Income (loss) per share from continuing operations – basic and diluted	$0.12	$0.21	$0.36	$0.10	$(0.19)	$0.23	$(0.08)
Income (loss) per share from discontinued operations – basic and diluted	—	—	—	—	—	0.38	(0.04)
Net income (loss) per share – basic and diluted	$0.12	$0.21	$0.36	$0.10	$(0.19)	$0.61	$(0.12)
Weighted average number of shares – basic and diluted	68,910	68,910	68,910	68,910	68,910	68,910	68,910
Pro forma net income per share (unaudited) – basic and diluted (4)	$0.27		$0.82				

	Six months ended December 31,			Fiscal year ended June 30,			
Pro forma weighted average number of shares (unaudited) – basic and diluted (4)	30,458		30,458				
Other financial data							
EBITDA (5)	$42,095	$36,343	$72,500	$66,060	$43,095	$95,442	$37,707
Adjusted EBITDA (5)	43,908	36,683	75,754	66,852	57,932	68,313	58,426
Cash provided (used) by operating activities	16,397	(2,002)	415	31,882	(4,680)	29,762	40,821
Capital expenditures (6)	9,765	9,640	19,947	14,824	21,635	15,971	17,484

TABLE OF CONTENTS

(in thousands)	As of December 31, 2013	As of June 30, 2013	2012	2011	2010	2009
Balance sheet data						
Cash and cash equivalents (7)	$ 30,474	$ 27,369	$ 53,900	$ 48,598	$ 62,705	$ 13,518
Working capital (8)	159,421	153,677	127,472	136,384	121,303	129,587
Total assets	480,828	474,142	440,908	435,694	425,287	362,280
Total debt (9)	363,821	365,604	350,121	357,996	289,258	294,534
Long-term debt and other liabilities	421,726	427,676	403,271	389,317	319,452	320,047
Total shareholders' (deficit)	(63,528)	(68,938)	(88,228)	(69,068)	(10,204)	(52,027)

(1)

- Interest expense for the fiscal years ended June 30, 2013, 2012, 2011, 2010 and 2009 includes amortization of deferred financing fees of $1,366, $1,418, $1,405, $1,444 and $1,457, respectively, and amortization of imputed interest and debt discount of $1,060, $1,382, $1,787, $1,824 and $814, respectively. Interest expense for the six months ended December 31, 2013 and 2012 includes amortization of deferred financing fees of $530 and $705, respectively, and amortization of imputed interest and debt discount of $256 and $602, respectively.

(2)

- Other income (expense), net consists of items we consider non-operating in nature, including certain non-income tax costs, equity income or expense from an investment and the loss on the sale of an immaterial business.

(3)

- The table below reconciles net income (loss) to comprehensive income (loss).

(in thousands)	Six months ended December 31, 2013	Six months ended December 31, 2012	Fiscal year ended June 30, 2013	2012	2011	2010	2009
Net income (loss)	$ 8,145	$ 14,732	$ 24,891	$ 6,976	$ (12,922)	$ 42,051	$ (8,297)

	Six months ended December 31,		Fiscal year ended June 30,				
Other comprehensive income (loss):							
Fair value of derivative instruments	137	418	(222)	(841)	58	(1,238)	1,242
Foreign currency translation adjustment	(3,315)	(468)	(5,968)	(15,077)	2,940	4,294	(2,138)
Unrecognized net pension gains (losses)	429	619	5,390	(10,413)	1,014	(3,221)	(5,340)
Tax (provision) benefit on other comprehensive income (loss)	(221)	(394)	(2,016)		(358)	—	—
Comprehensive income (loss)	$5,355	$14,907	$22,075	$(19,355)	$(9,268)	$41,886	$(14,533)

(4)

- Unaudited Pro Forma Net Income Per Share—Pro forma basic and diluted net income per share were computed to give the effect of the stock split that will take place immediately prior to the completion of this offering.

(in thousands, except per share amounts)	Six months ended December 31, 2013	Fiscal year ended June 30, 2013
	(unaudited)	
Net income	$ 8,145	$ 24,891
Basic shares:		
Weighted-average shares used to compute basic net income per share	68,910	68,910
Pro forma adjustment to reflect assumed stock split immediately prior to the completion of this offering	(38,452)	(38,452)
Weighted-average shares used to compute basic pro forma net income per share	30,458	30,458
Pro forma net income per share – basic and diluted	$ 0.27	$ 0.82

(5)

- EBITDA and Adjusted EBITDA, as presented in this prospectus are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America (“GAAP”). They are not measurements

TABLE OF CONTENTS

of our financial performance or liquidity under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities as measures of our liquidity. We define EBITDA as net income (loss) plus (i) net interest expense, (ii) provision for income taxes or less benefit for income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA adjusted for (i) (income) loss from, and disposal of, discontinued operations, (ii) other expense or other income, as separately reported on our consolidated statements of operations and comprehensive income, including foreign currency gains and losses and loss on extinguishment of debt and (iii) certain other items we consider to be unusual or non-recurring as described in this section.

EBITDA and Adjusted EBITDA are presented because these measures are used by management to analyze and compare ourselves with other companies on the basis of operating performance and we believe they are financial measures widely used by investors and analysts in our industry. In evaluating EBITDA and Adjusted EBITDA you should be aware that in the future we will incur expenses such as those used in calculating such measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Each of these measures has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect any cash income taxes we may be required to pay or any potential tax benefits;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and
- other companies in our industry may calculate these measures differently than we do, which limits their usefulness as comparative measures.

Because of these limitations, our EBITDA and Adjusted EBITDA should not be considered measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our GAAP results and using our EBITDA and Adjusted EBITDA as supplemental measures. See our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

TABLE OF CONTENTS

	Six months ended December 31,		Fiscal year ended June 30,				
(in thousands)	**2013**	**2012**	**2013**	**2012**	**2011**	**2010**	**2009**
Net income (loss)	$8,145	$14,732	$24,891	$6,976	$(12,922)	$42,051	$(8,297)
Plus:							
Interest expense	17,566	17,862	35,771	35,700	34,595	34,496	31,512
Interest (income)	(112)	(82)	(142)	(281)	(307)	(119)	(166)
Provision (benefit) for income taxes	6,003	(5,487)	(7,043)	6,138	5,033	3,792	3,412
Depreciation and amortization	10,493	9,318	19,023	17,527	16,696	15,222	11,246
EBITDA	$42,095	$36,343	$72,500	$66,060	$43,095	$95,442	$37,707
Adjustments:							
Foreign currency (gains) losses, net	1,813	294	3,103	1,192	(5,758)	(1,275)	12,098
Other (income) expense, net (a)	—	46	151	(400)	593	108	67
Loss on extinguishment of debt	—	—	—	—	20,002	—	—
Loss from discontinued operations, net of income taxes	—	—	—	—	—	3,358	2,761
Gain on disposal of discontinued operations, net of income taxes	—	—	—	—	—	(29,603)	—
Plant consolidation costs (b)	—	—	—	—	—	283	783
Acquisition-related cost of goods sold (c)	—	—	—	—	—	—	1,122
Cost of acquired in-process R&D (d)	—	—	—	—	—	—	260
Impairment of long-lived assets (e)	—	—	—	—	—	—	3,628
Adjusted EBITDA	$43,908	$36,683	$75,754	$66,852	$57,932	$68,313	$58,426

(a)

- Consists of items we consider non-operating in nature, including certain non-income tax costs, equity income or expense from an investment and the loss on the sale of an immaterial business.

(b)

- Consists of severance costs related to the shutdown of certain Mineral Nutrition manufacturing facilities.

(c)

- Consists of the purchase price allocation to the inventory acquired with the Abic animal health business.

(d)

- Consists of the in-process R&D acquired with the Abic animal health business.

(e)

- Consists of a reduction in the carrying value of certain Performance Products manufacturing assets.

(6)

- Capital expenditures are for continuing operations only.

(7)

- Adjusted cash and cash equivalents would have been $15.9 million as of December 31, 2013, after giving effect to the adjustments described in Capitalization.

(8)

- We define working capital as total current assets (excluding cash & cash equivalents) less total current liabilities (excluding loans payable to banks and current portion of long-term debt).

(9)

- Total debt includes loans payable to banks, Domestic Senior Credit Facility, and current and long-term portions of long-term debt. Concurrently with and conditioned upon completion of this offering, we expect to enter into the New Credit Facilities. The 2014 Revolving Credit Facility is expected to have an interest rate of 2.75% plus LIBOR. The 2014 Senior Secured Term Loan Facility is expected to have an interest rate of 3.00% plus LIBOR, with a LIBOR floor of 1.00%. A portion of the proceeds from the New Credit Facilities, together with the net proceeds of this offering, will be used to repay in full our 9.25% senior notes due July 1, 2018, the amounts currently outstanding under the term loan payable to Mayflower, the term loan payable to BFI and the Domestic Senior Credit Facility and pay fees and expenses. The Domestic Senior Credit Facility will be terminated following such repayment. The resulting estimated annual interest savings are expected to be $20.8 million. We will record a loss on extinguishment of debt of approximately $26.7 million upon repayment of our existing debt. Adjusted total debt would have been $290.1 million as of December 31, 2013, after giving effect to the adjustments described in Capitalization. See also “Use of Proceeds” and “Capitalization.”

TABLE OF CONTENTS

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 Consolidated Financial and Other Data" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. 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

Our Company

Phibro Animal Health Corporation is one of the leading animal health companies in the world and is dedicated to helping meet the growing demand for animal protein. We are a global diversified animal health and mineral nutrition company. For nearly 40 years we have been committed providing livestock producers with value-based products and solutions to help them maintain and enhance the health and productivity of their animals. We sell more than 1,100 product presentations in over 65 countries to approximately 2,850 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 believe we are the only global company with an animal health business that concentrates exclusively on animals for human consumption and are one of the few global companies offering a comprehensive range of animal health and mineral nutrition products. We believe our key products such as Stafac ®, Nicarb ®, and OmniGen enjoy strong brand name recognition and customer loyalty in the markets we serve. We believe our vaccines are recognized as a standard in efficacy against highly virulent disease challenges and our patented TAbic ® vaccine delivery technology provides superior convenience and logistical benefits over conventional glass bottles. The foundation of our product portfolio is based on several key proprietary molecules and formulations that are supported by additional complementary products, which help address important customer needs. As an example of our portfolio depth, we believe over 5.4 billion of the 8.5 billion broiler chickens produced in the United States in 2012 received at least one of our products.

We are further differentiated by our team of highly trained and dedicated professionals who provide technical service and support for our products and offer practical solutions to our customers. Within our Animal Health and Mineral Nutrition segments, utilizing both our sales, marketing and technical support organization of approximately 225 employees and a broad distribution network, we market our portfolio of more than 1,000 product presentations to livestock producers and veterinarians in over 65 countries. Technical support and research is an important aspect of our overall sales effort. Our global reach allows us to connect with key global customers at their corporate, regional and local decision-making levels, and we are implementing a Global Key Account Strategy to improve our customer contacts. We believe our close contact with customers provides us with an in-depth understanding of their businesses and allows us to identify and develop products to address unmet customer needs, anticipate emerging trends and establish ourselves as trusted advisors to our customers.

We have focused our efforts in high value geographies (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.

TABLE OF CONTENTS

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.

For the fiscal year ended June 30, 2013, our net sales were $653.2 million, our net income was $24.9 million and our Adjusted EBITDA was $75.8 million. For the six months ended December 31, 2013, our net sales were $335.0 million, our net income was $8.1 million and our Adjusted EBITDA was $43.9 million. Our revenue stream is well-balanced and diversified by product, geography and customers, and our largest single customer (a distributor) represented approximately 8% of net sales for fiscal year 2013. 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. Our Animal Health business contributed 59% of our net sales and 85% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013 and we expect Animal Health will continue to be the key driver of our future growth. Our Mineral Nutrition business contributed 31% of our net sales and 12% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013. Our Performance Products business contributed 10% of our net sales and 3% of our Adjusted EBITDA (excluding unallocated corporate costs) for fiscal year 2013. See "—Adjusted EBITDA" for a reconciliation of Adjusted EBITDA to net income.

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 $13.3 billion of sales in 2012. The market grew at a compound annual growth rate of 6% between 2006 and 2012 and, excluding the impact of foreign exchange, the market is projected to grow at a compound annual growth rate of approximately 6% per year between 2012 and 2017. As discussed below, we believe several trends have supported and will continue to support this growth.

Perceptions of product quality, safety and reliability

We believe animal health, mineral nutrition and performance products customers value high-quality manufacturing and reliability of supply. The importance of quality and safety concerns to livestock producers also contribute to animal health brand loyalty, which we believe often continues after the loss of patent-based and regulatory exclusivity. For example, many of our MFA products have been in the market for over 40 years and continue to have broad acceptance and demand. We depend on positive perceptions of the safety and quality of our products, and animal health products generally, by our customers and end-users.

Execution of our growth strategies

We are committed to enhancing the health of animals and bringing solutions to our customers who raise and care for them. We intend to continue to grow our business by pursuing the following core strategies:

- Continue Our Expansion into High-Growth Emerging Markets;
- Leverage Proprietary Vaccine Technologies to Increase Sales in Poultry;
- Continue Our Growth of Nutritional Specialties, Including Cross-Selling with Other Products in Our Animal Health and Mineral Nutrition Portfolio;
- Transition to a Direct Sales Model in Key Markets;

- Enhance Gross Profit through Product Mix and Recent Investment in Manufacturing Capacity;
- Deliver New Product Innovation Through Focused Research & Development Investment; and
- Remain a Partner of Choice for New Products and Technologies.

For additional discussion of our growth strategies, see “Business—Growth Strategies.”

TABLE OF CONTENTS

Regulatory Developments

There is considerable scientific and regulatory debate concerning whether the use of antibiotics in livestock can increase the risk to humans who consume meat potentially containing antibiotic-resistant organisms. For example, the FDA recently announced a plan to help phase out the use of medically important antibiotics ("MIAs") in livestock feed for growth promotion. However, the recent FDA guidance provides for continued use of antibiotics in food-producing animals for treatment, control and prevention of disease under the supervision of a veterinarian. We believe most rigorous analyses have shown that, when used properly, these products create little to no risk for humans. Furthermore, this risk must be balanced against the positive benefits of permitting the use of antibiotics in animals, which we believe include the prevention, control and treatment of disease for animal welfare, the preservation of scarce natural resources to reduce the impact of agriculture on the environment, the safety and sustainability of the food supply and the need to feed the world's growing population.

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 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 MFA & Other net sales would have been reduced by approximately $15 to $20 million for our fiscal year ended June 30, 2013. For additional discussion, see "Business—Regulatory."

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 2013, we generated approximately 37% 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 result our revenues are not 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.

TABLE OF CONTENTS

Climate

The livestock animal health industry and demand for many of our animal health products in a particular region are affected 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 large supplies of fresh water. 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 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.

Components of net sales and costs and expenses

Net sales

We recognize sales upon transfer of title and when risk of loss passes to the customer and additionally when collections of sales proceeds are reasonably assured and we have no further performance obligations. We record estimated reductions to revenue for customer programs and incentive offerings, including pricing arrangements and other volume-based incentives, at the time the sale is recorded. Royalty and licensing income from licensing agreements are recognized as earned under the terms of the related agreements and are included in net sales. Net sales also include shipping and handling fees billed to customers. We ship products to customers predominantly by third-party carriers.

The following factors, among others, can impact our overall net sales:

- fluctuations in overall economic activity within the geographies in which we operate;
- changes in one or more of our core end markets or customers;
- changes in the price of raw materials and freight and timing of the pass-through of these price changes to customers;
- volume of sales to our largest customers;
- the type of products used within existing customer applications;
- the "mix" of products sold, including the proportion of new or improved products and their pricing relative to existing products;

- changes in contractual terms in customer agreements; and
- our ability to successfully develop and launch new products and applications.

Costs and expenses

Costs of goods sold consist primarily of material and packaging costs; compensation of employees involved in the production process; costs of facilities and other infrastructure used to manufacture and store our products, including depreciation expense for property and equipment; and delivery costs to our customers.

Gross profit consists of net sales minus cost of goods sold.

TABLE OF CONTENTS

The main factors that influence our cost of goods sold and gross profit as a percent of net sales include:

- the "mix" of products sold;
- the average selling prices of our products;
- changes in raw material and other production costs and timing of the pass-through of these cost changes to customers as well as the absolute level of prices;
- the effects of currency movements on the reported U.S. dollar amount of production costs and to a lesser extent, on reported net sales;
- changes in sales and production volumes, as higher production volumes enable us to spread the fixed portion of our production costs over higher volumes;
- inflation or deflation on other material costs; and
- the implementation of cost savings and efficiency programs.

Selling, general and administrative ("SG&A") expenses consist of costs incurred in connection with the sale and marketing of our products, R&D expenditures and administrative overhead costs, including amortization expense for identifiable finite-life intangible assets that have been acquired through business combinations and costs related to business technology, facilities, legal, audit, finance, human resources, business development and management. Changes in selling, general and administrative expenses are influenced by a number of factors, including:

- our decision to increase or decrease the number of employees to support the future growth of the business or to adjust the resources to current business conditions;
- changes in incentive compensation and benefit costs; and
- changes in our customer base, as new customers may require different levels of sales and marketing attention.

We include R&D costs, or R&D, in our SG&A costs because of the relatively small amounts and because of the integrated nature within our businesses. Our R&D costs have been approximately $7 million annually in recent years. We expect our annual expenditures to increase to approximately $11 million in fiscal year 2014.

Public company expenses. As a result of this offering, we will become subject to the reporting requirements of the Exchange Act and certain requirements of the Sarbanes-Oxley Act. We will have additional procedures and practices to establish as a public company. As a result, we expect we will incur additional costs in the future.

Interest expense, net consists primarily of interest incurred on our indebtedness, including our Senior Notes, Domestic Senior Credit Facility and Mayflower, Teva and BFI term loans.

Foreign currency (gains) losses, net consist primarily of non-cash (gains) losses that result from inter-company balances across currencies.

Other (income) expense, net consists of items we consider non-operating in nature, including certain non-income tax costs, equity income or expense from an investment and the loss on the sale of an immaterial business.

Loss on extinguishment of debt consists of the costs of the early retirement of our senior notes and senior subordinated notes in July and August 2010.

TABLE OF CONTENTS

Recent acquisitions and licensing activities

Acquisition of AquaVet

In January 2014, we completed the acquisition of the aquaculture business of AquaVet, a leading aquaculture veterinary consulting and contract research firm based in Israel, for aggregate consideration of $0.9 million plus a contingent incentive payment based on the future results of our aquaculture business. Through this transaction, we are joined by a well-respected team of aquaculture professionals with strong experience in product development providing technical support to leading aquaculture producers throughout the world. Our new aquaculture team will initially be focused on identifying, testing and obtaining regulatory approvals for our current portfolio of Animal Health products for use in aquaculture, as well as the identification, development and commercialization of new products.

Acquisition of OmniGen patents

In December 2012, we acquired OmniGen Research, LLC (“OGR”), including all rights to OmniGen patents and related intellectual property and ownership of certain property, plant and equipment. OmniGen is a proprietary nutritional specialty product that helps maintain a dairy cow’s healthy immune system. Prior to the transaction, we had been the exclusive manufacturer and marketer of OmniGen for 9 years, under a licensing arrangement with OGR.

The purchase price was approximately $22.8 million, with an initial cash payment of $18.5 million and deferred payments of approximately $4.3 million. A deferred payment of $1.0 million was paid in December 2013 and additional deferred payments of $1.0 million are scheduled to be paid on or before December 20, 2014 and 2015, respectively. The final deferred payment of approximately $1.3 million is scheduled to be paid on or before December 20, 2016. Interest is payable solely on the final installment at the rate of 5% annually from December 20, 2012 to the date of payment.

On an as adjusted basis, as if the transaction had occurred at the beginning of fiscal year 2012, EBITDA would have increased by $4.0 million for the year ended June 30, 2012 and by $2.0 million for the year ended June 30, 2013. The improvement is from the elimination of royalties previously paid to OGR, net of operating expenses related to the acquired R&D activities.

License agreement

In June 2012, we entered into a long-term license agreement with a major global animal health company to share in the use of our proprietary vaccine delivery technology. Under the arrangement, use of the technology will be limited to the licensee for animal uses worldwide, and to us and our respective affiliates. Financial terms of the agreement included a $5 million non-refundable payment to us which we received at signing and contingent future payments totaling $8 million, based on the earlier of achievement of technical and regulatory milestones and specified dates corresponding to such milestones. In addition, we will receive royalties on future sales by the licensee of products that utilize the technology, with required minimum annual royalties for the years 2016 to 2026, subject to the licensee’s right to terminate the license agreement for any reason upon payment of a termination payment.

TABLE OF CONTENTS

Analysis of the consolidated statements of operations and comprehensive income

The following discussion and analysis of our consolidated statements of operations and comprehensive income should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

Three months ended December 31,		% Change 2013/	Six months ended December 31,		% Change 2013/	Year ended June 30,		
2013	2012	2012	2013	2012	2012	2013	2012	2011
$172,742	$164,159	5 %	$334,970	$326,265	3 %	$653,151	$654,101	$618,333
121,586	120,973	1 %	234,302	241,213	(3)%	474,187	489,962	471,668
70.4 %	73.7 %		69.9 %	73.9 %		72.6 %	74.9 %	76.3 %
51,156	43,186	18 %	100,668	85,052	18 %	178,964	164,139	146,665
29.6 %	26.3 %		30.1 %	26.1 %		27.4 %	25.1 %	23.7 %
34,138	29,030	18 %	67,253	57,687	17 %	122,233	114,814	105,429
19.8 %	17.7 %		20.1 %	17.7 %		18.7 %	17.6 %	17.1 %
17,018	14,156	20 %	33,415	27,365	22 %	56,731	49,325	41,236
9.9 %	8.6 %		10.0 %	8.4 %		8.7 %	7.5 %	6.7 %
8,719	8,955	(3)%	17,454	17,780	(2)%	35,629	35,419	34,288
1,165	126	825%	1,813	294	517%	3,103	1,192	(5,758)
			—	—	*	—	—	20,002
—	58	*	—	46	*	151	(400)	593
7,134	5,017	42 %	14,148	9,245	53 %	17,848	13,114	(7,889)
4.1 %	3.1 %		4.2 %	2.8 %		2.7 %	2.0 %	(1.3)%
4,832	(7,056)	*	6,003	(5,487)	*	(7,043)	6,138	5,033
67.7 %	(140.6)%		42.4 %	(59.4)%		(39.5)%	46.8 %	63.8 %
2,302	12,073	(81)%	8,145	14,732	(45)%	24,891	6,976	(12,922)
1.3 %	7.4 %		2.4 %	4.5 %		3.8 %	1.1 %	(2.1)%

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 result our revenues are not 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 and no income tax benefit being recorded on domestic pre-tax losses. We have approximately $45.3 million of federal net operating loss carry forwards (“NOLs”) and the 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 2013 effective rate was also significantly affected by a $9.1 million benefit that resulted from the accounting for the OGR acquisition. We currently expect our normalized effective tax rate to approximate 30% in future periods, assuming our domestic income benefits from the reduction in interest expense from the use of proceeds in this offering to repay the Mayflower term loan and the BFI term loan and assuming the domestic tax provision is not affected by valuation allowances. We also expect we will continue to not record income taxes on most undistributed earnings of our foreign subsidiaries.

TABLE OF CONTENTS

Net sales and operating income—segments

We manage our business in three segments—Animal Health, Mineral Nutrition and Performance Products. We also report net sales of the major product groups for our Animal Health business.

	Three months ended December 31,		% Change 2013/	Six months ended December 31,		% Change 2013/	Year ended June 30,			% C 2013/
	2013	2012	2012	2013	2012	2012	2013	2012	2011	2012
	$80,049	$76,002	5 %	$158,014	$153,049	3 %	$303,743	$290,535	$273,259	5 %
	16,431	12,791	28 %	30,563	24,259	26 %	52,337	47,686	43,061	10 %
	11,486	5,443	111%	20,560	13,056	57 %	28,861	36,946	28,842	(22)%
	$107,966	$94,236	15 %	$209,137	$190,364	10 %	$384,941	$375,167	$345,162	3 %
	50,633	52,892	(4)%	96,819	102,684	(6)%	203,169	210,091	209,302	(3)%
	14,143	17,031	(17)%	29,014	33,217	(13)%	65,041	68,843	63,869	(6)%
	$172,742	$164,159	5 %	$334,970	$326,265	3 %	$653,151	$654,101	$618,333	(0)%

	Three months ended December 31,		% Change 2013/	Six months ended December 31,		% Change 2013/	Year ended June 30,			% 2013
	2013	2012	2012	2013	2012	2012	2013	2012	2011	2012
	$20,872	$16,185	29 %	$41,236	$32,798	26%	$69,090	$57,447	$47,034	20%
	19.3 %	17.2 %		19.7 %	17.2 %		17.9 %	15.3 %	13.6 %	
	2,265	2,605	(13)%	4,113						