

Perrigo Company Reports Third Quarter Earnings of \$0.14 Per Share

PRNewswire
ALLEGAN, Mich.

Perrigo Company (NASDAQ: PRGO) today announced results for the third quarter and nine months ended March 31, 2001.

Net sales for the quarter were \$192.0 million, an increase of four percent compared with \$184.5 million last year. Net income was \$10.1 million, up 58 percent from \$6.4 million a year ago. Earnings per share were \$0.14 in the quarter compared with \$0.09 in the third quarter of fiscal 2000.

David T. Gibbons, Perrigo's President and Chief Executive Officer, stated, "Higher revenues and margins, along with interest income from our strong cash position, contributed to the improved earnings for the quarter. While the cough and cold season has proven to be weak overall, sales in our key cough/cold and analgesic product categories benefited from a stronger February and March. In the third quarter last year, our gross profit margin was impacted by high inventory obsolescence expenses. This year, tighter inventory controls kept those expenses near historically low levels. I am also pleased to note that efficient working capital management contributed \$25 million in operating cash flow in the quarter."

In November 2000, in compliance with the Food and Drug Administration's (FDA) recommendation, the Company voluntarily discontinued production and halted shipments of all products containing the ingredient phenylpropanolamine (PPA). On a proforma basis, excluding the PPA discontinuation, which resulted in a \$14 million reduction in sales in the fiscal second quarter, and \$17.8 million in sales from a business sold in fiscal year 2000, the Company reported nine months sales of \$590.2 million compared with \$579.8 million a year ago. The PPA discontinuation also resulted in a charge of \$24.0 million or \$0.21 per share, in the fiscal second quarter. Proforma net income was \$36.8 million or \$0.50 per share versus \$27.0 million or \$0.37 per share last year. Including the PPA related reduction in sales, reported net sales in the nine months were \$576.2 million and reported net income, including the PPA charge, was \$21.5 million or \$0.29. For the nine months last year, including the divested personal care business, Perrigo reported net income of \$27.4 million or \$0.37 per share.

"Excluding the PPA product discontinuations, our nine months earnings have improved significantly over last year on a modest sales gain. Favorable obsolescence expense, combined with sound inventory management, has resulted in margin improvement, despite higher compliance costs. We have also benefited from a strong cash position and no long-term debt," said Gibbons. "Going forward, we anticipate that increased funding for research and development and higher costs for our global quality improvement and compliance initiatives will carry through fiscal 2002. We will be challenged with absorbing these costs over the next several quarters, and until the longer-term payoff of production efficiencies are fully incorporated in operations, we expect modest growth in earnings."

Douglas R. Schrank, Executive Vice President and Chief Financial Officer, stated, "Due to the seasonal nature of our business, our profitability is generally the weakest in our June quarter. Additionally, this year we will see higher quality and compliance expenses impacting cost of sales. These costs become more visible when quarterly revenues hit

their seasonal lows. Consequently, we anticipate earnings for Perrigo's fiscal fourth quarter to be in a range of \$(0.02) to \$0.01 per share. For the full year ending June 30, 2001, we expect earnings to be in a range of \$0.48 to \$0.51 per share, excluding the PPA product discontinuation costs in the second quarter."

Perrigo will host a conference call to discuss third quarter 2001 results at 11:00 a.m. (EDT) today. The call and replay will be available via webcast on the Company's web site at <http://www.perrigo.com/investor> . The conference call may also be accessed by phone on a listen-only basis by calling 1-800-230-1085 and asking for Perrigo's third quarter review. A taped replay of the call will be available beginning at approximately 2:30 p.m. (EDT) Tuesday, May 1. To listen to the replay, call 1-800-475-6701, access code 584136 (outside the United States, call 320-365-3844).

Perrigo Company is the nation's largest manufacturer of over-the-counter (non-prescription) pharmaceutical and nutritional products for the store brand market. Store brand products are sold by national and regional supermarket, drugstore and mass merchandise chains under their own labels and compete with nationally advertised brands. The Company's products include over-the-counter pharmaceuticals, such as analgesics, cough and cold remedies, antacids, laxatives, feminine hygiene and smoking cessation products, and nutritional products, such as vitamins, nutritional supplements and nutritional drinks. Visit Perrigo on the Internet at <http://www.perrigo.com/> .

Note: Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended and are subject to the safe harbor created thereby. Please refer to pages 23-27 of the Company's Form 10-K for the year ended July 1, 2000 for a discussion of certain important factors that relate to forward- looking statements contained in this press release. Although the Company believes that the expectations reflected in any such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Third Quarter		Year-To-Date	
	March 31,	April 1,	March 31,	April 1,
	2001	2000	2001	2000
Net sales	\$191,956	\$184,528	\$576,171	\$597,536
Cost of sales	144,472	148,264	429,653	463,407
PPA product discontinuation	-	-	20,200	-
Gross profit	47,484	36,264	126,318	134,129
Operating expenses				
Distribution	4,080	4,071	11,498	12,521
Research and development	5,202	2,799	12,630	10,192
Selling and administration	24,410	19,407	71,679	64,588
Unusual litigation	(538)	-	(995)	-
	33,154	26,277	94,812	87,301
Operating income	14,330	9,987	31,506	46,828
Interest and other, net	(1,687)	10	(2,822)	4,521
Income before income taxes	16,017	9,977	34,328	42,307
Income tax expense	5,916	3,602	12,873	14,943
Net income	\$10,101	\$6,375	\$21,455	\$27,364
Basic earnings per share	\$0.14	\$0.09	\$0.29	\$0.37

Diluted earnings per share	\$0.14	\$0.09	\$0.29	\$0.37
Shares outstanding used for basic EPS calculation	73,468	73,367	73,485	73,347
Shares outstanding used for diluted EPS calculation	74,552	73,537	74,081	73,531

PERRIGO COMPANY
SELECTED BALANCE SHEET DATA
(In thousands)

	March 31, 2001 (Unaudited)	July 1, 2000
Current assets	\$324,965	\$268,645
Property & equipment, net	193,791	193,580
Other assets	22,768	23,839
Total Assets	\$541,524	\$486,064
Current liabilities	\$149,439	\$113,920
Deferred income taxes	18,967	19,462
Minority interest	903	922
Shareholders' equity	372,215	351,760
Total Liabilities and Equity	\$541,524	\$486,064

PERRIGO COMPANY
SELECTED STATEMENTS OF CASH FLOWS DATA
(In thousands)
(Unaudited)

	Year-To-Date	
	March 31, 2001	April 1, 2000
Net income	\$21,455	\$27,364
Depreciation and amortization	18,055	16,987
Other operating activities	40,541	41,723
Net cash from operating activities	80,051	86,074
Additions to property and equipment	(17,373)	(10,634)
Proceeds from sale of assets held for sale	-	31,186
Net cash (for) from investing activities	(17,373)	20,552
Net cash from (for) financing activities	493	(107,438)
Net Increase (Decrease) in Cash and Cash Equivalents	63,171	(812)
Cash and Cash Equivalents, at Beginning of Period	7,055	1,695
Cash and Cash Equivalents, at End of Period	\$70,226	\$883

MAKE YOUR OPINION COUNT - Click Here
<http://tbutton.prnewswire.com/prn/11690X27813328>

SOURCE: Perrigo Company

Contact: Ernest J. Schenk, Manager, Investor Relations and Communication of Perrigo Company, 616-673-9212, or E-mail: Investor@perrigo.com

Website: <http://www.perrigo.com/>

Company News On-Call: <http://www.prnewswire.com/comp/699550.html> or fax,
800-758-5804, ext. 699550

<https://investor.perrigo.com/2001-05-01-Perrigo-Company-Reports-Third-Quarter-Earnings-of-0.14-Per-Share>