

Perrigo Company Reports Third Quarter Fiscal 2002 Earnings of \$0.26 Per Share

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Perrigo Company (NASDAQ: PRGO) today announced results for the third quarter and nine months ended March 30, 2002.

Net sales for the third quarter were \$198.5 million, an increase of four percent compared with \$190.9 million last year. Net income was \$19.3 million, or \$0.26 per share, including a civil lawsuit settlement of \$5.0 million after-tax, or \$0.07 per share. Excluding the lawsuit settlement, net income in the quarter was \$14.3 million, or \$0.19 per share compared with \$10.1 million, or \$0.14 per share, a year ago.

"We are pleased with the excellent results recorded in our fiscal third quarter," stated David T. Gibbons, President and Chief Executive Officer. "The addition of Wrafton Laboratories, strong vitamin and antacid sales and new products led to the sales increase. Margin expansion was derived in part by the aggressive management of inventories, which resulted in lower obsolescence expense. Lower inventories and receivables, along with continuing cost control, contributed to operating cash flow of \$55 million in the quarter. We achieved our objective of substantially higher customer service levels, while at the same time making substantial improvement to our balance sheet."

For the nine months ended March 30, 2002, sales were \$644.3 million, an increase of \$71.7 million, or 13 percent, from \$572.6 million reported a year ago. Net sales last year, prior to a charge for the discontinuation of certain cough/cold and diet aid products, were \$586.6 million. Net income for the nine months was \$48.9 million, or \$0.65 per share. Excluding the \$5.0 million after-tax lawsuit settlement, net income was \$43.9 million, or \$0.58 per share. This compares with reported net income of \$21.5 million, or \$0.29 per share, a year ago. Excluding the product discontinuation charge, net income for the nine months last year was \$36.8 million, or \$0.50 per share.

Commenting further, Gibbons said, "We have done a good job to date meeting our plans while managing through a seasonal cycle that proved difficult to forecast. Revenues, new product introductions, cost control initiatives and working capital measures have met our targets within this challenging environment. In line with our seasonal pattern, we expect lower fourth- quarter sales and margins compared with the third quarter and expect earnings of \$0.04 to \$0.06 per share.

"Looking forward, we see continuing progress as we execute against our core strategies -- quality, customer service, low cost and innovation. However, we also anticipate challenges ahead, such as the speed with which we can implement new global sourcing initiatives meant to offset rising costs for health care coverage, liability insurance and quality programs. While we will be challenged to continue increasing our margins and income next year, we are confident Perrigo is doing all the right things to achieve our long-term goals and to maintain our strong leadership position in the store brand market."

Perrigo will host a conference call to discuss third quarter fiscal 2002 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> or by phone, toll free, 1-800-553-0318. A taped replay of the call will be available beginning at approximately 2:30 p.m. (EDT) Thursday, April 25.

To listen to the replay, call 1-800-475-6701, access code 637133 (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 sold by supermarket, drug, and mass merchandise chains under their own labels. The Company's products include over-the-counter pharmaceuticals such as analgesics, cough and cold remedies, gastrointestinal, and feminine hygiene 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 see the "Cautionary Note Regarding Forward-Looking Statements" on pages 24-29 of the Company's Form 10-K for the year ended June 30, 2001 for a discussion of certain important factors that relate to forward-looking statements contained in this press release. In addition, the Company's future results may be affected by the impact of events flowing from the September 11, 2001 terrorist attacks, current economic conditions in the United States, retailers' financial difficulties or current cough/cold/flu seasonal trends. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Third Quarter		Year-To-Date	
	2002	2001	2002	2001
Net sales	\$198,491	\$190,898	\$644,301	\$572,590
Cost of sales	143,333	144,472	476,999	429,653
PPA product discontinuation	--	--	--	20,200
Gross profit	55,158	46,426	167,302	122,737
Operating expenses				
Distribution	4,048	4,080	12,330	11,498
Research and development	4,312	5,202	13,116	12,630
Selling and administration	24,748	24,152	71,540	68,379
Restructuring	--	--	2,046	--
Unusual litigation	(7,813)	(538)	(7,813)	(995)
	25,295	32,896	91,219	91,512
Operating income	29,863	13,530	76,083	31,225
Interest and other, net	(220)	(1,687)	(496)	(2,822)
Income before income taxes	30,083	15,217	76,579	34,047
Income tax expense	10,822	5,116	27,663	12,592
Net income	\$19,261	\$10,101	\$48,916	\$21,455
Basic earnings per share	\$0.26	\$0.14	\$0.67	\$0.29
Diluted earnings per share	\$0.26	\$0.14	\$0.65	\$0.29

(in thousands)

	March 30, 2002 (unaudited)	June 30, 2001
Current assets	\$309,108	\$313,137
Property & equipment, net	211,455	212,087
Other assets	52,627	50,688
Total Assets	\$573,190	\$575,912
Current liabilities	\$138,107	\$171,759
Deferred income taxes	18,046	17,419
Other long-term liabilities	2,685	859
Shareholders' equity	414,352	385,875
Total Liabilities and Equity	\$573,190	\$575,912

PERRIGO COMPANY
SELECTED STATEMENTS OF CASH FLOWS DATA
(in thousands)
(unaudited)

	Year-To-Date	
	2002	2001
Net income	\$48,916	\$21,455
Depreciation and amortization	17,968	18,055
Other operating activities	(13,882)	40,541
Net cash from operating activities	53,002	80,051
Additions to property and equipment	(17,321)	(17,373)
Proceeds from sale of assets held for sale	14,161	--
Other	(426)	--
Net cash (for) from investing activities	(3,586)	(17,373)
Net cash (for) from financing activities	(23,719)	493
Net Increase in Cash and Cash Equivalents	25,697	63,171
Cash and Cash Equivalents, at Beginning of Period	11,016	7,055
Effect of exchange rate changes on cash	(39)	--
Cash and Cash Equivalents, at End of Period	\$36,674	\$70,226

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SOURCE: Perrigo Company

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

Company News On-Call: <http://www.prnewswire.com/comp/699550.html>

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