

Perrigo Company Reports Fiscal 2002 Financial Results

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ALLEGAN, Mich.

The Perrigo Company (NASDAQ: PRGO) today announced financial results for the full year and fourth quarter ended June 29, 2002.

Fiscal Year 2002

For fiscal 2002, Perrigo's sales increased 10 percent to \$826.3 million from \$753.5 million for fiscal 2001. Net income was \$50.2 million, or \$0.67 per share, compared with \$27.7 million, or \$0.37 per share, reported last year. Both years included a number of one-time items. Excluding those items, net income was \$48.9 million, or \$0.65 per share in fiscal 2002, compared with net income of \$40.5 million, or \$0.54 per share in fiscal 2001.

Reported net income for fiscal 2002 includes: (1) after-tax income of \$17.9 million, or \$0.24 per share, from vitamin litigation settlements; and (2) an after-tax charge of \$16.6 million, or \$0.22 per share, related to the restructuring of select Mexico operations. Reported net income in fiscal 2001 includes a net charge of \$12.8 million after-tax, or \$0.17 per share, reflecting the PPA product line discontinuation and a vitamin litigation settlement.

During the fourth quarter, Perrigo restructured a portion of its Mexico-based operations, which manufactured prescription pharmaceuticals and other non-core products.

David T. Gibbons, President and Chief Executive Officer of Perrigo, explained, "Quimica y Farmacia, purchased in 1997, was attractive because of its pharmaceutical manufacturing and packaging capabilities. This business participates in some non-core markets, which are marginally profitable. We will exit the non-core areas and focus our efforts and resources on our core store brand over-the-counter (OTC) pharmaceutical and nutritional business."

Commenting further, Mr. Gibbons noted, "Fiscal 2002 sales growth was spurred by the addition of Wrafton Laboratories, new products and generally strong demand for Perrigo's store brand OTC pharmaceutical and nutritional products. We also recorded margin expansion through operational efficiency initiatives, tight operating expense control and our ability to manage pricing to offset the impact of higher quality costs.

"We exit fiscal 2002 with a very strong balance sheet. Cash and equivalents increased nearly sevenfold to end fiscal 2002 at \$76.8 million. Throughout the year, we tightly controlled inventories, receivables and costs, while investing in quality and service initiatives and research and development."

Fiscal Year 2003 Outlook

Mr. Gibbons stated, "Looking to fiscal 2003, we will continue to make progress toward our long-term goals of improving margins and the bottom line, but this will have its challenges. These challenges include a highly competitive marketplace and added costs stemming from our quality programs, company health care coverage and liability insurance. We are realistic about next year and expect earnings to be relatively flat. We remain confident about the health of our business, and confident we will manage our business successfully

throughout fiscal 2003."

Fiscal 2002 Fourth Quarter

For the fourth quarter, sales were \$182.0 million, a slight increase over the prior year's sales of \$180.9 million. Net income was \$1.3 million, or \$0.02 per share, compared with \$6.2 million, or \$0.08 per share, reported last year. Excluding one-time items, net income was \$5.0 million, or \$0.07 per share, compared with \$4.3 million, or \$0.06 per share, a year ago.

Reported net income in the quarter includes: (1) after-tax income of \$12.9 million, or \$0.17 per share, from vitamin litigation settlements; and (2) a charge of \$16.6 million after-tax, or \$0.22 per share, related to the restructuring of select Mexico operations. Reported net income in the fourth quarter a year ago includes a reduction in a charge taken for a product line discontinuation, which added back \$1.9 million after-tax, or \$0.02 per share.

Perrigo will host a conference call to discuss 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, 888-489-0147. A taped replay of the call will be available beginning at approximately 2:30 p.m. (EDT) Friday, August 2. To listen to the replay, call 800-642-1687, access code 5014116 (outside the United States, call 706-645-9291).

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 (<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)

	Fourth Quarter		Year-To-Date	
	2002	2001	2002	2001
Net sales	\$182,021	\$180,898	\$826,322	\$753,488
Cost of sales	137,420	139,341	614,419	568,994

PPA product discontinuation	-	(2,600)	-	17,600
Gross profit	44,601	44,157	211,903	166,894
Operating expenses				
Distribution	3,997	3,650	16,327	15,148
Research and development	6,776	5,004	19,892	17,634
Selling and administration	26,376	24,442	97,916	92,821
Subtotal	37,149	33,096	134,135	125,603
Restructuring	5,090	2,175	7,136	2,175
Goodwill impairment	11,524	-	11,524	-
Unusual litigation	(20,078)	-	(27,891)	(995)
Total	33,685	35,271	124,904	126,783
Operating income	10,916	8,886	86,999	40,111
Interest and other, net	(859)	(926)	(1,355)	(3,748)
Income before income taxes	11,775	9,812	88,354	43,859
Income tax expense	10,494	3,611	38,157	16,203
Net income	\$1,281	\$6,201	\$50,197	\$27,656
Basic earnings per share	\$0.02	\$0.08	\$0.69	\$0.38
Diluted earnings per share	\$0.02	\$0.08	\$0.67	\$0.37
Shares outstanding used for basic EPS calculation	72,307	73,750	73,164	73,646
Shares outstanding used for diluted EPS calculation	74,051	75,720	75,113	74,566

PERRIGO COMPANY
SELECTED BALANCE SHEET DATA
(in thousands)

	June 29, 2002 (Unaudited)	June 30, 2001 (Unaudited)
Current assets	\$341,751	\$313,137
Property & equipment, net	211,044	212,087
Other assets	40,992	50,688
Total Assets	\$593,787	\$575,912
Current liabilities	\$154,934	\$171,759
Deferred income taxes	20,313	17,419
Other long-term liabilities	2,396	859
Shareholders' equity	416,144	385,875
Total Liabilities and Equity	\$593,787	\$575,912

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

	June 29, 2002	June 30, 2001
Net income	\$50,197	\$27,656
Depreciation and amortization	25,613	23,022
Other operating activities	26,945	17,541
Net cash from operating activities	102,755	68,219
Additions to property and equipment	(27,528)	(26,804)
Proceeds from sale of assets held for sale	14,161	-
Business acquisitions, net	-	(46,000)
Other	(398)	268
Net cash (for) from investing activities	(13,765)	(72,536)
Net cash (for) from financing activities	(23,176)	8,278
Net Increase in Cash and Cash Equivalents	65,814	3,961
Cash and Cash Equivalents, at Beginning		

of Period	11,016	7,055	
Effect of exchange rate changes on cash		(6)	-
Cash and Cash Equivalents, at End of Period	\$76,824	\$11,016	

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SOURCE: Perrigo Company

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Web site: <http://www.perrigo.com/>

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

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