

Perrigo Company Reports Third Quarter Fiscal 2003 Earnings of \$0.20 Per Share

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ALLEGAN, Mich.

The Perrigo Company (NASDAQ: PRGO) today announced results for the third quarter and nine months of fiscal 2003 ended March 29, 2003.

Perrigo Company (NASDAQ: PRGO)
(in thousands, except per share amounts)

	Third Quarter		Year-To-Date	
	2003	2002	2003	2002
Sales	\$202,616	\$198,491	\$643,352	\$644,301
Net Income	\$14,132	\$17,910	\$49,724	\$44,861
Diluted EPS	\$0.20	\$0.24	\$0.70	\$0.60
Diluted Shares	70,601	73,859	70,967	74,939

Net sales for the third quarter were \$202.6 million, an increase of two percent compared with \$198.5 million last year. Net income was \$14.1 million, or \$0.20 per share, compared with net income of \$17.9 million, or \$0.24 per share a year ago, which included income from the settlement of a lawsuit of \$5.0 million after-tax, or \$0.07 per share. Without the lawsuit settlement, earnings on an operating basis were \$12.9 million, or \$0.17 per share, last year.

Commenting on the third quarter, David T. Gibbons, Perrigo President and Chief Executive Officer, said, "We delivered excellent results this quarter. Our improved operational efficiency and rising productivity were significant contributors to higher gross profits. Higher-than-anticipated sales volume and good product mix also helped profits. Lastly, we benefited from good expense control and improved results at our Mexican operation. Cash flow from operations was \$45 million during the quarter and stands at \$82 million year-to-date. We continue to be virtually debt-free and remain in a very strong financial position."

Net sales for the nine months ended March 29, 2003, were \$643.4 million compared with \$644.3 million a year ago. Net income for the nine months improved to \$49.7 million, or \$0.70 per share, from \$44.9 million, or \$0.60 per share for last year. Excluding proceeds from a lawsuit settlement in the first quarter this year of \$2.0 million after-tax, or \$0.03 per share, and income from the settlement of a lawsuit last year of \$5.0 million after-tax, or \$0.07 per share, net income on an operating basis increased 20 percent to \$47.7 million, or \$0.67 per share, from \$39.9 million, or \$0.53 per share, for the prior year.

Commenting further, Mr. Gibbons stated, "Over the past few quarters, our earnings have been driven by operational benefits, specifically, improved operating efficiencies and supply chain management. We have been making good progress, not driven by any single initiative, but from contributions across many functional areas. I am very proud of our employees' combined efforts, and I'm pleased that we continue to outpace our own goals. We feel very good about our operational momentum, and look forward to the upcoming launch of store brand equivalents to the branded allergy medication Claritin®.

"In line with our historical seasonal pattern, we anticipate sequentially lower fourth-quarter sales and margins and expect earnings of \$0.04 to \$0.05 per share. With year-to-date results of \$0.70 per share, we now project earnings of \$0.74 to \$0.75 for the full year, compared with \$0.60 per share for fiscal 2003, restated for expensing of stock options."

The Company noted that, effective with the fiscal second quarter ended December 28, 2002, it elected to expense stock option compensation. All prior periods have been restated to reflect the compensation cost that would have been recognized had the stock option expense been applied to all awards granted after July 1, 1995. Please refer to the restated results in the summary table at the end of this announcement.

The Company is furnishing this earnings release to the Securities and Exchange Commission via Form 8-K and it is hereby incorporated by reference. The information provided on Form 8-K includes a summary of each non-GAAP financial measure included in this earnings release and the reasons management believes these non-GAAP financial measures are useful to investors.

Perrigo will host a conference call to discuss third quarter fiscal 2003 results at 11:00 a.m. (EDT) today. The call and replay will be available via webcast on the Company's web site at 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) Wednesday, April 23. To listen to the replay, call 800-642-1687, access code 9713471.

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 (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. These statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. Please see the "Cautionary Note Regarding Forward-Looking Statements" on pages 23-27 of the Company's Form 10-K for the year ended June 29, 2002 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 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 2003	2002	Year-To-Date 2003	2002
	(as restated)		(as restated)	
Net sales	\$202,616	\$198,491	\$643,352	\$644,301

Cost of sales	143,910	141,883	458,671	472,650
Gross profit	58,706	56,608	184,681	171,651
Operating expenses				
Distribution	3,814	4,048	11,924	12,330
Research and development	5,468	5,762	16,237	17,465
Selling and administration	27,833	26,264	81,983	76,089
Subtotal	37,115	36,074	110,144	105,884
Restructuring	-	-	-	2,046
Unusual litigation	-	(7,813)	(3,128)	(7,813)
Total	37,115	28,261	107,016	100,117
Operating income	21,591	28,347	77,665	71,534
Interest and other, net	(1,307)	(220)	(2,029)	(496)
Income before income taxes	22,898	28,567	79,694	72,030
Income tax expense	8,766	10,657	29,970	27,169
Net income	\$14,132	\$17,910	\$49,724	\$44,861
Earnings per share				
Basic	\$0.20	\$0.25	\$0.71	\$0.61
Diluted	\$0.20	\$0.24	\$0.70	\$0.60
Weighted average shares outstanding:				
Basic	69,337	72,690	69,781	73,451
Diluted	70,601	73,859	70,967	74,939
Dividends declared per share	\$0.03	\$-	\$0.03	\$-

PERRIGO COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 29, 2003	June 29, 2002	March 30, 2002	
	(as (unaudited) restated) (as (unaudited) restated)			
Assets				
Current assets				
Cash and cash equivalents		\$105,233	\$76,824	\$36,674
Accounts receivable, net of allowances	84,973	82,560	98,755	
Inventories, net of allowances		156,043	155,611	145,379
Prepaid expenses and other current assets	6,064	6,896	8,936	
Current deferred income taxes		23,603	19,860	19,364
Total current assets	375,916	341,751	309,108	
Property and equipment	417,673	399,461	396,398	
Less accumulated depreciation	210,766	206,907	188,417	184,943
		211,044	211,455	
Goodwill, net	35,919	35,919	47,471	
Other	6,127	5,073	5,156	
	\$628,728	\$593,787	\$573,190	
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable	\$73,489	\$74,449	\$61,111	
Notes payable	8,741	8,338	7,321	
Payrolls and related taxes	34,539	31,338	27,733	
Accrued expenses	36,469	32,721	31,808	
Income taxes	8,815	8,088	10,134	
Total current liabilities	162,053	154,934	138,107	
Deferred income taxes	25,146	18,295	16,180	
Other long-term liabilities	3,193	2,396	2,685	
Shareholders' equity				
Preferred stock, without par value, 10,000 shares authorized	-	-	-	
Common stock, without par value, 200,000 shares authorized	82,564	110,698	108,585	
Unearned compensation	(262)	(608)	(756)	

Accumulated other comprehensive income	348	373	619
Retained earnings	355,686	307,699	307,770
Total shareholders' equity	438,336	418,162	416,218
	\$628,728	\$593,787	\$573,190

Supplemental Disclosures of Balance

Sheet Information

Allowance for doubtful accounts	\$9,907	\$7,569	\$8,809
Allowance for inventory	\$19,806	\$21,360	\$23,448
Working capital	\$213,863	\$186,817	\$171,001
Preferred stock, shares issued	-	-	-
Common stock, shares issued	69,425	72,550	72,471

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Year-To-Date		
	2003	2002	
Cash Flows From (For) Operating Activities:			(as
			restated)
Net income	\$49,724	\$44,861	
Adjustments to derive cash flows:			
Depreciation and amortization	19,777	17,968	
Compensation - stock options	3,998	4,549	
Deferred income taxes	3,108	92	
Restructuring, net of cash	-	2,046	
Changes in operating assets and liabilities, net of restructuring:			
Accounts receivable	(2,845)	(5,102)	
Inventories	(712)	15,784	
Current income taxes	718	(10,412)	
Accounts payable	(750)	(23,256)	
Payroll and related taxes	3,195	1,617	
Accrued expenses	4,038	5,951	
Other	1,682	(752)	
Net cash from operating activities	81,933	53,346	
Cash Flows (For) From Investing Activities:			
Additions to property and equipment	(19,458)	(17,386)	
Proceeds from sale of assets held for sale	-	14,161	
Investment in equity subsidiaries	(1,233)	(41)	
Other	-	(385)	
Net cash for investing activities	(20,691)	(3,651)	
Cash Flows (For) From Financing Activities:			
Borrowings (repayments) of short-term debt, net	776	(5,554)	
Tax benefit of stock transactions	153	1,669	
Issuance of common stock	1,353	10,232	
Repurchase of common stock	(33,682)	(31,923)	
Cash dividends	(1,737)	-	
Other	-	1,584	
Net cash for financing activities	(33,137)	(23,992)	
Net Increase in Cash and Cash Equivalents	28,105	25,703	
Cash and Cash Equivalents, at Beginning of Period	76,824	11,016	
Effect of exchange rate changes on cash	304	(45)	
Cash and Cash Equivalents, at End of Period	\$105,233	\$36,674	
Supplemental Disclosures of Cash Flow Information:			
Interest paid	\$598	\$1,266	
Income taxes paid	\$26,854	\$36,939	

PERRIGO COMPANY
STOCK OPTION COMPENSATION EXPENSE
IMPACT ON NET INCOME AND EPS

(in thousands, except per share amounts)
(unaudited)

	Third Quarter		Year-To-Date		
	2003	2002	2003	2002	
Net income before adoption		\$15,507	\$19,261	\$53,565	\$48,916
Compensation expenses (net of tax benefit)	1,375	1,351	3,841	4,055	
Net income after adoption		\$14,132	\$17,910	\$49,724	\$44,861

Weighted average shares outstanding:

Basic	69,337	72,690	69,781	73,451
Diluted				
Before adoption	71,041	74,309	71,395	75,474
After adoption	70,601	73,859	70,967	74,939

Basic EPS

Before adoption	\$0.22	\$0.26	\$0.77	\$0.67
After adoption	\$0.20	\$0.25	\$0.71	\$0.61

Diluted EPS

Before adoption	\$0.22	\$0.26	\$0.75	\$0.65
After adoption	\$0.20	\$0.24	\$0.70	\$0.60

PERRIGO COMPANY
RECONCILIATION OF NON-GAAP MEASURES
(in thousands, except per share amounts)
(unaudited)

	Third Quarter		Year-To-Date		
	2003	2002	2003	2002	
Net income (GAAP)		\$14,132	\$17,910	\$49,724	\$44,861
Less: unusual litigation, net of tax		-	5,000	2,000	5,000
Net income before unusual litigation		\$14,132	\$12,910	\$47,724	\$39,861

Earnings per share:

Basic	\$0.20	\$0.18	\$0.68	\$0.54
Diluted	\$0.20	\$0.17	\$0.67	\$0.53

Weighted average shares outstanding:

Basic	69,337	72,690	69,781	73,451
Diluted	70,601	73,859	70,967	74,939

SOURCE: Perrigo Company

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

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

<https://investor.perrigo.com/2003-04-23-Perrigo-Company-Reports-Third-Quarter-Fiscal-2003-Earnings-of-0.20-Per-Share>