

Perrigo Reports Record Sales and Income for Fiscal 2008 First Quarter; Increases Full Year Guidance

- First quarter revenue increased \$43 million, or 12 percent, to \$383 million
- GAAP net income increased 102 percent to \$34 million, or \$0.36 per share
- Investments in Research and Development, up 25% versus last year
- Fiscal 2008 earnings guidance increased to between \$1.12 and \$1.22 per share

PRNewswire-FirstCall
ALLEGAN, Mich.

The Perrigo Company (NASDAQ: PRGO)(TASE: PRGO) today announced results for its fiscal year 2008 first quarter that ended September 29, 2007.

Perrigo Company
(in thousands, except per share amounts)

	Fiscal 2008 1st Quarter Ended 9/29/07	Fiscal 2007 1st Quarter Ended 9/30/06
Sales	\$382,740	\$340,215
Net Income	\$34,019	\$16,882
Diluted EPS	\$0.36	\$0.18
Diluted Shares	94,884	93,273

Sales for the first quarter of fiscal 2008 were \$382.7 million, an increase of twelve percent. Net income was \$34.0 million, or \$0.36 per share, compared with \$16.9 million, or \$0.18 per share, a year ago, which included expense for a product recall of \$0.7 million after-tax, or \$0.01 per share.

Perrigo Chairman and CEO Joseph C. Papa stated, "In the first quarter we achieved both record sales and record earnings. It was another strong new product quarter with \$11 million in new product sales, led by smoking cessation. On top of that, we had more than \$20 million in incremental new business sales due to issues at a competitor. Improvements in supply chain initiatives, quality and inventory management also helped us deliver higher operating margins. The Rx segment similarly contributed strong operating results, led by our new products acquired from Glades. API again substantially outperformed our expectations, growing over 30 percent from last year in a very competitive marketplace. On top of this, our focus on working capital has paid off with \$28 million of cash flow from operations in the quarter."

Mr. Papa continued, "We are raising our fiscal year 2008 earnings guidance to \$1.12 to \$1.22 per share, a growth of 26 to 37 percent over adjusted EPS last year. This range is exclusive of the Omeprazole new product launch. Our initial guidance was based, in part, on the public comments of our competitor that they would return to the market in December. With one solid quarter behind us, our team feels more comfortable in our ability to retain this business. With these positive tailwinds we are excited about our prospects for the rest of the year."

Consumer Healthcare

Consumer Healthcare segment sales in the first quarter were a record \$268.3 million compared with \$241.8 million in the first quarter last year, an increase of \$26.5 million or 11 percent. The sales increase resulted from \$10 million in revenue from new product sales, approximately \$20 million in incremental new business and gains in non-U.S.

businesses that was partially offset by the withdrawal of fiber laxatives and lower vitamin sales.

Operating income was \$29.5 million, compared with \$17.1 million a year ago as a result of higher gross margins from new products, supply chain efficiencies and international growth. Additionally, last year's quarter included higher inventory costs and costs related to a product recall.

On July 11, the Company announced it had closed its transaction to acquire Qualis, Inc., a manufacturer of store brand pediculicide products that compare to Rid® and Nix®. Shipments began this quarter.

Rx Pharmaceuticals

The Rx Pharmaceutical segment sales were \$35.0 million, including \$5.8 million in service and royalty revenues, compared with \$31.4 million a year ago. Fiscal 2008 first quarter sales also included \$6.6 million in sales of products acquired from Glades Pharmaceuticals. Operating income was \$7.4 million, up from \$5.8 million last year.

On September 19, the Company announced it had received final approval from the FDA for ciclopirox topical solution, 8% (equivalent to Penlac® Nail Lacquer), indicated for the treatment of fingernail and toenail infections. Shipments began immediately.

API

The API segment reported sales of \$38.8 million compared with \$29.8 million a year ago, reflecting strong sales in several key products. Operating income was \$7.3 million, compared with \$4.7 million last year, reflecting the higher sales volume and a favorable sales mix.

Other

The Other category, consisting of Israel Consumer Products and Israel Pharmaceutical and Diagnostic Products segments, reported sales of \$40.7 million, compared with \$37.2 million a year ago. Operating income was \$2.5 million, compared with \$2.7 million last year.

In the fiscal 2007 first quarter, unallocated expenses were \$0.7 million compared with \$4.5 million a year ago. The decrease was due primarily to a legal settlement.

Perrigo's Chairman and CEO Joseph C. Papa concluded, "I am very pleased with the momentum we have built and am excited about our full year prospects. Our focus on quality, supply chain improvements and improved customer service drove these results. Our on-going investment in R&D continues to add new products with the largest launch in our history expected soon. Looking ahead, Perrigo will continue to make quality healthcare more affordable for our customers and drive value for our shareholders."

Perrigo will host a conference call to discuss fiscal 2008 first quarter results at 10:00a.m. (ET) on Thursday, November 1. The conference call will be available live via web cast to interested parties on the Perrigo website <http://www.perrigo.com/> or by phone 888-694-4676, International 973-582-2737, and reference ID# 9363591. A taped replay of the call will be available beginning at approximately 2:30 p.m. (ET) Thursday, November 1, until midnight Friday, November 9, 2007. To listen to the replay, call 877-519-4471, International

973-341-3080, access code 9363591.

Perrigo Company is a leading global healthcare supplier that develops, manufactures and distributes over-the-counter (OTC) and prescription pharmaceuticals, nutritional products, active pharmaceutical ingredients (API) and consumer products. The Company is the world's largest manufacturer of OTC pharmaceutical products for the store brand market. The Company's primary markets and locations of manufacturing facilities are the United States, Israel, Mexico and the United Kingdom. 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. 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. The Company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the Company's control. These and other important factors, including those discussed under "Risk Factors" in the Company's Form 10-K for the year ended June 30, 2007, as well as the Company's subsequent filings with the Securities and Exchange Commission, may cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements in this press release are made only as of the date hereof, and 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)

	First Quarter	
	2008	2007
Net sales	\$382,740	\$340,215
Cost of sales	266,022	247,400
Gross profit	116,718	92,815
Operating expenses		
Distribution	7,074	7,384
Research and development	16,320	13,047
Selling and administration	47,275	46,672
Total	70,669	67,103
Operating income	46,049	25,712
Interest, net	4,655	4,586
Other income, net	(1,183)	(61)
Income before income taxes	42,577	21,187
Income tax expense	8,558	4,305
Net income	\$34,019	\$16,882

Earnings per share			
Basic	\$0.37	\$0.18	
Diluted	\$0.36	\$0.18	
Weighted average shares outstanding			
Basic	93,142	92,168	
Diluted	94,884	93,273	
Dividends declared per share	\$0.045	\$0.043	

PERRIGO COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	Sept. 29, 2007	June 30, 2007	Sept. 30, 2006	
	(unaudited)	(unaudited)	(unaudited)	
Assets				
Current assets				
Cash and cash equivalents		\$46,837	\$30,305	\$33,027
Investment securities		32,487	49,110	27,922
Accounts receivable		283,443	282,045	230,239
Inventories		314,597	295,114	326,538
Current deferred income taxes		41,372	41,400	52,215
Income taxes refundable		5,596	-	-
Assets held for sale		2,746	2,746	-
Prepaid expenses and other current assets		20,264	18,340	21,068
Total current assets		747,342	719,060	691,009
Property and equipment		665,239	664,096	617,813
Less accumulated depreciation		343,033	333,024	298,260
		322,206	331,072	319,553
Restricted cash		400,000	422,000	400,000
Goodwill		199,730	196,218	183,205
Other intangible assets		187,467	159,977	137,876
Non-current deferred income taxes		49,184	54,908	43,380
Other non-current assets		40,723	41,919	40,651
		\$1,946,652	\$1,925,154	\$1,815,674
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable		\$170,639	\$164,318	\$172,680
Notes payable		11,677	11,776	5,740
Payroll and related taxes		38,425	46,226	41,458
Accrued customer programs		48,638	48,218	45,084
Accrued liabilities		44,142	47,333	41,164
Accrued income taxes		-	29,460	17,501
Current deferred income taxes		15,214	17,125	9,837
Current portion of long-term debt		15,314	15,381	-
Total current liabilities		344,049	379,837	333,464
Non-current liabilities				
Long-term debt		642,629	650,762	678,272
Non-current deferred income taxes		101,424	103,775	105,427
Other non-current liabilities		87,324	36,311	36,922
Total non-current liabilities		831,377	790,848	820,621
Shareholders' equity				
Preferred stock, without par value, 10,000 shares authorized		-	-	-
Common stock, without par value, 200,000 shares authorized		521,117	519,419	510,132
Accumulated other comprehensive income		47,864	56,676	17,461
Retained earnings		202,245	178,374	133,996
Total shareholders' equity		771,226	754,469	661,589
		\$1,946,652	\$1,925,154	\$1,815,674

Supplemental Disclosures of Balance Sheet Information

Allowance for doubtful accounts	\$8,622	\$9,421	\$12,195
Allowance for inventory	\$34,947	\$36,210	\$40,992
Working capital	\$403,293	\$339,223	\$357,545

Preferred stock, shares issued	-	-	-
Common stock, shares issued	93,566	93,395	92,556

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

	First Quarter	
	2008	2007
Cash Flows From (For) Operating Activities		
Net income	\$34,019	\$16,882
Adjustments to derive cash flows		
Depreciation and amortization	15,570	13,502
Share-based compensation	1,958	2,434
Deferred income taxes	2,120	(1,157)
Sub-total	53,667	31,661
Changes in operating assets and liabilities		
Accounts receivable	(3,389)	8,550
Inventories	(21,356)	(25,211)
Accounts payable	7,665	(5,785)
Payroll and related taxes	(7,437)	(12,423)
Accrued customer programs	420	(4,450)
Accrued liabilities	(3,584)	(4,203)
Accrued income taxes	2,276	3,474
Other	(563)	1,983
Sub-total	(25,968)	(38,065)
Net cash from (for) operating activities	27,699	(6,404)
Cash Flows (For) From Investing Activities		
Purchase of securities	(73,418)	(52,340)
Proceeds from sales of securities	89,182	51,074
Asset acquisition	(12,401)	-
Additions to property and equipment	(4,364)	(8,113)
Net cash for investing activities	(1,001)	(9,379)
Cash (For) From Financing Activities		
Repayments of short-term debt, net	(99)	(14,331)
Borrowings of long-term debt	30,000	55,000
Repayments of long-term debt	(38,000)	-
Tax (expense) benefit of stock transactions	(135)	616
Issuance of common stock	4,155	2,222
Repurchase of common stock	(4,280)	(11,238)
Cash dividends	(4,214)	(3,939)
Net cash (for) from financing activities	(12,573)	28,330
Net increase in cash and cash equivalents	14,125	12,547
Cash and cash equivalents, at beginning of period	30,305	19,018
Effect of exchange rate changes on cash	2,407	1,462
Cash and cash equivalents, at end of period	\$46,837	\$33,027
Supplemental Disclosures of Cash Flow Information		
Cash paid/received during the period for:		
Interest paid	\$10,019	\$8,309
Interest received	\$5,189	\$4,700
Income taxes paid	\$588	\$1,797
Income taxes refunded	\$672	\$-

Table I
PERRIGO COMPANY
SEGMENT INFORMATION
(in thousands)
(unaudited)

	First Quarter	
	2008	2007
Segment Sales		
Consumer Healthcare	\$268,259	\$241,809
Rx Pharmaceuticals	34,960	31,425
API	38,814	29,779
Other	40,707	37,202
Total	\$382,740	\$340,215
Segment Operating Income		
Consumer Healthcare	\$29,549	\$17,100
Rx Pharmaceuticals	7,445	5,787
API	7,276	4,658
Other	2,489	2,664
Unallocated expenses	(710)	(4,497)
Total	\$46,049	\$25,712

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SOURCE: Perrigo Company

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