

Perrigo Announces Strategic Investment to Expand and Strengthen U.S. Manufacturing of Infant Formula

Company Purchases Nestlé's Gateway Infant Formula Plant in Eau Claire, Wisconsin, along with U.S. and Canadian rights to the Good Start® Infant Formula Brand

Will Immediately Invest in Gateway Plant to Add 7 Million Pounds of Needed Capacity to the Infant Formula Industry and Enhance Consumer Choice

Investment Marks First Phase of Perrigo's Supply Chain Reinvention Program

DUBLIN, Nov. 1, 2022 [/PRNewswire/](#) -- Perrigo Company plc (NYSE: PRGO) ("Perrigo" or "the Company") today announced a \$170 million strategic investment to expand and strengthen its U.S. infant formula manufacturing, which is expected to bolster industry capacity, enhance consumer choice and increase access to safe, affordable infant formula for parents and caregivers. As part of this strategic investment, Perrigo has purchased Nestlé's Gateway infant formula plant in Eau Claire, Wisconsin, along with the U.S. and Canadian rights to the Good Start® infant formula brand. Also included in the \$170 million, Perrigo will immediately invest \$60 million to expand Gateway's 29 million pound per year production capacity by 7 million pounds, or more than 100 million more 8-ounce bottle equivalents per year, within 18 months, adding a total of 36 million pounds of capacity to Perrigo. These investments are in addition to the approximately \$20 million Perrigo invests each year to ensure a safe, high-quality supply of infant formula from its Vermont and Ohio infant formula facilities.

Prior to the Gateway plant purchase, Perrigo had insufficient capacity to meet consumer demand for its 17 store brand customers that sell infant formula at approximately a 50% discount to the major national brands. The Company was also unable to fully meet demand for contract manufacturing customers, including new market entrants and rapidly growing premium national brands. With this newly added capacity, Perrigo can increase supply to these customers as well as support the Good Start® brand in the U.S. and Canada by improving utilization and expanding capacity of the Gateway plant. Along with expanding the Gateway plant's capabilities to produce a wider range of formulations, these new investments will help Perrigo increase consumer choices for infant formula in the marketplace.

"Long before this year's infant formula shortage, we had been pursuing options to increase capacity to meet growing demand for our infant formula in the U.S.", said Perrigo President and CEO Murray Kessler. "But this year's industry shortage galvanized our commitment to not only invest to meet the demand for our store brand and contract customers, but also to help prevent future infant formula shortages. The purchase and expansion of Gateway is the first major initiative in our recently announced Supply Chain Reinvention program. It solidifies our long-term manufacturing supply of infant formula in the U.S., increases the availability of lower priced, high-quality infant formula to consumers, and delivers value to Perrigo shareholders."

Kessler added, "We are delighted to welcome the Wisconsin plant and Good Start® brand teams to the Perrigo family and look forward to working with the world-class Nestlé organization on a seamless transition."

"In making this decision, we prioritized ensuring parents and caregivers have continuity of a safe, high-quality supply of infant formula and providing a great home for our people. Perrigo was clearly the right choice," said Tarun Malkani, CEO of Gerber, a Nestlé company. "This sale enables Gerber to pursue new growth opportunities and focus on what we are known for in the U.S. -- our core baby food business, which includes purees, snacks and cereals."

Perrigo will operate the Good Start[®] infant formula brand in the U.S. and Canada. Nestlé will continue to fulfil its existing Women Infants and Children (WIC) contracts to ensure that there is uninterrupted supply, with Perrigo supplying product through the Gateway plant.

Perrigo expects the purchase of the Gateway infant formula plant, along with the U.S. and Canadian rights to the Good Start[®] infant formula brand, to be immediately accretive to net sales, gross margin and earnings per share. This transaction was funded without additional borrowings and does not impact Perrigo's plan to reduce debt over the next three years.

About Perrigo

Perrigo Company plc (NYSE: PRGO) is a leading provider of Consumer Self-Care Products and over-the-counter (OTC) health and wellness solutions that enhance individual well-being by empowering consumers to proactively prevent or treat conditions that can be self-managed. Visit Perrigo online at www.perrigo.com.

Forward-Looking Statements

Certain statements in this press release, including statements regarding expected costs and benefits of investments in infant formula capacity, are "forward-looking statements." 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," "forecast," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or the negative of those terms 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 involve known and unknown risks and uncertainties, many of which are beyond the Company's control, including: the effect of the coronavirus (COVID-19) pandemic and its variants and associated supply chain impacts on the Company's business; general economic, credit, and market conditions; the impact of the war in Ukraine and any escalation thereof, including the effects of economic and political sanctions imposed by the United States, United Kingdom, European Union, and other countries related thereto; the outbreak or escalation of conflict in other regions where we do business; future impairment charges; customer acceptance of new products; competition from other industry participants, some of whom have greater marketing resources or larger market shares in certain product categories than the Company does; pricing pressures from customers and consumers; potential impacts of ongoing or future government investigations and regulatory initiatives; uncertainty regarding the timing of,

and the Company's ability to obtain and maintain, certain regulatory approvals, potential costs and reputational impact of product recalls or sales halts; the impact of tax reform legislation and/or changes in healthcare policy; fluctuations in currency exchange rates and interest rates; the Company's ability to execute and achieve the desired benefits of announced cost-reduction efforts and other strategic initiatives and investments, including the Company's ability to achieve the expected benefits from its supply chain reinvention program. These and other important factors, including those discussed under "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2021, and Form 10-Q for the quarter ended July 2, 2022, as well as the Company's subsequent filings with the United States 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.

SOURCE Perrigo Company plc

For further information: Perrigo Investor Contact Bradley Joseph, Vice President, Global Investor Relations & Corporate Communications, (269) 686-3373, bradley.joseph@perrigo.com; Nicholas Gallagher, Senior Manager, Global Investor Relations & Corporate Communications, (269) 686-3238, nicholas.gallagher@perrigo.com; Nestlé Media Contact Dana Stambaugh, Director, External Communications, 571-457-3803, dana.stambaugh@us.nestle.com

Additional assets available online:  [Photos \(1\)](#)

<https://investor.perrigo.com/2022-11-01-Perrigo-Announces-Strategic-Investment-to-Expand-and-Strengthen-U-S-Manufacturing-of-Infant-Formula>