## Perrigo Fiscal 2014 Third Quarter Conference Call

May 7nh, 2014

Perrigo

## Forward - Looking Statements

Certain statements in this report 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 particular, statements about the Company's expectations, beliefs, plans, objectives, assumptions, future events or future performance contained in this report, including certain statements contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are 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 the negative of those terms or other comparable terminology.

These and other important factors, including those discussed under "Risk Factors" in the Form 10-K of Perrigo Company, of which the Company is the successor registrant, for the year ended June 29, 2013 and Part II, Item 1A of the Company's Form 10-Q for the quarter ended March 29, 2014, 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. 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 may cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Any forward-looking statements 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 Consolidated - 3Q FY14 GAAP Financials*

## Perrigo

|  | 3Q FY14 | 3Q FY13 | \% Change Y/Y |
| :--- | ---: | ---: | :---: |
| (\$ in millions, except per share amounts) | $\$ 1,004$ | $\$ 920$ | $9 \%$ |
| Net Sales | 689 | 588 | $17 \%$ |
| Cost of Sales | $\$ 315$ | $\$ 331$ | $(5) \%$ |
| Gross Profit | 14 | 13 | $11 \%$ |
| Distribution | 45 | 29 | $57 \%$ |
| R\&D | 153 | 112 | $37 \%$ |
| SG\&A | $\$ 103$ | $\$ 179$ | $(42) \%$ |
| Operating Income | $\$ 48$ | $\$ 112$ | $(57) \%$ |
| Net Income | $\$ 0.36$ | $\$ 1.18$ | $(70) \%$ |
| Diluted Income Per Share |  |  |  |


| Gross Margin* |  |  |
| :---: | :---: | :---: |
| 3Q FY14 | 3Q FY13 | Change |
| $31.4 \%$ | $36.0 \%$ | (460) bps |
| Operating Margin* |  |  |
| 3Q FY14 | 3Q FY13 | Change |
| $10.3 \%$ | $19.4 \%$ | (910) bps |

## Perrigo Consolidated - 3Q FY14 As Adjusted*



## Perrigo Consolidated - 3Q FY14 As Adjusted*

| (\$ in millions) | 3Q FY14 | 3Q FY13 | \% Change $\mathrm{Y} / \mathrm{Y}^{* *}$ |
| :---: | :---: | :---: | :---: |
| Consolidated Perrigo | \$1,004 | \$920 | 9\% |
| Adjusted Operating Income | 241 | 208 | 16\% |
| Consumer Healthcare | 537 | 537 | —\% |
| Adjusted Operating Income | 91 | 101 | (10)\% |
| Nutritionals | 138 | 133 | 3\% |
| Adjusted Operating Income | 17 | 14 | 16\% |
| Rx Pharmaceuticals | 223 | 189 | 18\% |
| Adjusted Operating Income | 100 | 87 | 16\% |
| API | 32 | 41 | (22)\% |
| Adjusted Operating Income | 7 | 12 | (40)\% |
| Specialty Sciences | 53 | N/A | N/A |
| Adjusted Operating Income | 39 | N/A | N/A |

## All Category - 52 Weeks



## Consumer Healthcare Segment As Adjusted*

| (\$ in millions) | 3Q FY14 | 3Q FY13 | \% Change Y/Y | Change as a \% to sales** |
| :---: | :---: | :---: | :---: | :---: |
| Net Sales | \$537 | \$537 | -\% |  |
| Adjusted Cost of Sales | 365 | 357 | 2\% |  |
| Adjusted Gross Profit | \$173 | \$180 | (4\%) | (140) bps |
| Operating Expenses | 81 | 79 | 3\% |  |
| Adjusted Operating Income | \$91 | \$101 | (10\%) | (180) bps |

## Positive Impacts

+ Product mix
+ Acquisitions
+ Lower DSG\&A dollar spend


## Negative Offsets

- Under absorption of fixed costs
- Investments in R\&D


## Nutritionals Segment As Adjusted*

| (\$ in millions) |  |  | 3Q FY14 | 3Q FY13 | \% Change Y/Y | Change as a \% to sales** |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net Sales |  |  | \$138 | \$133 | 3\% |  |
| Adjusted Cost of Sales |  |  | 100 | 99 | -\% |  |
| Adjusted Gross Profit |  |  | \$38 | \$34 | 13\% | 230 bps |
| Adjusted Operating Expenses |  |  | 22 | 20 | 10\% |  |
| Adjusted Operating Income |  |  | \$17 | \$14 | 16\% | 140 bps |
|  |  |  | Positive Impacts |  | Negative Offsets |  |
| Adjusted Gross Margin** |  |  | + Increased operating efficiencies |  |  |  |
| 3Q FY14 | 3Q FY13 | Change |  |  |  |  |
| 27.8\% | 25.5\% | 230 bps |  |  |  |  |
| Adjusted Operating Margin** |  |  | + Lower R\&D dollar investments |  | - Promotional and selling expenses related to insync ${ }^{(B)}$ |  |
| 3Q FY14 | 3Q FY13 | Change |  |  |  |  |
| 12.1\% | 10.7\% | 140 bps |  |  |  |  |

## Rx Pharmaceuticals Segment As Adjusted*

| (\$ in millions) | 3Q FY14 | 3Q FY13 | \% Change Y/Y | Change as a \% to <br> sales** |
| :--- | ---: | ---: | ---: | ---: |
| Net Sales | $\$ 223$ | $\$ 189$ | $\mathbf{1 8 \%}$ |  |
| Adjusted Cost of Sales | 93 | 80 | $17 \%$ |  |
| Adjusted Gross Profit | $\$ 130$ | $\$ 110$ | $\mathbf{1 9 \%}$ | 40 bps |
| Adjusted Operating Expenses | 30 | 23 | $30 \%$ |  |
| Adjusted Operating Income | $\$ 100$ | $\$ 87$ | $\mathbf{1 6 \%}$ | (80) bps |

## Positive Impacts

## Negative Offsets

| Adjusted Gross Margin** |  |  | + Acquisitions <br> + Product mix |
| :---: | :---: | :---: | :---: |
| 3Q FY14 | 3Q FY13 | Change | + New products |
| $\mathbf{5 8 . 3 \%}$ | $57.9 \%$ | $\mathbf{4 0}$ bps |  |
| Adjusted Operating Margin** |  |  |  |
| 3Q FY14 | 3Q FY13 | Change |  |
| $44.9 \%$ | $\mathbf{4 5 . 7 \%}$ | (80) bps |  |

- Higher DSG\&A due to Rosemont and investments in specialty sales force
- Investments in R\&D


## API Segment As Adjusted*

| (\$ in millions) | 3Q FY14 | 3Q FY13 | \% Change Y/Y | Change as a \% to <br> sales** |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Net Sales | $\$ 32$ | $\$ 41$ | $(22 \%)$ |  |
| Adjusted Cost of Sales | 18 | 20 | $(11 \%)$ |  |
| Adjusted Gross Profit | $\$ 15$ | $\$ 21$ | $(32 \%)$ | (680) bps |
| Operating Expenses | 7 | 9 | $(22 \%)$ |  |
| Adjusted Operating Income | $\$ 7$ | $\$ 12$ | $(40 \%)$ | (700) bps |

## Positive Impacts

## Negative Offsets

- Under absorption of fixed costs
- Product mix
- Flat R\&D dollar investments


## Specialty Sciences Segment As Adjusted*

|  | (\$ in millions) |
| ---: | ---: |
| Net Sales | FY14 |
| $\quad$ Adjusted Cost of Sales | $\$ 53$ |
| Adjusted Gross Profit | - |
| $\quad$ Adjusted Operating Expenses | $\$ 53$ |
| Adjusted Operating Income | 15 |


| Adjusted Gross Margin* |  |  |
| :---: | :---: | :---: |
| 3Q FY14 | 3Q FY13 | Change |
| $\mathbf{1 0 0 . 0 \%}$ | N/A | N/A |
| Adjusted Operating Margin* |  |  |
| 3Q FY14 | 3Q FY13 | Change |
| $\mathbf{7 2 . 5 \%}$ | N/A | N/A |


|  | FY 2014 Guidance 8/15/13 Conference Call | FY 2014 Guidance 10/31/13 Conference Call | FY 2014 Guidance 2/6/14 Conference Call | FY 2014 Guidance 5/7/14 Conference Call |
| :---: | :---: | :---: | :---: | :---: |
| CONSUMER HEALTHCARE <br> Revenue Growth Y/Y Adjusted Gross Margin \% Adjusted Operating Margin \% | $\begin{aligned} & 10 \%-14 \% \\ & 33 \%-37 \% \\ & 18 \%-22 \% \end{aligned}$ | $\begin{aligned} & 10 \%-14 \% \\ & 33 \%-37 \% \\ & 18 \%-22 \% \end{aligned}$ | $\begin{aligned} & 6 \%-10 \% \\ & 32 \%-36 \% \\ & 17 \%-21 \% \end{aligned}$ | $\begin{gathered} \text { 4\%-7\% } \\ 32 \%-36 \% \\ 17 \%-21 \% \end{gathered}$ |
| NUTRITIONALS <br> Revenue Growth $\mathrm{Y} / \mathrm{Y}$ Adjusted Gross Margin \% Adjusted Operating Margin \% | $\begin{aligned} & 8 \%-12 \% \\ & 26 \%-30 \% \\ & 12 \%-16 \% \end{aligned}$ | $\begin{aligned} & 8 \%-12 \% \\ & 26 \%-30 \% \\ & 12 \%-16 \% \end{aligned}$ | $\begin{aligned} & 10 \%-14 \% \\ & 28 \%-30 \% \\ & 12 \%-16 \% \end{aligned}$ | $\begin{aligned} & 10 \%-14 \% \\ & 28 \%-30 \% \\ & 12 \%-16 \% \end{aligned}$ |
| RX PHARMACEUTICALS <br> Revenue Growth $\mathrm{Y} / \mathrm{Y}$ <br> Adjusted Gross Margin \% <br> Adjusted Operating Margin \% | $\begin{aligned} & 25 \%-29 \% \\ & 58 \%-62 \% \\ & 46 \%-50 \% \end{aligned}$ | $\begin{aligned} & 25 \%-29 \% \\ & 58 \%-62 \% \\ & 46 \%-50 \% \end{aligned}$ | $\begin{aligned} & 26 \%-30 \% \\ & 60 \%-62 \% \\ & 47 \%-50 \% \end{aligned}$ | $\begin{aligned} & 26 \%-30 \% \\ & 60 \%-62 \% \\ & 47 \%-50 \% \end{aligned}$ |
| API <br> Revenue Growth Y/Y <br> Adjusted Gross Margin \% <br> Adjusted Operating Margin \% | $\begin{gathered} 3 \%-8 \% \\ 52 \%-56 \% \\ 32 \%-36 \% \end{gathered}$ | $\begin{gathered} 3 \%-8 \% \\ 52 \%-56 \% \\ 32 \%-36 \% \end{gathered}$ | $\begin{gathered} \text { 0\%-3\% } \\ 55 \%-59 \% \\ 35 \%-39 \% \end{gathered}$ | $\begin{gathered} (14 \%)-(10 \%) \\ 55 \%-59 \% \\ 35 \%-39 \% \end{gathered}$ |

## Perrigo FY14 - Consolidated \& EPS Guidance*

|  | $\begin{array}{\|c\|} \hline \text { FY } 2014 \text { Guidance } \\ \text { 8/15/13 Conference } \\ \text { Call } \\ \hline \end{array}$ | FY 2014 Guidance 10/31/13 Conference Call | FY 2014 Guidance 2/6/14 Conference Call | FY 2014 Guidance 5/7/14 Conference Call |
| :---: | :---: | :---: | :---: | :---: |
| CONSOLIDATED PERRIGO |  |  |  |  |
| Revenue Growth Y/Y | 12\%-16\% | 12\%-16\% | 15\%-18\% | 13\%-15\% |
| Adjusted Gross Margin \% | 38\%-42\% | 38\%-42\% | 41\%-43\% | 41\%-43\% |
| Adjusted R\&D as \% to Net Sales | ~3.5\% | ~3.5\% | $\sim 4.5 \%$ | $\sim 4.5 \%$ |
| Adjusted DSG\&A as \% to Net Sales | ~12.5\% | ~12.5\% | ~13.0\% | ~13.0\% |
| Adjusted Operating Margin \% | 23\%-25\% | 23\%-25\% | 24\%-27\% | 24\%-27\% |
| Effective Tax Rate | 30\%-32\% | 30\%-32\% | 21\%-22\% | 21\%-22\% |
| Adjusted Diluted EPS | \$6.35-\$6.60 | \$6.35-\$6.60 | \$6.45-\$6.70 | \$6.15-\$6.30 |
| Y/Y Growth | 13\%-18\% | 13\%-18\% | 15\%-19\% | 10\% - 12\% |
| Y/Y Growth w/out Discrete Tax ${ }^{\dagger}$ | 15\%-19\% | 15\%-19\% | 17\%-21\% | 11\% - 14\% |
| Operating Cash Flow | \$650M - \$700M | \$650M - \$700M | \$675M - \$725M | \$650M - \$700M*** |
| CAPEX | \$150M - \$185M | \$150M - \$185M | \$150M - \$185M | \$150M - \$185M |
| Diluted Shares Outstanding | 95M | 99M** | 116M | 116M |

† Implied Y/Y Growth Without Discrete Tax Items Reconciliation


## Corporate and Consumer Healthcare Growth - FY14 \& Beyond

$\checkmark$ Across ALL segments, we expect to launch >75 new products, resulting in >\$190M of revenue in FY 2014


| Consumer Healthcare FY14 Pipeline Highlights | Branded Sales (\$M) |
| :--- | ---: |
| SB version of Adult \& Children’s Delsym® Liquid | $\$ 100$ - Launched |
| SB version of Vicks® Severe Cold \& Flu | New - Launched |
| SB version of Mucinex® Allergy | New |
| SB version of Claritin® 24HR Liqui-Gel | $\$ 40$ |
| SB version of Vagisil® Feminine Wash | $\$ 25$ |

Potential Rx to OTC switches \$10B in branded sales potential over the next 5 years


## Rx Growth - FY14 \& Beyond

## Perrigo

## 28 ANDAs Pending FDA approval

$\checkmark$ ANDAs represent \$4.2B in branded sales
$\checkmark 7$ confirmed first-to-file ANDAs
$\checkmark$ Additional 2 FTF ANDAs have final approval with later certain launch dates

5 projects in clinical studies

## 5 Paragraph IV litigations

$\checkmark$ Azelastine Nasal Spray (Astepro®)
$\checkmark$ Albuterol HFA Inhaler (Proair®)
$\checkmark$ Testosterone 1.62\% Gel (Androgel(®)
$\checkmark$ Testosterone 2\% Topical Solution (Axiron®)
$\checkmark$ Adapalene 0.1\% / Benzoyl Peroxide 2.5\% Gel (Epiduo®)


| Rx FY14 Pjpeline Highlights | Branded Sales (\$M) | Launch Status |
| :--- | ---: | ---: |
| Generic version Prandin® Tablet | $\$ 250$ | Launched |
| Generic version of Nitrolingual® Spray | $\$ 65$ | Launched |
| Generic equivalent to Derma-Smoothe/FS® Oil \& Lotion | $\sim \$ 25$ | Launched |
| Generic equivalent to Cutivate® Lotion | $\sim \$ 19$ | Launched |
| Generic version of Vanos® Cream | $\$ 93$ | Launched |
| $>3$ Additional Undisclosed Products | $>\$ 200$ |  |

## Unique Sustainable Competitive Position

Quality excellence across 23 global sites

Strong customer partnerships

Critical mass - +50B dosages per year

Mass customization - 3,000 unique formulas plus 18,000 SKUs

No. 1 position:
$\checkmark$ Consumer (SB)
$\checkmark$ Infant formula (SB)
$\checkmark$ Extended topicals (GRx)
$\checkmark$ Animal health (SB)

New product pipeline / innovation 160 filings awaiting approval

7 Disciplined M\&A / integration

8 Vertical integration capabilities

9 Global sourcing

10 Competitive tax rate

## Questions?

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APPENDIX

Table I

## PERRIGO COMPANY PLC <br> RECONCILIATION OF NON-GAAP <br> MEASURES

(in millions, except per share amounts)

Three Months Ended

| Consolidated | Three Months Ended |  |  |  |  |  |  |  |  |  |  |  |  |  | \% Change |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | GAAP* |  | March 29, 2014 |  |  | As Adjusted* |  | March 30, 2013 |  |  |  |  |  |  |  |  |
|  |  |  |  | $\begin{aligned} & \overline{\text { AAP }} \\ & \text { ents* } \end{aligned}$ |  |  |  |  | AP* |  | $\begin{aligned} & \mathrm{AP} \\ & \text { nts }^{*} \end{aligned}$ |  |  | Adjusted* | GAAP | As Adjusted |
| Net sales | \$ | 1,004.2 | \$ | - |  | \$ | 1,004.2 | \$ | 919.8 | \$ | - |  | \$ | 919.8 | 9\% | 9\% |
| Cost of sales |  | 689.2 |  | 101.2 | (a) |  | 588.0 |  | 588.4 |  | 20.5 | (a,h) |  | 567.9 | 17\% | 4\% |
| Gross profit |  | 315.0 |  | 101.2 |  |  | 416.2 |  | 331.4 |  | 20.5 |  |  | 351.9 | -5\% | 18\% |
| Operating expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Distribution |  | 13.9 |  | - |  |  | 13.9 |  | 12.6 |  | - |  |  | 12.6 | 11\% | 10\% |
| Research and development |  | 44.7 |  | - |  |  | 44.7 |  | 28.5 |  | - |  |  | 28.5 | 57\% | 57\% |
| Selling |  | 52.5 |  | 5.5 | (a) |  | 47.0 |  | 49.1 |  | 5.3 | (a) |  | 43.8 | 7\% | 7\% |
| Administration |  | 81.1 |  | 11.1 | (a,b,c,d) |  | 70.0 |  | 62.6 |  | 3.8 | (a,i) |  | 58.8 | 30\% | 19\% |
| Restructuring |  | 19.5 |  | 19.5 | (e) |  | - |  | - |  | - |  |  | - | NM | NM |
| Total operating expenses |  | 211.7 |  | 36.1 |  |  | 175.6 |  | 152.8 |  | 9.1 |  |  | 143.7 | 39\% | 22\% |
| Operating income |  | 103.3 |  | 137.3 |  |  | 240.6 |  | 178.6 |  | 29.6 |  |  | 208.2 | -42\% | 16\% |
| Interest, net |  | 26.2 |  | - |  |  | 26.2 |  | 16.1 |  | - |  |  | 16.1 | 63\% | 63\% |
| Other expense, net |  | 1.7 |  | 1.8 | (f) |  | (0.1) |  | 0.8 |  | - |  |  | 0.8 | 106\% | -113\% |
| Loss on sales of investments |  | 12.7 |  | 12.7 |  |  | - |  | 1.6 |  | 1.6 |  |  | - | NM | NM |
| Income before income taxes |  | 62.7 |  | 151.8 |  |  | 214.5 |  | 160.1 |  | 31.2 |  |  | 191.3 | -61\% | 12\% |
| Income tax expense |  | 14.6 |  | 23.8 | (g) |  | 38.3 |  | 48.2 |  | 9.1 | (g) |  | 57.3 | -70\% | -33\% |
| Net income | \$ | 48.1 | \$ | 128.0 |  | \$ | 176.2 | \$ | 111.9 | \$ | 22.1 |  | \$ | 134.0 | -57\% | 31\% |
| Diluted EPS | \$ | 0.36 |  |  |  | \$ | 1.31 | \$ | 1.18 |  |  |  | \$ | 1.42 | -70\% | -9\% |
| Diluted weighted average shares outstanding |  | 134.3 |  |  |  |  | 134.3 |  | 94.5 |  |  |  |  | 94.5 |  |  |
| Effective tax rate |  | 23.3\% |  |  |  |  | 17.9\% |  | 30.1\% |  |  |  |  | 30.0\% |  |  |
| Gross margin** |  | 31.4\% |  |  |  |  | 41.4\% |  | 36.0\% |  |  |  |  | 38.3\% |  |  |
| Operating margin** |  | 10.3\% |  |  |  |  | 24.0\% |  | 19.4\% |  |  |  |  | 22.6\% |  |  |
| * Amounts may not sum or cross-foot due to rounding <br> **Ratios as a \% to net sales may not calculate due to rounding NM - Calculations are not meaningful |  |  |  | (a) Acquisition-related amortization |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | (b) Elan transaction costs of $\$ 3.2$ million |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | (c) Write-up of contingent consideration of $\$ 5.8$ million |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | (d) Litigation settlement of $\$ 2.0$ million |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | (e) Restructuring charges related to Elan, Minnesota, Georgia and Velcera |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | (f) Losses on Elan equity method investments |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | (g) Total tax effect for non-GAAP pre-tax adjustments |  |  |  |  |  |  |  |  |  |  |  | Perrigo |  |
|  |  |  | (h) Inventory step-up of $\$ 1.9$ million(i) Acquisition costs of $\$ 3.1$ million |  |  |  |  |  |  |  |  |  |  |  |  |  |

Table II
PERRIGO COMPANY PLC

## REPORTABLE SEGMENTS

## RECONCILIATION OF NON-GAAP

MEASURES
(in millions)
(unaudited)

## Consumer Healthcare

## Net sales

Cost of sales
Gross profit
Operating expenses
Operating income

## Gross margin**

Operating margin**
31.5\%
32.1\%
32.9\%
33.5\%

| March 29, 2014 |  |  |  | March 30, 2013 |  |  |  | \% Change |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| GAAP* | Non-GAAP Adjustments* |  | As Adjusted* | GAAP* | Non-GAAP Adjustments* |  | As Adjusted* | GAAP | As Adjusted |
| 537.3 | - |  | 537.3 | 536.8 | - |  | 536.8 | -\% | -\% |
| 368.3 | 3.5 | (a) | 364.8 | 360.1 | 3.4 | (a) | 356.7 | 2\% | 2\% |
| 169.0 | 3.5 |  | 172.5 | 176.6 | 3.4 |  | 180.1 | -4\% | -4\% |
| 84.6 | 3.4 | (a,b) | 81.2 | 80.7 | 1.6 | (a) | 79.1 | 5\% | 3\% |
| 84.4 | 6.9 |  | 91.3 | 95.9 | 5.0 |  | 101.0 | -12\% | -10\% |
| 31.5\% |  |  | 32.1\% | 32.9\% |  |  | 33.5\% |  |  |
| 15.7\% |  |  | 17.0\% | 17.9\% |  |  | 18.8\% |  |  |

Three Months Ended

## Nutritionals

Net sales
Cost of sales
Gross profit
Operating expenses
Operating income

## Gross margin**

Operating margin**

| Three Months Ended |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| March 29, 2014 |  |  |  |  |  |  | March 30, 2013 |  |  |  |  |  |  | \% Change |  |
| GAAP* |  | Non-GAAP Adjustments* |  |  | As Adjusted* |  | GAAP* |  | Non-GAAP Adjustments* |  |  | As Adjusted* |  | GAAP | As Adjusted |
| \$ | 137.8 | \$ | - |  | \$ | 137.8 | \$ | 133.3 | \$ | - |  | \$ | 133.3 | 3\% | 3\% |
|  | 102.6 |  | 3.1 | (a) |  | 99.5 |  | 102.4 |  | 3.1 | (a) |  | 99.3 | -\% | -\% |
|  | 35.2 |  | 3.1 |  |  | 38.3 |  | 31.0 |  | 3.1 |  |  | 34.0 | 14\% | 13\% |
|  | 27.9 |  | 6.2 | (a,c) |  | 21.7 |  | 24.0 |  | 4.3 | (a) |  | 19.7 | 16\% | 10\% |
| \$ | 7.3 | \$ | 9.3 |  | \$ | 16.6 | \$ | 7.0 | \$ | 7.4 |  | \$ | 14.3 | 5\% | 16\% |
|  | 25.6\% |  |  |  |  | 27.8\% |  | 23.2\% |  |  |  |  | 25.5\% |  |  |
|  | 5.3\% |  |  |  |  | 12.1\% |  | 5.2\% |  |  |  |  | 10.7\% |  |  |

* Amounts may not sum or cross-foot due to rounding
**Ratios as a \% to net sales may not calculate due to rounding
(a) Acquisition-related amortization
(b) Restructuring charges of $\$ 1.6$ million related to Georgia and Velcera
(c) Litigation settlement of $\$ 2.0$ million

Table II (Continued) PERRIGO COMPANY PLC REPORTABLE SEGMENTS

## Rx Pharmaceuticals

Net sales
Cost of sales
Gross profit
Operating expenses Operating income

Gross margin**
Operating margin**

API

Net sales
Cost of sales
Gross profit
Operating expenses
Operating income

Gross margin**
Operating margin**

Three Months Ended

| March 29, 2014 |  |  |  |  |  |  | March 30, 2013 |  |  |  |  |  |  | \% Change |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| GAAP* |  | Non-GAAP Adjustments* |  | As Adjusted* |  |  | GAAP* |  | Non-GAAP Adjustments* |  |  | As Adjusted* |  | GAAP | As Adjusted |
| \$ | 223.4 | \$ | - |  | \$ | 223.4 | \$ | 189.4 | \$ | - |  | \$ | 189.4 | 18\% | 18\% |
|  | 110.5 |  | 17.3 | (a) |  | 93.2 |  | 92.9 |  | 13.1 | (a,e) |  | 79.8 | 19\% | 17\% |
|  | 112.9 |  | 17.3 |  |  | 130.2 |  | 96.5 |  | 13.1 |  |  | 109.6 | 17\% | 19\% |
|  | 35.9 |  | 6.0 | (a,d) |  | 29.9 |  | 23.1 |  | 0.1 | (a) |  | 23.0 | 56\% | 30\% |
| \$ | 77.0 | \$ | 23.3 |  | \$ | 100.3 | \$ | 73.4 | \$ | 13.2 |  | \$ | 86.6 | 5\% | 16\% |

50.5\%
58.3\%
51.0\%
57.9\%
34.5\%
44.9\%
38.8\%
45.7\%

Three Months Ended

| March 29, 2014 |  |  |  |  |  |  | March 30, 2013 |  |  |  |  |  |  | \% Change |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| GAAP* |  | Non-GAAP Adjustments* |  |  | As Adjusted* |  | GAAP* |  | Non-GAAP Adjustments* |  |  | As Adjusted* |  | GAAP | As Adjusted |
| \$ | 32.0 | \$ | - |  | \$ | 32.0 | \$ | 41.1 | \$ | - |  | \$ | 41.1 | -22\% | -22\% |
|  | 18.0 |  | 0.5 | (a) |  | 17.5 |  | 20.2 |  | 0.5 | (a) |  | 19.7 | -11\% | -11\% |
|  | 14.0 |  | 0.5 |  |  | 14.5 |  | 20.9 |  | 0.5 |  |  | 21.4 | -33\% | -32\% |
|  | 7.2 |  | - |  |  | 7.2 |  | 9.2 |  | - |  |  | 9.2 | -21\% | -22\% |
| \$ | 6.8 | \$ | 0.5 |  | \$ | 7.3 | \$ | 11.7 | \$ | 0.5 |  | \$ | 12.2 | -43\% | -40\% |

43.6\%
21.0\%
50.9\%
52.1\%
22.7\%
28.5\%
29.7\%

* Amounts may not sum or cross-foot due to rounding
**Ratios as a \% to net sales may not calculate due to rounding
(a) Acquisition-related amortization
(d) Write-up of contingent consideration of $\$ 5.8$ million
(e) Inventory step-up charge of $\$ 1.9$ million
(in millions)
(unaudited)

| Specialty Sciences | Three Months Ended |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | March 29, 2014 |  |  |  |  |  |  |
|  | GAAP* |  | Non-GAAP Adjustments* |  | As Adjusted* |  |  |
| Net sales | \$ | 53.4 | \$ | - |  | \$ | 53.4 |
| Cost of sales |  | 76.3 |  | 76.3 | (a) |  | - |
| Gross profit |  | (22.9) |  | 76.3 |  |  | 53.4 |
| Operating expenses |  | 31.6 |  | 16.9 | ${ }^{(f)}$ |  | 14.7 |
| Operating income (loss) | \$ | (54.5) | \$ | 93.2 |  | \$ | 38.7 |
| Gross margin** |  | (42.9)\% |  |  |  |  | 100.0\% |
| Operating margin** |  | (102.1)\% |  |  |  |  | 72.5\% |

* Amounts may not sum or cross-foot due to rounding
**Ratios as a \% to net sales may not calculate due to rounding
(a) Acquisition-related amortization
(f) Elan restructuring and integration-related charges

|  | Full Year <br> FY14 reported diluted EPS range <br> Charges associated with acquisition and other integration-related costs 2014 Guidance |
| :--- | :---: |
| Acquisition-related amortization (1) | $\$ 1.76-\$ 1.91$ |
| Charges associated with restructuring | 2.06 |
| Losses on sales of investments | 1.88 |
| Losses on Elan equity method investments | 0.27 |
| Charges associated with write-offs of in-process R\&D | 0.10 |
| Charges associated with litigation settlements | 0.04 |
| Earnings associated with escrow settlement | 0.03 |
| FY14 adjusted diluted EPS range | 0.02 |
|  | $10.01)$ <br> FY13 reported diluted EPS <br> Acquisition-related amortization (1) <br> Charges associated with inventory step-ups <br> Charges associated with acquisition, severance and other integration-related costs <br> Charge associated with write-off of in-process R\&D <br> Losses on sales of investments <br> Charge associated with restructuring <br> FY13 adjusted diluted EPS |

[^0]APPENDIX <br> \title{
Table IV <br> \title{
Table IV <br> PERRIGO COMPANY PLC <br> FY 2014 GUIDANCE <br> RECONCILIATION OF NON-GAAP <br> MEASURES
}
(unaudited)

Full Year
Fiscal 2014 Guidance

## Consolidated

Reported consolidated gross margin range
Acquisition-related amortization (1)
Adjusted consolidated gross margin range
Reported research and development expense as \% of net sales
Charges associated with write-offs of in-process R\&D
Adjusted research and development expense as \% of net sales
Reported distribution, sales, general and administrative expense as \% of net sales

Charges associated with acquisition and other integration-related costs
Charges associated with restructuring
Acquisition-related amortization (1)
Charges associated with litigation settlements
Earnings associated with escrow settlement
Adjusted distribution, sales, general and administrative expense as \% of net sales

Reported consolidated operating margin range
Acquisition-related amortization (1)
Charges associated with acquisition and other integration-related costs Charges associated with restructuring

| $34.5 \%-36.5 \%$ |
| :---: |
| $6.5 \%$ |
| $41 \%-43 \%$ |

Charges associated with write-offs of in-process R\&D
Charges associated with litigation settlements
Earnings associated with escrow settlement
Adjusted consolidated operating margin range

## Consumer Healthcare

Reported gross margin range
Acquisition-related amortization (1)
Adjusted gross margin range

Reported operating margin range
Acquisition-related amortization (1)
1.0\%

Charges associated with restructuring
Earnings associated with escrow settlement
Adjusted operating margin range
(1) Amortization of acquired intangible assets related to business combinations and asset acquisitions

Full Year
Fiscal 2014 Guidance

## Nutritionals

Reported gross margin range
Acquisition-related amortization (1)
Adjusted gross margin range

| $25.8 \%-27.8 \%$ |
| :---: |
| $2.2 \%$ |
| $28 \%-30 \%$ |
|  |
| $7.6 \%-11.6 \%$ |
| $4.1 \%$ |
| $0.3 \%$ |
| $12 \%-16 \%$ |

## Rx Pharmaceuticals

Reported gross margin range
Acquisition-related amortization (1)
Adjusted gross margin range

| $52.2 \%-54.2 \%$ |
| :---: |
| $7.8 \%$ |
| $60 \%-62 \%$ |

Reported operating margin range
38.0\%-41.0\%

Acquisition-related amortization (1)
7.8\%

Charges associated with write-offs of in-process R\&D
0.6\%

Charge associated with litigation settlement
0.3\%

Charge associated with restructuring
Charge associated with write-up of contingent consideration
Adjusted operating margin range
0.2\%

Reported operating margin range
4.1\%

Acquisition-related amortization (1)
Charge associated with litigation settlement
Adjusted operating margin range
12\%-16\%

## API

Reported gross margin range
Acquisition-related amortization (1)
Adjusted gross margin range


Reported operating margin range
Acquisition-related amortization (1)
Adjusted operating margin range

| $53.5 \%-57.5 \%$ |
| :---: |
| $1.5 \%$ |
| $55 \%-59 \%$ |
| $33.5 \%-37.5 \%$ |
| $1.5 \%$ |
| $35 \%-39 \%$ |

[^1]March 29, 2014

| Total debt | \$ | 3,267.2 |
| :---: | :---: | :---: |
| Less: Cash and cash equivalents and current investment securities |  | (617.1) |
| Total net debt |  | 2,650.1 |
| Total shareholders' equity |  | 8,558.8 |
| Total capital | \$ | 11,208.9 |
| Net debt to total capital ratio |  | 23.6\% |
| Consolidated |  |  |
| Net sales | \$ | 778.0 |
| Reported gross profit | \$ | 279.3 |
| Acquisition-related amortization ${ }^{(1)}$ |  | 13.5 |
| Adjusted gross profit | \$ | 292.8 |
| Adjusted gross margin |  | 37.6\% |
| Reported operating income | \$ | 146.1 |
| Acquisition-related amortization ${ }^{(1)}$ |  | 18.5 |
| Restructuring charges |  | 7.1 |
| Adjusted operating income | \$ | 171.7 |
| Adjusted operating margin |  | 22.1\% |

(1) Amortization of acquired intangible assets related to business combinations and asset acquisitions.

|  | March 29, 2014 |  | June 29, 2013 |  |
| :---: | :---: | :---: | :---: | :---: |
| Current Assets | \$ | 2,304.4 | \$ | 2,236.9 |
| Less: Cash \& cash equivalents |  | (609.4) |  | (779.9) |
| Less: Current investment securities |  | (7.7) |  | - |
| Current Assets, less cash, cash equivalents \& current investments securities |  | 1,687.3 |  | 1,457.0 |
| Current Liabilities | \$ | 953.0 | \$ | 749.4 |
| Less: Short-term debt |  | - |  | (5.0) |
| Less: Current portion of long-term debt |  | (141.7) |  | (41.2) |
| Current Liabilities, less short-term debt and current portion of long-term debt |  | 811.3 |  | 703.2 |
| Adjusted working capital | \$ | 876.0 | \$ | 753.8 |


[^0]:    (1) Amortization of acquired intangible assets related to business combinations and asset acquisitions.

[^1]:    (1) Amortization of acquired intangible assets related to business combinations and asset acquisitions.

