

Perrigo®



Third Quarter 2017 Non-GAAP Reconciliations
November 9, 2017

TABLE I
PERRIGO COMPANY PLC
RECONCILIATION OF NON-GAAP
MEASURES
SELECTED CONSOLIDATED INFORMATION
(in millions, except per share amounts)
(unaudited)

Three Months Ended September 30, 2017

Consolidated	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Restructuring, Impairment Charges, and Other Operating Income	Operating Income	Interest, Other, and Change in financial assets	Income Tax Expense	Net Income	Diluted Earnings per Share
Reported	\$ 1,231.3	\$ 497.8	\$ 38.4	\$ 288.3	\$ 8.7	\$ 162.4	\$ 33.7	\$ 84.2	\$ 44.5	\$ 0.31
As a % of reported net sales		40.4%	3.1%	23.4%		13.2%	2.7%	6.8%	3.6%	
Effective tax rate								65.5%		
<i>Adjustments:</i>										
Amortization expense related primarily to acquired intangible assets	\$ —	\$ 55.3	\$ (0.3)	\$ (34.5)	\$ —	\$ 90.1	\$ —	\$ —	\$ 90.1	\$ 0.63
Change in financial assets	—	—	—	—	—	—	(2.6)	—	2.6	0.02
Impairment charges	—	—	—	—	(7.8)	7.8	—	—	7.8	0.06
Restructuring charges	—	—	—	—	(3.8)	3.8	—	—	3.8	0.03
Operating results attributable to held-for-sale business*	(16.5)	(9.4)	(2.4)	(4.2)	—	(2.8)	1.3	—	(4.1)	(0.03)
Gain/Loss on divestitures	—	—	—	—	—	—	1.9	—	(1.9)	(0.01)
Acquisition charges and contingent consideration adjustments	—	—	—	—	2.9	(2.9)	—	—	(2.9)	(0.02)
Non-GAAP tax adjustments**	—	—	—	—	—	—	—	(57.3)	57.3	0.40
Adjusted	\$ 1,214.8	\$ 543.7	\$ 35.7	\$ 249.6	\$ —	\$ 258.4	\$ 34.3	\$ 26.9	\$ 197.2	\$ 1.39
As a % of adjusted net sales		44.8%	2.9%	20.6%		21.3%	2.8%	2.2%	16.2%	
Effective tax rate								12.0%		

Diluted weighted average shares outstanding

Reported 141.7
Adjusted 141.7

*Held-for-sale businesses include the Israel API business.

**The non-GAAP tax adjustment includes the following: (1) \$(23.2) million of tax effects of pretax non-GAAP adjustments that are calculated based upon the specific rate of the applicable jurisdiction of the pretax item; (2) a \$36.2 million effect on non-GAAP income taxes related to the interim tax accounting requirements within ASC 740, Income Taxes; (3) \$10.0 million net impact related to valuation allowances on deferred tax assets commensurate with non-GAAP pre-tax measures; (4) \$(5.4) million of tax adjustments related to the divestiture of the Tysabri® Royalty Stream; (5) \$12.8 million related to an IRS audit settlement; and (5) \$26.9 million of tax related to the sale of our Israel API business.

TABLE I (CONTINUED)
PERRIGO COMPANY PLC
RECONCILIATION OF NON-GAAP MEASURES
SELECTED CONSOLIDATED INFORMATION
(in millions, except per share amounts)
(unaudited)

	Three Months Ended October 1, 2016									
	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Restructuring, Impairment Charges, and Other Operating Income	Operating Income (Loss)	Interest, Other, and Change in financial assets	Income Tax Expense (Benefit)	Net Income (Loss)	Diluted Earnings (Loss) per Share
Consolidated										
Reported	\$ 1,261.6	\$ 484.5	\$ 50.2	\$ 281.6	\$ 1,621.0	\$ (1,468.3)	\$ 433.7	\$ (311.8)	\$ (1,590.2)	\$ (11.10)
As a % of reported net sales		38.4%	4.0%	22.3%		(116.4)%	34.4%	(24.7)%	(126.1)%	
Effective tax rate								16.4%		
<i>Adjustments:</i>										
Change in financial assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (377.4)	\$ —	\$ 377.4	\$ 2.63
Amortization expense primarily related to acquired intangible assets	—	57.1	(0.3)	(34.1)	—	91.5	—	—	91.5	0.64
Impairment charges	—	—	—	—	(1,614.4)	1,614.4	—	—	1,614.4	11.25
Restructuring charges	—	—	—	—	(6.6)	6.6	—	—	6.6	0.05
Acquisition charges and contingent consideration adjustments	—	0.8	—	(5.3)	—	6.1	0.5	—	5.6	0.04
Operating results attributable to held-for-sale business*	(21.9)	(2.9)	(0.2)	(6.2)	—	3.5	(0.4)	—	3.9	0.03
Loss on early debt extinguishment	—	—	—	—	—	—	(0.7)	—	0.7	0.01
Non-GAAP tax adjustments***	—	—	—	—	—	—	—	333.5	(333.5)	(2.32)
Adjusted	\$ 1,239.7	\$ 539.5	\$ 49.7	\$ 236.0	\$ —	\$ 253.8	\$ 55.7	\$ 21.7	\$ 176.4	\$ 1.23
As a % of adjusted net sales		43.5%	4.0%	19.0%		20.5%	4.5%	1.7%	14.2%	
Effective tax rate								10.9%		

Diluted weighted average shares outstanding

Reported 143.3

Effect of dilution as reported amount was a loss, while adjusted amount was income** 0.3

Adjusted 143.6

*Held-for-sale businesses include the U.S. VMS business, European sports brand, and India API business.

**In the period of a net loss, diluted shares outstanding equal basic shares outstanding.

***The non-GAAP tax adjustment includes the following: (1) \$(313.1) million of tax effects of pretax non-GAAP adjustments that are calculated based upon the specific rate of the applicable jurisdiction of the pretax item; (2) \$2.0 million of tax effects on non-GAAP income taxes related to the interim tax accounting requirements within ASC 740, Income Taxes and; (3) \$(22.4) million of discrete income tax adjustments related to jurisdictional tax rate changes in Italy, France and Germany. The GAAP tax benefit recorded in the current quarter related to these items has been excluded from non-GAAP net income.

TABLE II
PERRIGO COMPANY PLC
RECONCILIATION OF NON-GAAP MEASURES
SELECTED SEGMENT INFORMATION
(in millions)
(unaudited)

	Three Months Ended September 30, 2017					Three Months Ended October 1, 2016				
	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income
Consumer Healthcare Americas										
Reported	\$ 598.8	\$ 206.1	\$ 13.8	\$ 70.4	\$ 124.3	\$ 611.2	\$ 199.2	\$ 18.3	\$ 74.6	\$ 99.0
As a % of reported net sales		34.4%	2.3%	11.8%	20.8%		32.6%	3.0%	12.2%	16.2%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 12.1	\$ —	\$ (4.8)	\$ 16.9	\$ —	\$ 12.5	\$ —	\$ (5.0)	\$ 17.6
Impairment charges		—	—	—	0.5	—	—	—	—	3.7
Operating results attributable to held-for-sale businesses*		—	—	—	—	(21.0)	(3.4)	(0.2)	(3.1)	(0.1)
Restructuring charges		—	—	—	(0.8)	—	—	—	—	3.9
Acquisition charges and contingent consideration adjustments		—	—	—	(2.0)	—	0.8	—	(0.6)	1.1
Adjusted	\$ 218.2	\$ 13.8	\$ 65.6	\$ 138.9	\$ 590.2	\$ 209.1	\$ 18.1	\$ 65.9	\$ 125.2	
As a % of reported net sales (2017) / As a % of adjusted net sales (2016)		36.4%	2.3%	10.9%	23.2%		35.4%	3.1%	11.2%	21.2%

*Held-for-sale business was the U.S. VMS business, which was sold in Q3 2016.

	Three Months Ended September 30, 2017					Three Months Ended October 1, 2016				
	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income (Loss)
Consumer Healthcare International										
Reported	\$ 365.4	\$ 165.9	\$ 10.5	\$ 147.1	\$ 4.6	\$ 377.4	\$ 155.2	\$ 10.7	\$ 152.9	\$ (1,615.5)
As a % of reported net sales		45.4%	2.9%	40.3%	1.2%		41.1%	2.8%	40.5%	(428.1)%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 21.9	\$ (0.3)	\$ (29.6)	\$ 51.8	\$ —	\$ 16.9	\$ (0.3)	\$ (28.9)	\$ 46.3
Impairment charges		—	—	—	—	—	—	—	—	1,604.5
Operating results attributable to held-for-sale businesses*		—	—	—	—	(0.2)	0.2	—	(2.8)	3.0
Restructuring charges		—	—	—	3.6	—	—	—	—	2.5
Acquisition charges and contingent consideration adjustments		—	—	—	—	—	—	—	0.2	(0.3)
Adjusted	\$ 187.8	\$ 10.2	\$ 117.5	\$ 60.0	\$ 377.2	\$ 172.3	\$ 10.4	\$ 121.4	\$ 40.5	
As a % of reported net sales (2017) / As a % of adjusted net sales (2016)		51.4%	2.8%	32.2%	16.4%		45.7%	2.7%	32.2%	10.7%

*Held-for-sale business is the European sports brand, which was sold in Q4 2016.

TABLE II (CONTINUED)
PERRIGO COMPANY PLC
RECONCILIATION OF NON-GAAP MEASURES
SELECTED SEGMENT INFORMATION
(in millions)
(unaudited)

	Three Months Ended September 30, 2017					Three Months Ended October 1, 2016				
	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income	Net Sales	Gross Profit	R&D Expense	DSG&A Expense	Operating Income
Prescription Pharmaceuticals										
Reported	\$ 250.6	\$ 116.7	\$ 12.2	\$ 19.2	\$ 82.1	\$ 251.9	\$ 120.9	\$ 19.5	\$ 27.1	\$ 74.4
As a % of net sales		46.6%	4.9%	7.7%	32.8%		48.0%	7.7%	10.7%	29.5%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 20.9	\$ —	\$ (0.1)	\$ 21.0	\$ 27.1	\$ —	\$ —	\$ (0.1)	\$ 27.1
Restructuring charges		—	—	—	0.1	—	—	—	—	—
Impairment charges		—	—	—	4.0	—	—	—	—	—
Acquisition charges and contingent consideration adjustments		—	—	—	(0.9)	—	—	(5.0)	—	5.0
Adjusted	\$ 137.6	\$ 12.2	\$ 19.1	\$ 106.3		\$ 148.0	\$ 19.5	\$ 22.0	\$ 106.5	
As a % of net sales		54.9%	4.9%	7.6%	42.4%		58.7%	7.7%	8.7%	42.3%

Q&A / Contact

Perrigo®



Bradley Joseph
Vice President,
Global Investor Relations and Corporate Communications
(269) 686-3373
bradley.joseph@perrigo.com