

Perrigo®



First Quarter 2018 Non-GAAP Reconciliations
May 8, 2018

TABLE 1
PERRIGO COMPANY PLC
RECONCILIATION OF NON-GAAP
MEASURES
SELECTED CONSOLIDATED INFORMATION
(in millions, except per share amounts)
(unaudited)

Three Months Ended March 31, 2018

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	\$ 1,217.0	\$ 492.7	\$ 38.4	\$ 293.6	\$ 4.4	\$ 156.3	\$ 45.8	\$ 29.7	\$ 80.8	\$ 0.57
As a % of reported net sales		40.5%	3.2%	24.1%		12.8%	3.8%	2.4%	6.6%	
Effective tax rate								26.9%		
<i>Adjustments:</i>										
Amortization expense related primarily to acquired intangible assets		\$ 53.9	\$ (0.3)	\$ (34.3)	\$ —	\$ 88.5	\$ —	\$ —	\$ 88.5	\$ 0.62
Change in financial assets		—	—	—	—	—	(9.6)	—	9.6	0.07
Losses on equity investments		—	—	—	—	—	(4.4)	—	4.4	0.03
Acquisition charges and contingent consideration adjustments		—	—	—	(4.2)	4.2	—	—	4.2	0.03
Restructuring charges and other termination benefits		—	—	(4.0)	(1.5)	5.5	—	—	5.5	0.04
Gain on divestitures		—	—	—	1.3	(1.3)	—	—	(1.3)	(0.01)
Non-GAAP tax adjustments*		—	—	—	—	—	—	13.4	(13.4)	(0.09)
Adjusted		\$ 546.6	\$ 38.1	\$ 255.3	\$ —	\$ 253.2	\$ 31.8	\$ 43.1	\$ 178.3	\$ 1.26
As a % of reported net sales		44.9%	3.1%	21.0%		20.8%	2.6%	3.5%	14.6%	
Effective tax rate								19.5%		

Diluted weighted average shares outstanding

Reported 141.4

*The non-GAAP tax adjustments includes \$(21.1) 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, and (2) \$7.7 million net impact related to valuation allowances on deferred tax assets commensurate with non-GAAP pre-tax measures.

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

	Three Months Ended April 1, 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	\$ 1,194.0	\$ 464.4	\$ 39.8	\$ 281.5	\$ 14.6	\$ 128.5	\$ 32.7	\$ 24.2	\$ 71.6	\$ 0.50	
As a % of reported net sales		38.9%	3.3%	23.6%		10.8%	2.7%	2.0%	6.0%		
Effective tax rate								25.3%			
<i>Adjustments:</i>											
Amortization expense primarily related to acquired intangible assets		\$ 55.1	\$ (0.3)	\$ (31.3)	\$ —	\$ 86.6	\$ —	\$ —	\$ 86.6	\$ 0.61	
Change in financial assets		—	—	—	—	—	17.1	—	(17.1)	(0.12)	
Acquisition charges and contingent consideration adjustments		—	—	(0.2)	14.5	(14.3)	—	—	(14.3)	(0.10)	
Impairment charges		—	—	—	(12.2)	12.2	—	—	12.2	0.08	
Gain on divestitures		—	—	—	21.8	(21.8)	—	—	(21.8)	(0.15)	
Operating results attributable to held-for-sale businesses*		1.1	—	(0.6)	—	1.7	—	—	1.7	0.01	
Restructuring charges		—	—	—	(38.7)	38.7	—	—	38.7	0.27	
Non-GAAP tax adjustments**		—	—	—	—	—	—	7.5	(7.5)	(0.05)	
Adjusted		\$ 520.6	\$ 39.5	\$ 249.4	\$ —	\$ 231.6	\$ 49.8	\$ 31.7	\$ 150.1	\$ 1.05	
As a % of reported net sales		43.6%	3.3%	20.9%		19.4%	4.2%	2.7%	12.6%		
Effective tax rate								17.4%			
										Diluted weighted average shares outstanding	
										Reported	143.6

*Held-for-sale businesses includes the India API business and European sports brand.

** The non-GAAP tax adjustment includes the following: (1) \$(27.2) 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 \$(8.1) million effect on non-GAAP income taxes related to the interim tax accounting requirements within ASC 740, Income Taxes; (3) \$35.5 net impact related to valuation allowances on deferred tax assets commensurate with non-GAAP pre-tax measures; and (4) \$(7.7) million of tax adjustments related to the divestiture of Tysabri®.

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

	Three Months Ended March 31, 2018					Three Months Ended April 1, 2017				
	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	\$ 601.6	\$ 200.4	\$ 15.2	\$ 71.5	\$ 113.1	\$ 582.8	\$ 188.4	\$ 16.6	\$ 71.4	\$ 75.0
As a % of reported net sales		33.3%	2.5%	11.9%	18.8%		32.3%	2.8%	12.3%	12.9%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 10.5		\$ (4.7)	\$ 15.2		\$ 12.4		\$ (4.7)	\$ 17.1
Restructuring charges		—		—	0.4		—		—	23.7
Acquisition charges and contingent consideration adjustments		—		—	0.1		—		—	1.7
Adjusted		\$ 210.9		\$ 66.8	\$ 128.8		\$ 200.8		\$ 66.7	\$ 117.5
As a % of reported net sales		35.1%		11.1%	21.4%		34.5%		11.4%	20.2%

	Three Months Ended March 31, 2018					Three Months Ended April 1, 2017				
	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 International										
Reported	\$ 401.4	\$ 194.6	\$ 10.9	\$ 168.2	\$ 14.9	\$ 374.9	\$ 169.5	\$ 10.6	\$ 154.7	\$ 0.2
As a % of reported net sales		48.5%	2.7%	41.9%	3.7%		45.2%	2.8%	41.2%	0.1%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 22.8	\$ (0.3)	\$ (29.7)	\$ 52.8		\$ 20.1	\$ (0.3)	\$ (26.5)	\$ 46.9
Impairment charges		—	—	—	—		—	—	—	1.1
Operating results attributable to held-for-sale business*		—	—	—	—		0.5	—	—	0.5
Restructuring charges		—	—	—	0.6		—	—	—	2.9
Adjusted		\$ 217.4	\$ 10.6	\$ 138.5	\$ 68.3		\$ 190.1	\$ 10.3	\$ 128.2	\$ 51.6
As a % of reported net sales		54.2%	2.6%	34.5%	17.0%		50.7%	2.8%	34.2%	13.8%

*Held-for-sale business includes the European sports brand.

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

	Three Months Ended March 31, 2018					Three Months Ended April 1, 2017				
	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	\$ 214.0	\$ 97.8	\$ 12.3	\$ 20.6	\$ 61.9	\$ 217.4	\$ 96.3	\$ 10.9	\$ 18.4	\$ 88.2
As a % of reported net sales		45.7%	5.8%	9.6%	28.9%		44.3%	5.0%	8.4%	40.5%
<i>Adjustments:</i>										
Amortization expense primarily related to acquired intangible assets		\$ 20.6			\$ 20.6		\$ 22.1		\$ (0.1)	\$ 22.2
Gain on divestitures		—			(1.3)		—		—	(21.8)
Restructuring charges		—			0.2		—		—	5.6
Impairment charges		—			—		—		—	11.1
Acquisition charges and contingent consideration adjustments		—			4.1		(0.1)		—	(16.2)
Adjusted		\$ 118.4			\$ 85.5		\$ 118.3		\$ 18.3	\$ 89.1
As a % of reported net sales		55.3%			39.9%		54.4%		8.4%	41.0%