

Perrigo®



Second Quarter 2019 Financial Results
August 8, 2019

Forward Looking Statements

Certain statements in this presentation 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 are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the Company’s control, including: the timing, amount and cost of any share repurchases; future impairment charges; the success of management transition; 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; resolution of uncertain tax positions, including the Company’s appeal of the Notice of Assessment (the “NoA”) issued by the Irish tax authority and the Notice of Proposed Assessment (“NOPA”) issued by the U.S. Internal Revenue Service and the impact that an adverse result in such proceedings would have on operating results, cash flows, and liquidity; potential third-party claims and litigation, including litigation relating to the Company’s restatement of previously-filed financial information and litigation relating to uncertain tax positions, including the NoA and the NOPA; potential impacts of ongoing or future government investigations and regulatory initiatives; the impact of tax reform legislation and healthcare policy; general economic conditions; fluctuations in currency exchange rates and interest rates; the consummation of announced acquisitions or dispositions and the success of such transactions, and the Company’s ability to realize the desired benefits thereof; and the Company’s ability to execute and achieve the desired benefits of announced cost-reduction efforts and strategic and other initiatives. Statements regarding the separation of the RX business, including the expected benefits, anticipated timing, form of any such separation and whether the separation ultimately occurs, are all subject to various risks and uncertainties, including future financial and operating results, our ability to separate the business, the effect of existing interdependencies with our manufacturing and shared service operations, and the tax consequences of the planned separation to the Company or its shareholders. Furthermore, the Company may incur additional tax liabilities in respect of 2016 and prior years or be found to have breached certain provisions of Irish company law in connection with the Company’s restatement of previously-filed financial statements, which may result in additional expenses and penalties. These and other important factors, including those discussed under “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2018, 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 presentation 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.

Non-GAAP Measures: This presentation contains Non-GAAP measures. The reconciliation of those measures to the most comparable GAAP measures are included at the end of this presentation.

Second Quarter 2019 Financial Results⁽¹⁾

Delivered on Financial Guidance for 3rd Consecutive Quarter

Consolidated Q2 Results

Adjusted Net Sales **\$1.13B**

Adjusted Operating Income **~\$184M**

Adjusted Diluted EPS **\$0.86**

Q2 Business Highlights

Consumer Americas

- Net sales increased 1% (YoY/CC) excluding the held-for-sale animal health business and exited infant foods business
- OTC net sales increased 4% (YoY/CC) driven by an extended cough/cold season, coupled with a strong start to the allergy season; gained market share in nearly every category
- OTC category growth rate tripled during the quarter compared to prior year, from 1.1% to 3.5%; Store Brand grew 3.8%, gaining share from National Brand⁽²⁾

Consumer International

- Market share remained stable in a growing European marketplace
- Net sales decreased 2% (YoY/CC) as strong new products of \$30 million were more than offset by unfavorable currency, restructuring efforts in France which disrupted sales effectiveness, weaker seasonal effects in the EU and discontinued products
- Net sales of core branded products grew 3%

RX

- Net sales increased 3% (YoY) driven by new product sales of \$27M and improved customer service, partially offset by pricing pressure
- Continued moderation of pricing pressure

Consolidated – Q2 2019 Summary

(\$ in millions, except per share amounts)	Q2 2019 Reported	Q2 2019 Adjusted ⁽¹⁾	Q2 2018 Reported	Q2 2018 Adjusted ⁽¹⁾	Reported Change YoY%	Non-GAAP Adjustments
Net Sales	\$1,149	\$1,127	\$1,186	NA	(3%)	Operating results attributable to held-for-sale business
Gross Profit	\$431	\$466	\$471	\$524	(9%)	Acquisition-related amortization expenses and operating results attributable to held-for-sale business
R&D Expense	\$44	\$43	\$92	\$42	(52%)	Acquisition-related amortization expenses and operating results attributable to held-for-sale business
Distribution, Selling & Administrative Expense (DSG&A)	\$291	\$239	\$276	\$242	6%	Acquisition-related amortization expenses; acquisition and integration-related charges and contingent consideration adjustments; unusual litigation, separation and reorganization expense, and operating results attributable to held-for-sale business
Restructuring, Impairment Charges, and Other Operating Income (Loss)	\$41	\$0	\$9	\$0	373%	Restructuring charges and other termination benefits; acquisition and integration-related charges and contingent consideration adjustments; and impairment charges
Operating Income	\$55	\$184	\$95	\$240	(42%)	
Interest & Other Expense and Change in Financial Asset	\$28	\$31	\$39	\$34	(29%)	Change in financial assets; gain/loss on investment securities, and gain/loss on divestitures
Effective Tax Rate	67%	23%	35%	18%	3,210 bps	
Net Income	\$9	\$117	\$36	\$169	(75%)	
Diluted Earnings per Share	\$0.07	\$0.86	\$0.26	\$1.22	(73%)	

Consolidated Net Sales Summary – Q2 2019⁽¹⁾

Adjusted Net Sales Increased 1% Vs. Prior Year, Ex. Animal Health, Infant Foods and Currency

Net Sales	Q2 2019	Q2 2018	\$ Change	% Change	% Change (CC)
Consolidated Reported Net Sales	\$1.15B	\$1.19B	(\$40M)	(3%)	(1%)
Consolidated Adjusted Net Sales <i>(ex. Animal Health, infant foods)</i>	\$1.13B	\$1.14B	(\$10M)	(2%)	1%

Q2 CONSOLIDATED NET SALES HIGHLIGHTS

- New product sales of \$65 million and increased demand-driven sales in the Consumer Self-Care Americas and RX businesses were partially offset by lower sales in the Consumer Self-Care International business
- Discontinued products of \$27 million, including \$10 million from the exited infant foods business
- Unfavorable currency impact of \$24 million

Worldwide Consumer Net Sales Summary – Q2 2019⁽¹⁾

Adjusted Net Sales were Flat Vs. Prior Year, Ex. Animal Health, Infant Foods and Currency

Net Sales (\$ in millions)	Q2 2019	Q2 2018	\$ Change	% Change	% Change (CC)
Worldwide Consumer Reported Net Sales ⁽²⁾	\$910M	\$955M	(\$45M)	(5%)	(2%)
Worldwide Consumer Adjusted Net Sales ⁽²⁾ <i>(ex. Animal Health, Infant Foods)</i>	\$887M	\$913M	(\$26M)	(3%)	0%
CSC Americas Adjusted Net Sales <i>(ex Animal Health, Infant Foods)</i>	\$559	\$555	\$4	1%	1%
CSC International Net Sales	\$328	\$358	(\$30M)	(9%)	(2%)

Q2 NET SALES HIGHLIGHTS

- **CSC Americas:** Strong sales in the core OTC business driven by an extended cough/cold season and strong start to allergy season, were partially offset by the lower contract manufacturing sales as some infant formula customers exited the category, discontinued products and an infant formula recall
- **CSC International:** \$30 million in new products were more than offset by adverse currency movements, lower net sales in France due to a restructuring of our sales force, weak seasonal effects in the EU and discontinued products
- Unfavorable currency impact of \$24 million

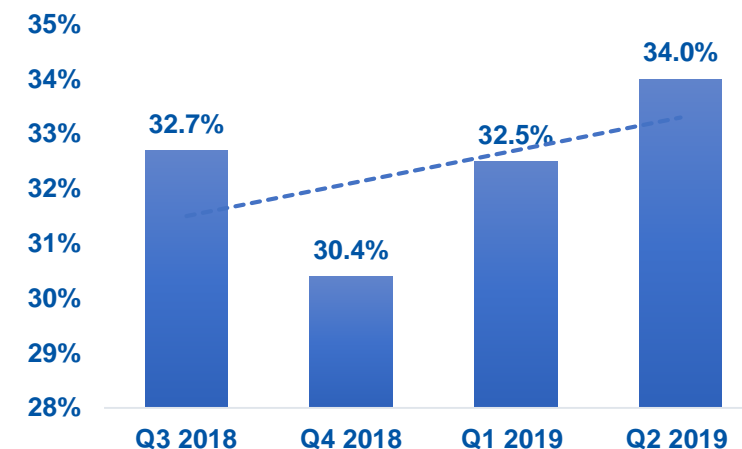
(1) See attached Appendix for reconciliation of Adjusted (Non-GAAP) to Reported (GAAP) amounts
 (2) Worldwide Consumer includes the CSC Americas segment, CSC International segment and Corporate

Worldwide Consumer Gross Profit Summary – Q2 2019⁽¹⁾

Adjusted GP Down 3%, ex. Animal Health, Infant Foods and Currency; CSCA Adjusted GM Continued to Improve Sequentially

Adjusted Gross Profit (\$ in millions)	Q2 2019	Q2 2018	\$ Change	% Change
Worldwide Consumer⁽²⁾	\$366	\$408	(\$42)	(10%)
<i>WW Consumer gross margin %</i>	<i>41.2%</i>	<i>42.7%</i>		<i>(150 bps)</i>
CSC Americas	\$190	\$213	(\$23)	(11%)
<i>Americas gross margin %</i>	<i>34.0%</i>	<i>35.7%</i>		<i>(170 bps)</i>
CSC International	\$175	\$195	(\$20)	(10%)
<i>International gross margin %</i>	<i>53.5%</i>	<i>54.5%</i>		<i>(100 bps)</i>

CSCA Adjusted Gross Margin



ADJUSTED GROSS PROFIT HIGHLIGHTS

- **CSC Americas:** Lower YoY due primarily to the impacts of the held-for-sale animal health business, lower infant formula contract manufacturing and operational inefficiencies; adjusted gross margin improved 150 basis points sequentially due primarily to favorable product mix and higher sales volumes in OTC
- **CSC International:** New product launches more than offset by the impacts of unfavorable product mix due primarily to the sales force realignment in France

(1) See attached Appendix for reconciliation of Adjusted (Non-GAAP) to Reported (GAAP) amounts
 (2) Worldwide Consumer includes the CSC Americas segment, CSC International segment and Corporate

Worldwide Consumer Operating Expense Summary – Q2 2019⁽¹⁾

Adjusted Operating Expenses (\$ in millions)	Q2 2019	Q2 2018	\$ Change	% Change
Worldwide Consumer ⁽²⁾	\$248	\$247	\$1	0%
CSC Americas	\$77	\$84	(\$7)	(9%)
CSC International	\$125	\$139	(\$14)	(10%)

ADJUSTED OPERATING EXPENSE HIGHLIGHTS

- Flat to last year; excluding adverse currency movements and the held-for-sale animal health business, adjusted operating expenses were 8% higher versus the prior year period, due primarily to:
 - R&D expenses increased 13% ex. Animal Health, Infant Foods and Currency
 - Performance-based compensation plan accruals returned to 100%
 - The absence of a one-time insurance recovery that benefited 2Q18

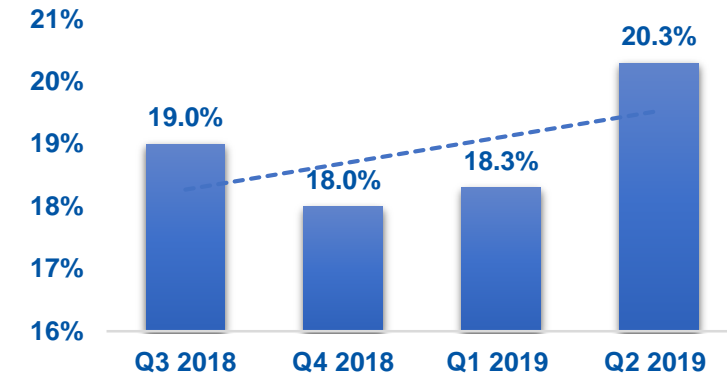
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(2) Worldwide Consumer includes the CSC Americas segment, CSC International segment and Corporate

Worldwide Consumer Operating Income Summary – Q2 2019⁽¹⁾

Adjusted OM Was 13%; CSCA Adjusted OM Continued to Improve Sequentially

Adjusted Operating Income (\$ in millions)	Q2 2019	Q2 2018	\$ Change	% Change
Worldwide Consumer⁽²⁾	\$118	\$161	(\$43)	(27%)
<i>WW Consumer operating margin %</i>	13.3%	16.8%		(350 bps)
CSC Americas	\$114	\$129	(\$15)	(12%)
<i>Americas operating margin %</i>	20.3%	21.6%		(130 bps)
CSC International	\$50	\$56	(\$6)	(11%)
<i>International operating margin %</i>	15.3%	15.6%		(30 bps)

CSCA Adjusted Operating Margin



ADJUSTED OPERATING INCOME HIGHLIGHTS

- **CSC Americas:** Gross margin flow through and higher R&D expenses, partially offset by lower SG&A expenses; adjusted operating margin improved 200 basis points sequentially to 20.3%
- **CSC International:** Adjusted operating margin of 15.3% was relatively flat compared to prior year

RX Segment Performance– Q2 2019⁽¹⁾

Continued Strong Performance Despite Challenging Marketplace

RX Performance <i>(in millions)</i>	Q2 2019	Q2 2018	\$ Change	% Change
RX Net Sales	\$239	\$232	\$7	3%
Adjusted Gross Profit	\$100	\$116	(\$16)	(14%)
<i>RX adjusted gross margin %</i>	<i>41.7%</i>	<i>50.0%</i>		<i>(830 bps)</i>
Adjusted Operating Expenses	\$34	\$37	(\$3)	(7%)
Adjusted Operating Income	\$66	\$79	(\$13)	(17%)
<i>RX operating margin %</i>	<i>27.4%</i>	<i>34.1%</i>		<i>(670 bps)</i>

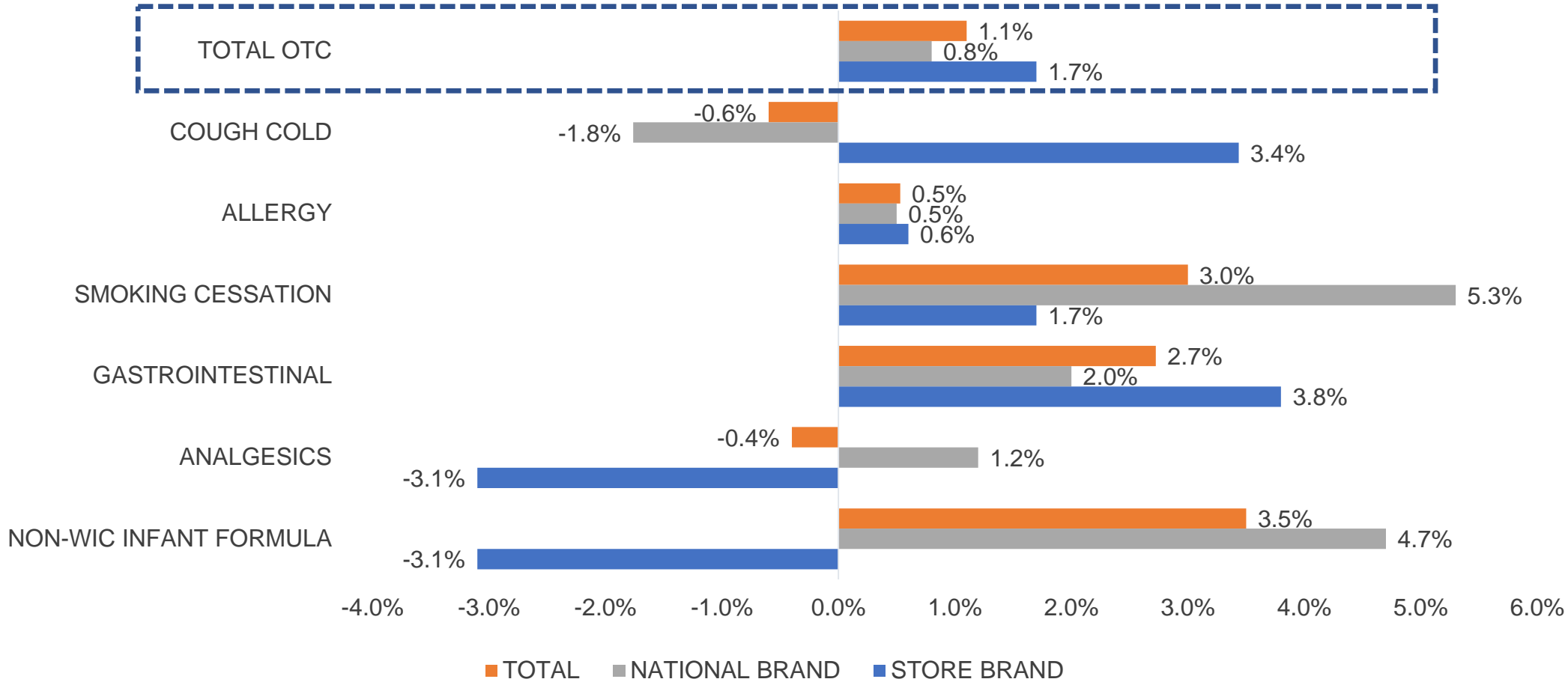
RX PERFORMANCE HIGHLIGHTS

- **Net Sales:** New product sales of \$27 million, improved customer service levels and improved product mix were partially offset by continued, although moderating, pricing pressure and discontinued products
- **Adjusted Gross Profit:** Pricing pressure and higher sales volumes of relatively lower margin authorized generic products
- **Adjusted Operating Income:** Gross margin flow-through partially offset by lower administrative expenses; R&D expenses were similar to prior year

(1) See attached Appendix for reconciliation of Adjusted (Non-GAAP) to Reported (GAAP) amounts

U.S. Store Brand OTC Growth Continues to Outpace National Brand

Dollar Sales % Change Vs. Year Ago



Calendar Year 2019 Guidance Including Ranir⁽¹⁾⁽²⁾

Calendar Year 2019 Consolidated Guidance

Net Sales	\$4.75B - \$4.85B
Adjusted Operating Income	\$775M - \$825M
Adjusted Diluted EPS	\$3.75 - \$4.05

Calendar Year 2019 Guidance

	Net Sales	Adjusted Operating Margin
Worldwide Consumer (Adjusted Net Sales)	~\$3.84B	~13.0%
CSC Americas (Adjusted Net Sales)	~\$2.49B	~20.0%
CSC International	~\$1.35B	~15.5%
Rx	~\$970M	~30.0%

(1) See attached appendix for reconciliation of adjusted (non-GAAP) to reported (GAAP) amounts

(2) Includes contributions from the Animal Health business in the first quarter 2019 only as the business is accounted for as held for sale beginning in the second quarter 2019

(3) Worldwide Consumer includes the CSC Americas segment, CSC International segment and Corporate

Calendar Year 2019 Assumptions Including Ranir⁽¹⁾⁽²⁾

ASSUMPTIONS

- **Excludes held-for-sale Animal Health business⁽²⁾**
 - YoY impact to 2019 net sales of \$75 million
 - YoY impact to 2019 adj. operating income of \$11 million
- **Exit of CSCA Infant foods product line**
 - YoY impact to 2019 net sales of \$29 million
- **Worldwide Consumer adjusted net sales growth of 5% YoY** excluding held-for-sale animal health business, exited infant foods and currency
 - Ranir contributions included in CSCA segment, starting July 1, 2019
 - Phasing of Ranir contributions expected to be similar in Q3 and Q4
- **Rx net sales growth** assumes pricing expectations similar to 2018
- **Adjusted EPS more heavily weighted to the fourth quarter** driven by new products and productivity improvements
- **Q2 planned A&P investments now expected in Q4**

UPSIDE FACTOR (Not included in guidance)	2019 POTENTIAL IMPACT
Generic ProAir® Approval	+ \$0.00 – \$0.10 cents (+\$0.10 cents per quarter)
Incremental Cost Savings Initiative	+ \$0.00 – \$0.05 cents
Total	+ \$0.00 – \$0.15 cents

Calendar Year 2019 Assumptions Including Ranir⁽¹⁾⁽²⁾

MODELING METRICS	CALENDAR YEAR 2019
Adjusted DSG&A (including A&P) as % of Net Sales	~21%
R&D as % of Net Sales	~4%
Interest Expense	~\$125M
Adjusted Effective Tax Rate	~21%
Diluted Shares Outstanding	~136M
Operating Cash Flow	~\$500M

	Calendar Year 2018	Calendar Year 2019 Guidance at June 29, 2019 Fx Rates	Impact of Dec 31, 2018 Fx Rates Compared to June 29, 2019 Fx Rates
Net Sales	\$4.73B	\$4.75 – \$4.85B	(\$70M)
Adjusted Diluted EPS	\$4.55/share	\$3.75 – \$4.05/share	(\$0.06/share)