

# Perrigo®



## Calendar Year 2016 Preliminary Financial Results February 27, 2017



# Forward – Looking Statements

Note: 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,” “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, future impairment charges, the ability to achieve its guidance the ability to timely execute and achieve the desired benefits of its announced restructuring plan and initiatives, future asset sales and the timing, amount and cost of share repurchases. In addition, there can be no assurance that the Company will be able to file its 2016 Form 10-K within the fifteen calendar day extension provided by Rule 12b-25, or that the Company may not identify one or more material weaknesses in its internal control over financial reporting, need to restate its financial statements or conclude that investors should no longer rely upon previously issued financial statements. These and other important factors, including those discussed under “Risk Factors” in the Company’s Form 10-KT for the six-month period ended December 31, 2015, as well as the Company’s subsequent filings with the SEC, 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 Financial Measures**

This presentation contains non-GAAP financial measures. The reconciliation of those measures to the most comparable GAAP measures is included at the end of this presentation. A copy of this presentation, including the reconciliations, is available on the Company’s website at [www.perrigo.com](http://www.perrigo.com).



## John Hendrickson



Leveraging the Perrigo Advantage



## Ron Winowiecki

- ✓ Nearly 30 years of years of accounting and finance experience, devoting nearly 15 years to leading global public company finance organizations
- ✓ Previously served as Perrigo's SVP, Business Finance
- ✓ Previously:
  - ✓ CFO of Innotec Company
  - ✓ VP, Corporate Controller and Chief Accounting Officer for SPX Corporation
  - ✓ Corporate Controller and Chief Accounting Officer at Donnelly Corporation



# Call Agenda

**I. Roadmap to Value Creation**

**II. Calendar Year 2016 Highlights & 2017 Priorities**

**III. Calendar Year 2016 Select Preliminary Unaudited Results**

**IV. Calendar Year 2017 Guidance**

**V. Perrigo Value Proposition**

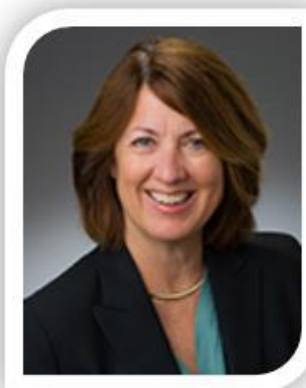
**VI. Q&A**

# I. Roadmap to Value Creation

SPECIFIC ACTIONS	STATUS		
	Update	In Progress	Completed
A. Enhance Corporate Governance	<input checked="" type="checkbox"/>		
B. Strategic Alternatives Process for Tysabri®; Announcing Alternatives Process for API	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
C. Optimize Cost Structure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
D. Drive CHCI Profitability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Detailed Review of Rx Pharmaceuticals		<input checked="" type="checkbox"/>	
Alternatives Processes for South Africa, Russia and Argentina Businesses		<input checked="" type="checkbox"/>	
Partnership for Rx Branded Portfolio			<input checked="" type="checkbox"/>
Divestiture of VMS Business, API India Facility, European Sports Nutrition Brand, Pet Treats Plant			<input checked="" type="checkbox"/>

# New Board Members with Proven Track Records

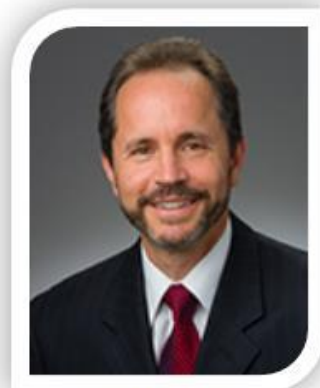
## A Enhance Corporate Governance



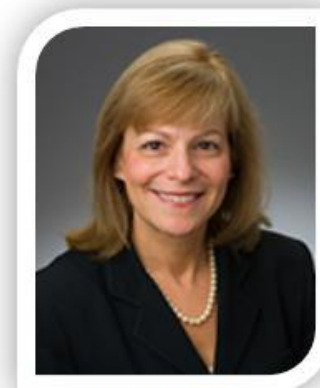
**Laurie Brias**  
Chairman of the Board  
Retired CFO Newmont Mining



**John T. Hendrickson**  
CEO of Perrigo



**Gary M. Cohen**  
EVP Becton, Dickinson  
and Company



**Ellen Hoffing**  
Ex-Co-President & COO  
Neos Therapeutics



**Donal O'Connor**  
Retired Partner, PwC Ireland



**Bradley Alford**  
Ex-Chairman & CEO  
Nestle USA



**Theodore R. Samuels**  
Retired President  
Capital Guardian Trust



**Jeffrey Smith**  
CEO & CIO of Starboard



**Geoff Parker**  
Ex-CFO Anacor  
Pharmaceuticals



**Jeffrey B. Kindler**  
CEO Centrexion; Ex-  
Chairman & CEO Pfizer



# Sale of Tysabri<sup>®</sup> Royalty Transforms Capital Structure

## B Strategic Alternatives Process for Tysabri<sup>®</sup>



### Sale of Tysabri<sup>®</sup> for up to \$2.85B

- ✓ Announced agreement with affiliate of RPI Finance Trust to purchase royalty
- ✓ Up to \$650 million in potential contingent milestone payments
- ✓ Expect transaction to be completed within 30 days
- ✓ Enables focus on other businesses – simplifies equity story



### Expected Use of Proceeds

- ✓ Debt repayment strategy consistent with long-standing investment grade financial policy



### Expected Financial Impact

- ✓ Expected 2017 Tysabri<sup>®</sup> contributions: net sales of \$359 million; GAAP EPS in range of \$1.03 – \$1.09 and adjusted EPS in range of \$2.12 – \$2.18<sup>(1)</sup>



# Build on Track Record of Creating Efficiencies

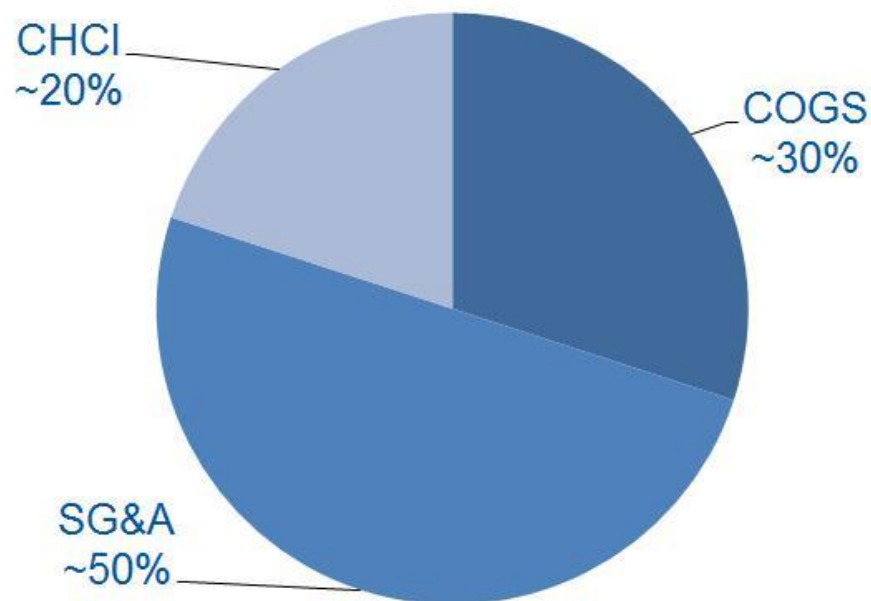
## C Optimize Cost Structure



### Streamlining Organizational Structure to Become Leaner

- ✓ Impacts ~750 employees or ~14% of non-production workforce across the entire organization
- ✓ Maintains quality and production workforce to meet increasing volume demands
- ✓ Increases utilization and improves COGS across our segments

### Expected Cost Efficiencies Totaling >\$130M



**Expected 2017 Savings: >\$100M**

**Expected Incremental 2018 Savings: >\$30M**

# Progressing Previously Announced Actions

## D Drive CHCI Profitability

SPECIFIC ACTIONS	STATUS		
	Update	In Progress	Completed
Enhance Leadership	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Focus Geographic And Brand Strategy – Proactively cancelled additional unprofitable distribution agreements in Belgium (now expect ~\$220M* in net sales impact in 2017 with <u>NO EXPECTED IMPACT</u> to profits)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Optimize Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Increase Innovation		<input checked="" type="checkbox"/>	



## II. Preliminary CY 2016 Highlights

### Consolidated

- ✓ Record net sales and strong cash flow
- ✓ Transitional year for leadership and organization
- ✓ Strategic portfolio review & cost optimization plan

### CHCA

- ✓ Record performance in Infant Nutrition
- ✓ Good performance in other OTC categories including smoking cessation
- ✓ Continued supply chain productivity

### CHCI

- ✓ Action plans in place to drive performance
- ✓ Transitioned key leadership to drive business
- ✓ Cancelled unprofitable distribution agreements to focus on OTC products

### Rx

- ✓ Second-half price headwinds were in-line with updated forecast
- ✓ Announced partnership for branded women's health Rx business
- ✓ Continued to manage business for the long-term

# CY 2017 Priorities and Perspectives

## Consolidated

- ✓ 'Back to Basics' and focus on fundamentals
- ✓ Conclude portfolio review
- ✓ Realign cost structure and launch new products

## CHCA

- ✓ Focus on customers and consumers
- ✓ Invest in innovation and new products
- ✓ Maintain high standards of quality and productivity

## CHCI

- ✓ Grow at or above OTC market rate
- ✓ Launch new products
- ✓ Progress previously announced supply chain savings

## Rx

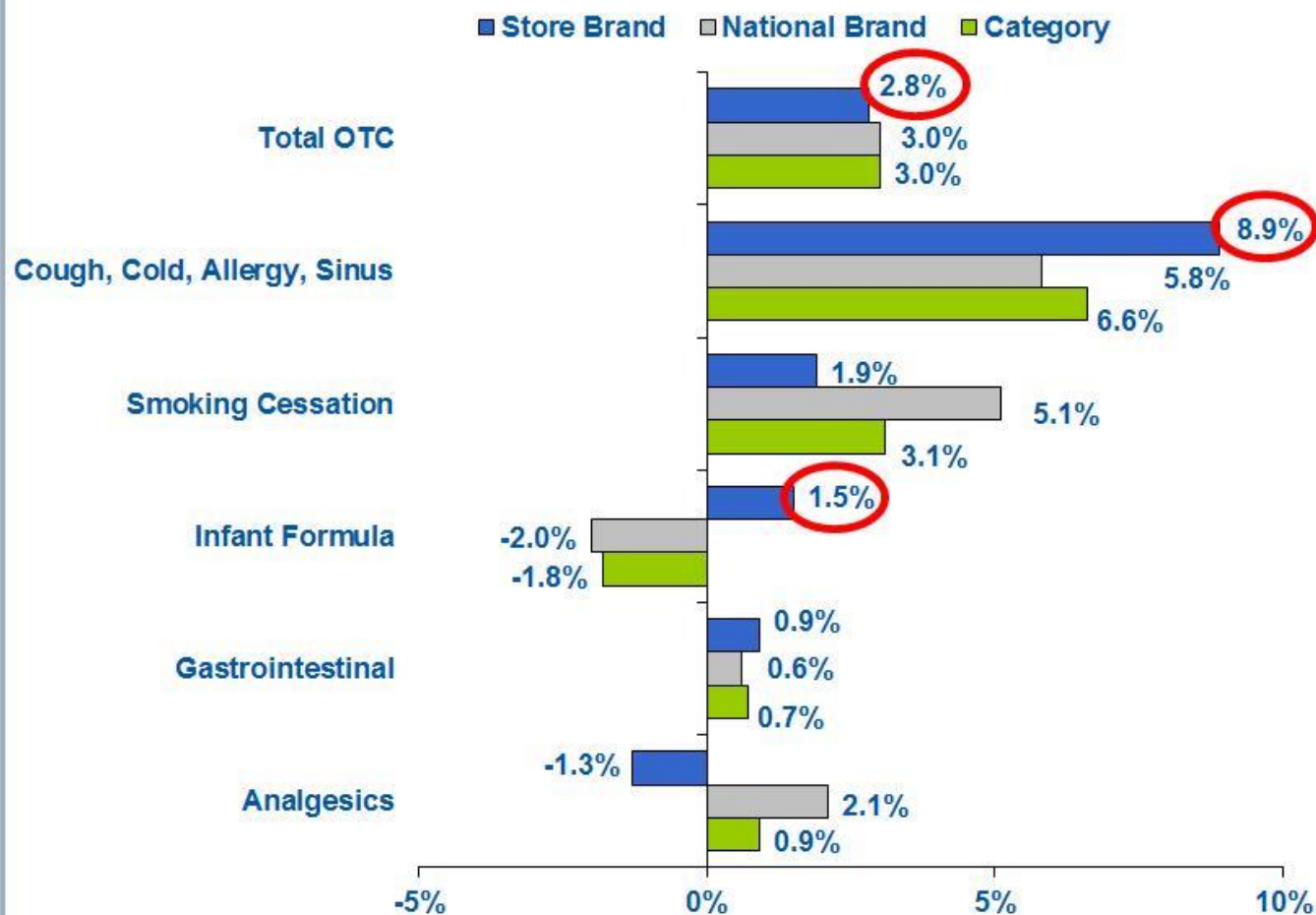
- ✓ Receive FDA approvals and launch new products
- ✓ Invest in 'sweet spot' pipeline opportunities
- ✓ Continue to manage business for the long-term



# Consumer Healthcare Americas

## Recent Trends

### Store Brand Growth

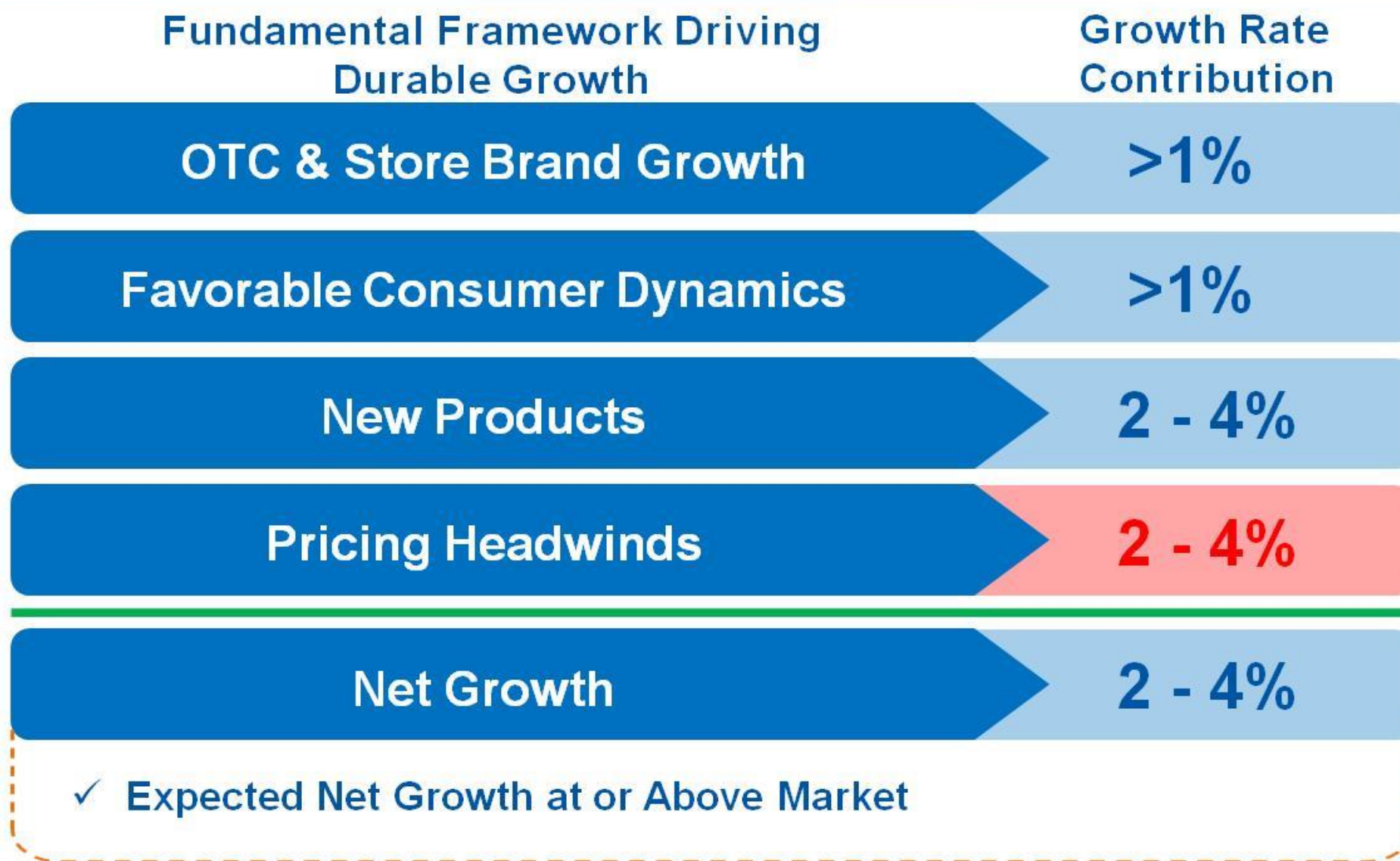


### Key Categories Driving Growth

- ✓ Store brand OTC dollar growth trending positively – Driven by:
  - ✓ New store brand launches in categories **previously exclusive** to national brands
  - ✓ Lapping the effect of major national brand return to market
- ✓ Record 2016 in store brand infant formula business – continue to be leading store brand provider
- ✓ Cough cold season better than 2015 – store brand usage in the category has outpaced national brand

# Durable CHCA Growth Framework

## Recent Trends





# Prescription Pharmaceuticals

One of the Premier Extended Topicals Businesses

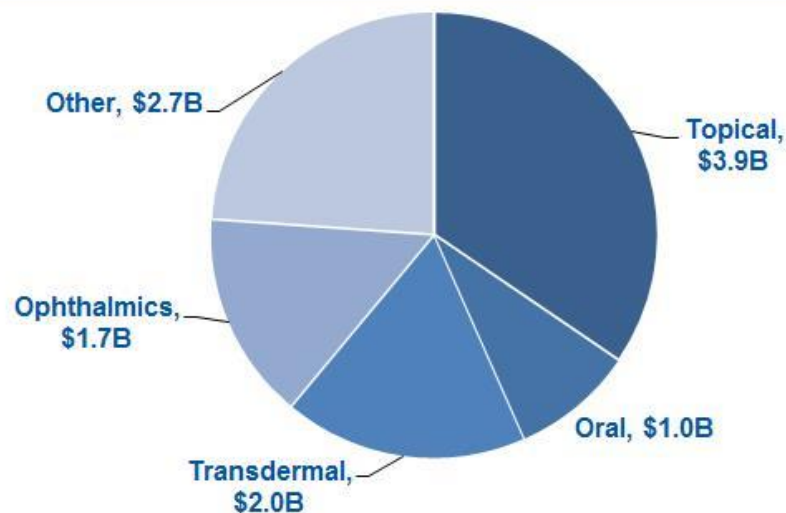
## 24 ANDAs Pending FDA Approval

- ✓ ANDAs represent \$3.1B in branded sales
- ✓ 6 confirmed first-to-file ANDAs

## 2017 New Products

- ✓ >5 additional undisclosed products with branded sales >\$800M

## 2018 – 2021 Projects: Over \$11B in Branded Sales



## 4 Paragraph IV Litigations

- ✓ Testosterone Topical Solution 2% (Axiron®)
- ✓ Azelastine HCl/Fluticasone Propionate Nasal Spray 137mcg/50mcg (Dymista®)
- ✓ Ingenol Mebutate Gel 0.015% & 0.05% (Picato®)
- ✓ Clindamycin phosphate 1.2% and benzoyl peroxide 3.75% (Onexton® Gel)

## Generic ProAir® Launch Timing

- ✓ Progressing towards FDA approval
- ✓ No contribution included in 2017 guidance



## Ron Winowiecki



Calendar Year 2016 Preliminary Financial Review



## Form 12b-25 Notification

- ✓ Delayed filing of Company Form 10-K to complete final impairment calculations related to the announced sale of Tysabri<sup>®</sup>, and deferred tax assets and other related effects at Omega Pharma Invest N.V.
- ✓ Do not expect 2016 final adjusted net sales and adjusted EPS results to be materially different
- ✓ We currently expect to complete the necessary procedures to file our Form 10-K on or before March 16, 2017

### III. Select Preliminary Unaudited Financials

#### Preliminary Calendar Year 2016 Financial Results

##### Reported

Net Sales \$5.6B

Operating Income/Loss \$(4.65B) – \$(4.68B)

Earnings/Loss Per Share \$(28.85) – \$(29.00)

##### Adjusted<sup>(1)</sup>

Adj. Net Sales \$5.5B

Adj. Operating Income \$1.42B – \$1.44B


Adj. Earnings Per Share \$7.10 - \$7.25

##### Non-GAAP Adjustments

Adjusted results exclude impairment charges primarily related to the CHCI business and Tysabri<sup>®</sup>, as well as items outlined in Table I in the appendix

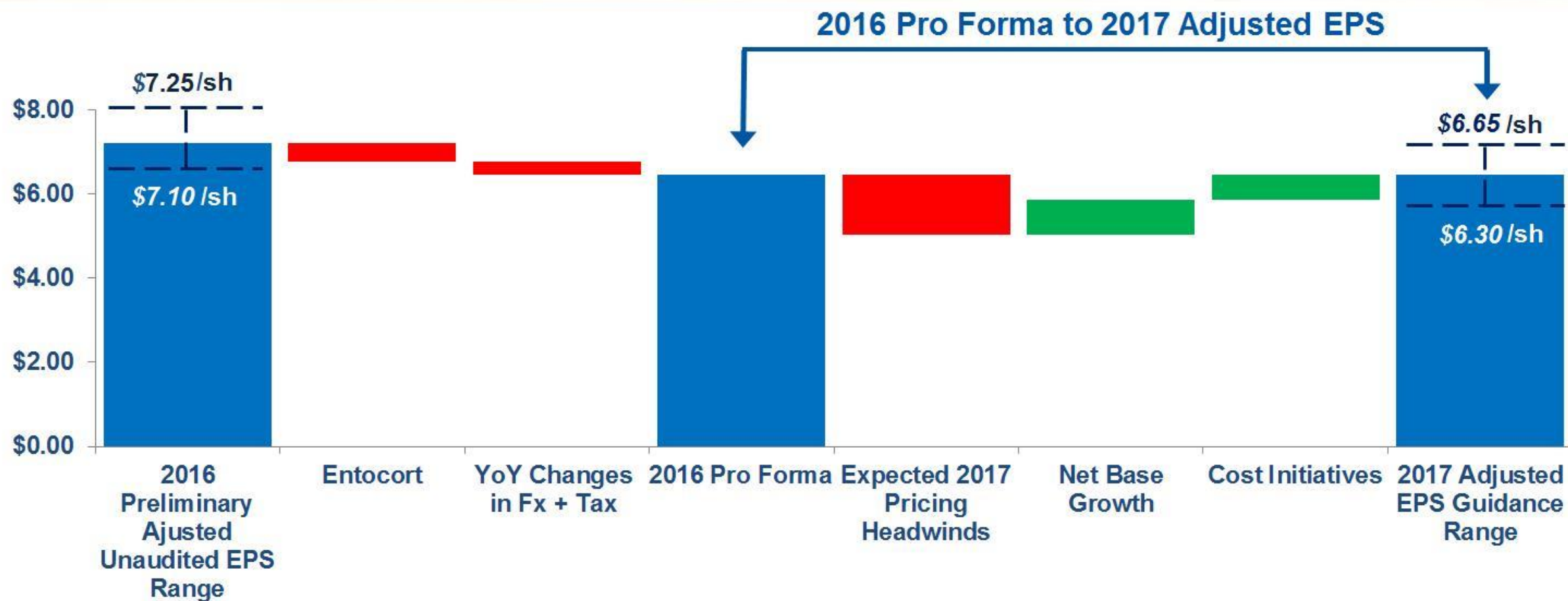


## IV. Calendar Year 2017 Guidance – Includes Tysabri® and API

	Calendar Year 2017 Guidance <sup>(1)</sup>	Calendar Year 2017 Segment Net Sales Guidance	
Net Sales	\$5.0B – \$5.2B		
Adjusted DSG&A as % of Net Sales <sup>(1)</sup>	~18.5%		Consumer Healthcare Americas ~\$2.4B
R&D as % of Net Sales <sup>(2)</sup>	~3.5%		
Adjusted Operating Income	\$1.28B – \$1.34B		Consumer Healthcare International ~\$1.4B
Interest Expense	~\$215M		
Adjusted Effective Tax Rate	~15%		
Adjusted EPS	\$6.30 – \$6.65		Rx Pharmaceuticals ~\$925M
Diluted Shares Outstanding	~144.3M		
Operating Cash Flow	>\$850M		

✓ Includes 2017 Tysabri® adjusted EPS contribution of \$2.12 – \$2.18

# Guidance Bridge



- ✓ Net base growth assumes 2017 new products of ~\$200 million; Excludes gProAir®
- ✓ Includes 2017 Tysabri® adjusted EPS contribution of \$2.12 – \$2.18
- ✓ 2017 GAAP earnings per share guidance range of \$3.39 - \$3.74



# Balance Sheet

## 2016 Metrics

### ✓ Strong Cash Flow

- ✓ Calendar year 2016 preliminary operating cash flow of \$1.01B



**\$622M**  
Total Cash<sup>(1)</sup>



**\$5.8B**  
Total Debt<sup>(1)</sup>

## 2017 Priorities

### ✓ Balance Sheet

- ✓ Committed to maintaining investment grade rating
- ✓ Operating cash flow of > \$850 million



2017 Operating  
Cash Flow  
**>\$850M**



Pay down  
of 2017  
Debt Maturities



## John Hendrickson



Leveraging the Perrigo Advantage



# V. Perrigo Differentiation Drives Shareholder Value

Competencies Drive Innovative, Cost Effective, Focused Solutions

## Value Proposition

- ✓ Diversified store brand and branded consumer healthcare and Rx platforms
- ✓ Strong, stable margins in several businesses
- ✓ Unique combination of FMCG, pharmaceutical and supply chain competencies
- ✓ Strong cash flow
- ✓ Branded OTC turnaround plan taking shape
- ✓ Conclusion of strategic portfolio review



## VI. Q&A / Contacts

# Perrigo®



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# Appendix

TABLE I  
PERRIGO COMPANY PLC  
RECONCILIATION OF NON-GAAP MEASURES  
CURRENT 2017 GUIDANCE  
(in millions, except per share amounts)  
(unaudited)

<b>Diluted Earnings (Loss) per Share</b>	<b>Year Ended</b>
<b>Reported</b>	<b>December 31, 2016</b>
<i>Adjustments:</i>	<b><u>\$(28.85) - \$(29.00)</u></b>
Impairment charges	37.54
Amortization expense related primarily to acquired intangible assets	4.52
Restructuring charges	0.22
Acquisition and integration-related charges	0.15
Operating results attributable to held-for-sale businesses (1)	0.11
Unusual litigation	0.07
Losses on equity method investments	0.03
Legal and consulting fees related to Mylan defense	0.01
Gain on divestitures	(0.05)
Tax effect of non-GAAP adjustments (2)	(6.50)
<b>Adjusted</b>	<b><u>\$7.10 - \$7.25</u></b>

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

(2) Includes tax effect of pretax non-GAAP adjustments calculated based upon the specific rate of the applicable jurisdiction of the pretax item and certain adjustments for discrete tax items.

TABLE I (continued)  
PERRIGO COMPANY PLC  
RECONCILIATION OF NON-GAAP MEASURES  
CURRENT 2017 GUIDANCE  
(in millions, except per share amounts)  
(unaudited)

	<b>Year Ended December 31, 2016</b>
<b>Consolidated Net Sales</b>	
<b>Reported</b>	<b>\$ 5,634.8</b>
Adjustments:	
Operating results attributable to held-for-sale businesses (1)	(113.8)
<b>Adjusted</b>	<b>\$ 5,521.0</b>

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

	<b>Year Ended December 31, 2016</b>
<b>Operating Income</b>	
<b>Reported</b>	<b>\$(4,651.2) - \$(4,676.2)</b>
Adjustments:	
Impairment charges	5,368.0
Amortization expense related primarily to acquired intangible assets	641.9
Restructuring charges	31.0
Acquisition and integration-related charges	21.9
Operating results attributable to held-for-sale businesses (1)	15.5
Unusual litigation	10.2
Legal and consulting fees related to Mylan defense	2.0
<b>Adjusted</b>	<b>\$1,414.3 - \$1,439.3</b>

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

	<b>Full Year 2017 EPS</b>
<b>Tysabri Diluted Earnings per Share</b>	
<b>Reported</b>	<b>\$1.03 - \$1.09</b>
Adjustments:	
Amortization expense related to intangible asset	1.25
Tax effect of non-GAAP adjustments	(0.16)
<b>Adjusted</b>	<b>\$2.12 - \$2.18</b>



TABLE I (continued)  
PERRIGO COMPANY PLC  
RECONCILIATION OF NON-GAAP MEASURES  
CURRENT 2017 GUIDANCE  
(in millions, except per share amounts)  
(unaudited)

<b>Diluted Earnings (Loss) per Share</b>	<b>Full Year 2017 EPS Guidance</b>
<b>Reported</b>	<b>\$3.39 - \$3.74</b>
<i>Adjustments:</i>	
Amortization expense related primarily to acquired intangible assets	3.49
Restructuring charges	0.28
Tax effect of non-GAAP adjustments (1)	(0.86)
<b>Adjusted</b>	<b>\$6.30 - \$6.65</b>

(1) Includes tax effect of pretax non-GAAP adjustments calculated based upon the specific rate of the applicable jurisdiction of the pretax item.

<b>Consolidated DSG&amp;A as a % of Net Sales</b>	<b>Full year 2017 Guidance</b>
<b>Reported</b>	<b>Approx. 21.8%</b>
Restructuring charges	(0.80)%
<b>Adjusted</b>	<b>Approx. 18.5%</b>

<b>Consolidated Operating Income</b>	<b>Full year 2017 Guidance</b>
<b>Reported</b>	<b>\$734 - \$794</b>
<i>Adjustments:</i>	
Amortization expense related primarily to acquired intangible assets	506.0
Restructuring charges	40.0
<b>Adjusted</b>	<b>\$1,280 - \$1,340</b>

TABLE I (continued)  
PERRIGO COMPANY PLC  
RECONCILIATION OF NON-GAAP MEASURES  
CURRENT 2017 GUIDANCE  
(in millions, except per share amounts)  
(unaudited)

<b>CHCA Operating Margin</b>	<b>Full year 2017 Guidance</b>
<b>Reported</b>	<b>Approx 19.3%</b>
<i>Adjustments:</i>	
Amortization expense related to acquired intangible assets	1.9%
<b>Adjusted</b>	<b>Approx. 21.2%</b>
<b>CHCI Operating Margin</b>	<b>Full year 2017 Guidance</b>
<b>Reported</b>	<b>Approx. 0.0%</b>
<i>Adjustments:</i>	
Amortization expense related primarily to acquired intangible assets	13.3%
<b>Adjusted</b>	<b>Approx. 13.3%</b>
<b>RX Operating Margin</b>	<b>Full year 2017 Guidance</b>
<b>Reported</b>	<b>Approx. 37.1%</b>
<i>Adjustments:</i>	
Amortization expense related primarily to acquired intangible assets	2.5%
<b>Adjusted</b>	<b>Approx. 39.6%</b>
<b>Effective Tax Rate</b>	<b>Full year 2017 Guidance</b>
	<b>Tax expense      Pre-tax income      Effective Tax Rate</b>
<b>Reported</b>	<b>\$            39    \$            575            Approx. 7%</b>
Non-GAAP adjustments	125                            545
<b>Adjusted</b>	<b>\$            164    \$            1,120            Approx. 15%</b>

**TABLE I (continued)**  
**PERRIGO COMPANY PLC**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**CURRENT 2017 GUIDANCE**  
(in millions, except per share amounts)  
(unaudited)

**Consumer Healthcare International distribution sales**

	<b>Three Months Ended April 1, 2017</b>	<b>Three Months Ended July 1, 2017</b>	<b>Three Months Ended September 30, 2017</b>	<b>Three Months Ended December 31, 2017</b>	<b>Year Ended December 31, 2017</b>
Distribution sales	\$ 30.8	\$ 64.5	\$ 41.7	\$ 83.2	\$ 220.2