

PERRIGO CO  
Form 10-Q  
November 04, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 28, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-09689

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PERRIGO COMPANY  
(Exact name of registrant as specified in its charter)

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Michigan 38-2799573  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

515 Eastern Avenue 49010  
Allegan, Michigan (Zip Code)  
(Address of principal executive offices)

(269) 673-8451  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  YES  NO

As of October 31, 2013, the registrant had 94,299,647 outstanding shares of common stock.



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### Cautionary Note Regarding 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,” “believe,” “estimate,” “predict,” “potential” or the negative of those terms or other comparable terminology.

On or prior to the effective time of the Acquisition, Holdco (as defined below) may seek to refinance certain outstanding indebtedness of the Company including its current term loan, private placement notes and existing public bonds and to replace the commitments under the Debt Bridge Credit Agreements (as defined below) with new indebtedness (including indebtedness under the Permanent Credit Agreements and which may include debt securities) that may be incurred by Holdco, the Company or any of their subsidiaries. As of the date of this filing, the Permanent Credit Agreements (as defined below) are effective and Holdco and the Company are in further discussions with various financing sources with a view to entering into agreements that will make funds available on or prior to the closing of the Acquisition to fund the amounts described above. The final terms (including interest rate and maturity) of any debt securities or any new credit facilities or other aspects of the refinancing plan are still under discussion with financing sources and will depend on market and other conditions existing at the time the Company seeks to obtain any such financing. Any commitments to provide financing may be subject to certain conditions (including the closing of the Acquisition). There can be no assurances regarding the outcome or the terms of the Company's financing plans. However, the consummation of the transactions is not conditioned upon the receipt of any such financings.

Please see Item 1A of the Company’s Form 10-K for the year ended June 29, 2013 and Part II, Item 1A of this Form 10-Q for a discussion of certain important risk factors that relate to forward-looking statements contained in this report. 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. 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. The forward-looking statements in this report 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.

### No Profit Forecast/Asset Valuation

No statement in this report is intended to constitute a profit forecast or asset valuation for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for either Perrigo, New Perrigo or Elan, as appropriate. The terms "profit forecast" and "asset valuation" as used in this context shall have the meanings given to them in the Takeover Rules (as defined below).

### Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules 2007, as amended (the "Takeover Rules"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Elan or Perrigo, all "dealings" in any "relevant securities" of Elan or Perrigo (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by not later than 3:30 pm (Irish time) on the "business day" following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or on which the "offer period" otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an "interest" in "relevant securities" of Elan or Perrigo, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Rules.

Under the provisions of Rule 8.1 of the Takeover Rules, all "dealings" in "relevant securities" of Elan by Perrigo or "relevant securities" of Perrigo by Elan, or by any of their respective "associates" must also be disclosed by no later than 12 noon (Irish time) on the "business day" following the date of the relevant transaction.

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A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed can be found on the Irish Takeover Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie).

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Takeover Rules, which can be found on the Irish Takeover Panel's website.

If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8 of the Takeover Rules, please consult the Irish Takeover Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie) or contact the Irish Takeover Panel on telephone number +353-(0)1-678-9020; fax number +353(0)1-678-9289.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

## PERRIGO COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

(unaudited)

	Three Months Ended	
	September 28, 2013	September 29, 2012
Net sales	\$933.4	\$769.8
Cost of sales	577.1	484.5
Gross profit	356.3	285.3
Operating expenses		
Distribution	13.2	10.8
Research and development	32.3	27.4
Selling and administration	129.0	90.5
Restructuring	2.1	—
Total operating expenses	176.6	128.7
Operating income	179.7	156.6
Interest, net	21.4	15.9
Other expense (income), net	1.0	(0.1)
Income before income taxes	157.3	140.8
Income tax expense	45.9	35.2
Net income	\$111.4	\$105.6
Earnings per share		
Basic earnings per share	\$1.18	\$1.13
Diluted earnings per share	\$1.18	\$1.12
Weighted average shares outstanding		
Basic	94.2	93.6
Diluted	94.7	94.3
Dividends declared per share	\$0.09	\$0.08

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	Three Months Ended	
	September 28, 2013	September 29, 2012
Net income	\$111.4	\$105.6
Other comprehensive income (loss):		
Change in fair value of derivative financial instruments, net of tax	(9.2	) 1.5
Foreign currency translation adjustments	36.6	5.4
Post-retirement liability adjustments, net of tax	(0.1	) (0.1
Other comprehensive income, net of tax	27.3	6.8
Comprehensive income	\$138.7	\$112.4

See accompanying notes to condensed consolidated financial statements.



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CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	September 28, 2013	June 29, 2013	September 29, 2012
Assets			
Current assets			
Cash and cash equivalents	\$816.6	\$779.9	\$632.0
Accounts receivable, net	702.6	651.9	584.0
Inventories	721.4	703.9	598.8
Current deferred income taxes	52.7	47.1	45.8
Income taxes refundable	4.9	6.1	4.3
Prepaid expenses and other current assets	69.0	48.0	