

Allergan plc
Form 10-Q
August 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2018

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	Exact name of registrant as specified in its charter, principal office and address and telephone number	State of incorporation or organization	I.R.S. Employer Identification No.
001-36867	Allergan plc Clonshaugh Business and Technology Park Coolock, Dublin, D17 E400, Ireland (862) 261-7000	Ireland	98-1114402
001-36887	Warner Chilcott Limited	Bermuda	98-0496358

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Canon's Court
 22 Victoria Street
 Hamilton HM 12
 Bermuda
 (441) 295-2244

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Allergan plc	YES	NO
Warner Chilcott Limited	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).

Allergan plc	YES	NO
Warner Chilcott Limited	YES	NO

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

Allergan plc	<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer
	<input type="checkbox"/> Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/> Smaller reporting company
	<input type="checkbox"/> Emerging growth company	
Warner Chilcott Limited	<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer
	<input type="checkbox"/> Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/> Smaller reporting company
	<input type="checkbox"/> Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Allergan plc	YES	NO
Warner Chilcott Limited	YES	NO

Number of shares of Allergan plc's Ordinary Shares outstanding on July 30, 2018: 339,444,422. There is no trading market for securities of Warner Chilcott Limited, all of which are indirectly wholly owned by Allergan plc.

This Quarterly Report on Form 10-Q is a combined report being filed separately by two different registrants: Allergan plc and Warner Chilcott Limited. Warner Chilcott Limited is an indirect wholly-owned subsidiary of Allergan plc. The information in this Quarterly Report on Form 10-Q is equally applicable to Allergan plc and Warner Chilcott Limited, except where otherwise indicated. Warner Chilcott Limited meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
ALLERGAN PLC

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except par value)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,674.7	\$ 1,817.2
Marketable securities	21.5	4,632.1
Accounts receivable, net	2,760.8	2,899.0
Inventories	922.5	904.5
Prepaid expenses and other current assets	724.2	1,123.9
Total current assets	6,103.7	11,376.7
Property, plant and equipment, net	1,761.4	1,785.4
Investments and other assets	297.9	267.9
Non current assets held for sale	180.4	81.6
Deferred tax assets	899.9	319.1
Product rights and other intangibles	49,928.3	54,648.3
Goodwill	49,687.2	49,862.9
Total assets	\$108,858.8	\$ 118,341.9
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$4,683.8	\$ 5,541.4
Income taxes payable	93.0	74.9
Current portion of long-term debt and capital leases	1,348.5	4,231.8
Total current liabilities	6,125.3	9,848.1
Long-term debt and capital leases	24,002.0	25,843.5
Other long-term liabilities	753.4	886.9
Other taxes payable	1,576.6	1,573.9
Deferred tax liabilities	5,137.5	6,352.4
Total liabilities	37,594.8	44,504.8
Commitments and contingencies (Refer to Note 19)		
Equity:		
Preferred shares, \$0.0001 par value per share, zero and 5.1 million shares authorized, issued and outstanding, respectively	\$-	\$ 4,929.7
Ordinary shares; \$0.0001 par value per share; 1,000.0 million shares authorized, 339.3 million and 330.2 million shares issued and outstanding, respectively	-	-
Additional paid-in capital	57,567.7	54,013.5
Retained earnings	12,082.9	12,957.2

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Accumulated other comprehensive income	1,592.9	1,920.7
Total shareholders' equity	71,243.5	73,821.1
Noncontrolling interest	20.5	16.0
Total equity	71,264.0	73,837.1
Total liabilities and equity	\$ 108,858.8	\$ 118,341.9

See accompanying Notes to the Consolidated Financial Statements.

ALLERGAN PLC

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Net revenues	\$4,124.2	\$4,007.4	\$7,796.3	\$7,580.3
Operating expenses:				
Cost of sales (excludes amortization and impairment of acquired intangibles including product rights)	481.8	550.2	1,004.6	1,000.6
Research and development	689.2	489.4	1,163.9	1,249.3
Selling and marketing	853.4	935.2	1,653.4	1,804.3
General and administrative	334.1	459.8	630.0	775.9
Amortization	1,697.1	1,757.9	3,394.7	3,493.9
In-process research and development impairments	276.0	703.3	798.0	1,043.3
Asset sales and impairments, net	259.6	14.0	272.7	21.4
Total operating expenses	4,591.2	4,909.8	8,917.3	9,388.7
Operating (loss)	(467.0)	(902.4)	(1,121.0)	(1,808.4)
Interest income	6.3	16.6	23.6	41.9
Interest (expense)	(230.0)	(277.4)	(480.6)	(567.1)
Other income / (expense), net	215.4	(133.5)	136.6	(2,056.3)
Total other (expense), net	(8.3)	(394.3)	(320.4)	(2,581.5)
(Loss) before income taxes and noncontrolling interest	(475.3)	(1,296.7)	(1,441.4)	(4,389.9)
(Benefit) for income taxes	(5.2)	(581.2)	(687.4)	(1,113.3)
Net (loss) from continuing operations, net of tax	(470.1)	(715.5)	(754.0)	(3,276.6)
(Loss) from discontinued operations, net of tax	-	(8.4)	-	(11.5)
Net (loss)	(470.1)	(723.9)	(754.0)	(3,288.1)
(Income) attributable to noncontrolling interest	(2.4)	(2.0)	(4.6)	(3.0)
Net (loss) attributable to shareholders	(472.5)	(725.9)	(758.6)	(3,291.1)
Dividends on preferred shares	-	-	-	-