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Valeant Pharmaceuticals Responds To Erroneous Report

October 21, 2015

LAVAL, Quebec, Oct. 21, 2015 /PRNewswire/ -- Valeant Pharmaceuticals International, Inc. (NYSE: VRX) (TSX: VRX) today responded to recent accusations made regarding its financial reporting and operations.

- Philidor Rx Services is a pharmacy licensed in Pennsylvania and also provides back-end services, including call center, claims adjudication, IT and logistics support, as well as compliance/HIPPA regulation guidance, to other pharmacies, including R&O Pharmacy. This includes a common call center phone number serviced by Philidor for the Philidor network pharmacies.
- All shipments to Philidor and other pharmacies in the Philidor pharmacy network, including R&O, are not recorded in Valeant's consolidated net revenue. Sales are recorded only when the product is dispensed to the patient. All sales to Philidor and Philidor network pharmacies are accounted for as intercompany sales and are eliminated in consolidation. They are not included in the consolidated financial results that Valeant reports externally.
- Any inventory at pharmacies in the Philidor pharmacy network are included in Valeant's consolidated inventory balances – there is no sales benefit from any inventory held at these specialty pharmacies and inventory held at the Philidor network pharmacies is reflected in Valeant's reported inventory levels.
- The $69 million at wholesaler acquisition cost of products shipped by Valeant to R&O were not recorded as revenue to Valeant when shipped to R&O. When R&O dispensed those products Valeant recognized the net realized amount due from patients and payors (approximately $25 million) and reduced the associated inventory from Valeant's balance sheet. In this case, we estimate the net amount of revenue for the $69 million at WAC would be approximately $25 million.
- The timing of our revenue recognition by selling through the Philidor pharmacy network is actually delayed when compared to selling through the traditional wholesaler channel.

About Valeant

Valeant Pharmaceuticals International, Inc. (NYSE/TSX:VRX) is a multinational specialty pharmaceutical company that develops, manufactures and markets a broad range of pharmaceutical products primarily in the areas of dermatology, gastrointestinal disorder, eye health, neurology and branded generics. More information about Valeant can be found at www.valeant.com

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