

## Valeant Pharmaceuticals Reports 2010 First Quarter Financial Results

May 03, 2010

**-- Revenue up 30% to \$232.0 million; Actual Product Sales Growth 34%; Organic Product Sales Growth 12% -- GAAP EPS \$0.43; Adjusted Non-GAAP (Cash) EPS \$0.64 -- GAAP Cash Flow from Operations \$68 million; Adjusted Non-GAAP Cash Flow from Operations \$69 million -- 2010 Guidance increased to \$2.65 - \$2.90 Adjusted Non-GAAP (Cash) EPS -- Valeant to acquire Aton Pharma, Inc. for approximately \$318 million -- Valeant repurchases 2.6 million shares from ValueAct Capital under the Company's Securities Repurchase program for \$107 million**

ALISO VIEJO, Calif., May 3, 2010 /PRNewswire via COMTEX/ --Valeant Pharmaceuticals International (NYSE: VRX) today announced first quarter financial results for 2010.

"We are pleased to report that the positive trend of 2009 has continued into the first quarter of 2010, which has historically been our softest quarter of the year," stated J. Michael Pearson, chairman and chief executive officer. "Our strong performance this quarter, coupled with the additional transactions we have announced so far in 2010, puts us in a position to increase our adjusted non-GAAP (Cash) EPS guidance for the year to \$2.65 - \$2.90, and expected total product sales growth to greater than 30%."

### **Revenues:**

Total revenue was \$232.0 million in the first quarter of 2010 as compared to \$177.9 million in the first quarter of 2009, an increase of 30%.

Product sales in the Specialty Pharmaceuticals segment were \$120.7 million in the first quarter of 2010, as compared to \$86.3 million in the first quarter of 2009, an increase of 40%. At constant exchange rates, Specialty Pharmaceuticals product sales increased 32%. Within the Specialty Pharmaceuticals segment, alliance and service revenue was \$22.5 million in the first quarter of 2010 as compared to \$11.9 million in the year-ago quarter.

Product sales in Branded Generics - Latin America were \$42.1 million in the first quarter of 2010 as compared to \$31.2 million in the same period in 2009, an increase of 35%. At constant exchange rates, product sales in Latin America increased 17%.

Product sales in Branded Generics - Europe were \$41.7 million in the first quarter of 2010 as compared to \$35.3 million in the same period in 2009, an increase of 18%. At constant exchange rates, product sales in Europe decreased 2%. This decrease was primarily attributable to underlying market conditions in the first quarter of 2010 and we expect to see growth in subsequent quarters in 2010 over comparable quarters in 2009.

Ribavirin royalties were \$5.0 million in the first quarter of 2010 as compared to \$13.2 million in the first quarter of 2009, a decrease of 62%. This expected decrease is primarily attributable to the expiration of royalty terms in most European countries.

### **Income and Cash Flow:**

Income from continuing operations was \$35.6 million for the first quarter of 2010, or \$0.43 per diluted share, as compared to \$30.8 million, or \$0.37 per diluted share, for the first quarter of 2009. On an adjusted non-GAAP (Cash) EPS basis, adjusted income from continuing operations was \$52.8 million, or \$0.64 per diluted share, in the first quarter of 2010 as compared to adjusted income from continuing operations of \$38.1 million, or \$0.46 per diluted share, in the first quarter of 2009.

GAAP cash flow from operations, which includes acquisition transaction fees, for the first quarter of 2010 was \$68 million as compared to \$38 million for the first quarter of 2009. Adjusted non-GAAP cash flow from operations for the first quarter of 2010 was \$69 million as compared to \$51 million for the first quarter of 2009.

### **2010 Guidance:**

The company is updating its previous adjusted non-GAAP (Cash) EPS target and is now targeting adjusted non-GAAP (cash) EPS between \$2.65 - \$2.90 in 2010, up from prior guidance of \$2.45 to \$2.70.

### **Aton Pharma, Inc. Acquisition:**

Valeant is also announcing that it has signed an agreement to acquire Aton Pharma, Inc., a specialty pharmaceutical company focused on ophthalmology and certain orphan drug indications, located in Lawrenceville, New Jersey. The transaction significantly enhances Valeant's neurology and other products franchise in the United States through the acquisition of a specialty pharmaceutical company with both an in-line business and a development pipeline consisting primarily of orphan drug compounds. Valeant will pay certain milestones based predominately on the achievement of development and commercial targets for certain pipeline products still in development. Future development of a portion of the pipeline portfolio will be co-funded by the Sellers under a profit sharing agreement with Valeant. In addition, Valeant will retain global rights to the majority of the Aton products.

Under the terms of the agreement, Valeant will pay approximately \$318 million. Aton is expected to have \$80 - \$100 million in annual revenue in 2010. The transaction is subject to certain closing adjustments and is expected to be accretive in 2010. Aton is owned by affiliates of Cerberus Capital Management, L.P.

"The acquisition of Aton fits into our long-term strategy to pursue diversified opportunities within the pharmaceutical market and offers us another platform for future growth," stated J. Michael Pearson, chairman and chief executive officer. "With a business that has historically grown over 30% on an annual basis, and operating margins around 35%, along with a solid pipeline of niche products under development, we now have significantly strengthened our Neuro and Other business which we expect to drive significant value for shareholders."

### **Share Repurchase Transaction:**

Valeant has repurchased 2.6 million shares of the Company's common stock held by ValueAct Capital for \$107 million, negotiated at a discount calculated in a similar manner to the Company's privately negotiated, share repurchase completed in November 2009. To date, the Company has repurchased approximately \$520 million, in total, of its convertible debt and its common stock out of the \$1.0 billion currently authorized under the securities repurchase program.

"We are very committed to the company and intend to keep Valeant as a top position in our portfolio," said G. Mason Morfit, partner, ValueAct Capital and Valeant board member. "We

pursued this transaction for portfolio management reasons given Valeant's significant outperformance and we remain confident in the company's strategy for future growth."

### **Conference Call and Webcast Information:**

Valeant will host a conference call and a live Internet webcast along with a slide presentation today at 11:00 a.m. EDT (8:00 a.m. PDT) to discuss its first quarter financial results for 2010. The dial-in number to participate on this call is (877) 295-5743, confirmation code 68923004. International callers should dial (973) 200-3961, confirmation code 68923004. A replay will be available approximately two hours following the conclusion of the conference call through May 10, 2010 and can be accessed by dialing (800) 642-1687, or (706) 645-9291, confirmation code 68923004. The live webcast of the conference call may be accessed through the investor relations section of Valeant's corporate Web site at

[www.valeant.com](http://www.valeant.com)

### **About Valeant:**

Valeant Pharmaceuticals International (NYSE:VRX) is a multinational specialty pharmaceutical company that develops and markets a broad range of pharmaceutical products primarily in the areas of neurology and dermatology. More information about Valeant can be found at

[www.valeant.com](http://www.valeant.com)

### **Forward-looking Statements**

This press release may contain forward-looking statements, including, but not limited to, statements regarding our performance and growth in 2010 and guidance with respect to expected adjusted non-GAAP (cash) earnings per share, the impact of the Aton acquisition on our business, our ability to enhance our product franchise and drive value for shareholders and the expected timing and consummation of the Aton acquisition. Forward-looking statements may be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "will," "believes," "estimates," "potential," or "continue" and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties discussed in the company's most recent annual or quarterly report filed with the Securities and Exchange Commission, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on any of these forward-looking statements. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect actual outcomes.

### **Non-GAAP Information:**

To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), the company uses non-GAAP financial measures that exclude certain items. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures can be found in the tables below. The company has

provided guidance with respect to adjusted non-GAAP (cash) earnings per share, which is a non-GAAP financial measure that represents earnings per share, excluding special charges and credits, restructuring and acquisition-related costs, amortization expense, ASC 470-20 (FSP APB 14-1) interest, gain on early extinguishment of debt and the non-GAAP tax effect of such charges. The company has not provided a reconciliation of this forward-looking non-GAAP financial measure due to the difficulty in forecasting and quantifying the exact amount of the items excluded from the non-GAAP financial measure that will be included in the comparable GAAP financial measure.

**Note on Guidance.**

The guidance contained in this press release is only effective as of the date given, May 3, 2010, and will not be updated or confirmed until the Company publicly announces updated or affirmed guidance.

Financial Tables, including a reconciliation of GAAP to non-GAAP financial measures, follow.

Contact:

Laurie W. Little Valeant Pharmaceuticals  
949-461-6002  
[laurie.little@valeant.com](mailto:laurie.little@valeant.com)



**Investor Inquiries**

[ir@bauschhealth.com](mailto:ir@bauschhealth.com)  
877-281-6642  
514-856-3855 (Canada)

**Media inquiries**

[Corporate.communications@bauschhealth.com](mailto:Corporate.communications@bauschhealth.com)  
908-569-3692

[LEGAL NOTICE](#)

[PRIVACY POLICY](#)

[EMAIL ALERTS](#)

[EMAIL PAGE](#)

[RSS FEED](#)

Use of this site signifies your agreement to the Legal Notice and Privacy Policy.  
©2026 Bausch Health Companies Inc. All rights reserved. MTB.0230.USA.18 V2.0

**CALIFORNIA RESIDENTS: DO NOT SELL MY PERSONAL INFORMATION**

