



Mylan Reports Record Second Quarter EPS of \$.54

Business Editors PITTSBURGH, Oct 29, 2002 (BUSINESS WIRE) -- Financial Highlights - Net revenues increased 12% to \$319.5 million - Gross profit increased 2% to \$166.7 million - Net earnings increased 6% to \$68.2 million - Earnings per diluted share increased 8% to \$.54 per share Mylan Laboratories Inc. (NYSE: MYL) announced today financial results for its second quarter of fiscal 2003. Net revenues for the quarter grew 12% or \$33.2 million to \$319.5 million from \$286.3 million for the same prior year quarter. Net earnings increased 6% or \$4.1 million to \$68.2 million, while earnings per diluted share increased 8% or \$.04 to \$.54 per diluted share. Net revenues were \$595.0 million for the six months ended September 30, 2002, an increase of 13% or \$70.8 million over the same prior year period. Net earnings increased 13% to \$130.1 million from \$114.8 million, while earnings per share increased 14% to \$1.03 from \$.90 per diluted share. The strong financial results were achieved despite the loss of exclusivity on buspirone in March 2002. Excluding buspirone, net revenues increased 25% and 28% for the current three and six month periods over the same prior year periods. For the three and six months ended September 30, 2002, the increase in net revenues, excluding buspirone, was primarily attributable to new products, unit volume growth, relatively stable pricing for generic products and improved marketing conditions for brand products. Increased net revenues and lower operating expenses were the primary reasons for increased net earnings and earnings per diluted share. "Our results have continued to improve primarily due to the solid performance of the generic business. The brand division posted strong gains despite Amnesteem™ (isotretinoin) not receiving FDA approval," commented Robert J. Coury, Vice Chairman and CEO of Mylan Laboratories Inc. Third Quarter and Fiscal 2003 Earnings Guidance The Company anticipates diluted earnings per share of \$.48 to \$.52 for the quarter ending December 31, 2002, and confirms its previous guidance for fiscal 2003 of \$2.05 to \$2.09 per diluted share. Segment Information -0- *T Quarter Ended September 30, 2002 2001 Change Net Revenues (in millions) Generic Segment \$ 274.3 \$ 252.8 8% Brand Segment 45.3 33.5 35% Total 319.5 286.3 12% -0- Generic Segment Net revenues for the quarter increased 8% or \$21.5 million to \$274.3 million, while earnings from operations decreased 6% or \$7.1 million to \$120.7 million. The increase in net revenues for the quarter was primarily attributable to new products, volume increases and relatively stable pricing on core generic products. These increases were partially offset by lower sales of buspirone. Gross margin for the quarter decreased to 51% from 57%. The decrease was primarily attributable to the decreased margin on buspirone. Increased research and development expenses for the quarter, in addition to lower gross profit, were the primary cause for the decrease in earnings from operations. Brand Segment Net revenues for the quarter increased 35% or \$11.7 million to \$45.3 million. Earnings from operations increased \$6.8 million for the quarter to \$1.1 million. The growth in net revenues was primarily attributable to favorable pricing and increased volume, due in part to the curtailment of end-of-quarter promotions in the prior year. Gross margin improved to 59% from 56% for the prior year quarter due to favorable pricing and product mix. Operating expenses for the quarter were up slightly primarily due to increased selling and marketing expenses. Corporate/Other General and administrative expenses for the quarter decreased 26% or \$6.1 million. The decrease was primarily attributable to higher payroll related expenses recognized in the prior year quarter associated with retirement benefits for certain executives and management employees. The Company has purchased a total of 2,092,700 shares through September 30, 2002, as part of its ongoing stock buyback program. Conference Call and Live Webcast To hear a live webcast of Mylan's second quarter fiscal 2003 earnings conference call at 10:00 a.m. today, please visit Mylan's website at www.mylan.com or dial (913) 981-5591. Replays of the conference call will be available through the website or by dialing (719) 457-0820, access pass code 423971, until 12:00 p.m. EST on November 5, 2002. Forward Looking Statements The following statements that are made in this press release, in filings made with the SEC, on our website, or in other contexts (including statements made by our authorized representatives, either orally or in writing), are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) any statement regarding possible or assumed future results of operations of our business, the markets for our products, anticipated expenditures, regulatory developments or competition; (ii) any statement preceded by, followed by or that includes the words "intends," "estimates," "believes," "expects," "anticipates," "should," "could," or the negative or other variations of these or other similar expressions; and (iii) other statements regarding matters that are not historical facts. Because such statements are subject to risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual future results to differ materially from historic or expected results or that could cause market prices of our common stock to decline include, but are not limited to: - our ability to successfully develop, license or otherwise acquire and introduce new products on a timely basis in relation to competing product introductions; - our ability to obtain required FDA approvals for new products on a timely basis; - uncertainties regarding continued market acceptance of and demand for our products; - our periodic dependence on a relatively small group of products as a significant source of our net sales or net income; - the effects of vigorous competition on commercial acceptance of our products and their pricing; - the high cost and uncertainty associated with compliance with extensive regulation of the pharmaceutical industry; - the significant research and development expenditures we make to develop products, the commercial success of which is uncertain; - the possible loss of business from our concentrated customer base; - the potential costs and product introduction delays that may result from use of legal, regulatory and legislative strategies by our competitors; - our dependence on third party suppliers and distributors for the raw materials, particularly the chemical compound(s) which produces the desired therapeutic effect, the active ingredient we use to manufacture our products; - the possible negative effects of the interruption of manufacturing of our generic products at our principal facility; - the effects of consolidation of our customer base; - uncertainties regarding patent, intellectual and other proprietary property protections; - the expending of substantial resources associated with litigation involving patent or other intellectual property protection of competing products; - possible reductions in reimbursement rates for pharmaceutical products; - our exposure to lawsuits and contingencies associated with our business; - our exposure to risks inherent in acquisitions or joint ventures; - our ability to attract and retain key personnel; - possible adverse effects resulting from any significant decline in the value of securities that we hold or from uninsured losses of funds; and - inherent uncertainties involved in the estimates and judgements used in the preparation of financial statements in accordance with GAAP and related standards. The cautionary statements contained or referred to above should be considered in connection with any subsequent written or oral forward-looking statements that may be made by us or by persons acting on our behalf and in conjunction with our periodic SEC filings. In addition, we refer to the cautionary statements mentioned in Item 7 of our Form 10-K for the year ended March 31, 2002. We undertake no duty to update our forward-looking statements, even though our situation may change in the future. Mylan Laboratories Inc. is a leading pharmaceutical company that develops, manufactures and markets generic and proprietary prescription products. Mylan has two operating segments that market an extensive line of generic and branded products through four business units: Mylan Pharmaceuticals Inc., UDL Laboratories, Inc., Bertek Pharmaceuticals Inc. and Mylan Technologies Inc. For more information about Mylan, visit www.mylan.com. -0- *T MYLAN LABORATORIES INC. AND SUBSIDIARIES Consolidated Statements of Earnings (unaudited; in thousands, except per share amounts) Three Months Ended Six Months Ended September 30, September 30, 2002 2001 2002 2001 Net revenues \$ 319,539 \$ 286,328 \$ 595,012 \$ 524,261 Cost of sales 152,807 122,551 280,678 238,625 Gross profit 166,732 163,777 314,334 285,636 Operating expenses: Research and development 20,169 16,463 37,012 33,246 Selling and marketing 16,538 14,254 33,425 29,396 General and administrative(1) 25,030 33,822 44,251 59,417 Earnings from operations 104,995 99,238 199,646 163,577 Equity in loss of Somerset (1,766) (1,134) (3,104) (1,776) Other income, net 3,379 2,580 6,705 18,021 Earnings before income taxes 106,608 100,684 203,247 179,822 Provision for income taxes 38,379 36,548 73,169 65,038 Net earnings \$ 68,229 \$ 64,136 \$ 130,078 \$ 114,784 Earnings per common share: Basic \$ 0.54 \$ 0.51 \$ 1.04 \$ 0.92 Diluted \$ 0.54 \$ 0.50 \$ 1.03 \$ 0.90 Weighted average common shares: Basic 125,362 125,372 125,657 125,202 Diluted 126,777 127,338 126,866 126,856 (1)Due to the April 1, 2002, adoption of Statement of Financial Accounting Standard (SFAS) No. 142, Goodwill and Other Intangible Assets, goodwill and certain other intangible assets are no longer amortized. General and administrative expenses for the three and six months ended September 30, 2001, include amortization expense of \$1,801 and \$3,602 for goodwill and certain other intangibles. Excluding such expense would increase net earnings to \$65,937 and \$118,386 and diluted earnings per share to \$.52 and \$.93. MYLAN LABORATORIES INC. AND SUBSIDIARIES Consolidated Balance Sheets (unaudited; in thousands) September 30, March 31, 2002 2002 Assets Current assets: Cash and cash equivalents \$ 215,294 \$ 160,790 Marketable securities 467,540 456,266 Accounts receivable, net 180,580 145,491 Inventories 196,253 195,074 Other current assets 119,530 104,461 Total current assets 1,179,197 1,062,082 Non-current assets 529,796 554,628 Total assets \$1,708,993 \$1,616,710 Liabilities: Current liabilities \$ 198,305 \$ 173,118 Non-current liabilities 41,562 41,353 Total liabilities 239,867 214,471 Total shareholders' equity 1,469,126 1,402,239 Total liabilities and shareholders' equity \$1,708,993 \$1,616,710 MYLAN LABORATORIES INC. AND SUBSIDIARIES Segment Results (unaudited; in thousands) Three Months Ended Six Months Ended September 30, September 30, 2002 2001 2002 2001 Consolidated Net revenues \$ 319,539 \$ 286,328 \$ 595,012 \$ 524,261 Cost of sales 152,807 122,551 280,678 238,625 Gross profit 166,732 163,777 314,334 285,636 Research and development 20,169 16,463 37,012 33,246 Selling and marketing 16,538 14,254 33,425 29,396 General and administrative 25,030 33,822 44,251 59,417 Earnings from operations \$ 104,995 \$ 99,238 \$ 199,646 \$ 163,577 Generic Segment Net revenues \$ 274.3 \$ 252.8 13% 509,926 \$ 462,639 Cost of sales 134,409 107,744 245,571 208,403 Gross profit 139,872 145,073 264,355 254,236 Research and development 10,873 7,393 20,887 16,682 Selling and marketing 2,551 3,224 5,299 6,302 General and administrative 5,701 6,605 11,099 13,996 Earnings from operations \$ 120,747 \$ 127,851 \$ 227,070 \$ 217,256 Brand Segment Net revenues \$ 45,258 \$ 33,511 \$ 85,086 \$ 61,622 Cost of sales 18,398 14,807 35,107 30,222 Gross profit 26,860 18,704 49,979 31,400 Research and development 9,296 9,070 16,125 16,564 Selling and marketing 13,987 11,030 28,126 23,094 General and administrative 2,450 4,270 5,015 8,357 Earnings (loss) from operations \$ 1,127 \$ (5,666) \$ 713 \$ (16,615) Corporate/Other General and administrative \$ 16,879 \$ 22,947 \$ 28,137 \$ 37,064 *T --30--vp/ny* CONTACT: Mylan Laboratories Inc. Patricia Sunseri, 412-232-0100 KEYWORD: PENNSYLVANIA INDUSTRY KEYWORD: MANUFACTURING PHARMACEUTICAL EARNINGS SOURCE: Mylan Laboratories Inc.

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