



Contact: Robert Jaffe
Robert Jaffe Co., LLC
(424) 288-4098

LANNETT REPORTS RECORD FULL YEAR NET INCOME FOR FISCAL 2013

Philadelphia, PA – September 10, 2013 – Lannett Company, Inc. (NYSE MKT: LCI) today reported financial results for its fiscal 2013 fourth quarter and full year ended June 30, 2013.

For the fiscal 2013 fourth quarter, net sales rose significantly to \$40.2 million, up 13% from \$35.7 million for last year's fourth quarter. Gross profit increased to \$15.2 million from \$12.0 million for the fiscal 2012 fourth quarter. As a percentage of net sales, gross margin increased to 38% from 34% last year. Research and development (R&D) expenses decreased to \$3.7 million, compared with \$4.0 million for the fiscal 2012 fourth quarter. Selling, general and administrative (SG&A) expenses increased to \$5.8 million, compared with \$5.4 million in the same quarter of the prior year. Operating income more than doubled to \$5.7 million from \$2.6 million for the fourth quarter of fiscal 2012. Net income attributable to Lannett Company rose to \$3.6 million, or \$0.12 per diluted share, from \$1.4 million, or \$0.05 per diluted share, for the same period last year.

“Our full year net income for fiscal 2013 was our highest in the company's history,” said Arthur Bedrosian, president and chief executive officer of Lannett. “In addition, we reported record net sales for the fourth quarter and full year fiscal 2013. Our excellent financial performance was driven by sales growth across all of our key product categories, as well as a higher gross margin percentage due to favorable sales mix, price increases and enhanced manufacturing efficiencies.”

For the fiscal 2013 full year, net sales increased to \$151.1 million from \$123.0 million for the corresponding prior year. Gross profit rose to \$57.4 million from \$38.9 million last year. R&D expenses were \$16.3 million, compared with \$11.8 million for fiscal 2012. SG&A expenses amounted to \$22.4 million, versus \$20.2 million for fiscal 2012. Operating income nearly tripled to \$18.8 million from \$6.9 million a year ago. Net income attributable to Lannett Company increased to \$13.3 million, equal to \$0.46 per diluted share, which included a favorable litigation settlement of \$1.3 million, equal to \$0.03 per diluted share. This compares with \$3.9 million, or \$0.14 per diluted share, for fiscal 2012.

Bedrosian added, “In addition to our record financial performance, we recently completed an important contract extension with Jerome Stevens Pharmaceuticals (JSP). Under the amended agreement, Lannett will continue to be the exclusive distributor of substantially all JSP products for an additional five years, through March 2019. This, combined with 15 product applications currently

pending at the FDA and our increased investment in product development, will fuel our positive momentum going forward.”

Guidance for Fiscal 2014

Based on Lannett’s current outlook, the company provided financial guidance for the fiscal 2014 full year as follows:

- Net sales in the range of \$181 million to \$186 million;
- Gross margin as a percentage of net sales of approximately 43% to 44%;
- R&D expense in the range of \$24 million to \$26 million;
- SG&A expense ranging from \$28 million to \$30 million;
- The full year effective tax rate in the range of 34% to 36%; and,
- Capital expenditures are expected to be in the range of \$28 million to \$32 million, which includes the purchase and partial fit-out of a new facility.

The company noted that its guidance for fiscal 2014 does not include the impact of shares issued in connection with the JSP contract extension. The Company intends to expense the value of the shares issued, which approximates \$20 million, in the fiscal 2014 first quarter. The impact of this transaction would also reduce the effective tax rate by approximately two percentage points.

Conference Call Information and Forward-Looking Statements

Later today, the company will host a conference call at 4:30 p.m. ET to review its results of operations for the fiscal 2013 fourth quarter and full year ended June 30, 2013. The conference call will be available to interested parties by dialing 877-261-8992 from the U.S. or Canada, or 847-619-6548 from international locations, passcode 35551980. The conference call will also be available through a live audio Internet broadcast at www.lannett.com. A playback of the call will be archived and accessible at this site for at least three months.

Discussion during the conference call may include forward-looking statements regarding such topics as, but not limited to, the company’s financial status and performance, regulatory and operational developments, and any comments the company may make about its future plans or prospects in response to questions from participants on the conference call.

About Lannett Company, Inc.:

Lannett Company, founded in 1942, develops, manufactures, packages, markets and distributes generic pharmaceutical products for a wide range of medical indications. For more information, visit the company’s website at www.lannett.com.

This news release contains certain statements of a forward-looking nature relating to future events or future business performance. Any such statements, including, but not limited to, achieving the financial metrics stated in the company's guidance for fiscal 2014, expected product approvals, the successful commercialization of products in development and products included in the contract extension with Jerome Stevens Pharmaceuticals, Inc., product applications pending at the FDA and recently approved products, whether expressed or implied, are subject to risks and uncertainties which can cause actual results to differ materially from those currently anticipated due to a number of factors which include, but are not limited to, the difficulty in predicting the timing or outcome of FDA or other regulatory approvals or actions, the ability to successfully commercialize products upon approval, Lannett's estimated or anticipated future financial results, future inventory levels, future competition or pricing, future levels of operating expenses, product development efforts or performance, and other risk factors discussed in the company's Form 10-K and other documents filed with the Securities and Exchange Commission from time to time. These forward-looking statements represent the company's judgment as of the date of this news release. The company disclaims any intent or obligation to update these forward-looking statements.

###

FINANCIAL TABLES FOLLOW