UDG Healthcare plc
Preliminary Report 2020

Strong and resilient FY20 performance, trading ahead of guidance

24 November 2020: UDG Healthcare plc ("UDG Healthcare" or "Group"), a leading international healthcare services provider, announces its results for the year ended 30 September 2020, in which the Group delivered a strong and resilient trading performance despite the challenges presented by COVID-19.

Key highlights

- Adjusted diluted earnings per share (EPS) of 47.71c (FY19's EPS of 47.31c), ahead of EPS guidance of 43c to 45c announced in August 2020
- Group net revenue increased by 5%*
- Group adjusted operating profit increased by 7%*, driven by:
  - An exceptionally strong performance from Sharp with adjusted operating profit increasing by 34%*
  - A resilient performance from Ashfield with adjusted operating profit decreasing by 4%*
- Adjusted Group net operating margins increased from 14.0% to 14.3%
- Continued strong cash flow performance with a free cash flow conversion rate of 111%
- Robust balance sheet and liquidity position with net debt to EBITDA of 0.1x
- ROCE increased from 13.1% in FY19 to 13.5% in FY20
- Proposed 1.6% increase in final dividend to 12.54 $ cent per share, giving a full year dividend increase of 1.2% to 17.00 $ cent per share.

**on a constant currency basis*

Chief Executive's comment

Chief Executive Officer, Brendan McAtamney commented:

"We are pleased to report a strong and resilient trading performance for FY20, which was ahead of our EPS guidance. This was driven by exceptionally strong growth in Sharp, in particular for serialised biotech and specialty packaging. Despite some parts of Ashfield being impacted by COVID-19, we adapted rapidly to support clients virtually and overall Ashfield performed in line with expectations.

I'd like to thank all of our people for their continued resilience, adaptability and commitment throughout the pandemic. They have been instrumental in supporting our clients during this challenging time, enabling them to deliver for their patients.

UDG Healthcare is a strong and well diversified business, underpinned by excellent long-term market fundamentals as evidenced by our strong financial performance in FY20. We have a robust financial position and will continue to leverage our investments in people, technology and infrastructure to remain well positioned for continued future growth."

Financial Results – year ending 30 September 2020

IFRS based	**30 September 2020 $'m**	30 September 2019 $'m	Increase/ (decrease) %
Revenue	**1,279.2**	1,298.5	(1)
Operating profit	**125.0**	78.3	60
Profit before tax	**108.2**	74.3	46
Diluted earnings per share ("EPS") (cent)	**36.85**	22.92	61
Dividend per share (cent)	**17.00**	16.80	1

	30 September 2020	30 September 2019
Net debt ($'m)	**16.2**	80.5
Net debt ($'m) including IFRS16 lease liabilities	**119.9**	n/a
Net debt/annualised EBITDA (times)	**0.1**	0.4

Alternative performance measures[1]	30 September 2020 $'m	30 September 2019 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**1,279.2**	1,298.5	(1)	(1)
Net Revenue	**1,153.5**	1,102.9	5	5
Adjusted operating profit	**165.3**	154.8	7	7
Adjusted profit before tax	**152.0**	146.7	4	4
Adjusted diluted earnings per share ("EPS") (cent)	**47.71**	47.31	1	1

Group development and outlook

COVID-19 update - Protecting the wellbeing of our people, while continuing to deliver for our clients
From the outset of the pandemic the Group's priority has been to protect the health and wellbeing of our people and to serve our clients.

Across all of our businesses, we immediately introduced a range of additional health and safety measures and processes to protect our people while they carried out essential work for clients and their patients. The significant commitment and dedication of our people across the various businesses and geographies has allowed us to continue to serve our clients successfully through this challenging period.

In Sharp, where we package critical and in many cases life-saving medicines for patients, almost 2,000 of our employees were categorised as essential workers. We introduced new working processes and cleaning regimes, adapted shift patterns, provided additional PPE for all employees and placed restrictions on non-essential visits. Within Ashfield, as a dynamic and technology-enabled business, the majority of our employees successfully pivoted to serve our clients remotely.

We also continue to use our expertise to support our clients in their efforts to find a treatment for COVID-19. Sharp remains involved in supporting the packaging and distribution of multiple clinical trials and treatments related to COVID-19. Ashfield continues to support on multiple projects, ranging in scale and at various stages of progress, including providing contact centre support to the US government's national "The Fight Is in Us" campaign working to mobilise people in the USA who have recovered from the infection to donate their blood plasma.

Corporate development
The Group continued to make good progress from a corporate development perspective, completing three acquisitions / investments over the past 12 months, one in Ashfield and two in Sharp, for a total combined consideration of up to $75 million. These investments, all of which have a strong strategic fit and expand the Group's capabilities, included:

- In November 2019, Ashfield Healthcare Communications completed the acquisition of Canale Communications, a US based scientific strategic communications agency, for up to $31 million. Canale provides a range of public relations, investor relations and communications services to life science and biotech companies;
- In May 2020, Sharp completed the acquisition of a packaging facility in the U.S., adding incremental capacity to the U.S. commercial packaging business;
- In July 2020, Sharp acquired a 25% shareholding in Berkshire Sterile Manufacturing Inc, a Massachusetts based sterile packaging and manufacturing services business, for $37.5 million. This investment expands Sharp's capabilities into sterile fill/finish manufacturing and is highly complementary to its existing clinical trial, packaging and related services;

Additionally, in January 2020, the Group completed the disposal of Ashfield's Pharmacovigilance business.

Balance sheet, liquidity and dividend
The Group retains a robust financial position with a strong balance sheet and liquidity profile, with a net debt to EBITDA ratio of 0.1x at 30 September 2020 (as defined by our debt agreements). This compares to the Group's banking covenant of 3.5x net debt to EBITDA. The Group also has access to fully committed undrawn debt facilities of $246 million.

In August 2020, taking into account the Group's strong liquidity position and improved trading visibility, the Board declared an interim dividend of 4.46 $ cent per share relating to the first half of the year which had not been impacted by the pandemic. This was in line with the 2019 interim dividend. Given the continued strong liquidity position of the Group and following the Group's long track record of annual dividend increases the Board has proposed a 1.6% increase in final dividend to 12.54 $ cent per share, yielding a full year dividend increase of 1.2% to 17.00 $ cent per share.

From April until July 2020, the Group accessed government support in light of COVID-19 related uncertainty. Reflecting the Group's strong trading performance and its strong financial position, while not material, the Group has now repaid any specific government support related to the COVID-19 pandemic.

Group outlook
UDG Healthcare remains a strong and well diversified business, supported by excellent long-term fundamentals, as evidenced by the strong financial performance in FY20. While some parts of Ashfield continue to be impacted by the pandemic, the Group's resilient business model leaves UDG Healthcare well positioned for continued future growth.

Notes:
[1]Alternative performance measures ("APMs) are financial measurements that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. APMs are presented to provide readers with additional financial information that is regularly reviewed by management. The Group believes that the presentation of these non-IFRS measurements provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. APMs should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS. See "Additional Information" on page 31 for definitions and reconciliations to the closest respective equivalent GAAP measure.

Review of Operations

Ashfield

	2020 $'m	2019 $'m	*Actual Growth*	*Underlying Growth[2]*
Revenue				
Communications & Advisory	**412.0**	**383.3**	*7%*	*(5%)*
Commercial & Clinical	**479.5**	**566.9**	*(15%)*	*(14%)*
Total	**891.5**	**950.2**	*(6%)*	*(10%)*
Net revenue[1]				
Communications & Advisory	**383.7**	**339.2**	*13%*	*(1%)*
Commercial & Clinical	**382.1**	**415.4**	*(8%)*	*(6%)*
Total	**765.8**	**754.6**	*1%*	*(4%)*
Adjusted operating profit[3]				
Communications & Advisory	**76.2**	**75.2**	*1%*	*(14%)*
Commercial & Clinical	**29.0**	**34.8**	*(17%)*	*(16%)*
Total	**105.2**	**110.0**	*(4%)*	*(15%)*
Adjusted operating margin[3]				
Operating margin (on revenue)	**11.8%**	**11.6%**		
Net operating margin (on net revenue)	**13.7%**	**14.6%**		

[1] Net revenue represents reported revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin. There are no pass-through revenues in Sharp.

[2] Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.

[3] Adjusted operating profit is operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items.

Following a strong H1 FY20 performance, COVID-19 had an adverse impact on trading in Ashfield during H2 FY20 particularly in-field activities (including the Meetings and Events business, field-based representatives and audit services in STEM). While the remainder of Ashfield experienced some project deferrals and cancellations, the business has shown considerable resilience through the pandemic.

Ashfield generated net revenue of $765.8 million and adjusted operating profit of $105.2 million. While net revenue was 1% ahead of the same period last year, adjusted operating profit was 4% behind. Adjusting for the impact of currency translation movements and the contribution from acquisitions, underlying net revenue and operating profit declined by 4% and 15% respectively, reflecting the impact of the pandemic on the H2 FY20 trading performance.

Ashfield Communications & Advisory, now represents approximately 72% of Ashfield's operating profits. Net revenue increased by 13% and operating profit increased by 1%, including the benefit of the FY19 acquisitions of Putnam and Incisive Health. On an underlying basis, net revenue declined by 1% and operating profit declined by 14% principally due to COVID-19 impacts on STEM during the second half of the year, offset by modest underlying growth in the remainder of the business.

Ashfield Commercial & Clinical performed in line with revised expectations. Net revenue and operating profit both declined compared to the same period last year, including the disposal of Ashfield's Pharmacovigilance business. During the second half of FY20, in-field based activities (predominantly in Meetings and Event and field-based representatives) experienced reduced activity levels. However, having invested in omni-channel capabilities and digital engagement prior to the pandemic, the business has been able to successfully adapt to ensure it can continue to deliver services such as training, clinical educators, patient support programs and live virtual events for clients.

Ashfield continues to deliver on its strategy to diversify and expand its service offering, increase collaboration across the division and execute strategic acquisitions to complement existing business capabilities. Ashfield's investments have positioned it well for continued underlying growth in line with the Group's medium-term outlook. However, the Group anticipates some parts of the business will continue to be impacted in the near term as COVID-19 restrictions continue and it continues to adjust to new hybrid models of working.

Sharp

	2020 $'m	2019 $'m	*Actual Growth*	*Underlying Growth*[1]
Revenue	**387.7**	**348.3**	11%	10%
Adjusted operating profit[2]	**60.1**	**44.8**	34%	34%
Adjusted operating margin %[2]	**15.5%**	**12.9%**		

[1] Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.
[2] Adjusted operating profit is operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items.

Sharp delivered a very strong performance during the year despite the multiple challenges presented by the pandemic. Revenue grew to $387.7 million with adjusted operating profit of $60.1 million, 11% and 34% respectively ahead of the same period last year. Sharp's operating margin improved from 12.9% to 15.5%. This growth was driven by increased demand, improved mix and operational improvements, resulting in increased capacity utilisation, in particular during the second half of FY20.

Over the past number of years, Sharp has invested in its technology, infrastructure and capabilities, especially in its biotech and speciality services. This strategy has delivered for the business as evidenced by strong growth across all parts of the division. Supporting this growth in FY20, Sharp expanded capacity in Allentown and Conshohocken and in May 2020 acquired a commercial US packaging facility in Macungie, PA. Together these investments leave Sharp well placed to meet the increasing demand from new and existing clients across all packaging formats. Additionally, in August 2020, Sharp's investment in Berkshire Sterile Manufacturing, a Massachusetts based sterile packaging and manufacturing services business, has further expanded its capabilities into sterile fill/finish manufacturing and is highly complementary to its existing clinical trial, packaging and related services.

Sharp continues to experience strong demand for its services, supported by positive market dynamics, and is well positioned to deliver continued strong growth in line with the division's medium-term underlying operating profit growth outlook.

Analyst presentation
Management will host a presentation for analysts and investors to discuss the company's full year results and provide an update on each of the Group's divisions, followed by a Q&A.

Results presentation will be available to watch on demand from 7.00am, via a pre-recorded video webcast
https://secure.emincote.com/client/udghealthcare/udg006

A live Q&A will commence at 9.00am, available via audio webcast and conference call.

Q&A conference call registration link: https://secure.emincote.com/client/udghealthcare/udg005/vip_connect

Q&A webcast registration link: https://secure.emincote.com/client/udghealthcare/udg005

Please note: If you wish to ask a question during the live Q&A at 9.00am, please dial into the conference call, as participants on the webcast will be in listen-only mode and therefore unable to ask questions.

A replay of the audio webcast can be accessed after the presentation via the same webcast link above.

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About UDG Healthcare plc
UDG Healthcare plc (LON: UDG) is a FTSE 250 global leader in the healthcare advisory, communications, commercial, clinical and packaging services industries. UDG employs 9,000 people across operations in 29 countries, delivering services in over 50 countries.

Operating across two divisions, Ashfield and Sharp, UDG provides outsourced services which enable over 300 healthcare companies from large pharmaceutical to small biotech to bring their products to market.

Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across three business areas: Advisory, Communications and Commercial & Clinical. The division focuses on supporting patients to access and adhere to their medications and educating and communicating effectively with healthcare professionals and patients on these products at all stages of the product life cycle. Ashfield provides strategic consulting, advisory services, patient solutions, scientific and creative communications, PR, on-demand advertising services, field and contact centre sales teams, and medical information and event management services.

Sharp is a global leader in contract commercial packaging, clinical, manufacturing and technology services for the pharmaceutical and biotechnology industries, operating from eight state-of-the-art facilities in the US and Europe.

For more information, please go to: www.udghealthcare.com

Forward-looking information
Some statements in this announcement are or may be forward looking statements. In particular, any statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated cost savings and synergies and the execution of the Group's strategy, are forward looking statements. They represent expectations for the Group's business, including statements that relate to the Group's future prospects, developments and strategies, and involve risks and uncertainties both general and specific, because they relate to events and depend upon circumstances that will occur in the future. The Group has based these forward looking statements on assumptions regarding present and future strategies of the Group and the environment in which it will operate in the future. However, because they involve known and unknown risks, uncertainties and other factors including but not limited to general economic, political, financial, health, security and business factors, as well as international, national and local conditions which are beyond the Group's control, actual results, performance, operations or achievements expressed or implied by such forward looking statements may differ materially from those expressed or implied by such forward looking statements and accordingly you should not rely on these forward looking statements in making investment decisions. Any forward looking statements speak only as of the date they are made and, except as required by applicable law or regulation, neither the Group nor any other party intends to update or revise these forward-looking statements after the date these statements are published, whether as a result of new information, future events or otherwise. Nothing in this document should be construed as a profit forecast. UDG Healthcare plc and its directors accept no liability to third parties.

Finance Review
for the year ended 30 September 2020

IFRS based	30 September 2020 $'m	30 September 2019 $'m	Increase/ (decrease) %
Revenue	**1,279.2**	1,298.5	(1)
Operating profit	**125.0**	78.3	60
Profit before tax	**108.2**	74.3	46
Diluted earnings per share ("EPS") (cent)	**36.85**	22.92	61
Dividend per share (cent)	**17.00**	16.80	1

Alternative performance measures[1]	30 September 2020 $'m	30 September 2019 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**1,279.2**	1,298.5	(1)	(1)
Net Revenue	**1,153.5**	1,102.9	5	5
Adjusted operating profit	**165.3**	154.8	7	7
Adjusted profit before tax	**152.0**	146.7	4	4
Adjusted diluted earnings per share ("EPS") (cent)	**47.71**	47.31	1	1

[1] See "Additional Information" on page 31 for more information and reconciliations to the closest respective equivalent GAAP measures.

Revenue
Revenue of $1,279.2 million for the year is 1% behind 2019 (1% on a constant currency basis). Ashfield revenue decreased by 6% and Sharp revenue increased by 11%. Group net revenue is 5% ahead of 2019 and net revenue on an underlying basis is 1% ahead of prior year, excluding the impact of foreign exchange, acquisitions and disposals.

Adjusted operating profit
Adjusted operating profit of $165.3 million is 7% ahead of 2019 (7% on a constant currency basis).

Adjusted net operating margin
The adjusted net operating margin for the businesses for the year is 14.3%, ahead of 14.0% in 2019.

Adjusted profit before tax
Net interest costs, pre-exceptional items, for the year of $13.3 million are higher than 2019, primarily due to the Group's adoption of IFRS 16 Leases on 1 October 2019. Interest income was also impacted by lower interest income on U.S. cash deposits. This delivered an adjusted profit before tax of $152.0 million.

Taxation
The effective taxation rate has increased from 19.1% in 2019 to 20.9% in 2020, due to an increase in the proportion of profit earned in the U.S.

Adjusted diluted earnings per share
Adjusted diluted earnings per share ('EPS') is 1% ahead (1% on a constant currency basis) of 2019 at 47.71 $ cent.

Exceptional items
The Group incurred an exceptional loss of $2.7 million after tax in the year.

A charge of $8.1 million, net of tax, was incurred in relation to restructuring of Ashfield's operations due to market conditions arising from the COVID-19 pandemic, primarily within the Meetings and Events business and the STEM business. The charge primarily relates to redundancy.

The Group completed the rationalisation of Sharp's European operations with the closure of the plant in Oudehaske, Netherlands. The costs of the rationalisation were lower than estimated in the prior year, resulting in an exceptional credit in the current year of $1.9 million, net of tax.

Impairment of assets relating to impairment of property, plant and equipment and impairment of right of use assets resulted in a cost of $2.5 million, net of tax, in the year.

During the year, Ashfield disposed of Ashfield Pharmacovigilance, a U.S. based subsidiary that provides safety and risk management services supporting healthcare organisations. The business was not considered core to Ashfield's operations and the disposal resulted in a gain of $5.3 million. The related tax charge was $0.1 million.

Deferred contingent consideration of $3.5 million, primarily in respect of Putnam Associates in Ashfield, increased during the year following a review of expected performance against earn-out targets.

In the measurement of the Group's current tax liabilities, there are transactions and calculations, for which the ultimate tax determination can be both complex and uncertain. During the year, the Group recognised a credit of $4.4 million on the remeasurement of current tax liabilities as a consequence of the resolution of a historic uncertain tax position.

Foreign exchange

The Group operates in 29 countries, with its primary foreign exchange exposure being the translation of local income statements and balance sheets into U.S. dollar for Group reporting purposes. The retranslation of non-U.S. dollar profits to U.S. dollar has resulted in a change to the reported adjusted diluted EPS growth of less than 1%.

The average 2020 exchange rates were $1: £0.7844 and $1: €0.8924 (2019: $1: £0.7839 and $1: €0.8865).

Cash flow

The following table displays cash flow information for the years ended 30 September 2020 and 2019:

	2020 $'000	2019 $'000
Net cash inflow from operating activities	**230,656**	129,252
Net cash outflow from investing activities	**(105,245)**	(130,653)
Net cash outflow from financing activities	**(21,031)**	(39,085)
Net change in cash and cash equivalents	**104,380**	(40,486)
Effect of exchange rate changes on cash and cash equivalents	**6,437**	(4,385)
Cash and cash equivalents at beginning of year	**135,228**	180,099
Cash and cash equivalents end of year	**246,045**	135,228

Net cash inflow from operating activities

The net cash inflow from operating activities is $230.7 million (2019: $129.3million).

	2020 $'000	2019 $'000
Adjusted EBITDA	**218,084**	189,776
Interest paid	**(12,324)**	(9,910)
Income taxes paid	**(21,995)**	(25,329)
Working capital decrease	**62,984**	6,516
Other cash outflows	**(16,093)**	(31,801)
Net cash inflow from operating activities	**230,656**	129,252

Adjusted EBITDA in 2020 benefited from the inclusion of $18.9 million due to the adoption of IFRS 16 *Leases* on 1 October 2019. Income taxes paid decreased mainly due to overpayments in 2019 offsetting payments due in 2020 and lower taxable profits in certain jurisdictions due to the impact of COVID-19. Working capital decreased by $63.0 million (2019: $6.5 million). The decrease in working capital is principally due to the impact of COVID-19 on customer billings, in addition to improvements in cash management underpinned by strong cash collection in the year. Other cash outflows of $16.1 million relates to transaction costs paid of $2.0 million and exceptional items outflow of $14.1 million relating to both the 2020 and 2019 exceptional charge (2019 cash flows of $31.8 million relate to transaction costs paid of $2.5 million and exceptional items outflow of $29.3 million).

Net cash outflow from investing activities

Net cash outflow from investing activities is $105.2 million, compared to $130.7 million in 2019. During the year, $37.9 million was invested in property, plant and equipment and computer software primarily for Sharp's U.S. operations. Acquisition activity in the year resulted in net cash payments of $64.4 million, and deferred and contingent consideration outflows of $13.9 million. The Group received net cash of $9.9 million following the disposal of Ashfield Pharmacovigilance in the year.

Net cash outflow from financing activities

Net cash outflow from financing activities decreased by $18.1 million to $21.0 million in the year. This was due to the issuance of $99.9 million private placement loan notes in August, net of a scheduled repayment of $63 million in September 2020 of maturing private placement notes. The Group's adoption of IFRS 16 *Leases* during the year also impacted financing activities by $17.1 million relating to capital lease payments.

Balance sheet

Net debt at the end of the year was $16.2 million ($246.0 million cash and $262.2 million debt). The net debt to annualised EBITDA ratio is 0.1 times debt (2019: 0.4 times debt) and net interest is covered 23.3 times (2019: 28.1 times) by annualised EBITDA. Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

Return on capital employed (ROCE)

The Group's ROCE is 13.5%, up from 13.1% in 2019. Details of this calculation are on page 34.

Dividends
The directors are proposing a final dividend of 12.54 $ cent per share representing an increase of 1.6% on the 2019 final dividend of 12.34 $ cent per share. This represents 1.2% growth in the total dividend for the year to 17.00 $ cent per share. This continues the Group's 30 year history of consistently increasing dividends.

Subject to shareholder approval at the Company's Annual General Meeting, the proposed final dividend of 12.54 $ cent per share will be paid on 5 February 2021 to ordinary shareholders on the Company's register at 5.00 p.m. on 8 January 2021.

Group Income Statement
for the year ended 30 September 2020

	Notes	Year ended 30 September 2020			Year ended 30 September 2019		
		Pre-exceptional items $'000	**Exceptional items (Note 6) $'000**	**Total 30 Sept 2020 $'000**	Pre-exceptional items $'000	Exceptional items (Note 6) $'000	Total 30 Sept 2019 $'000
Revenue	3	**1,279,194**	**-**	**1,279,194**	1,298,523	-	1,298,523
Cost of sales		**(881,023)**	**(3,342)**	**(884,365)**	(920,010)	(7,372)	(927,382)
Gross profit		**398,171**	**(3,342)**	**394,829**	378,513	(7,372)	371,141
Selling and distribution expenses		**(201,596)**	**-**	**(201,596)**	(193,856)	-	(193,856)
Administration expenses		**(24,250)**	**(864)**	**(25,114)**	(21,840)	(1,050)	(22,890)
Other operating expenses		**(41,716)**	**(6,952)**	**(48,668)**	(40,414)	(33,631)	(74,045)
Other operating income		**-**	**5,257**	**5,257**	-	-	-
Transaction costs		**(2,064)**	**-**	**(2,064)**	(2,136)	-	(2,136)
Share of equity accounted investments' profit after tax	4	**2,372**	**-**	**2,372**	50	-	50
Operating profit		**130,917**	**(5,901)**	**125,016**	120,317	(42,053)	78,264
Finance income	5	**19,021**	**-**	**19,021**	16,171	4,143	20,314
Finance expense	5	**(32,330)**	**(3,539)**	**(35,869)**	(24,301)	-	(24,301)
Profit before tax		**117,608**	**(9,440)**	**108,168**	112,187	(37,910)	74,277
Income tax expense		**(22,050)**	**6,723**	**(15,327)**	(20,951)	4,165	(16,786)
Profit for the financial year		**95,558**	**(2,717)**	**92,841**	91,236	(33,745)	57,491
Profit attributable to:							
Owners of the parent		**95,543**	**(2,717)**	**92,826**	91,196	(33,745)	57,451
Non-controlling interest		**15**	**-**	**15**	40	-	40
		95,558	**(2,717)**	**92,841**	91,236	(33,745)	57,491
Earnings per ordinary share:							
Basic earnings per share - cent	8			**37.00c**			23.06c
Diluted earnings per share - cent	8			**36.85c**			22.92c

Group Statement of Comprehensive Income

for the year ended 30 September 2020

	Notes		2020 $'000		2019 $'000
Profit for the financial year			**92,841**		57,491
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement gain/(loss) on Group defined benefit schemes	16		**2,307**		(3,905)
Deferred tax on Group defined benefit schemes			**(511)**		846
			1,796		(3,059)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment			**9,578**		(16,675)
Group cash flow hedges:					
- Effective portion of cash flow hedges – movement into reserve		**(8,869)**		21,637	
- Effective portion of cash flow hedges – movement out of reserve		**15,980**		(12,414)	
Effective portion of cash flow hedges	13		**7,111**		9,223
- Movement in deferred tax – movement into reserve		**1,109**		(2,704)	
- Movement in deferred tax – movement out of reserve		**(1,998)**		1,551	
Net movement in deferred tax	13		**(889)**		(1,153)
			15,800		(8,605)
Total other comprehensive income/(expense)			**17,596**		(11,664)
Total comprehensive income for the financial year			**110,437**		45,827
Total comprehensive income attributable to:					
Owners of the parent			**110,405**		45,791
Non-controlling interests			**32**		36
			110,437		45,827

Group Statement of Changes in Equity

for the year ended 30 September 2020

	Equity share capital $'000	Share premium $'000	Other reserves (Note 13) $'000	Retained earnings $'000	**Attributable to owners of the parent $'000**	Non-controlling interest $'000	**Total equity $'000**
At 1 October 2019	**14,678**	**198,978**	**(142,759)**	**829,459**	**900,356**	**207**	**900,563**
Change in accounting policy (Note 21)	**-**	**-**	**-**	**1,924**	**1,924**	**-**	**1,924**
Restated total equity at the beginning of the financial year	**14,678**	**198,978**	**(142,759)**	**831,383**	**902,280**	**207**	**902,487**
Profit for the financial year	-	-	-	92,826	**92,826**	15	**92,841**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	7,111	-	**7,111**	-	**7,111**
Deferred tax on cash flow hedges	-	-	(889)	-	**(889)**	-	**(889)**
Translation adjustment	-	-	9,561	-	**9,561**	17	**9,578**
Remeasurement gain on defined benefit schemes	-	-	-	2,307	**2,307**	-	**2,307**
Deferred tax on defined benefit schemes	-	-	-	(511)	**(511)**	-	**(511)**
Total comprehensive income for the year	**-**	**-**	**15,783**	**94,622**	**110,405**	**32**	**110,437**
Transactions with shareholders:							
New shares issued	57	756	-	-	**813**	**-**	**813**
Issued in settlement of deferred consideration[1]	40	6,160	-	-	**6,200**	-	**6,200**
Share-based payment expense	-	-	5,688	-	**5,688**	-	**5,688**
Dividends paid to equity holders	-	-	-	(42,084)	**(42,084)**	-	**(42,084)**
Release from share-based payment reserve	-	-	(5,157)	5,157	**-**	-	**-**
At 30 September 2020	**14,775**	**205,894**	**(126,445)**	**889,078**	**983,302**	**239**	**983,541**

[1]The Company issued 723,775 ordinary shares during the year as a part settlement of the deferred consideration for the acquisition of STEM Marketing which the Group acquired in the year ended 30 September 2017.

	Equity share capital $'000	Share premium $'000	Other reserves (Note 13) $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 October 2018	14,643	197,837	(135,955)	812,469	888,994	171	889,165
Profit for the financial year	-	-	-	57,451	57,451	40	57,451
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	9,223	-	9,223	-	9,223
Deferred tax on cash flow hedges	-	-	(1,153)	-	(1,153)	-	(1,153)
Translation adjustment	-	-	(16,671)	-	(16,671)	(4)	(16,675)
Remeasurement loss on defined benefit schemes	-	-	-	(3,905)	(3,905)	-	(3,905)
Deferred tax on defined benefit schemes	-	-	-	846	846	-	846
Total comprehensive (expense)/income for the year	-	-	(8,601)	54,392	45,791	36	45,827
Transactions with shareholders:							
New shares issued	35	1,141	-	-	1,176	-	1,176
Share-based payment expense	-	-	4,720	-	4,720	-	4,720
Dividends paid to equity holders	-	-	-	(40,325)	(40,325)	-	(40,325)
Release from share-based payment reserve	-	-	(2,923)	2,923	-	-	-
At 30 September 2019	14,678	198,978	(142,759)	829,459	900,356	207	900,563

Group Balance Sheet

as at 30 September 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Non-current			
Property, plant and equipment	9	**194,040**	176,305
Goodwill	10	**583,101**	547,520
Intangible assets	10	**220,387**	241,615
Equity accounted investments	10	**50,316**	10,216
Right of use assets	11	**88,334**	-
Contract fulfilment assets		**4,834**	5,327
Derivative financial instruments	12	**13,138**	15,395
Deferred income tax assets		**4,081**	5,178
Employee benefits	16	**8,592**	7,636
Total non-current assets		**1,166,823**	1,009,192
Current			
Inventories		**28,730**	25,253
Trade and other receivables		**312,117**	370,350
Contract fulfilment assets		**4,656**	5,315
Cash and cash equivalents	12	**246,045**	135,228
Current income tax assets		**4,013**	4,385
Derivative financial instruments	12	**1,604**	8,878
Total current assets		**597,165**	549,409
Total assets		**1,763,988**	1,558,601
EQUITY			
Equity share capital		**14,775**	14,678
Share premium		**205,894**	198,978
Other reserves	13	**(126,445)**	(142,759)
Retained earnings		**889,078**	829,459
Equity attributable to owners of the parent		**983,302**	900,356
Non-controlling interest		**239**	207
Total equity		**983,541**	900,563
LIABILITIES			
Non-current			
Interest-bearing loans and borrowings	12	**276,920**	174,734
Lease liabilities	12	**86,962**	-
Other payables		**15,374**	23,853
Provisions	14	**56,978**	74,193
Deferred income tax liabilities		**33,002**	39,263
Total non-current liabilities		**469,236**	312,043
Current			
Interest-bearing loans and borrowings	12	**64**	65,297
Lease liabilities	12	**16,777**	-
Trade and other payables		**236,403**	246,685
Current income tax liabilities		**13,586**	14,380
Provisions	14	**44,381**	19,633
Total current liabilities		**311,211**	345,995
Total liabilities		**780,447**	658,038
Total equity and liabilities		**1,763,988**	1,558,601

Group Cash Flow Statement

for the year ended 30 September 2020

	Note	2020 $'000	2019 $'000
Cash flow from operating activities			
Profit before tax		**108,168**	74,277
Finance income	5	**(19,021)**	(16,171)
Finance expense	5	**32,330**	24,301
Exceptional items	6	**9,440**	37,910
Operating profit		**130,917**	120,317
Share of equity accounted investments' profit after tax	4	**(2,372)**	(50)
Transaction costs		**2,064**	2,136
Depreciation of property, plant and equipment	9	**22,841**	23,130
Depreciation of right of use assets	11	**17,162**	-
Loss/(profit) on disposal of property, plant and equipment		**157**	(571)
Amortisation of intangible assets	10	**41,716**	40,414
Share-based payment expense		**5,599**	4,400
Decrease/(increase) in contract fulfilment assets		**1,479**	(3,786)
Increase in inventories		**(2,691)**	(6,989)
Decrease/(increase) in trade and other receivables		**68,716**	(5,814)
(Decrease)/increase in trade payables, provisions and other payables		**(4,520)**	23,105
Exceptional items paid		**(14,063)**	(29,267)
Transaction costs paid		**(2,030)**	(2,534)
Cash generated from operations		**264,975**	164,491
Interest paid		**(12,324)**	(9,910)
Income taxes paid		**(21,995)**	(25,329)
Net cash inflow from operating activities		**230,656**	129,252
Cash flows from investing activities			
Interest received		**941**	2,209
Purchase of property, plant and equipment		**(30,176)**	(27,016)
Proceeds from disposal of property, plant and equipment		**88**	852
Investment in intangible assets – computer software		**(7,724)**	(12,475)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	15	**(26,866)**	(69,078)
Investment in equity accounted investees	10	**(37,500)**	-
Deferred consideration paid		**(10,347)**	(24,333)
Deferred contingent consideration paid	14	**(3,585)**	(812)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)	7	**9,924**	-
Net cash outflow from investing activities		**(105,245)**	(130,653)
Cash flows from financing activities			
Proceeds from issue of shares (including share premium thereon)		**813**	1,176
Repayments of interest-bearing loans and borrowings		**(63,406)**	(1,859)
Proceeds from interest-bearing loans and borrowings		**100,744**	1,928
Principal elements of lease payments (2019: decrease in finance leases)		**(17,098)**	(5)
Dividends paid to equity holders of the Company		**(42,084)**	(40,325)
Net cash outflow from financing activities		**(21,031)**	(39,085)
Net increase/(decrease) in cash and cash equivalents		**104,380**	(40,486)
Translation adjustment		**6,437**	(4,385)
Cash and cash equivalents at beginning of year		**135,228**	180,099
Cash and cash equivalents at end of year		**246,045**	135,228

Cash and cash equivalents is comprised of:			
Cash at bank and short-term deposits		**246,045**	135,228

1. Reporting entity

UDG Healthcare plc (the 'Company') and its subsidiaries (together the 'Group') delivers advisory, communications, commercial, clinical and packaging services to the healthcare industry. The Company is a public limited company whose shares are publicly traded. It is incorporated and domiciled in Ireland. The address of its registered office is 20 Riverwalk, Citywest Business Campus, Citywest, Dublin 24, Ireland. The preliminary consolidated financial information for the year ended 30 September 2020 is for the Company, its subsidiaries and the Group's interest in equity accounted investments.

2. Statement of compliance and basis of preparation

Basis of preparation

This announcement has been prepared on the basis of the results and financial position that the directors expect will be reflected in the audited statutory accounts when these are completed. The financial information presented in this report has been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'); and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. Full details of the accounting policies adopted by the Group are contained in the consolidated financial statements included in the Group's 2019 Annual Report, which is available on the Group's website; www.udghealthcare.com.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates, judgements and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to goodwill impairment testing, revenue recognition, income tax expense, employee benefit obligations, share-based payments and valuation of provisions. Other than the changes in accounting policies outlined in Note 21, the nature of the assumptions and estimates made in the preparation of the preliminary announcement are the same as those identified in our most recent annual report. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The Group has assessed the principal risks and uncertainties facing the Group, including the COVID-19 pandemic and the impact it is having on economic activity. The Group is actively monitoring the impact of COVID-19 and adopting cost control measures to mitigate against the potential future impact of weaker demand in some of our businesses. These measures have included: the reduction of appropriate variable costs; tight control of discretionary expenditure; a recruitment freeze; and a temporary reduction in labour including reduced working hours in Group's businesses that are primarily impacted. The Group implemented a restructuring during the year in the businesses most impacted by the pandemic (Note 6).

The financial impact of COVID-19 is not quantifiable due to the uncertainty over the length of time that the health crisis and related restrictions will continue to exist. The Group has continued to trade profitably during the year ended 30 September 2020. In assessing the potential impact on the Group, a number of scenarios have been modelled including where the restrictions imposed as a result of the pandemic and the downturn in economic activity continues for the period to the end of September 2021. Further possible downside risk has been incorporated into forecasts through sensitivity analysis.

The Group continues to have significant liquidity headroom on its existing financing facilities. At 30 September, the Group has

- unrestricted cash and cash equivalents of $246 million;
- unused committed debt facilities of up to $245.9 million from a multi-currency revolving senior bank credit facility expiring in May 2025; and
- bank overdraft facilities of $5.9 million renewable on an annual basis.

The Group has a low gearing with a net debt of $16.2m and net debt to annualised EBITDA ratio of 0.1, excluding IFRS 16 lease liabilities. There are no material debt maturities until September 2023.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant financial headroom, the directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the preliminary announcement.

The financial information presented herein does not represent full statutory financial statements that are required by Section 347 of the Companies Act, 2014 to be annexed to the annual return of the Company. The financial information does not include all the information and disclosures required in the annual financial statements. The statutory financial statements for the year ended 30 September 2019 have been annexed to the annual return and filed with the Irish Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory financial statements for the year ended 30 September 2020 will be annexed to the next annual return of the Company and filed with the Registrar of Companies.

2. Statement of compliance and basis of preparation (continued)

Accounting policies
The accounting policies applied in the preparation of the Group financial information are consistent with those applied in the 2019 Annual Report, except for the adoption of new standards, interpretations and standard amendments effective for the Group for the period commencing 1 October 2019. The Group has had to change its accounting policies as a result of adopting IFRS 16 *Leases.* Details on the impact of adoption of new accounting standards and interpretations are outlined in Note 21.

3. Segmental analysis
The Group's operations are divided into the following operating segments each of which operates in a distinct sector of the healthcare services market:

Ashfield - Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across three broad areas of activity: advisory, communications and commercial & clinical services. It focuses on supporting healthcare professionals and patients at all stages of the product life cycle. The division provides field and contact centre sales teams, healthcare communications, patient support, audit, advisory, medical information and event management services to over 300 healthcare companies.

Sharp - Sharp is a global leader in contract commercial packaging and clinical trial packaging services for the pharmaceutical and biotechnology industries, operating from state-of-the-art facilities in the U.S. and Europe.

The segmental analysis of the business corresponds with the Group's organisational structure and the Group's internal reporting for the purpose of managing the business and assessing performance as reviewed by the Group's Chief Operating Decision Maker (CODM), which the Group has defined as Brendan McAtamney (Chief Executive Officer). The amount of revenue and operating profit by segment is as follows:

	2020 $'000	2019 $'000
Revenue		
Ashfield	**891,452**	950,249
Sharp	**387,742**	348,274
	1,279,194	1,298,523
Operating profit before amortisation of acquired intangibles, transaction costs and exceptional items		
Ashfield	**105,154**	110,010
Sharp	**60,158**	44,830
Adjusted operating profit	**165,312**	154,840
Amortisation of acquired intangibles	**(32,331)**	(32,387)
Transaction costs	**(2,064)**	(2,136)
Exceptional items	**(5,901)**	(42,053)
Operating profit	**125,016**	78,264
Finance income	**19,021**	20,314
Finance expense	**(35,869)**	(24,301)
Profit before tax	**108,168**	74,277
Income tax expense	**(15,327)**	(16,786)
Profit after tax for the year	**92,841**	57,491

Timing of revenue recognition	**Year ended 30 September 2020**		
	Over time $'000	**Point in time $'000**	**Total $'000**
Ashfield			
Communications & Advisory	**411,989**	**-**	**411,989**
Commercial & Clinical	**477,430**	**2,033**	**479,463**
Ashfield	**889,419**	**2,033**	**891,452**
Sharp	**383,296**	**4,446**	**387,742**
Group	**1,272,715**	**6,479**	**1,279,194**

3. Segmental analysis (continued)

	Year ended 30 September 2019		
	Over time $'000	Point in time $'000	Total $'000
Ashfield			
Communications & Advisory	383,253	-	383,253
Commercial & Clinical	564,614	2,382	566,996
Ashfield	947,867	2,382	950,249
Sharp	339,110	9,164	348,274
Group	1,286,977	11,546	1,298,523

Revenue is recognised when a customer obtains control of a good or service and therefore has the ability to direct the use and obtain the benefits from the good or service. Revenue is recognised over time where i) there is a continuous transfer of control to the customer; or ii) there is no alternative use for any asset created and there is an enforceable right to payment for performance completed to date. Other revenue contracts are recognised at a point in time when control of the good or service transfers to the customer.

Geographical analysis of revenue

	2020 $'000	2019 $'000
Republic of Ireland	**4,850**	6,364
United Kingdom	**212,304**	251,962
North America	**873,936**	826,420
Rest of World	**188,104**	213,777
	1,279,194	1,298,523

4. Share of equity accounted investments' profit after tax

The amounts recognised in the income statement are as follows:

	2020 $'000	2019 $'000
Associates	**663**	-
Joint ventures	**1,709**	50
Total	**2,372**	50

The amounts recognised in the balance sheet are as follows:

	2020 $'000	2019 $'000
Associates	**38,163**	-
Joint ventures	**12,153**	10,216
At 30 September (Note 10)	**50,316**	10,216

5. Finance income and expense

	2020 $'000	2019 $'000
Finance income		
Income arising from cash deposits	**927**	2,280
Fair value adjustment to guaranteed senior unsecured loan notes	**2,000**	1,097
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**15,980**	12,414
Net finance income on defined benefit pensions	**114**	380
	19,021	16,171
Finance expense		
Interest on overdrafts	**(87)**	(60)
Interest on bank loans and other loans:		
-wholly repayable within 5 years	**(8,588)**	(7,196)
-wholly repayable after 5 years	**(576)**	(1,893)
Interest on lease liabilities (2019: Interest on finance leases)	**(3,174)**	(2)
Unwinding of discount on deferred consideration	**-**	(124)
Unwinding of discount on provisions	**(1,925)**	(1,515)
Fair value adjustments to fair value hedges	**(2,000)**	(1,097)
Fair value of cash flow hedges transferred to equity	**(15,980)**	(12,414)
	(32,330)	(24,301)
Net finance expense, pre-exceptional items	**(13,309)**	(8,130)
Finance (expense)/income relating to exceptional items	**(3,539)**	4,143
Net finance expense	**(16,848)**	(3,987)

6. Exceptional items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. These exceptional items are separately presented in the Income Statement caption to which they relate. An analysis of exceptional items is disclosed below.

		2020 $'000	2019 $'000
Restructuring costs and other	(a)	**10,219**	12,481
Sharp Europe rationalisation	(b)	**(2,477)**	10,445
Impairment of intangible assets	(c)	**-**	3,744
Impairment of property, plant and equipment	(c)	**861**	389
Impairment of right of use assets	(c)	**2,555**	-
Gain on disposal of subsidiary	(d)	**(5,257)**	-
Legal costs and settlements	(e)	**-**	14,994
Net operating exceptional items		**5,901**	42,053
Deferred contingent consideration	(f)	**3,539**	(4,143)
Net exceptional items before taxation		**9,440**	37,910
Exceptional items tax credit	(g)	**(4,420)**	-
Tax effect of exceptional items		**(2,303)**	(4,165)
Net exceptional items after taxation		**2,717**	33,745

(a) Restructuring costs and other

During the year, the Group implemented a restructuring of its Ashfield operations due to market conditions arising from the COVID-19 pandemic, primarily within the Meetings and Events business and the STEM business. Restructuring costs and other includes redundancy costs of $7,583,000, consulting and legal costs of $945,000, onerous contracts and termination costs of $1,857,000 and an accelerated share-based payment expense of $89,000. There was a $255,000 release of restructuring costs relating to the previous year. In the prior year, the Group incurred restructuring costs primarily relating to Ashfield Commercial & Clinical in Europe. A tax credit of $2,082,000 arose in respect of exceptional restructuring costs.

(b) Sharp Europe rationalisation

The Group completed the rationalisation of Sharp's European operations during the year with the closure of the plant at Oudehaske, Netherlands. The cost of the rationalisation was lower than previously estimated resulting in an exceptional credit in the year. The tax impact of the exceptional rationalisation credit amounted to $619,000.

6. Exceptional items (continued)

(c) Impairment of assets
The Group incurred a one-off expense of $861,000 arising from the impairment of property, plant and equipment and $2,555,000 arising from the impairment of right of use assets. The impairment arose following a review of leased offices in the U.S. which resulted in a consolidation of leased space during the year. A tax credit of $881,000 arose in respect of the impairment of assets.

(d) Gain on disposal of subsidiary
In January 2020, Ashfield disposed of Ashfield Pharmacovigilance, a U.S. based subsidiary that provides safety and risk management services supporting healthcare organisations. The business was not considered core to Ashfield's operations. As further outlined in note 7, the disposal resulted in a gain of $5,257,000. The related tax charge was $41,000.

(e) Legal costs and settlements
In the prior year, the Group recognised $14,994,000 million of an exceptional charge after tax primarily relating to the settlement of a claim relating to the Group's disposal of United Drug in 2016 and other legal costs relating to protecting an Ashfield trademark.

(f) Deferred contingent consideration
Following review of expected performance of acquired business against earn-out targets, there was an increase in deferred contingent consideration of $3,539,000 primarily in respect of Putnam Associates in Ashfield. In the prior year, there was a release of contingent consideration of $4,143,000 following a review of earn-out targets.

(g) Exceptional tax credit
In the measurement of the Group's current tax liabilities, there are transactions and calculations, for which the ultimate tax determination can be both complex and uncertain. During the year, the Group recognised a credit of $4,420,000 on the remeasurement of current tax liabilities as a consequence of the resolution of a historic uncertain tax position.

7. Disposal of subsidiaries

On 10 January 2020 the Group completed the disposal of Ashfield Pharmacovigilance, which was part of the Ashfield operating segment, based in the U.S. The following tables summarise the consideration received, profit on disposal and the net cash flow arising on the disposal:

	2020 $'000
Consideration	
Cash consideration received	**10,924**
Total consideration received	**10,924**
Assets and liabilities disposed of	
Property, plant and equipment	**1,004**
Intangible assets	**198**
Goodwill	**1,450**
Deferred tax assets	**213**
Trade and other receivables	**2,165**
Trade and other payables	**(529)**
Cash and cash equivalents	**1,000**
Net assets disposed of	**5,501**
Gain on disposal	
Total consideration received	**10,924**
Net assets disposed of	**(5,501)**
Disposal costs	**(166)**
Net profit on disposal of subsidiaries	**5,257**
Net cash flow from disposal of subsidiaries	
Cash and cash equivalents received	**10,924**
Cash and cash equivalents disposed of	**(1,000)**
Net cash inflow from disposal of subsidiaries	**9,924**

The cash inflow from disposal of subsidiaries is presented within cash flows from investing activities in the Group Cash Flow Statement. The net gain on disposal is presented as an exceptional item (Note 6) within other operating income.

8. Earnings per ordinary share

	2020	2019
	$'000	$'000
Profit attributable to the owners of the parent	**92,826**	57,451
Adjustment for amortisation of acquired intangible assets (net of tax)	**22,808**	25,302
Adjustment for transaction costs (net of tax)	**1,841**	2,098
Adjustment for exceptional items (net of tax)	**2,717**	33,745
Adjusted profit attributable to owners of the parent	**120,192**	118,596

	2020 Number of shares	2019 Number of shares
Weighted average number of shares	**250,881,495**	249,110,546
Number of dilutive shares under option	**1,027,597**	1,551,905
Weighted average number of shares, including share options	**251,909,092**	250,662,451

	2020	2019
Basic earnings per share – $ cent	**37.00**	23.06
Diluted earnings per share – $ cent	**36.85**	22.92
Adjusted basic earnings per share – $ cent[1]	**47.91**	47.61
Adjusted diluted earnings per share – $ cent[1]	**47.71**	47.31

[1]Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets ($22.8m, net of tax), transaction costs ($1.8m, net of tax) and exceptional items ($2.7m, net of tax).

Non–GAAP information

The Group reports certain financial measurements that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non–GAAP measurements provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance-based remuneration.

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share. 1,202,686 (2019: 1,371,292) anti–dilutive share options have been excluded from the calculation of diluted earnings per share.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.

9. Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	**Total $'000**
At 1 October 2019	84,088	82,160	38	5,530	4,489	176,305
Additions in the year	913	27,815	22	3,450	2,525	34,725
Arising on acquisition	-	4,917	-	79	-	4,996
Depreciation	(4,085)	(15,175)	(5)	(3,576)	-	(22,841)
Impairment	-	(861)	-	-	-	(861)
Disposals in year	(7)	(209)	-	(29)	-	(245)
Disposal of subsidiaries	-	(757)	-	(247)	-	(1,004)
Transfer from intangible assets	-	-	-	114	-	114
Reclassifications	(4,600)	6,261	(36)	1,140	(2,765)	-
Translation adjustment	1,431	1,113	-	99	208	2,851
At 30 September 2020	**77,740**	**105,264**	**19**	**6,560**	**4,457**	**194,040**
At 30 September 2020						
Cost or deemed cost	120,632	204,309	68	29,711	4,457	359,177
Accumulated depreciation	(42,892)	(99,045)	(49)	(23,151)	-	(165,137)
Net book amount	**77,740**	**105,264**	**19**	**6,560**	**4,457**	**194,040**

10. Movement in goodwill, intangible assets and investment in equity accounted investments

	Goodwill $'000	**Intangible assets $'000**	**Equity accounted investments $'000**
At 1 October 2019	547,520	241,615	10,216
Investment in computer software	-	8,653	-
Amortisation of acquired intangible assets	-	(32,331)	-
Amortisation of computer software	-	(9,385)	-
Arising on acquisitions – computer software	-	209	-
Arising on acquisitions	23,810	6,120	37,500
Disposal of subsidiaries	(1,450)	(198)	-
Transfer to property, plant and equipment	-	(114)	-
Share of associates' profit after tax	-	-	663
Share of joint ventures' profit after tax	-	-	1,709
Measurement period adjustment	267	-	-
Translation adjustment	12,954	5,818	228
At 30 September 2020	**583,101**	**220,387**	**50,316**

Additions to goodwill and intangible assets arising on acquisitions is outlined in note 15.

On 24 July 2020, Sharp acquired a 25% shareholding in Berkshire Sterile Manufacturing Inc, a Massachusetts based sterile packaging and manufacturing services business, for $37.5 million. This investment expands Sharp's capabilities into sterile fill/finish manufacturing and is highly complementary to its existing clinical trial, packaging and related services

11. Right of use assets

	$'000
At 1 October 2019 (Note 21)	81,161
Additions	20,767
Arising on acquisition	7,938
Depreciation	(17,162)
Impairment	(2,555)
Termination of lease contracts	(358)
Modification of lease contracts	(2,423)
Translation adjustment	966
At 30 September 2020	**88,334**

12. Net debt

	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	**246,045**	135,228
Derivative financial instruments	**1,604**	8,878
Non-current assets		
Derivative financial instruments	**13,138**	15,395
Current liabilities		
Interest-bearing loans and borrowings	**(64)**	(65,278)
Finance leases	**-**	(19)
Non-current liabilities		
Interest-bearing loans and borrowings	**(276,920)**	(174,704)
Finance leases	**-**	(30)
Net debt	**(16,197)**	(80,530)
Current liabilities		
Lease liabilities	**(16,777)**	-
Non-current liabilities		
Lease liabilities	**(86,962)**	-
Net debt including lease liabilities	**(119,936)**	(80,530)

13. Other reserves

	Cash flow hedge $'000	Share-based payment $'000	Foreign exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	**Total $'000**
At 1 October 2019	(7,816)	16,605	(144,219)	(7,676)	347	**(142,759)**
Effective portion of cash flow hedges	7,111	-	-	-	-	**7,111**
Deferred tax on cash flow hedges	(889)	-	-	-	-	**(889)**
Share-based payment expense	-	5,688	-	-	-	**5,688**
Release from share-based payment reserve	-	(5,157)	-	-	-	**(5,157)**
Translation adjustment	-	-	9,561	-	-	**9,561**
At 30 September 2020	**(1,594)**	**17,136**	**(134,658)**	**(7,676)**	**347**	**(126,445)**

	Cash flow hedge $'000	Share-based payment $'000	Foreign exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	Total $'000
At 1 October 2018	(15,886)	14,808	(127,548)	(7,676)	347	(135,955)
Effective portion of cash flow hedges	9,223	-	-	-	-	9,223
Deferred tax on cash flow hedges	(1,153)	-	-	-	-	(1,153)
Share-based payment expense	-	4,720	-	-	-	4,720
Release from share-based payment reserve	-	(2,923)	-	-	-	(2,923)
Translation adjustment	-	-	(16,671)	-	-	(16,671)
At 30 September 2019	(7,816)	16,605	(144,219)	(7,676)	347	(142,759)

14. Provisions

	Deferred contingent consideration $'000	Onerous leases $'000	Restructuring and other costs $'000	**Total $'000**
At 1 October 2019	78,184	1,537	14,105	**93,826**
Charge to income statement	3,539	106	7,547	**11,192**
Arising on acquisition	10,461	-	1,665	**12,126**
Utilised during the year	(3,585)	(99)	(13,964)	**(17,648)**
Unwinding of discount	1,925	-	-	**1,925**
Reclassification	-	(1,310)	342	**(968)**
Translation adjustment	346	23	537	**906**
At 30 September 2020	**90,870**	**257**	**10,232**	**101,359**
Non-current	55,313	-	1,665	56,978
Current	35,557	257	8,567	44,381
Total	**90,870**	**257**	**10,232**	**101,359**

The Group availed of the practical expedient on adoption of IFRS 16 Leases to rely on the assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Consequently, right of use assets were adjusted on transition by the amount of the provisions for onerous leases recognised at 30 September 2019. The remaining onerous lease balance relates to a lease with a lease term of less than one year from the date of adoption of the standard (Note 21).

15. Business Combinations

The Group completed the acquisition of 100% of Canale Communications, Inc. ('CanaleComm') on 12 November 2019. CanaleComm is a U.S.-based healthcare strategic communications agency, with specialist capabilities in corporate communications, public relations and investor relations. CanaleComm is presented as part of the Ashfield operating segment, and significantly strengthens the Group's public relations offering in the U.S.

On 15 May 2020, the Group completed the acquisition of the trade and assets of a U.S.- based pharmaceutical packaging facility at Macungie, Pennsylvania. The facility provides further primary, secondary and tertiary packaging space, warehouse facilities and additional capacity to expand. The acquisition provides an opportunity to expand Sharp's capacity in the Allentown area, and is reported as part of the Sharp operating segment.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above acquisitions. Any amendments to these acquisition fair values within the 12-month timeframe from the date of acquisition will be disclosed in the relevant Annual Report as stipulated by IFRS 3 Business Combinations.

15. Business Combinations (continued)

	Arising on Acquisition $'000
Property, plant and equipment	**4,996**
Right of use assets	**7,938**
Intangible assets – computer software	**209**
Intangible assets – arising on acquisition	**6,120**
Inventory	**494**
Trade and other receivables	**4,411**
Trade and other payables	**(863)**
Lease liabilities	**(7,790)**
Deferred tax liabilities	**(333)**
Provisions	**(1,665)**
Cash acquired	**60**
Net assets acquired	**13,577**
Goodwill	**23,810**
Consideration	**37,387**
Satisfied by:	
Cash consideration	**26,926**
Deferred contingent consideration	**10,461**
Total consideration	**37,387**
Net cash outflow - arising on acquisitions	
Cash consideration	**26,926**
Less: Cash and cash equivalents	**(60)**
Net cash outflow	**26,866**

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the workforce and management teams within the business acquired, the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by UDG Healthcare plc to create the combined Group. The goodwill arising from acquisitions that is expected to be tax deductible is $23,810,000.

The intangible assets arising on the acquisitions primarily relate to the trade names, customer relationships, and customer contracts. The gross contractual value of trade and other receivables on acquisition amounted to $4,456,000. The fair value of trade and other receivables recognised on acquisition was $4,411,000. No contingent liabilities were recognised on the acquisitions completed during the financial year.

The total transaction related costs for completed and aborted acquisitions amounts to $2,064,000. These are presented separately in the Group Income Statement.

Contingent consideration is payable to the sellers of CanaleComm after three years, based on the achievement of certain profit targets. The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payments to present value at the acquisition date. For contingent consideration to become payable, the pre-defined profit thresholds must be achieved by the acquired business. On an undiscounted basis, the future payments for which the Group may be liable in respect of the current year acquisitions ranges from $nil to $11,000,000.

The Group's results for the year ended 30 September 2020 included the following amounts in respect of the businesses acquired during the year:

	2020 $'000
Revenue	**12,298**
Profit for the year	**1,497**

The proforma revenue and profit of the Group for the year ended 30 September 2020 would have been $1,286,117,000 and $91,707,000 respectively had the acquisitions taken place at the start of the reporting period. The proforma results for the year include the estimate of tax expense and amortisation of intangible assets recognised on acquisition.

16. Employee benefits

	2020 $'000	2019 $'000
At the beginning of the year	**7,636**	12,935
Current service cost	**(3,254)**	(2,981)
Interest	**114**	380
Contributions paid	**1,642**	1,286
Remeasurement gain/(loss)	**2,307**	(3,905)
Translation adjustment	**147**	(79)
At end of year	**8,592**	7,636
Employee benefit asset	**8,592**	7,636
Employee benefit liability	**-**	-
Total	**8,592**	7,636

As set out in the consolidated financial statements for the year ended 30 September 2020, the Group operates a number of defined benefit pension schemes which are funded by the payments of contribution to separately administered trust funds. The employee benefit asset includes both the United States pension scheme and the Republic of Ireland (ROI) pension schemes. The ROI schemes have a remeasurement gain in the current year resulting from experience gains on liabilities. The U.S. scheme have a remeasurement gain in the current year resulting from changes in the assumptions used to measure liabilities of the plan. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

17. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated balance sheet at 30 September 2020, are as follows:

	Carrying value $'000	Fair value $'000
Financial assets		
Trade and other receivables	292,661	292,661
Derivative financial assets	14,742	14,742
Cash and cash equivalents	246,045	246,045
	553,448	**553,448**
Financial liabilities		
Trade and other payables	178,401	178,401
Interest-bearing loans and borrowings	276,984	279,474
Lease liabilities	103,739	103,739
Deferred contingent consideration	90,870	90,870
	649,994	**652,484**

The fair values of the financial assets and liabilities disclosed in the above tables have been determined using the methods and assumptions set out below.

Trade and other receivables/payables

For receivables and payables, the carrying value less impairment provision is deemed to reflect fair value where appropriate.

Cash and cash equivalents

For cash and cash equivalents, the nominal amount is deemed to reflect fair value.

Interest-bearing loans and borrowings (excluding lease liabilities)

The fair value of interest-bearing loans and borrowings is based on the fair value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

17. Financial instruments (continued)

Lease liabilities
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Valuation techniques and significant unobservable inputs
Fair value hierarchy of assets and liabilities measured at fair value
The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at fair value as at the year end:
• Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the fair values of all financial assets and liabilities that are measured at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	-	14,742	-	14,742
	-	**14,742**	**-**	**14,742**
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	-	-	90,870	90,870
	-	**-**	**90,870**	**90,870**

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet $000	**Related amounts not offset in the balance sheet $'000**	**2020 Net $'000**	Amount of financial assets/liabilities as presented in the balance sheet $'000	Related amounts not offset in the balance sheet $'000	2019 Net $'000
Derivative financial assets	**14,742**	**-**	**14,742**	24,273	-	24,273
Derivative financial liabilities	**-**	**-**	**-**	-	-	-

All derivatives entered into by the Group are included in Level 2 of the fair value hierarchy and consist of cross currency interest rates swaps. The fair values of cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include, where appropriate, adjustments to take account of the credit risk of the Group entity and counterparty.

Deferred contingent consideration
Deferred contingent consideration is included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in note 14. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred contingent consideration is principally in respect of acquisitions completed during 2017 to 2020.

The significant unobservable inputs are:
- forecast weighted average EBIT growth rate 13% (2019: 19%); and
- risk adjusted discount rate 0.7% to 2.8% (2019: 0.7% to 2.8%).

17. Financial instruments (continued)

Inter–relationship between significant unobservable inputs and fair value measurement:
The estimated fair value would increase/(decrease) if:
- the EBIT growth rate was higher/(lower); and
- the risk adjusted discount rate was lower/(higher).

For the fair value of deferred contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 30 September 2020, holding the other inputs constant, would have the following effects:

	Increase $'000	**Decrease $000**
Effect of change in assumption on income statement		
Annual EBIT growth rate (1% movement)	985	(1,100)
Risk-adjusted discount rate (1% movement)	(1,427)	1,456

Financial ratios
Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

	2020 Times	2019 Times
Net debt to annualised EBITDA	0.1	0.4
Annualised EBITDA interest cover	23.3	28.1

The financial ratios calculated above exclude the impact of IFRS 16, in line with financial covenant requirements.

18. Dividends

The Board has proposed a final dividend of 12.54 $ cent per share which gives a total dividend of 17.00 $ cent for 2020. This dividend has not been provided for in the balance sheet at 30 September 2020 as there was no present obligation to pay the dividend at year end. During the financial year, the final dividend for 2019 (12.34 $ cent per share) and the interim dividend for 2020 (4.46 $ cent per share) were paid giving rise to a reduction in shareholders' funds of $42,084,000.

19. Foreign currency

The principal exchange rates used in translating sterling and dollar balance sheets and income statements were as follows:

	2020	2019
	$1=Stg£	$1=Stg£
Balance sheet (closing rate)	0.7793	0.8134
Income statement (average rate)	0.7844	0.7839
	$1=Euro€	$1=Euro€
Balance sheet (closing rate)	0.8541	0.9184
Income statement (average rate)	0.8924	0.8865

20. Related parties .

The Group trades in the normal course of business with its equity accounted investments. The aggregate value of these transactions is not material in the context of the Group's financial results.

The Group has provided a loan to Magir Limited, the Group's investment in associate, gross of interest, of Stg £12,164,000 (2019: Stg £11,759,000).

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. UDG Healthcare classifies directors, the Company Secretary and members of its senior executive team as key management personnel. The senior executive team is the body of senior executives that formulates business strategy along with the directors, follows through on the implementation of that strategy and directs and controls the activities of the Group on a day to day basis.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of $10,455,000 for the year ended 30 September 2020 (2019: $11,270,000).

21. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements and the new accounting policies that have been applied from 1 October 2019, where they are different to those applied and disclosed in the 2019 Annual Report.

New and amended standards and interpretations effective during 2020

IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases and related interpretations. The standard addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about leasing activities. A key change arising from IFRS 16 is that most of the leases previously accounted for as operating leases under IAS 17 are now accounted for on the Balance Sheet, similar to the accounting for finance leases previously.

Accounting policy

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Such leases are accounted for on a straight line expense basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period in which they relate.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before the commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is determined to be shorter than the lease term.

When the estimate of the term of any lease is revised, for example due to reassessing the probability of exercising an extension or termination option, the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, except in this case the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

21. Changes in accounting policies (continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount equal to the standalone price for the additional right of use assets obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

For contracts that include both a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to separate the non-lease components and exclude these from the lease liability calculations.

Implementation of IFRS 16

IFRS 16 was adopted by the Group on 1 October 2019 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application, without restatement of comparative figures. With this approach, lease liabilities and right of use assets were recognised for the remaining lease payments on identified lease contracts at date of application, discounted at the appropriate incremental borrowing rate. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

The impact of adopting the new standard on the Group Balance Sheet as at 1 October 2019 is outlined as follows:

	30 September 2019 Previously reported $'000	IFRS 16 Adjustments $'000	1 October 2019 Adjusted $'000
Non-current assets			
Right of use assets	-	81,161	**81,161**
Deferred income tax assets	5,178	1,936	**7,114**
Current assets			
Trade and other receivables	370,350	(868)	**369,482**
Equity			
Retained earnings	829,459	1,924	**831,383**
Non-current liabilities			
Interest-bearing loans and borrowings	174,734	(30)	**174,704**
Lease liabilities	-	79,467	**79,467**
Other payables	23,853	(7,630)	**16,223**
Provisions	74,193	(181)	**74,012**
Deferred income tax liabilities	39,263	12	**39,275**
Current liabilities			
Interest-bearing loans and borrowings	65,297	(19)	**65,278**
Lease liabilities	-	14,620	**14,620**
Trade and other payables	246,685	(5,045)	**241,640**
Provisions	19,633	(889)	**18,744**

21. Changes in accounting policies (continued)

The Group's total future minimum lease payments under non-cancellable operating leases at 30 September 2019 amounted to $125,197,000 and are reconciled to the lease liability recognised at 1 October 2019 as follows:

Reconciliation of operating lease commitments to IFRS 16 lease liability on transition	**Land & Buildings $'000**	**Motor Vehicles $'000**	**Plant, Equipment, & Other $'000**	**Total $'000**
Operating lease commitments under IAS 17 at 30 September 2019	112,070	10,800	2,327	**125,197**
Adjusted for impact of:				
Finance lease liabilities recognised under IAS 17 as at 30 September 2019	-	-	49	**49**
Short-term leases not recognised as a liability [1]	(904)	(4,320)	-	**(5,224)**
Low-value leases not recognised as a liability [2]	-	-	(1,523)	**(1,523)**
Different treatment of extension and termination options [3]	4,034	103	-	**4,137**
Separation of non-lease components from the lease contracts [4]	(6,022)	(1,110)	(110)	**(7,242)**
Lease contracts not yet commenced [5]	(9,185)	-	-	**(9,185)**
Effect of discounting the lease liability [6]	(11,875)	(221)	(26)	**(12,122)**
IFRS 16 Lease liability on adoption at 1 October 2019	**88,118**	**5,252**	**717**	**94,087**

Notes

[1] Relates to leases which are ending within 1 year or less of the date of transition and are therefore excluded from the IFRS 16 lease liability as a result of applying the recognition exemption for short-term leases.
[2] Relates to leases of assets that qualify as low-value assets and are therefore excluded from the IFRS 16 lease liability as a result of applying the recognition exemption for leases of low-value assets. These leases primarily relate to leases of IT, office and telephony equipment which are not individually material.
[3] Differences between the non-cancellable periods of the in-scope leases which are used to calculate the operating lease commitments, and the lease terms used to calculate the lease liability under IFRS 16 which include periods covered by an option to extend the lease if the lessee is reasonably certain to exercise such options, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise such options. As part of the transition to IFRS 16, management judgement has been applied to assess whether options included in the in-scope lease contracts will be executed.
[4] Adjustments to remove non-lease components included in operating lease commitments from the IFRS 16 lease liability, in accordance with the Group accounting policy being applied on transition.
[5] Refers to lease contracts that have been signed as at the transition date but that have not yet commenced as the asset is not available for use.
[6] Impact of discounting the remaining lease payments on identified lease contracts as at the transition date, using the appropriate incremental borrowing rate.

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 clarified how to recognise and measure uncertainties over income tax treatments. The Group already provides for tax uncertainties in the recognition and measurement of the income tax expense and current tax liabilities. The impact of implementing IFRIC 23 did not have a material impact on the financial statements.

A number of other changes to IFRS became effective in the period beginning on 1 October 2019, however they did not have a material effect on the Group accounting policies.

22. Capital commitments
Capital expenditure authorised but not contracted for amounted to $23,764,000 (2019: $13,167,000) at the balance sheet date.

23. Events after the balance sheet date
There have been no significant events after the balance sheet date which require disclosure.

24. Board approval
This announcement was approved by the Board of Directors of UDG Healthcare plc on 23 November 2020.

Additional Information

Key performance indicators and non-IFRS performance measures

The Group reports certain financial measurements that are not required under International Financial Reporting Standards (IFRS) which represent the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that the presentation of these non-IFRS measurements provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements are also used internally to evaluate the historical and planned future performance of the Group's operations and to measure executive management's performance based remuneration.

None of the non-IFRS measurements should be considered as an alternative to financial measures derived in accordance with IFRS. The non-IFRS measurements can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS. The principal non-IFRS measurements used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Financial Statements, are set out below.

Net revenue

Definition
This comprises of revenue as reported in the Group Income Statement, adjusted for revenue associated with pass-through costs for which the Group does not earn a margin.

Calculation		**2020 $'000**	2019 $'000
Revenue	Income Statement	**1,279,194**	1,298,523
Pass-through revenue		**(125,669)**	(195,648)
Net revenue		**1,153,525**	1,102,875

Adjusted operating profit

Definition
This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		**2020 $'000**	2019 $'000
Operating profit	Income Statement	**125,016**	78,264
Transaction costs	Income Statement	**2,064**	2,136
Amortisation of acquired intangible assets	Note 10	**32,331**	32,387
Exceptional items	Note 6	**5,901**	42,053
Adjusted operating profit		**165,312**	154,840

Adjusted profit before tax

Definition
This comprises of profit before tax as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		**2020 $'000**	2019 $'000
Profit before tax	Income Statement	**108,168**	74,277
Transaction costs	Income Statement	**2,064**	2,136
Amortisation of acquired intangible assets	Note 10	**32,331**	32,387
Exceptional items	Note 6	**9,440**	37,910
Adjusted profit before tax		**152,003**	146,710

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted operating margin

Definition
Measures the adjusted operating profit as a percentage of revenue.

Calculation		2020 $'000	2019 $'000
Adjusted operating profit	Per above	**165,312**	154,840
Revenue	Income Statement	**1,279,194**	1,298,523
Adjusted operating margin		**12.9%**	11.9%

Adjusted net operating margin

Definition
Measures the adjusted operating profit as a percentage of net revenue.

Calculation		2020 $'000	2019 $'000
Adjusted operating profit	Per above	**165,312**	154,840
Net revenue	Per above	**1,153,525**	1,102,875
Adjusted net operating margin		**14.3%**	14.0%

Adjusted effective tax rate

Definition
The Group adjusted effective tax rate expresses the income tax expense adjusted for the tax impact of exceptional items, transaction costs and the amortisation of acquired intangible assets as a percentage of adjusted profit before tax.

Calculation		2020 $'000	2019 $'000
Tax charge	Income Statement	**15,327**	16,786
Tax relief with respect to transaction costs		**223**	38
Deferred tax credit with respect to acquired intangible amortisation		**9,523**	7,084
Tax relief with respect to exceptional items	Note 6	**2,303**	4,165
Remeasurement of current tax liabilities	Note 6	**4,420**	-
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**31,796**	28,073
Adjusted profit before tax	Per above	**152,003**	146,710
Adjusted effective tax rate		**20.9%**	19.1%

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Adjusted and annualised EBITDA

Definition

Adjusted EBITDA is used internally for performance management and is also a useful supplemental measure for external stakeholders. Adjusted EBITDA is adjusted operating profit (operating profit before amortisation of acquired intangible assets, transaction costs and exceptional items) before depreciation, share-based payment expense, amortisation of computer software, the share of equity accounted investments' profits/(loss) and profit/(loss) on disposal of property, plant and equipment.

The annualised EBITDA used for debt covenant compliance purposes, amends adjusted EBITDA to include the annualisation of the EBITDA for acquisitions and exclude share-based payment expense, transaction costs, the impact of IFRS 16 Leases on EBITDA and the EBITDA of completed disposals.

Adjusted and annualised EBITDA are adjusted for depreciation of right of use assets as the expense is considered by management to be similar in nature to depreciation of property, plant and equipment and amortisation of intangible assets. Annualised EBITDA excluding IFRS 16 is also presented (excluding depreciation of right of use assets and IFRS 16 operating profit impact) to illustrate an annualised EBITDA that is consistent with the Group's financial debt covenants.

Calculation		**2020 $'000**	2019 $'000
Adjusted operating profit	Per above	**165,312**	154,840
Share-based payment expense	Cash Flow Statement	**5,599**	4,400
Depreciation	Cash Flow Statement	**22,841**	23,130
Depreciation of right of use assets	Cash Flow Statement	**17,162**	-
Amortisation of computer software	Note 10	**9,385**	8,027
Share of equity accounted investments' profit after tax	Income Statement	**(2,372)**	(50)
Loss/(profit) on disposal of property, plant and equipment	Cash Flow Statement	**157**	(571)
Adjusted EBITDA		**218,084**	189,776
Share-based payment expense	Cash Flow Statement	**(5,599)**	(4,400)
Transaction costs	Income Statement	**(2,064)**	(2,136)
EBITDA of completed disposals		**(259)**	-
Annualised EBITDA of acquisitions[1]		**3,212**	10,004
Annualised EBITDA		**213,374**	193,244
IFRS 16 Operating profit impact		**(1,688)**	-
Depreciation of right of use assets		**(17,162)**	-
IFRS 16 impact on EBITDA of completed disposals		**77**	-
IFRS 16 impact on Annualised EBITDA of acquisitions		**(475)**	-
Annualised EBITDA excluding IFRS 16		**194,126**	193,244

[1] Includes EBITDA for acquisitions which were not part of the Group for the full financial year.

Financial ratios

Definition

The net debt to EBITDA and EBITDA interest cover ratios disclosed are calculated using annualised EBITDA and adjusted net finance expense (net finance expense excluding interest on pension scheme obligations, the unwinding of discount on provisions and deferred consideration, see Note 5). Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments and cash and cash equivalents as presented in the Group Balance Sheet and is calculated in Note 12.

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Return on capital employed (ROCE)

Definition

ROCE is the adjusted operating profit expressed as a percentage of the Group's net assets employed. Net assets employed is the average of the opening and closing net assets in the year excluding net debt adjusted for the historical amortisation of acquired intangible assets and restructuring charges.

Calculation		**2020 $'000**	2019 $'000
Net assets	Balance Sheet	**983,541**	900,563
Net debt	Note 12	**16,197**	80,530
Assets before net debt		**999,738**	981,093
Cumulative intangible amortisation		**214,574**	208,980
Cumulative restructuring costs		**27,394**	20,439
Total capital employed		**1,241,706**	1,210,512
Average total capital employed		**1,226,108**	1,186,319
Adjusted operating profit	Per above	**165,312**	154,840
Return on capital employed		**13.5%**	13.1%

Free cashflow conversion

Definition

Free cash flow conversion is the adjusted EBITDA, less working capital movement and less capital expenditure on property, plant and equipment and computer software, expressed as a percentage of adjusted EBITDA.

Calculation		**2020 $'000**	2019 $'000
Adjusted EBITDA	Per above	**218,084**	189,776
Working capital	Cash Flow Statement	**62,984**	6,516
Investment in property, plant and equipment	Cash Flow Statement	**(30,176)**	(27,016)
Investment in intangible assets – computer software	Cash Flow Statement	**(7,724)**	(12,475)
Cash generated from operations including capital expenditure		**243,168**	156,801
Free cash flow conversion		**111.5%**	82.6%

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus U.S. dollars, the Group's presentation currency. In order to present a better reflection of underlying performance in the year, the Group retranslates foreign denominated prior year earnings at current year exchange rates.

		2020	2019
Revenue - constant currency		**$'000**	$'000
Revenue	Income Statement	**1,279,194**	1,298,523
Currency impact		**-**	(2,590)
Revenue - constant currency		**1,279,194**	1,295,933
Revenue - constant currency decrease on 2019		**(16,739)**	
Revenue - constant currency decrease on 2019 %		**(1%)**	
Net revenue - constant currency		**$'000**	$'000
Net revenue	Per above	**1,153,525**	1,102,875
Currency impact		**-**	(2,240)
Net revenue - constant currency		**1,153,525**	1,100,635
Net revenue – constant currency increase on 2019		**52,890**	
Net revenue - constant currency increase on 2019%		**5%**	
Adjusted operating profit - constant currency		**$'000**	$'000
Adjusted operating profit	Per above	**165,312**	154,840
Currency impact		**-**	76
Adjusted operating profit - constant currency		**165,312**	154,916
Adjusted operating profit - constant currency increase on 2019		**10,396**	
Adjusted operating profit - constant currency increase on 2019 %		**7%**	
Adjusted profit before tax - constant currency		**$'000**	$'000
Adjusted profit before tax	Per above	**152,003**	146,710
Currency impact		**-**	130
Adjusted profit before tax - constant currency		**152,003**	146,840
Adjusted profit before tax - constant currency increase on 2019		**5,163**	
Adjusted profit before tax - constant currency increase on 2019 %		**4%**	
Adjusted diluted earnings per share ('EPS') - constant currency		**$'000**	$'000
Adjusted profit attributable to owners of the parent	Note 8	**120,192**	118,596
Currency impact		**-**	131
Adjusted profit attributable to owners of the parent - constant currency		**120,192**	118,727
Weighted average number of shares used in diluted EPS calculation	Note 8	**251,909,092**	250,662,451
Adjusted diluted EPS - constant currency (cent)		**47.71**	47.37
Adjusted diluted EPS - constant currency increase on 2019 (cent)		**0.34**	
Adjusted diluted EPS - constant currency increase on 2019 %		**1%**	

The dividend per share constant currency increase on 2019 percentage disclosed is the same as actual percentage increase in dividend per share as this is based on the disclosed U.S. dollars dividend per share.