

A year of strength and increased resilience

Dear Shareholder,

This is my first Annual Report since taking on the role as Chair of UDG Healthcare plc and it is both an honour and a privilege to lead this great company. I must begin by acknowledging Peter Gray for his commitment over the past 16 years, including his last eight years as Chair. Under Peter's guidance, UDG Healthcare has been transformed into a global leader in outsourced healthcare services. Peter has made an enormous contribution to the Group and on behalf of the Board and myself; I wish him and his family the best for the future.



To describe the year under review as extraordinary is an understatement. We are experiencing the most remarkable of times, and witnessing events that none of us could have ever predicted. The World Health Organisation's decision in March 2020 to declare the Covid-19 outbreak a pandemic was a deeply sobering moment for us all. Ensuring the health, safety and wellbeing of our people and their families quickly became our priority. A global response team was established, and this team took timely and effective action to ensure all our workers, especially our frontline workers, were operating in a safe manner and in line with all government and health authority guidelines.

The impact of the pandemic has tested us all. The Board and the Senior Executive Team made some very difficult decisions. Drawing on our strong resilience and commitment, our people ensured the Group continues to deliver for all our stakeholders. I would like to thank all our people, especially our frontline workers, for their adaptability and commitment in getting the job done under the most challenging of

circumstances. At the same time, we send our deepest sympathies and a message of support to all of those at UDG Healthcare and beyond who have been personally affected by this unprecedented situation.

Financial Performance

From a financial perspective, the Group has proven resilient despite the range of challenges presented by Covid-19. Overall, in FY2020 we delivered a strong financial performance. We experienced very strong growth during the first half of the year and exceeded all our targets. While the second half of the year was impacted by the pandemic, our broad portfolio, diversified businesses, global footprint and resilience ensured we could withstand the challenges presented. Group net revenue increased by 5% and adjusted underlying operating profit increased by 7%, both on a constant currency basis.

Ashfield's field-based services were particularly impacted by Covid-19, with the division's adjusted operating profit decreasing by 4%. Sharp delivered a very strong performance,

“It is at times like these that we are particularly proud to be working every day to help society to deal with the ravages of this dreadful pandemic, as well as come up with potential solutions.”

Shane Cooke

A handwritten signature in black ink, appearing to read 'Shane Cooke', written over a white background.

generating revenue of \$387.7 million and adjusted operating profit of \$60.1 million. Our strategic investments in Sharp over the past number of years enabled the division to take advantage of increased demand for both traditional packaging and packaging of serialised speciality and biotech products.

Adjusted earnings per share (EPS) increased by 1% to 47.71c. Total adjusted operating profit margin increased to 14.3%. Return on Capital Employed (ROCE), another important metric for the Board, increased to 13.5% compared with 13.1% last year.

As a Group, we have successfully transformed and grown over the past decade through organic growth and by regularly acquiring companies that complement our portfolio and create further platforms for growth. During the year, we completed several important acquisitions across both the Ashfield and Sharp businesses, deploying approximately \$74.9 million in capital. In 2020, cognisant of our strategic direction, we disposed of Pharmacovigilance. We continue to focus on higher growth, higher margin sectors and continue to deliver sustainable returns.

In light of the uncertainty surrounding the initial stages of the pandemic, in April 2020, the Board took the decision to suspend the interim dividend for the first half of the year. However, in August, taking into account the Group's strong liquidity position and improved visibility, we declared an interim dividend of 4.46 cents per share, in line with the 2019 interim dividend. The Board has since evaluated the Group's dividend for FY2020 in light of the Covid-19 crisis and has concluded that it is appropriate for UDG Healthcare to deliver on its final dividend commitment. For FY2020, the Board has recommended a 1.6% increase in final dividend of 12.54 cent per share, subject to shareholder approval at the Annual General Meeting on 26 January 2021. The Group's total dividend per share for the year will be 17.00 cent per share.

Purpose and Governance

Purpose has been, and always will be, fundamental to any company with long-term aspirations or enduring ambition. At its core, our purpose is to partner with our clients, deliver innovative solutions and improve patients' lives. Last year, we welcomed the changes to the U.K. Corporate Governance Code requiring companies to better

understand the views of key stakeholders. In addition, the Board is now required, through the section 172(1) statement, to demonstrate how our stakeholders influence some of our principal decisions. As highlighted throughout the report, we continue to develop strong relationships with our full range of stakeholders. Our Covid-19 response as outlined on pages 12 and 13 clearly demonstrates the Group's engagement with all our stakeholders during this turbulent time and our s.172(1) statement can be found on page 60.

With respect to workforce engagement, in October 2019 Board members Lisa Ricciardi and Erik van Snippenberg were appointed designated workforce engagement Board members. In FY2020, we commenced our Board workforce engagement focus groups, the results of which are detailed on page 53.

The pandemic is not the only reason that most of us will remember 2020. The political and social movement dedicated to fighting racism was a timely reminder that society should, and must, do more to embrace difference. UDG Healthcare has always welcomed people regardless of colour, gender or sexual orientation but we are now committing to take further steps to ensure that we continue to respect and include all our people and our clients. We have recently appointed our first full-time Equity, Diversity and Inclusion Officer who will devise a roadmap for the organisation to ensure that every part of UDG is both diverse and inclusive. I believe this is the right thing to do and I strongly believe it will have a positive impact on all our stakeholders. I am proud that we are moving in this direction and hope you welcome the move too.

Board and Committee Changes

2020 has been a particularly busy year for Board changes. As I mentioned earlier, the Board actively promotes equality and diversity in the workplace and, while we acknowledge the importance of having a diverse board, we also reiterate our commitment to ensuring that the best candidates are selected for board positions. While reinforcing this commitment, we have made significant progress on gender diversity with the recent appointments of Liz Shanahan and Anne Whitaker. Liz and Anne's extensive healthcare-industry experience as outlined on page 63, complements and further expands the broad range of skills on the Board.

Peter Gray was not the only Board director to leave us this year. In 2020, we said our farewells to Chris Corbin, Chris Brinsmead and Nancy Miller-Rich. We thank them for their commitment, wise counsel and insightful contributions. I wish them all the best for the future. While accommodating the aforementioned Board changes we also reviewed the membership of the Board Committees and expanded the remit of the Nominations and Governance Committee to include a sustainability focus. 2021 will be the year in which we define our sustainability strategy and establish actionable long-term targets for the Group. As a Board, we are determined to do business in a sustainable manner and secure a sustainable future for all our stakeholders.

Even the most smooth-running of engines needs fine-tuning, and therefore we conducted an internal Board Evaluation during FY2020 to evaluate Board processes and effectiveness. Over the coming year, we will implement the recommendations of that review, details of which are outlined on page 71.

Outlook

As a Group, we have a diversified set of businesses which operate within the healthcare industry; an industry, which is weathering the Covid-19 storm better than others. The course of the pandemic has shown us that making predictions is unusually difficult at the moment. However, on the back of a solid FY2020 performance, with strong underlying revenue and operating profit, we look to the future with confidence.

UDG Healthcare and our c. 9,000 employees play a key role working with our clients to provide important healthcare products for the benefit of society as a whole. It is at times like these that we are particularly proud to be working every day to help society to deal with the ravages of this awful pandemic, as well as assisting with potential solutions. I hope you as shareholders also feel proud to be involved in this company for the same reason. Our employees, management, investors, clients, healthcare professionals and patients are all in this together. That is why UDG Healthcare will come out of this pandemic an even stronger organisation than it was before the crisis began.