

Focus on purpose, pride in people

In extraordinary times you need extraordinary people. Here at UDG Healthcare we are lucky to have so many extraordinary people. As Covid-19 continues to turn our world upside down, I am proud of my colleagues across the Group who have continued to deliver for our clients and their patients, despite the challenging circumstances.

We have been on the front foot since the beginning of this crisis. Following the announcement of 'work from home' guidance, the management team swiftly established a global response team to concentrate on the

health and safety of our people and their families. Looking after our people and taking care of our clients was our primary focus. To this end, we immediately introduced a range of additional measures and processes to prevent any risk of contracting or spreading the virus while carrying out essential work for clients and their patients. Our core services were successfully maintained and we adjusted other services accordingly, gradually reinstating them once it was safe to do so.

Our people worked tirelessly to deliver, adapting to the situation as needed with superb flexibility. Close to 2,000 Sharp employees were deemed essential workers. New working processes, cleaning regimes, shift patterns and restrictions on non-essential visits to manufacturing sites were introduced. Those able to work from home were supported to do so. We successfully secured the right personal protective equipment (PPE) for those who needed it. Workplace protection was put in place and we made the most of technology and digital platforms to ensure good lines of communication between teams.

I want to praise all of our people for their adaptability, resilience and commitment during this pandemic. I also want to thank all those who have supported our frontline essential teams by learning to work collaboratively in new and different ways. Every single person in the Group has been tested in ways we would never have previously imagined, but it gives me huge pride to say that we have been able to adapt so successfully to the many challenges.

Financial Performance

Prior to the outbreak of the virus, we were experiencing very strong growth across the Group as evidenced in our reported H1 Interim financial results in May. While Covid-19 impacted the second half of the financial year, I am pleased to report a strong performance for FY2020. FY2020 adjusted earnings per share was in line with FY2019, a resilient performance in the context of the pandemic. Group net revenue grew by 5% and adjusted underlying operating profit increased by 7%, both on a constant currency basis. Our cash flow performance, which is an important metric for the Group, was especially strong with net cash generated from operations of 230.7 million and a free cash flow conversion rate of 111%.



"I want to thank all of our people for their resilience, adaptability and commitment during this pandemic."

Brendan McAtamney

A handwritten signature in black ink, appearing to read 'B. McAtamney', written in a cursive style.

Sharp delivered extremely strong revenue and operating profit growth. Over the past number of years, and in line with our strategy, we have invested heavily in Sharp's infrastructure and capabilities, especially our biotech and speciality services. This strategy has delivered for the Group with revenue of \$387.7 million, an 11% increase on the same period last year. This strong performance was driven in particular by increasing demand for the packaging of serialised specialty and biotech products. Demand for Sharp's traditional packaging services also remains strong. Sharp packages many critical medicines and therefore was deemed a life-sustaining business during the pandemic. For this reason, it was allowed to operate, within strict safety restrictions, throughout the lockdown periods.

Ashfield delivered a solid performance, despite some of its services being impacted by Covid-19. The onset of the virus forced us to quickly reimagine and realign elements of Ashfield's business model and look at accelerating our omnichannel reach, which was already well progressed. Ashfield Communications & Advisory now represents 72% of Ashfield's operating profits. Net revenue increased by 13% and operating profit increased by 1%, reflecting the continued strong demand for our services, including the benefit of acquisitions. Ashfield Commercial & Clinical performed in line with revised expectations. Net revenue and operating profit both declined compared to the same period last year.

Our teams in Ashfield adapted rapidly to ensure that they delivered virtual services to our clients to replace face-to-face services such as field-based training, clinical education and patient support programs. We continue to serve our clients remotely where possible, although we have seen some project deferrals and cancellations, specifically where face-to-face interactions are required. While face-to-face interactions will remain a core part of our approach in the future, a blended offering including virtual engagement resonates more with our clients at this point in the pandemic cycle.

As a result of our solid financial performance, robust financial position and our liquidity position, I am pleased that the Board has proposed the reinstatement of a final dividend of 12.54 cents (FY2019: 12.34 cents). A further review of our financial performance is detailed on pages 30 to 33.

Investments, Acquisitions and Disposals

We completed three acquisitions during FY2020.

In November 2019, we completed the acquisition of Canale Communications, a San Diego-based scientific strategic communications agency, providing a range of public relations, investor relations and communications services to early stage and emerging life science and biotech companies.

Thank you to Peter Gray

In December 2019, Peter Gray announced his intention to retire in September 2020. Peter joined the Board of UDG Healthcare in 2004 and was appointed Chair in 2012.

During his tenure UDG Healthcare has been transformed and Peter's depth of experience and knowledge has provided strong and focused Board leadership. Key highlights under Peter's chairmanship include the disposal of the supply chain business and the re-investment into the evolution of Ashfield from a U.K.-based contract sales business to a global leader in healthcare, advisory, communications, commercial and clinical services. Peter was also pivotal in the acquisition of Sharp and its continued growth over the last decade.

Peter has presided over a period of significant strategic transformation in UDG Healthcare, and on behalf of the Board and myself, I would like to thank him sincerely and to wish him and his family the very best for the future.

\$165.3m

Adjusted operating profit
(2019: \$154.8 million)

\$230.7m

Net cash flow from operating activities
(2019: \$129.3 million)

\$108.2m

Profit before tax
(2019: \$74.3 million)

Chief Executive's Review (continued)

In August 2020, we acquired a 25% shareholding in Berkshire Sterile Manufacturing (BSM). BSM is a Massachusetts-based sterile drug manufacturing company. This investment further expands Sharp's capabilities into sterile fill-finish manufacturing and is highly complementary to our existing clinical trial, packaging and related services. The agreement will allow Sharp's Clinical division, via BSM, to offer sterile fill-finish manufacturing and extend these services to Sharp Packaging's rare disease and orphan drug customers where market demand is growing significantly.

During the year, we also completed the acquisition of a packaging facility close to Sharp's existing campus in Allentown, Pennsylvania. The facility offers primary and secondary pharmaceutical packaging, including bottling, blistering and vial labelling.

This investment expands Sharp's capacity by over 15%, and further enhances Sharp's ability to meet demand from new and existing clients across all packaging formats. Sharp's strong pipeline of business, its robust market position and recently added additional capacity, leave it well placed to meet future client demand and to deliver continued strong growth.

All of the acquisitions are an excellent strategic fit with existing businesses and are in line with our strategy to grow our portfolio of services, both organically and through

acquisition. The Group also took the strategic decision to dispose of Pharmacovigilance from our Ashfield division.

Supporting Our People, Our Clients and Our Communities

While our physical safety is of critical importance, so too is our mental and physical wellbeing. To support our c. 9,000 people we have rolled out a number of health and wellbeing initiatives during the year, including the launch of a ('WellSpace') website offering everything from mental health support to cooking recipes and fitness activities. The launch of this website was an astute and timely initiative; one which continues to provide great comfort to our people during this challenging period.

Despite the challenging impact of Covid-19, the Group has continued to deliver for clients, aided by significant investment in technology over recent years. We also continue to use our expertise to support our clients in their efforts to find a treatment for Covid-19, including packaging, distribution and medical information services on several related clinical trials. One such initiative is 'The Fight Is in Us' campaign, working to mobilise people in the U.S. who have recovered from the infection to donate their blood plasma. Ashfield is proud to provide contact centre support to the coalition's national campaign seeking blood plasma donors with the coalition's shared goal

of accelerating the development of life saving therapies. Other partners in this coalition include Microsoft, Takeda, CSL Behring, Mayo Clinic, Octapharma and Uber Health.

During the crisis, we have continued to support communities where we operate. Examples include foodbank donations, charitable fundraising, the donation of personal protective equipment to hospitals and financial support for www.feedtheheroes.com, which is an Irish initiative to provide essential and nutritious meals to frontline workers fighting Covid-19.

Strategy

Our strategy is anchored in our three clear ambitions: to develop and expand market leading positions; transform through people; and remain focused on continuous improvement. The market fundamentals for UDG Healthcare's services remain strong. Complementing our existing client base, we see opportunities in the many emerging orphan, rare disease, oncology, and biotech companies that are open to outsourcing several parts of their operations and want to work with global companies such as UDG Healthcare.

While our businesses are not immune to the impact of the pandemic, we have a resilient business model and we are accelerating the implementation of key aspects of our strategic priorities to support our clients

Acquisition Strategy timeline 2012–2020



and their patients. This provides us with the opportunity to quicken the pace at which we provide some services and solutions to meet increasing client demand. For example, in FY2020, Sharp launched multiple new products and indications. Many of these launches received fast-tracked FDA approval. Sharp's clinical business is also involved in six Covid-19-related clinical trial programs covering both antivirals and vaccines.

Following some new appointments to the Senior Executive Team, whose expertise and experience are outlined on pages 64, we remain focused on executing our strategic agenda, managing the short-term challenges and supporting our people.

The new divisional leaders will continue to realign our business model to support our innovation into the omnichannel playbook, which pervades into every part of our organisation. Digitalisation, data analysis, and measuring outcomes are key parts of our growth model. We believe that investment into these areas will be even more important as UDG Healthcare continues to build differentiated, compelling capabilities that are attractive to our clients.

Looking Ahead

The continuing pandemic has presented the Group with a variety of challenges. How we responded to these challenges speaks to the essence of who we are as an organisation. As a healthcare services company, we are acutely aware of our clients' commitment to their patients. In FY2020, we focused on the health and safety of our people and took bold steps to position the Group to meet the challenges that the virus presented. The good news is that we accomplished all of this while continuing to deliver a resilient financial performance.

The Group retains a robust financial position with a strong balance sheet and liquidity profile. Looking ahead, we remain a strong and well diversified business, supported by excellent long-term fundamentals, as evidenced by the solid financial performance in FY2020. 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.

We will continue to focus on leveraging our investments in people, technology and facilities. By continuing to follow our Covid-19 business continuity plan, I am confident that our strong financial performance and sustainable value will endure.

These have been challenging weeks and months for all of us, and we know the ripples from this crisis will likely continue for some time. As a Group, we have the financial strength and the appropriate balance sheet to weather any further storms.

In this changing world, we remain confident in our ability to continue adapting and developing for the benefit of our people, our clients and our shareholders alike.

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COMMUNICATIONS, INC.

cb CAMBRIDGE
BIOMARKETING

Bethlehem Site

vynamic

sellxpert

2017

SMARTANALYST®
INTELLIGENT INSIGHTS, SMART RESULTS.

CREATE NYC

2018

Aquilant

**INCISIVE
HEALTH**

**putnam
associates**
WISDOM. CLARITY. STRATEGY.

2019

**ESM
BERKSHIRE**
STERILE MANUFACTURING

CANALECOMM

Macungie Site

2020

**Ashfield
Pharmacovigilance**