UDG Healthcare plc
Interim Report 2021

Strong first half performance

12 May 2021: UDG Healthcare plc ("UDG Healthcare" or "Group"), a leading international healthcare services provider, announces its results for the six months to 31 March 2021, in which the Group delivered a strong performance.

Key highlights

- Adjusted diluted earnings per share (EPS) increased by 8%* against a strong comparative period
- Group net revenue flat* on the prior period
- Adjusted operating profit increased by 10%* (8% underlying and 2% acquisition benefit):
  - A good performance across both parts of Ashfield with adjusted operating profit up 7%* against a strong comparative period; and
  - A continued strong performance from Sharp with adjusted operating profit increasing by 19%*
- Adjusted Group net operating margins increased from 13.6% to 14.8% with margins increasing in both Ashfield and Sharp
- $80 million committed to strategic acquisitions to date, including:
  - Acquisition of PHMR Limited ("PHMR"), a market access consultancy based in the U.K. and Ireland, announced in January 2021 for up to $43.6 million; and
  - Acquisition of Nuvera LLC ("Nuvera"), a US-based healthcare consultancy specialising in patient support programmes for a total potential consideration of up to $36 million in April 2021 (post period end)
- Robust balance sheet with net debt to EBITDA of 0.2x and a continued strong free cash flow conversion performance of 76%
- The FY21 financial guidance provided with our First Quarter Trading Update on 26 January has been adjusted as follows to reflect the benefit of the acquisition of Nuvera announced today:
  - Constant currency adjusted operating profit growth of between 12% and 14% (previously 11% and 13%) ahead of the $165.3m reported in FY20
  - Constant currency adjusted diluted earnings per share (EPS) growth of between 10% and 12% (previously 9% and 11%) ahead of the 47.71 $ cent reported in FY20

** on a constant currency basis*

Chief Executive's comment

Chief Executive Officer, Brendan McAtamney commented:

"We are pleased to report another strong trading performance, predominantly driven by underlying operating profit growth across both Ashfield and Sharp, supplemented by the benefit of recent acquisitions.

We continue to expand the range of services we offer clients across many therapeutic areas including several COVID-19 related projects. Additionally, we continued to execute strategic acquisitions, committing $80m to date in FY21, expanding our capabilities in market access and patient support programmes, and further growing our presence across the U.K., E.U. and U.S.

Looking ahead, our businesses remain resilient, supported by their market leading positions and compelling service offerings, underpinned by excellent long-term market fundamentals."

Shareholders are referred to today's announcement of a recommended cash offer for the entire issued and to be issued share capital of UDG Healthcare plc by Nenelite Limited (a newly incorporated company and affiliate of Clayton, Dublier & Rice LLP, formed for Clayton, Dublier & Rice LLP, in its capacity as adviser to Clayton, Dublier & Rice LLC as manager of CD&R Funds X and XI)).

Financial Results – six months to 31 March 2021

IFRS based	31 March 2021 $'m	31 March 2020 $'m	Increase/ (decrease) %
Revenue	**661.4**	693.6	(5)
Operating profit	**72.6**	68.5	6
Profit before tax	**65.1**	62.3	5
Diluted earnings per share ("EPS") (cent)	**20.35**	22.03	(8)

	31 March 2021	31 March 2020	30 September 2020
Net debt ($'m)	**34.3**	58.2	16.2
Net debt ($'m) including IFRS 16 lease liabilities	**136.6**	157.1	119.9
Net debt/annualised EBITDA (times)	**0.2**	0.3	0.1

Alternative performance measures[1]	31 March 2021 $'m	31 March 2020 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**661.4**	693.6	(5)	(7)
Net Revenue	**609.0**	596.2	2	-
Adjusted operating profit	**90.0**	81.3	11	10
Adjusted profit before tax	**82.4**	75.0	10	10
Adjusted diluted earnings per share ("EPS") (cent)	**25.55**	23.64	8	8

Group development and outlook

Supporting our clients to develop treatments and vaccines for COVID-19 and protecting our people
Across the Group, we continue to use our expertise to support our clients in their efforts to bring COVID-19 treatments and vaccines to the market.

Sharp continues to support the packaging and distribution of multiple clinical trials and treatments related to COVID-19. Ashfield is providing support on multiple COVID-19 related products, ranging in scale and at various stages of progress. It is due to the commitment and dedication of our people across the Group that we have been able to continue to support our clients as they develop drugs and treatments for patients across the world.

Corporate development
The Group continued to make good progress from a corporate development perspective, completing two strategic and complementary acquisitions to date for a total consideration of up to $80m.

As previously announced, in January 2021, Ashfield completed the acquisition of PHMR, a market access consultancy based in the U.K. and Ireland. The business specialises in healthcare technology assessment, pricing and reimbursement strategy, and real-world evidence generation. PHMR was acquired for a total consideration of up to $43.6 million, comprising an initial consideration of $30 million, with an earn-out of up to $13.6 million payable over two years, based on the achievement of agreed performance targets.

In April 2021, post the period end, Ashfield completed the acquisition of Nuvera, a healthcare consultancy business specialising in helping clients to design, implement and manage patient support programmes that enhance access to treatments, and improve adherence to rare disease and specialty therapeutics. Based in New Jersey, USA, Nuvera's service offering is highly complementary to Ashfield Engage's Patient Solutions business. Nuvera was acquired for a total consideration of up to $36 million, $24 million paid initially, in addition to an earn-out of up to $12 million over a three-year period.

Balance sheet and liquidity
The Group's net debt was $34.3 million (0.2x net debt to EBITDA) at 31 March 2021. This compares to the Group's banking covenant of 3.5x net debt to EBITDA.

The Group's strong balance sheet leaves it well placed to fund the continued organic and inorganic development of its two global growth platforms Ashfield and Sharp, through capital investment and further strategic acquisitions as those opportunities arise.

Group outlook

The FY21 financial guidance provided with our First Quarter Trading Update on 26 January has been adjusted as follows to reflect the benefit of the acquisition of Nuvera announced today:

- Constant currency adjusted operating profit growth of between 12% and 14% (previously 11% and 13%) ahead of the $165.3m reported in FY20
- Constant currency adjusted diluted earnings per share (EPS) growth of between 10% and 12% (previously 9% and 11%) ahead of the 47.71 $ cent reported in FY20.

Additional information in relation to the FY21 financial guidance is included on page 31.

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 32 for definitions and reconciliations to the closest respective equivalent GAAP measure.

Ashfield

Six months to 31 March	2021 $'m	2020 $'m	*Actual Growth*	*Underlying Growth[2]*
Revenue				
Advisory & Health	**226.0**	220.4	*3%*	*(1%)*
Engage	**248.4**	287.5	*(14%)*	*(15%)*
Total	**474.4**	507.9	*(7%)*	*(9%)*
Net revenue[1]				
Advisory & Health	**212.8**	201.0	*6%*	*3%*
Engage	**209.2**	209.4	-	*(1%)*
Total	**422.0**	410.4	*3%*	*1%*
Adjusted operating profit[3]				
Advisory & Health	**45.3**	41.1	*10%*	*8%*
Engage	**17.9**	17.5	*2%*	*3%*
Total	**63.2**	58.6	*8%*	*6%*
Adjusted operating margin[3]				
Operating margin (on revenue)	**13.3%**	11.5%		
Net operating margin (on net revenue)	**15.0%**	14.3%		

[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.*

Ashfield generated net revenue of $422.0 million and adjusted operating profit of $63.2 million, 3% and 8% ahead of the prior period respectively. This was against a strong comparative period, which was not negatively impacted by COVID-19. Adjusting for the impact of currency translation movements and the contribution from acquisitions, underlying net revenue and operating profit were ahead by 1% and 6% respectively.

Ashfield Advisory & Health, which represents approximately 72% of Ashfield's operating profits, continued to perform strongly with net revenue increasing by 6% and operating profit increasing by 10%, including the benefit of the January 2021 acquisition of PHMR. On an underlying basis, net revenue increased by 3% and operating profit increased by 8%, in part driven by the continued recovery of activity levels in STEM.

Ashfield Engage, which represents approximately 28% of Ashfield's operating profits, has demonstrated considerable resilience through the pandemic, with H1 FY21 net revenue flat on the prior period and operating profit increasing by 2%, compared to a non-COVID impacted prior period. Despite the multiple challenges presented by the pandemic impacting in-field based activity levels, Ashfield Engage's investments in omni-channel capabilities and digital engagement prior to the pandemic have enabled the business to provide new hybrid models of delivery to clients. As a result, activity levels have demonstrated further sequential improvement compared to the second half of FY20.

Overall, Ashfield remains a strong and well diversified business that has demonstrated considerable resilience during the pandemic, underpinned by its strong proposition and market leading positions. Ashfield continues to deliver on its strategy to diversify and expand its service offering, increase collaboration between its three business units, supported by the recent rebranding, and execute strategic acquisitions to complement existing capabilities. This leaves Ashfield well placed to continue to deliver underlying operating profit growth in line with the Group's medium-term outlook, complemented by strategic acquisitions.

Sharp

Six months to 31 March	2021 $'m	2020 $'m	*Actual Growth*	*Underlying Growth*[1]
Revenue	**187.0**	185.8	1%	(4%)
Adjusted operating profit[2]	**26.8**	22.7	18%	14%
Adjusted operating margin %[2]	**14.3%**	12.2%		

[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 continued to perform well in in the first half of FY21, generating revenue of $187.0 million and adjusted operating profit of $26.8 million, 1% and 18% respectively ahead of the same period last year. Sharp's operating margin improved from 12.2% to 14.3%. Adjusting for the impact of currency translation movements and the contribution from acquisitions, underlying net revenue was down 4% while operating profit was ahead by 14%.

The 4% decline in underlying net revenues compared to the prior year reflected the closure of the Sharp EU Oudehaske site in FY20. Excluding this impact, adjusted underlying revenues declined by approximately 2%, driven by the timing of client product launches in the US commercial business, coupled with some short-term disruption to production from the heavy snow storms in February 2021 in the Allentown area of Pennsylvania, where Sharp's main campus is located.

On an underlying basis, the strong operating profit growth was driven by continued mix improvements, in addition to increased efficiency improvements across the network.

The strong reported operating profit growth includes the contribution from the August 2020 acquisition of a 25% stake in Berkshire Sterile Manufacturing ("BSM"), a Massachusetts based sterile packaging and manufacturing services business, which further expanded Sharp's capabilities into sterile fill/finish manufacturing. BSM is performing well and there is increasing collaboration and cross-selling with Sharp, with both businesses providing multiple commercial opportunities to each other.

Sharp continues to invest in its facility network to support the continued growth of the business. Having completed the acquisition of a commercial US packaging facility in Macungie, PA in 2020, Sharp continues to invest in and expand its capacity and footprint at its U.S. Allentown and Conshohocken facilities, in addition to expanding its European Heerenveen facility.

These investments reflect the continued strong demand and positive market dynamics for Sharp's services, leaving it well placed to meet the increasing demand from new and existing clients across all packaging formats and to deliver strong underlying operating profit growth in line with the Group's medium term outlook.

For further information, please contact:

Investors and Analysts:
Keith Byrne
Head of Investor Relations, Strategy & Corporate Communications
UDG Healthcare plc
Tel: + 353-1-468-9000

Business / Financial Media:
Lisa Kavanagh / Eavan Gannon
Powerscourt
Tel: + 44-207-250-1446
udghealthcare@powerscourt-group.com

About UDG Healthcare plc
UDG Healthcare plc (LON: UDG) is a FTSE 250 global leader in the healthcare advisory, marketing, communications, strategic engagement, patient solutions and packaging services. 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 companies.

Ashfield is a global integrated healthcare services partner, operating across three business areas: Ashfield Advisory, Ashfield Engage and Ashfield Health. The division enables its healthcare clients to bring their products to market, supporting them through every stage of the product lifecycle, to improve the lives of patients. Ashfield offers a breadth of services, developed organically and through acquisition, across strategic consulting, benchmarking, commercialisation, customer engagement, events, marketing and communications.

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 U.S. 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. Save for the FY21 financial guidance referred to in this document, 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 six months to 31 March 2021

IFRS based	31 March 2021 $'m	31 March 2020 $'m	Increase/ (decrease) %
Revenue	**661.4**	693.6	(5)
Operating profit	**72.6**	68.5	6
Profit before tax	**65.1**	62.3	5
Diluted earnings per share ("EPS") (cent)	**20.35**	22.03	(8)

Alternative performance measures[1]	31 March 2021 $'m	31 March 2020 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**661.4**	693.6	(5)	(7)
Net Revenue	**609.0**	596.2	2	-
Adjusted operating profit	**90.0**	81.3	11	10
Adjusted profit before tax	**82.4**	75.0	10	10
Adjusted diluted earnings per share ("EPS") (cent)	**25.55**	23.64	8	8

[1] See "Additional Information" on page 32 for more information and reconciliations to the closest respective equivalent GAAP measures.

Revenue

Revenue of $661.4 million for the period is 5% behind 2020 (7% on a constant currency basis). Ashfield revenue decreased by 7% and Sharp revenue increased by 1%. Group underlying net revenue decreased by 1%, excluding the impact of foreign exchange, acquisitions and disposals. The larger decline in gross revenue versus net revenue is due to lower pass-through costs principally due to a decline in our Events Experience business due to COVID-19.

Adjusted operating profit

Adjusted operating profit of $90.0 million is 11% ahead of 2020 (10% on a constant currency basis).

Adjusted net operating margin

The adjusted net operating margin for the businesses for the period is 14.8%, ahead of 13.6% in 2020.

Adjusted profit before tax

Net interest costs for the period of $7.5 million are 20% higher than 2020, primarily due to lower interest income on U.S. cash deposits and higher interest expense as a result of the issuance of the $99.9 million private placement loan notes in August 2020. This delivered an adjusted profit before tax of $82.4 million.

Taxation

The effective taxation rate has increased from 21.0% in 2020 to 21.8% in 2021, 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 8% ahead (8% on a constant currency basis) of 2020 at 25.55 $ cent.

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 not resulted in a change to the reported adjusted diluted EPS growth of 8%.

The average H1 FY21 exchange rates were $1: £0.7415 and $1: €0.8342 (2020: $1: £0.7797 and $1: €0.9051).

Cash flow
The table displayed below includes information for the periods ended 31 March 2021 and 2020.

	2021 $'000	2020 $'000
Net cash inflow from operating activities	**86,536**	97,526
Net cash outflow from investing activities	**(65,083)**	(43,182)
Net cash outflow from financing activities	**(40,295)**	(38,762)
Net change in cash and cash equivalents	**(18,842)**	15,582
Effect of exchange rate changes on cash and cash equivalents	**1,654**	313
Cash and cash equivalents at beginning of period	**246,045**	135,228
Cash and cash equivalents end of period	**228,857**	151,123

Net cash inflow from operating activities
The net cash inflow from operating activities is $86.5 million (2020: $97.5 million).

	2021 $'000	2020 $'000
Adjusted EBITDA	**117,153**	107,099
Interest paid	**(7,005)**	(5,930)
Income taxes paid	**(19,143)**	(17,348)
Working capital decrease	**1,473**	20,298
Other cash outflows	**(5,942)**	(6,593)
Net cash inflow from operating activities	**86,536**	97,526

Income taxes paid increased mainly due to increased profitability, offset in part by a reduction due to changes in payment dates under U.K. tax legislation in 2020. Working capital decreased by $1.5 million (2020: $20.3 million decrease). The decrease in working capital is due to strong cash collection offset by a partial unwind of the impact of COVID-19 on customer billings in 2020. Other cash outflows of $5.9 million relates to transaction costs paid of $1.0 million and exceptional items outflow of $5.0 million relating to the 2020 exceptional charge (2020 cash flows of $6.6 million relate to transaction costs paid of $0.9 million and exceptional items outflow of $5.7 million).

Net cash outflow from investing activities
Net cash outflow from investing activities is $65.1 million, compared to $43.2 million in 2020. During the period, $23.6 million was invested in property, plant and equipment, primarily in Sharp's U.S. operations. Acquisition activity in the period resulted in net cash payments of $29.6 million and deferred contingent consideration outflows of $7.9 million.

Net cash outflow from financing activities
Net cash outflow from financing activities increased by $1.5 million to $40.3 million in the period, principally due to higher lease payments and higher dividend payments.

Balance sheet
Net debt at the end of the period is $34.3 million ($228.9 million cash and $263.2 million debt). Including lease liabilities, net debt at the end of the period is $136.6 million. The net debt to annualised EBITDA ratio is 0.2 times debt (2020: 0.3 times) and net interest is covered 21.2 times (2020: 27.2 times) by annualised EBITDA. Financial covenants in our principal debt facilities exclude lease liabilities under IFRS 16 and 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
The Group's ROCE is 13.5% down from 14.1% at 31 March 2020. Details of this calculation are on page 35.

Dividends
The directors are not proposing an interim dividend in 2021.

Principal risks and uncertainties

The Transparency (Directive 2004/109/EC) Regulations 2007 require the disclosure of the principal risks and uncertainties which could have a material impact on the Group's performance over the remainder of the financial year.

The Group operates within a highly regulated environment and the expectations of our key stakeholders, which include our clients and regulators, are very high. Our services include, for example, communicating to healthcare professionals, pharmaceutical packaging, and the distribution of pharmaceutical products for use in clinical trials. We focus on making sure that we deliver these services correctly and in a compliant way. However, failure to do so could result in adverse consequences for patients and our clients, so the risks that we face in delivering our services are potentially significant.

The Group's ability to avoid or mitigate these risks is underpinned by detailed risk registers maintained by each of the Group's divisions and business units. These risk registers identify the risks, as well as the plans for addressing them, and the consolidated Group risk register is reviewed by the executive directors on a regular basis. The consolidated risk register is also reviewed by the Risk, Investment and Financing Committee and the Chairman of that committee reports to the Board on the outcome of each review.

The principal risks and uncertainties identified by the risk management process as facing the Group are detailed below:

Strategic

Risk	Impact	Mitigation
Value generation from acquisitions	Acquisitive growth is a core element of the Group's strategy. A failure to execute and properly integrate acquisitions may impact the Group's projected revenue growth and its ability to capitalise on the synergies they bring and/or to maintain and develop the associated talent pool.	All potential acquisitions are assessed and evaluated to ensure that the Group's defined strategic and financial criteria are met. A discrete integration process and post integration review is developed for each acquisition. This process is supported by experienced management with a view to achieving identified benefits, cultivating talent, and minimising general and specific integration risks.
Innovation and insight	The continued success of the Group has been dependent upon the development and delivery of innovative solutions to our clients. Examples include serialised packaging and omnichannel contract sales and contact centre solutions. An inability to predict client and market trends and develop and deliver such innovation would be a risk to our market leading positions in the various sectors in which we operate.	Innovation and insight is central to the business and acquisition strategies set down by the Senior Executive Team. At the divisional level, each management team has a responsibility to monitor market changes and identify current and projected client and market demands for new service offerings. The divisions have designated roles within their business units tasked to deliver on these responsibilities.
Client diversification	As the Group's activities consolidate and further acquisitions are completed, the Group's client base may become more concentrated, making the Group more susceptible to competitive, client merger or procurement led threats.	In individual business units where there is a high dependence on a small number of key clients, the threats and opportunities are reviewed by divisional management at each business review. The impact that any potential acquisition may have on client concentration is also considered as part of the acquisition assessment process.
Client outsourcing strategy	The Group's activities may be impacted by changes to pharma company outsourcing strategy, such as pharma companies reducing their roster of preferred vendors, or the wholesale outsourcing to holding companies that meet all of their service requirements.	In order to maintain or develop a preferred vendor relationship with our target clients, acquisitions can be used to fill any key gaps in client coverage or service offering. The key is to maintain strong client relationships and to keep abreast of potential changes in their business strategies. We have developed an agile Business Development strategy to maximise UDG Healthcare's value to our clients.
Talent management	The success of the Group is built upon effective management teams that consistently deliver superior performance. If the Group cannot attract, retain, and develop suitably qualified, experienced, and motivated employees, this could have an impact on business performance.	Talent requirements of the Group are monitored to ensure businesses meet prevailing and anticipated requirements in term of skills, competencies, and performance. There is strong focus on key talent management practices including leadership and management development, succession planning and performance management. A formal talent review process is implemented globally, and local talent reviews are conducted and linked to the global process.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Economic, Political, Legislative, Regulatory and Tax	The global macroeconomic, political, regulatory, legislative and taxation environment may have a detrimental impact on our client base, the markets in which they operate, the services we can offer them and our operations in those markets. Detrimental impacts could result from, for example, legislative change, tax reform, or trade tensions which remain elevated in many parts of the world.	The Group continues to review its portfolio of investments through the annual strategic review process and through constant challenge at a Senior Executive Team and Board level. Acquisitions and new service offerings are sought which improve the balance of our investments, give greater exposure to innovative and growing market segments, and together with other steps taken by the Group, continue to significantly mitigate the potential impact of Brexit to the Group as a whole.
Operational		
Pandemic risk	The COVID-19 pandemic is an unprecedented global event whose impacts and duration are still not yet fully known. The Group continues to gain understanding of the impacts of the pandemic and expects COVID-19 to continue to affect our operations and performance, and to result in further uncertainty for the Group, its clients and the wider global economy.	The diversified nature of the Group's businesses, our robust balance sheet, and the market fundamentals that underpin our businesses inherently provide mitigation to the Group from Pandemic risk. Our Group business continuity plans have provided an additional layer of mitigation through the COVID-19 crisis. Additionally, the Group continues to actively monitor and assess the potential and realised impacts of COVID-19.
Patient risk	Medicines and medical devices can be packaged, supplied, or administered directly to patients by certain Group businesses. The risk of inappropriate advice, packaging, supply, or administration could lead to a negative patient experience.	The level of automation within the Group's packaging facilities continues to increase. The serialisation of packaging processes continues and in addition, the utilisation of electronic batch records improves assurance and reduces the risk of human error in packaging. The embedding of validated software in our patient support programs continues with our Health Cloud CRM and electronic quality management system. Administration of medicines to patients or providing patient support is covered by a detailed client contract with the Marketing Authorisation Holder (MAH), fully approved scripts, and a divisional clinical governance framework.
Regulatory Compliance	The Group has many legal and regulatory obligations, including in respect of: (a) protection of patient information (such as HIPAA and GDPR); and (b) patient and employee health and safety. In addition, many of the Group's activities are subject to stringent licensing regulations, for example, FDA, EMEA and national agency manufacturing, packaging and promotional regulations and the serialisation requirements under the Falsified Medicines Directive (FMD). A failure to meet any of these could result in regulatory restrictions, financial penalties, the inability to operate, or products and services being defective, harming patients, and potentially giving rise to very significant liability.	Maintenance of legal, regulatory, and quality standards is a core value of the Group. The Sharp Division is subjected to routine FDA, EMEA and national agency inspections and so is required to be 'audit ready' at all times. Patient education and information programmes are reviewed to ensure compliance with regulation and codes of practice and are subject to regular assessment by the Quality and Risk & Compliance teams. Data protection training, gap analyses and auditing continues across our global locations with a focus on the Group's requirements and local personal data protection compliance.
IT Systems	The ability of the Group to support operations and provide its services effectively and competitively is dependent on technology and information systems that are appropriately integrated and that meet current and anticipated future business, regulatory and security requirements.	The Group's technology and information systems and infrastructure are the subject of an ongoing programme to ensure that they are capable of meeting the Group's strategic intent and future requirements. Enhanced governance procedures are in place to ensure alignment with the strategic direction of the Group.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Contract risk	The underlying terms of the Group's commercial relationships drive the profitability of the Group. The nature of the Group's business means that the Group could be exposed to undue cost or liability if it agrees onerous terms with its clients or suppliers.	The Group has adopted processes for identifying and mitigating against undue risks in all prospective commercial relationships, supported by personnel with expertise and/or experience in key commercial risk areas.
Cyber security	The global threat is increasing due to the activities of criminal organisations and nation states targeting valuable business and personal information through increasingly sophisticated means. These advanced and persistent threats are targeted at business-critical data using, for example, phishing attempts, impersonation, and ransomware for financial and other gain.	The Group has implemented multi-layered information security defences to identify vulnerabilities and protect against attacks. To meet the increasing cyber threat, our systems, procedures, and resources are continuously being reviewed and enhanced to detect and respond effectively to cyber events. Cyber simulation software has been implemented to ensure continuous user awareness.
Business continuity	The Group is exposed to risks that, should they arise, may lead to the interruption of critical business processes that could adversely impact the Group or its clients. COVID-19 has resulted in such interruptions with varying impacts across Group businesses.	Group business continuity plans have been activated to varying degrees based upon the COVID-19 impacts on individual businesses. Our COVID-19 business continuity responses have included enhanced health and safety measures, the use of technology to enable remote working across much of the organisation and the virtual delivery of services to clients, as well as cost control measures.
Financial		
Financial controls	The Group's resources and finances must be managed in accordance with rigorous standards and stringent controls. A failure to meet those standards or implement appropriate controls may result in the Group's resources being improperly utilised or its financial statements being inaccurate or misleading.	The financial controls of the Group, as well as their effectiveness, are monitored by the Board in the context of the standards to which the Group is subject and the expectations of its stakeholders. This monitoring is supported by a dedicated internal audit function. The Group's financial function, systems and controls are also subject to periodic review to ensure that they remain robust and fit for purpose.
Liquidity, interest rates and credit	The Group is exposed to liquidity, interest rate, currency, and credit risks.	The management of the Group's financial risks is governed by policies reviewed and approved by the Board. These policies primarily cover liquidity risk, interest rate risk, currency risk and credit risk. The primary objective of the Group's policies is to minimise financial risk at a reasonable cost. The Group does not trade in financial instruments.
Foreign exchange	The Group's reporting currency is the US dollar. Given the nature of the Group's businesses, exposure arises in the normal course of business to other currencies, principally sterling and euro.	The majority of the Group's activities are conducted in the local currency of the country of operation. As a consequence, the primary foreign exchange risk arises from the fluctuating value of the Group's net investment in different currencies. Our strategic intent is to proportionally grow the U.S. as a source of earnings at a faster rate than other markets, which will reduce the Group's foreign exchange risk.

Statement of Directors

in respect of the half-yearly financial report

Each of the directors confirms that to the best of their knowledge and belief:

- the condensed set of interim financial statements comprising the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, and the related notes have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU;

- the half-yearly financial report includes a fair review of the information required by:

  (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Group's auditor has not reviewed this condensed half-yearly financial report.

On behalf of the Board[(i)]

S. Cooke Director	B. McAtamney Director

11 May 2021

(i) The Board of UDG Healthcare plc is disclosed on the Company's website, www.udghealthcare.com.

Condensed consolidated income statement

for the six months ended 31 March 2021

	Notes	**Six months ended 31 March 2021**	ix months ended 31 March 2020		
		Total 31 March 2021 (Unaudited) $'000	Pre-exceptional items (Unaudited) $'000	Exceptional items (Unaudited) (Note 5) $'000	Total 31 March 2020 (Unaudited) $'000
Revenue	3	**661,365**	693,590	-	693,590
Cost of sales		**(450,946)**	(491,046)	-	(491,046)
Gross profit		**210,419**	202,544	-	202,544
Selling and distribution expenses		**(104,996)**	(105,627)	-	(105,627)
Administration expenses		**(12,943)**	(11,879)	-	(11,879)
Other operating expenses		**(20,999)**	(21,524)	-	(21,524)
Other operating income	5	**-**	-	5,257	5,257
Transaction costs		**(1,348)**	(1,201)	-	(1,201)
Share of equity accounted investments' profit after tax	4	**2,474**	954	-	954
Operating profit		**72,607**	63,267	5,257	68,524
Finance income	6	**451**	2,065	-	2,065
Finance expense	6	**(7,985)**	(8,319)	-	(8,319)
Profit before tax		**65,073**	57,013	5,257	62,270
Income tax expense		**(13,743)**	(11,395)	4,379	(7,016)
Profit for the financial period		**51,330**	45,618	9,636	55,254
Profit attributable to:					
Owners of the parent		**51,331**	45,609	9,636	55,245
Non-controlling interest		**(1)**	9	-	9
		51,330	45,618	9,636	55,254
Earnings per ordinary share:					
Basic earnings per share - cent	7	**20.39**			22.07
Diluted earnings per share - cent	7	**20.35**			22.03

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2021

	Notes		**Six months ended 31 March 2021 (Unaudited) $'000**		Six months ended 31 March 2020 (Unaudited) $'000
Profit for the financial period			**51,330**		55,254
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement gain on Group defined benefit schemes	15		**4,577**		2,719
Deferred tax on Group defined benefit schemes			**(1,135)**		(586)
			3,442		2,133
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment			**23,749**		773
Group cash flow hedges:					
- Effective portion of cash flow hedges – movement into reserve		**(1,084)**		7,612	
- Effective portion of cash flow hedges – movement out of reserve		**208**		-	
Effective portion of cash flow hedges	11		**(876)**		7,612
- Movement in deferred tax – movement into reserve		**136**		(952)	
- Movement in deferred tax – movement out of reserve		**(26)**		-	
Net movement in deferred tax	11		**110**		(952)
			22,983		7,433
Total other comprehensive income for the period			**26,425**		9,566
Total comprehensive income for the period			**77,755**		64,820
Total comprehensive income attributable to:					
Owners of the parent			**77,761**		64,804
Non-controlling interest			**(6)**		16
			77,755		64,820

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2021

	Equity share capital $'000	Share premium $'000	Other reserves (Note 11) $'000	Retained earnings $'000	**Attributable to owners of the parent $'000**	Non-controlling interest $'000	**Total equity $'000**
At 1 October 2020	**14,775**	**205,894**	**(126,445)**	**889,078**	**983,302**	**239**	**983,541**
Profit/(loss) for the financial period	-	-	-	51,331	**51,331**	(1)	**51,330**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	(876)	-	**(876)**	-	**(876)**
Deferred tax on cash flow hedges	-	-	110	-	**110**	-	**110**
Translation adjustment	-	-	23,754	-	**23,754**	(5)	**23,749**
Remeasurement gain on defined benefit schemes	-	-	-	4,577	**4,577**	-	**4,577**
Deferred tax on defined benefit schemes	-	-	-	(1,135)	**(1,135)**	-	**(1,135)**
Total comprehensive Income/(expense) for the period	**-**	**-**	**22,988**	**54,773**	**77,761**	**(6)**	**77,755**
Transactions with shareholders:							
New shares issued	48	903	-	-	**951**	-	**951**
Share-based payment expense	-	-	4,319	-	**4,319**	-	**4,319**
Dividends paid to equity holders	-	-	-	(31,545)	**(31,545)**	-	**(31,545)**
Release from share-based payment reserve	-	-	(6,104)	6,104	**-**	-	**-**
At 31 March 2021 – unaudited	**14,823**	**206,797**	**(105,242)**	**918,410**	**1,034,788**	**233**	**1,035,021**

	Equity share capital $'000	Share premium $'000	Other reserves (Note 11) $'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	-	-	-	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 period	-	-	-	55,245	55,245	9	55,254
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	7,612	-	7,612	-	7,612
Deferred tax on cash flow hedges	-	-	(952)	-	(952)	-	(952)
Translation adjustment	-	-	766	-	766	7	773
Remeasurement loss on defined benefit schemes	-	-	-	2,719	2,719	-	2,719
Deferred tax on defined benefit schemes	-	-	-	(586)	(586)	-	(586)
Total comprehensive income for the period	-	-	7,426	57,378	64,804	16	64,820
Transactions with shareholders:							
New shares issued	31	24	-	-	55	-	55
Issued in settlement of deferred consideration[1]	40	6,160	-	-	6,200	-	6,200
Share-based payment expense	-	-	2,628	-	2,628	-	2,628
Dividends paid to equity holders	-	-	-	(30,887)	(30,887)	-	(30,887)
Release from share-based payment reserve	-	-	(3,469)	3,469	-	-	-
At 31 March 2020 – unaudited	14,749	205,162	(136,174)	861,343	945,080	223	945,303

[1]The Company issued 723,775 ordinary shares in the period 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.

Condensed consolidated balance sheet

as at 31 March 2021

	Notes	**As at 31 March 2021 (Unaudited) $'000**	As at 31 March 2020 (Unaudited) $'000	As at 30 September 2020 (Audited) $'000
ASSETS				
Non-current				
Property, plant and equipment	8	**203,151**	182,122	194,040
Goodwill	9	**633,135**	570,309	583,101
Intangible assets	9	**220,705**	230,617	220,387
Equity accounted investments	4	**52,189**	11,104	50,316
Right of use assets	10	**87,181**	85,753	88,334
Contract fulfilment assets		**4,927**	5,815	4,834
Derivative financial instruments	12	**12,081**	21,639	13,138
Deferred income tax assets		**5,593**	5,418	4,081
Employee benefits	15	**12,215**	9,535	8,592
Total non-current assets		**1,231,177**	1,122,312	1,166,823
Current				
Inventories		**29,622**	24,641	28,730
Trade and other receivables		**336,892**	380,315	312,117
Contract fulfilment assets		**4,807**	6,013	4,656
Cash and cash equivalents	12	**228,857**	151,123	246,045
Current income tax assets		**3,155**	2,235	4,013
Derivative financial instruments	12	**1,622**	8,993	1,604
Total current assets		**604,955**	573,320	597,165
Total assets		**1,836,132**	1,695,632	1,763,988
EQUITY				
Equity share capital		**14,823**	14,749	14,775
Share premium		**206,797**	205,162	205,894
Other reserves	11	**(105,242)**	(136,174)	(126,445)
Retained earnings		**918,410**	861,343	889,078
Equity attributable to owners of the parent		**1,034,788**	945,080	983,302
Non-controlling interest		**233**	223	239
Total equity		**1,035,021**	945,303	983,541
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	12	**276,834**	174,875	276,920
Lease liabilities	12	**84,512**	83,515	86,962
Other payables		**15,698**	15,200	15,374
Provisions	13	**69,781**	79,765	56,978
Deferred income tax liabilities		**36,727**	39,394	33,002
Total non-current liabilities		**483,552**	392,749	469,236
Current				
Interest-bearing loans and borrowings	12	**72**	65,119	64
Lease liabilities	12	**17,701**	15,353	16,777
Trade and other payables		**257,034**	258,816	236,403
Current income tax liabilities		**8,713**	2,273	13,586
Provisions	13	**34,039**	16,019	44,381
Total current liabilities		**317,559**	357,580	311,211
Total liabilities		**801,111**	750,329	780,447
Total equity and liabilities		**1,836,132**	1,695,632	1,763,988

Condensed consolidated cash flow statement

for the six months ended 31 March 2021

		Six months ended 31 March 2021 (Unaudited) $'000	Six months ended 31 March 2020 (Unaudited) $'000
Cash flows from operating activities			
Profit before tax		**65,073**	62,270
Finance income	6	**(451)**	(2,065)
Finance expense	6	**7,985**	8,319
Exceptional items	5	**-**	(5,257)
Operating profit		**72,607**	63,267
Share of equity accounted investments' profit after tax	4	**(2,474)**	(954)
Transaction costs		**1,348**	1,201
Depreciation of property, plant and equipment	8	**11,406**	11,331
Depreciation of right of use assets	10	**9,404**	8,128
Profit on disposal of property, plant and equipment		**(456)**	(26)
Amortisation of intangible assets	9	**20,999**	21,524
Share-based payment expense		**4,319**	2,628
Increase in contract fulfilment assets		**(238)**	(1,015)
(Increase)/decrease in inventories		**(852)**	614
Increase in trade and other receivables		**(17,216)**	(7,550)
Increase in trade payables and other payables		**19,779**	28,249
Exceptional items paid		**(4,986)**	(5,732)
Transaction costs paid		**(956)**	(861)
Cash generated from operations		**112,684**	120,804
Interest paid		**(7,005)**	(5,930)
Income taxes paid		**(19,143)**	(17,348)
Net cash inflow from operating activities		**86,536**	97,526
Cash flows from investing activities			
Interest received		**193**	730
Purchase of property, plant and equipment		**(23,553)**	(19,315)
Proceeds from disposal of property, plant and equipment		**1,381**	35
Investment in intangible assets – computer software		**(5,579)**	(3,826)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	14	**(29,612)**	(21,785)
Deferred consideration paid		**-**	(6,182)
Deferred contingent consideration paid	13	**(7,913)**	(2,763)
Disposal of subsidiaries (net of cash and cash equivalents disposed)		**-**	9,924
Net cash outflow from investing activities		**(65,083)**	(43,182)
Cash flows from financing activities			
Proceeds from issue of shares (including share premium thereon)		**951**	55
Repayments of interest-bearing loans and borrowings		**(1,236)**	(158)
Proceeds from interest-bearing loans and borrowings		**1,250**	134
Principal elements of lease payments		**(9,715)**	(7,906)
Dividends paid to equity holders of the Company		**(31,545)**	(30,887)
Net cash outflow from financing activities		**(40,295)**	(38,762)
Net (decrease)/increase in cash and cash equivalents		**(18,842)**	15,582
Translation adjustment		**1,654**	313
Cash and cash equivalents at beginning of period		**246,045**	135,228
Cash and cash equivalents at end of period		**228,857**	151,123
Cash and cash equivalents is comprised of:			
Cash at bank and short-term deposits		**228,857**	151,123

1. Reporting entity

UDG Healthcare plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated interim financial information of the Company for the six months ended 31 March 2021, are comprised of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investments.

The financial information presented herein does not amount to 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 2020 will be annexed to the annual return and filed with the 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.

2. Statement of compliance and basis of preparation

Basis of preparation

These unaudited condensed consolidated interim financial statements ("the interim accounts") for the six months ended 31 March 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published consolidated financial statements of the Group.

The preparation of interim 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. 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. There was no significant change to any of these key estimates or judgements in the six month period, other than a change to certain actuarial assumptions as set out in Note 15.

The income tax expense for the six month period is calculated by applying the directors' best estimate of the effective tax rate applicable to the profit for the period.

The Group has assessed the principal risks and uncertainties and continues to monitor and assess the potential and realised impacts of COVID-19. The diversified nature of the Group's businesses, the robust balance sheet, and the market fundamentals that underpin the Group's businesses inherently provide mitigation to the Group from the Pandemic Risk, and as such the Group has continued to trade profitably during the six months ended 31 March 2021.

The Group continues to have significant liquidity headroom on its existing financing facilities. At 31 March, the Group has

- unrestricted cash and cash equivalents of $228.9 million;
- unused committed debt facilities of up to $246.2 million from a multi-currency revolving senior bank credit facility expiring in May 2026; and
- bank overdraft facilities of $5.9 million renewable on an annual basis.

The Group has low gearing with a net debt of $34.3m and net debt to annualised EBITDA ratio of 0.2, 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 Group and Company financial statements.

Accounting policies

The accounting policies applied in the interim accounts are the same as those applied in the 2020 Annual Report, except for the adoption of new standards, interpretations and standard amendments effective for the Group for the period commencing 1 October 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 business areas: advisory, engage and health. 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 US 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 operating segment is as follows:

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Revenue		
Ashfield	**474,401**	507,839
Sharp	**186,964**	185,751
	661,365	693,590

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Operating profit before acquired intangible amortisation, transaction costs and exceptional items		
Ashfield	**63,206**	58,596
Sharp	**26,773**	22,702
Adjusted operating profit	**89,979**	81,298
Amortisation of acquired intangibles	**(16,024)**	(16,830)
Transaction costs	**(1,348)**	(1,201)
Exceptional items	**-**	5,257
Operating profit	**72,607**	68,524
Finance income	**451**	2,065
Finance expense	**(7,985)**	(8,319)
Profit before tax	**65,073**	62,270
Income tax expense	**(13,743)**	(7,016)
Profit after tax for the period	**51,330**	55,254

3. Segmental analysis (continued)

Timing of revenue recognition

	Six months ended 31 March 2021		
	Over time $'000	**Point in time $'000**	**Total $'000**
Ashfield			
Advisory & Health	**225,967**	**-**	**225,967**
Engage	**246,650**	**1,784**	**248,434**
Ashfield	**472,617**	**1,784**	**474,401**
Sharp	**184,684**	**2,280**	**186,964**
Group	**657,301**	**4,064**	**661,365**

	Six months ended 31 March 2020		
	Over time $'000	Point in time $'000	Total $'000
Ashfield			
Advisory & Health	220,363	-	220,363
Engage	286,010	1,466	287,476
Ashfield	506,373	1,466	507,839
Sharp	184,622	1,129	185,751
Group	690,995	2,595	693,590

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

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Republic of Ireland	**2,019**	2,696
United Kingdom	**105,360**	126,286
North America	**453,697**	454,634
Rest of the World	**100,289**	109,974
	661,365	693,590

4. Equity accounted investments

The Group's interest in its joint ventures and associates, all of which are unlisted, is set out below.

	Joint ventures $'000	Associate $'000	**Total $'000**
At 1 October 2020	12,153	38,163	**50,316**
Share of profit after tax	884	1,590	**2,474**
Translation adjustment	(601)	-	**(601)**
At 31 March 2021	**12,436**	**39,753**	**52,189**

5. Exceptional items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. Such items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Interim Financial Statements.

There were no exceptional items reported during the period.

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Gain on disposal of subsidiary	**-**	5,257
Net exceptional items pre-tax	**-**	5,257
Exceptional tax credit	**-**	4,420
Tax effect of exceptional items	**-**	(41)
Net exceptional items after tax	**-**	9,636

In the prior period, the Group recognised $9.6 million of an exceptional gain after tax relating to a $5.2 million gain on the disposal of Ashfield Pharmacovigilance and $4.4 million credit on the remeasurement of current tax liabilities as a consequence of the resolution of a historic uncertain tax position.

6. Finance income and expense

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Finance income		
Income arising from cash deposits	**194**	684
Fair value adjustments to guaranteed senior unsecured loan notes	**-**	172
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**208**	1,179
Net finance income on defined benefit pensions	**49**	30
	451	2,065
Finance expense		
Interest on bank loans and other loans:		
-wholly repayable within 5 years	**(3,447)**	(3,494)
-wholly repayable after 5 years	**(1,691)**	(926)
Interest on lease liabilities	**(1,620)**	(1,526)
Interest on overdrafts	**(48)**	(53)
Unwinding of discount on provisions	**(971)**	(969)
Fair value adjustments to fair value hedges	**-**	(172)
Fair value of cash flow hedges transferred to equity	**(208)**	(1,179)
	(7,985)	(8,319)
Net finance expense	**(7,534)**	(6,254)

7. Earnings per ordinary share

	Six months ended 31 March 2021 $'000	Six months ended 31 March 2020 $'000
Profit attributable to owners of the parent	**51,331**	55,245
Adjustment for amortisation of acquired intangible assets (net of tax)	**11,958**	12,591
Adjustment for transaction costs (net of tax)	**1,155**	1,083
Adjustment for exceptional items (net of tax)	**-**	(9,636)
Adjusted profit attributable to owners of the parent	**64,444**	59,283

	2021 Number of shares	2020 Number of shares
Weighted average number of shares	**251,728,131**	250,273,185
Number of dilutive shares under option	**459,425**	513,713
Weighted average number of shares, including share options	**252,187,556**	250,786,898

	2021	2020
Basic earnings per share – $ cent	**20.39**	22.07
Diluted earnings per share – $ cent	**20.35**	22.03
Adjusted basic earnings per share – $ cent[1]	**25.60**	23.69
Adjusted diluted earnings per share - $ cent[1]	**25.55**	23.64

[1] Adjusted profit attributable to owners of the parent in the six months ended 31 March 2021 is stated before the amortisation of acquired intangible assets ($12.0m, net of tax) and transaction costs ($1.2m, 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. A total of 1,785,894 (2020: 2,197,997) 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 period.

8. 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 2020	77,740	105,264	19	6,560	4,457	**194,040**
Additions in the period	426	15,062	-	1,615	2,137	**19,240**
Arising on acquisition	-	101	-	54	-	**155**
Depreciation	(2,199)	(7,458)	(4)	(1,745)	-	**(11,406)**
Disposals in period	(899)	(13)	-	(13)	-	**(925)**
Transfer to intangible assets	-	-	-	(136)	-	**(136)**
Reclassifications	2,604	(1,034)	-	264	(1,834)	**-**
Translation adjustment	1,819	233	-	113	18	**2,183**
At 31 March 2021	**79,491**	**112,155**	**15**	**6,712**	**4,778**	**203,151**
At 31 March 2021						
Cost or deemed cost	122,618	215,356	68	27,149	4,778	**369,969**
Accumulated depreciation	(43,127)	(103,201)	(53)	(20,437)	-	**(166,818)**
Net book amount	**79,491**	**112,155**	**15**	**6,712**	**4,778**	**203,151**

9. Movement in goodwill and intangible assets

	Goodwill $'000	**Intangible assets $'000**
At 1 October 2020	583,101	220,387
Investment in computer software	-	5,018
Amortisation of acquired intangible assets	-	(16,024)
Amortisation of computer software	-	(4,975)
Arising on acquisitions	34,628	9,435
Transfer from property, plant and equipment	-	136
Translation adjustment	15,406	6,728
At 31 March 2021	**633,135**	**220,705**

10. Right of use assets

	$'000
At 1 October 2020	**88,334**
Additions	**7,032**
Arising on acquisition	**294**
Depreciation	**(9,404)**
Termination of lease contracts	**(180)**
Modification of lease contracts	**116**
Translation adjustment	**989**
At 31 March 2021	**87,181**

11. 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 2020	(1,594)	17,136	(134,658)	(7,676)	347	**(126,445)**
Effective portion of cash flow hedges	(876)	-	-	-	-	**(876)**
Deferred tax on cash flow hedges	110	-	-	-	-	**110**
Share-based payment expense	-	4,319	-	-	-	**4,319**
Release from share-based payment reserve	-	(6,104)	-	-	-	**(6,104)**
Translation adjustment	-	-	23,754	-	-	**23,754**
At 31 March 2021	**(2,360)**	**15,351**	**(110,904)**	**(7,676)**	**347**	**(105,242)**

12. Net debt

	As at 31 March 2021 $'000	As at 31 March 2020 $'000	As at 30 Sept 2020 $'000
Current assets			
Cash at bank and short-term deposits	**228,857**	151,123	246,045
Derivative financial instruments	**1,622**	8,993	1,604
Non-current assets			
Derivative financial instruments	**12,081**	21,639	13,138
Current liabilities			
Interest-bearing loans and borrowings	**(72)**	(65,119)	(64)
Non-current liabilities			
Interest-bearing loans and borrowings	**(276,834)**	(174,875)	(276,920)
Net debt	**(34,346)**	(58,239)	(16,197)
Current liabilities			
Lease liabilities	**(17,701)**	(15,353)	(16,777)
Non-current liabilities			
Lease liabilities	**(84,512)**	(83,515)	(86,962)
Net debt including lease liabilities	**(136,559)**	(157,107)	(119,936)

13. Provisions

	Deferred contingent consideration $'000	Onerous leases $'000	Restructuring and other costs $'000	**Total $'000**
At 1 October 2020	90,870	257	10,232	**101,359**
Release to income statement	-	-	(66)	**(66)**
Arising on acquisition	13,654	-	-	**13,654**
Utilised during the period	(7,913)	(15)	(4,971)	**(12,899)**
Unwinding of discount	971	-	-	**971**
Translation adjustment	628	-	173	**801**
At 31 March 2021	**98,210**	**242**	**5,368**	**103,820**
Non-current	68,116	-	1,665	**69,781**
Current	30,094	242	3,703	**34,039**
Total	**98,210**	**242**	**5,368**	**103,820**

In the prior year, 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. The remaining onerous lease balance relates to a lease with a lease term of less than one year.

14. Business Combinations

The Group completed the acquisition of 100% of PHMR Limited (‘PHMR’) on 23 January 2021. PHMR is a U.K.-based market access consultancy business. PHMR is presented as part of the Ashfield operating segment and will strengthen the division’s market access and real world evidence services.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above acquisition due to the recent acquisition date. Any amendments to these acquisition fair values within the 12-month timeframe from the date of acquisition will be disclosed in the 2021 Annual Report as stipulated by IFRS 3 Business Combinations.

	Arising on Acquisition $’000
Property, plant and equipment	155
Right of use assets	294
Intangible assets – arising on acquisition	9,435
Trade and other receivables	1,198
Trade and other payables	(582)
Lease liabilities	(294)
Deferred tax liabilities	(1,868)
Corporation tax liabilities	300
Cash acquired	5,461
Net assets acquired	**14,099**
Goodwill	34,628
Consideration	**48,727**
Satisfied by:	
Cash consideration	35,073
Deferred contingent consideration	13,654
Total consideration	**48,727**
Net cash outflow - arising on acquisitions	
Cash consideration	35,073
Less: Cash and cash equivalents	(5,461)
Net cash outflow	**29,612**

The total transaction related costs for completed and aborted acquisitions amounts to $1,348,000. These are presented separately in the Group Income Statement.

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 $34,628,000.

The intangible assets arising on the acquisition primarily relate to the trade names, customer relationships, and customer contracts. The gross contractual value of trade and other receivables on acquisition amounted to $1,201,000. The fair value of trade and other receivables recognised on acquisition was $1,198,000. No contingent liabilities were recognised on the acquisition completed during the six month period ended 31 March 2021.

Contingent consideration is payable to the sellers of PHMR after two years, based on the achievement of certain performance measures. 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 performance measures 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 period acquisition ranges from $nil to $13,654,000.

14. Business Combinations (continued)

The Group's results for the six month period ended 31 March 2021 included the following amounts in respect of the business acquired during the period:

	Six months ended 31 March 2021 $'000
Revenue	**1,278**
Loss for the period	**(113)**

The proforma revenue and profit of the Group for the six month period ended 31 March 2021 would have been $663,921,000 and $51,104,000 respectively had the acquisition taken place at the start of the reporting period. The proforma results for the period include the estimate of tax expense and amortisation of intangible assets recognised on acquisition.

15. Employee benefits

	Employee benefit asset $'000
Employee benefit asset at 1 October 2020	**8,592**
Current service cost	**(1,852)**
Interest	**49**
Contributions paid	**894**
Remeasurement gain	**4,577**
Translation adjustment	**(45)**
Employee benefit asset at 31 March 2021	**12,215**

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 contributions to separately administered trust funds. The ROI schemes and U.S. scheme had remeasurement gains in the period arising from a change in the financial assumptions used to measure liabilities of the respective plans and a higher than expected returns on plan assets. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

The principal assumptions are as follows:

	Republic of Ireland Schemes		**United States Scheme**	
	As at 31 March 2021	As at 30 September 2020	**As at 31 March 2021**	As at 30 September 2020
Rate of increase in salaries	**n/a**	n/a	**4.00%**	4.00%
Rate of increase in pensions	**0-1.60%**	0-1.25%	**0.00%**	0.00%
Inflation rate	**1.60%**	1.25%	**2.75%**	2.75%
Discount rate	**1.05%**	0.85%	**2.80%**	2.40%

16. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet at 31 March 2021, are as follows:

	Carrying value $'000	Fair value $'000
Financial assets		
Trade and other receivables	316,918	316,918
Derivative financial assets	13,703	13,703
Cash and cash equivalents	228,857	228,857
	559,478	**559,478**
Financial liabilities		
Trade and other payables	178,979	178,979
Interest-bearing loans and borrowings	276,906	284,458
Lease liabilities	102,213	102,213
Deferred contingent consideration	98,210	98,210
	656,308	**663,860**

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.

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 period 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).

16. Financial instruments (continued)

The following table sets out the fair value 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	**-**	**13,703**	**-**	**13,703**
	-	**13,703**	**-**	**13,703**

Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	**-**	**-**	**98,210**	**98,210**
	-	**-**	**98,210**	**98,210**

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet $'000	**Related amounts not offset in the balance sheet $'000**	**31 March 2021 Net $'000**	Amount of financial assets/liabilities as presented in the balance sheet $'000	Related amounts not offset in the balance sheet $'000	31 March 2020 Net $'000
Derivative financial assets	**13,703**	-	**13,703**	30,632	-	30,632
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 rate 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 movements in the period are included in Note 13. The deferred contingent consideration liability arises from acquisitions completed by the Group. 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 in respect of acquisitions completed during financial years 2018 to 2021.

16. Financial instruments (continued)

The significant unobservable inputs are:

- forecasted weighted average EBIT growth rate 10.0% (2020: 14.6%); and
- risk adjusted discount rate 0.0% - 2.8% (2020: 0.7% - 2.8%).

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 reasonable possible change to one of the significant unobservable inputs at 31 March 2021, holding the other inputs constant, would have the following effects:

	Increase	**Decrease**
	$'000	**$'000**
Effect of change in assumption on income statement		
Annual EBIT growth rate (1% movement)	113	(1,885)
Risk-adjusted discount rate (1% movement)	(926)	1,260

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.

	31 March 2021 Times	31 March 2020 Times
Net debt to annualised EBITDA	**0.2**	0.3
Annualised EBITDA interest cover	**21.2**	27.2

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

17. Dividends

The Board has not proposed an interim dividend in 2021 (2020 interim dividend: 4.46 $ cent, amounting to $11,197,000). During the first half of the financial year, the final dividend for 2020 (12.54 $ cent per share) was paid, giving rise to a reduction in shareholders' funds of $31,545,000.

18. Foreign currency

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

	31 March 2021	31 March 2020
	$1=Stg£	$1=Stg£
Balance sheet (closing rate)	**0.7267**	0.8091
Income statement (average rate)	**0.7415**	0.7797
	$1=Euro€	$1=Euro€
Balance sheet (closing rate)	**0.8529**	0.9127
Income statement (average rate)	**0.8342**	0.9051

19. 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, an associate of the Group, gross of interest, of Stg£12,370,000 (2020: Stg£11,958,000).

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 executive team as key management personnel. This 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 d ay 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 $7,993,000 for the six months ended 31 March 2021 (2020: $4,466,000).

20. Events after the balance sheet date

In April 2021, the Group completed the acquisition of Nuvera Life Science Consulting LLC ('Nuvera') for consideration of up to $36 million comprising initial consideration of $24 million and an additional contingent consideration of up to $12 million over three years. Nuvera is a U.S.-based patient solutions consultancy focused on the rare disease and speciality therapeutic markets. Nuvera will be presented as part of the Ashfield operating segment.

Due to the short time frame between completion date and the date of issuance of this report, an initial assignment of fair va lues to identifiable assets and liabilities acquired has not been completed.

Shareholders are referred to today's announcement of a recommended cash offer for the entire issued and to be issued share capital of UDG Healthcare plc by Nenelite Limited (a newly incorporated company and affiliate of Clayton, Dublier & Rice LLP, formed for Clayton, Dublier & Rice LLP, in its capacity as adviser to Clayton, Dublier & Rice LLC as manager of CD&R Funds X and XI)).

21. Board approval

This interim report was approved by the Board of Directors of UDG Healthcare plc on 11 May 2021.

Additional Information in Relation to the Group Profit Forecast

Group Profit Forecast
The statement made in this announcement in relation to expected performance for the year ending 30 September 2021 under the heading " Group Outlook" ("the Group Profit Forecast") constitutes a profit forecast for the purpose of Rule 28 of the Irish Takeover Rules.

The Group Profit Forecast was contained in the First Quarter Trading Update announcement issued on 26 January 2021 and is unchanged, save for an adjustment to reflect the benefit of the acquisition of Nuvera, also announced today.

Basis for preparation
The Group's Directors prepared the Group Profit Forecast on the basis of the unaudited consolidated accounts for the three months ended 31 December 2020 and a forecast outcome for the remainder of the financial year ending 30 September 2021.

The Group's Directors prepared the Group Profit Forecast on the basis of the following assumptions. Of these assumptions, those referred to in paragraph (v) to (viii) are outside the influence or control of the Group's Directors:

(i) Expectations of constant currency adjusted operating profit growth of between 12% and 14% (previously 11% and 13%) ahead of the $165.3m reported in FY20 and expectations of constant currency adjusted diluted earnings per share (EPS) growth of between 10% and 12% (previously 9% and 11%) ahead of the 47.71 $ cent reported in FY20;

(ii) other than the acquisitions announced today, there being no further acquisitions or disposals by the Group in the year ending 30 September 2021 and the Group not entering into or terminating any partnerships or joint ventures in the period ending 30 September 2021;

(iii) there being no material changes to the Group's existing capital structure (including share repurchases or issuances), operational strategy or business model in the period ending 30 September 2021;

(iv) there being no material change to the Group's cost base and capital expenditures in the period ending 30 September 2021;

(v) there being no business disruption or significant increase in economic uncertainty as a result of the COVID-19 pandemic or any other event, including an act of terrorism, natural disaster, cyber-attack or change in political regime, which results in significant disruption to the Group's business;

(vi) there being no changes beyond those already contemplated in general trading conditions, global macroeconomic conditions, competitive environment or levels of demand in the countries in which the Group operates or trades which would materially affect the Group's business, including as a result of further increase COVID-19 related restrictions;

(vii) there being be no changes in interest rates, bases of taxes, legislative or regulatory requirements or changes in the position of any regulatory body that would have a material impact on the Group's operations, expenditure or accounting policies; and

(viii) there being no material adverse outcome from any ongoing or future disputes with any trading partner, competitor, regulator or tax authority.

The Group Profit Forecast does not take into account any effects of the proposed acquisition of the Group by Nenelite Limited (including the costs associated with the proposed acquisition).

The Group's Directors' confirmation
The Group's Directors have considered the Group Profit Forecast and confirm that it remains valid, has been properly compiled on the basis set out above and that the basis of accounting used is consistent with the Group accounting policies, which are in accordance with IFRS and are those that the Group will apply in preparing its Annual Report and Financial Statements for the year ending 30 September 2021.

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		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Revenue	Income Statement	**661,365**	693,590
Pass - through revenue		**(52,343)**	(97,416)
Net revenue		**609,022**	596,174

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		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Operating profit	Income Statement	**72,607**	68,524
Transaction costs	Income Statement	**1,348**	1,201
Amortisation of acquired intangible assets	Note 9	**16,024**	16,830
Exceptional items	Note 5	**-**	(5,257)
Adjusted operating profit		**89,979**	81,298

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		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Profit before tax	Income Statement	**65,073**	62,270
Transaction costs	Income Statement	**1,348**	1,201
Amortisation of acquired intangible assets	Note 9	**16,024**	16,830
Exceptional items	Note 5	**-**	(5,257)
Adjusted profit before tax		**82,445**	75,044

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		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Adjusted operating profit	Per above	**89,979**	81,298
Revenue	Income Statement	**661,365**	693,590
Adjusted operating margin		**13.6%**	11.7%

Adjusted net operating margin

Definition

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

Calculation		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Adjusted operating profit	Per above	**89,979**	**81,298**
Net revenue	Per above	**609,022**	**596,174**
Adjusted net operating margin		**14.8%**	**13.6%**

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		**Six months ended 31 March 2021 $'000**	Six months ended 31 March 2020 $'000
Tax charge	Income Statement	**13,743**	7,016
Tax relief with respect to transaction costs		**193**	118
Deferred tax credit with respect to acquired intangible amortisation		**4,066**	4,239
Tax relief with respect to exceptional items	Note 5	**-**	(41)
Remeasurement of current tax liabilities	Note 5	**-**	4,420
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**18,002**	15,752
Adjusted profit before tax	Per above	**82,445**	75,044
Adjusted effective tax rate		**21.8%**	21.0%

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		**6 months ended 31 March 2021 $'000**	6 months ended 31 March 2020 $'000	**12months ended 31 March 2021 $'000**	12 months ended 31 March 2020 $'000
Adjusted operating profit	Per above	**89,979**	81,298	**173,993**	170,536
Share-based payment expense	Cash Flow Statement	**4,319**	2,628	**7,290**	4,827
Depreciation	Cash Flow Statement	**11,406**	11,331	**22,916**	22,697
Depreciation of right of use assets	Cash Flow Statement	**9,404**	8,128	**18,438**	8,128
Amortisation of computer software	Note 9	**4,975**	4,694	**9,666**	9,064
Share of equity accounted investments' profit after tax	Note 4	**(2,474)**	(954)	**(3,892)**	(1,422)
Profit on disposal of property, plant and equipment	Cash Flow Statement	**(456)**	(26)	**(272)**	80
Adjusted EBITDA		**117,153**	107,099	**228,139**	213,910
Share-based payment expense				**(7,290)**	(4,827)
Transaction costs				**(2,211)**	(2,524)
EBITDA of completed disposals				**-**	(287)
Annualised EBITDA of acquisitions[1]				**3,060**	4,059
Annualised EBITDA				**221,698**	210,331
IFRS 16 Operating profit impact				**(1,220)**	(766)
Depreciation of right of use assets				**(18,438)**	(8,128)
IFRS 16 impact on EBITDA of completed disposals				**-**	70
IFRS 16 impact on Annualised EBITDA of acquisitions				**(11)**	(105)
Annualised EBITDA excluding IFRS 16				**202,029**	201,402

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

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

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 and the unwinding of discount on provisions and deferred consideration, see Note 6). 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.

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 period excluding net debt adjusted for the historical amortisation of acquired intangible assets and restructuring charges.

$'000		**As at 31 March 2021 $'000**	As at 31 March 2020 $'000
Net assets	Balance Sheet	**1,035,021**	945,303
Net debt	Note 12	**34,346**	58,239
Assets before net debt		**1,069,367**	1,003,542
Cumulative intangible amortisation		**238,230**	226,527
Cumulative restructuring costs		**27,394**	20,632
Total capital employed		**1,334,991**	1,250,701
Average total capital employed		**1,292,846**	1,211,522
Rolling 12 month adjusted operating profit		**173,993**	170,536
Return on capital employed		**13.5%**	14.1%

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		**As at 31 March 2021 $'000**	As at 31 March 2020 $'000
Adjusted EBITDA	Per above	**117,153**	107,099
Working capital	Cash Flow Statement	**1,473**	20,298
Investment in property, plant and equipment	Cash Flow Statement	**(23,553)**	(19,315)
Investment in intangible assets – computer software	Cash Flow Statement	**(5,579)**	(3,826)
Cash generated from operations including capital expenditure		**89,494**	104,256
Free cash flow conversion		**76.4%**	97.3%

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 period, the Group retranslates foreign denominated prior period earnings at current period exchange rates.

		Six months ended 31 March 2021	Six months ended 31 March 2020
Revenue - constant currency		**$'000**	$'000
Revenue	Income Statement	**661,365**	693,590
Currency impact		**-**	14,576
Revenue - constant currency		**661,365**	708,166
Revenue - constant currency decrease on H1 2020		**(46,801)**	
Revenue - constant currency decrease on H1 2020 %		**(7%)**	
Net revenue - constant currency		**$'000**	$'000
Net revenue	Per above	**609,022**	596,174
Currency impact		**-**	12,077
Net revenue - constant currency		**609,022**	608,251
Net revenue – constant currency increase on H1 2020		**771**	
Net revenue - constant currency increase on H1 2020 %		**0%**	
Adjusted operating profit - constant currency		**$'000**	$'000
Adjusted operating profit	Per above	**89,979**	81,298
Currency impact		**-**	182
Adjusted operating profit - constant currency		**89,979**	81,480
Adjusted operating profit - constant currency increase on 2020		**8,499**	
Adjusted operating profit - constant currency increase on 2020 %		**10%**	
Adjusted profit before tax - constant currency		**$'000**	$'000
Adjusted profit before tax	Per above	**82,445**	75,044
Currency impact		**-**	(163)
Adjusted profit before tax - constant currency		**82,445**	74,881
Adjusted profit before tax - constant currency increase on 2020		**7,564**	
Adjusted profit before tax - constant currency increase on 2020 %		**10%**	
Adjusted diluted earnings per share ('EPS') - constant currency		**$'000**	$'000
Adjusted profit attributable to owners of the parent	Note 7	**64,444**	59,283
Currency impact		**-**	(129)
Adjusted profit attributable to owners of the parent - constant currency		**64,444**	59,154
Weighted average number of shares used in diluted EPS calculation	Note 7	**252,187,556**	250,786,898
Adjusted diluted EPS - constant currency (cent)		**25.55**	23.59
Adjusted diluted EPS - constant currency increase on 2020 (cent)		**1.96**	
Adjusted diluted EPS - constant currency increase on 2020 %		**8%**	