UDG Healthcare plc
Preliminary Report 2019

26 November 2019: UDG Healthcare plc ("UDG Healthcare" or "Group"), a leading international healthcare services provider, announces its results for the year ended 30 September 2019, in which the Group delivered another year of good growth and continued strategic progress.

Results highlights (on an IAS 18 basis[2])

- Adjusted[1] diluted earnings per share (EPS) increased by 5% (7% on a constant currency basis, at the top end of the Group's FY19 EPS guidance).
- Underlying* net revenue growth of 5%. Total net revenue increased by 1% on constant currency basis.
- Underlying* adjusted operating profit growth of 5%. Total adjusted operating profit increased by 9% on a constant currency basis, reflecting continued growth in Ashfield and Sharp.
    - Ashfield's operating profit increased by 13% on a constant currency basis driven by a combination of underlying growth in Ashfield Communications and Advisory, and the benefit of acquisitions.
    - Sharp's operating profit increased by 8% on a constant currency basis driven by the continued strong performance of Sharp US.
- Adjusted net operating margin increased from 13.1% to 14.2%.
- Strong cash flow performance with a positive working capital inflow and free cash flow conversion rate of 83%.
- Net debt to EBITDA of 0.4x, with $80.5 million net debt at 30 September 2019.
- Proposed 5% increase in final dividend to 12.34 $ cent per share, yielding a full year dividend increase of 5% to 16.80 $ cent per share.
- $137 million committed to strategic acquisitions in 2019, strengthening the Group's capabilities and service offering:
    - Putnam Associates and Incisive Health acquired in May 2019, and have performed well since acquisition.
    - Acquired Canale Communications, a US based scientific strategic communications agency, for up to $31 million, post year end in November 2019.

**underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.*

Financial Results – year ending 30 September 2019

IFRS based	**30 September 2019 $'m**	30 September 2018 $'m	Increase/ (decrease) %
Revenue	**1,298.5**	1,315.2	(1)
Operating profit	**78.3**	5.5	n/m
Profit before tax	**74.3**	8.4	n/m
Diluted earnings per share ("EPS") (cent)	**22.92**	1.52	n/m
Dividend per share (cent)	**16.80**	16.00	5

	30 September 2019	30 September 2018
Net debt ($'m)	**80.5**	60.8
Net debt/annualised EBITDA (times)	**0.4**	0.3

Alternative performance measures[1] (IAS 18)	**30 September 2019 $'m**	30 September 2018 $'m	Increase/ (decrease) %	Constant currency increase/ (decrease) %
Revenue	**1,309.5**	1,315.2	-	2
Net Revenue	**1,114.2**	1,129.7	(1)	1
Adjusted operating profit	**158.4**	147.5	7	9
Adjusted profit before tax	**150.3**	138.8	8	10
Adjusted diluted earnings per share ("EPS") (cent)	**48.44**	45.94	5	7

Chief Executive's comment

Commenting on the performance, Chief Executive Officer, Brendan McAtamney said:

"2019 was another year of strong strategic progress for UDG Healthcare. We delivered good financial growth with adjusted earnings per share increasing by 7% on a constant currency basis, the top end of guidance. Our two global platforms, Ashfield and Sharp delivered a strong performance through a combination of underlying growth and the benefit of acquisitions.

The Group has completed three acquisitions to date in 2019 for a total consideration of up to $137 million, including the acquisition of US strategic scientific communications agency Canale Communications which we have announced today. All three acquisitions are in line with our strategy to expand into higher growth and higher margin areas, complementary to our existing service offering.

Looking ahead to FY20, we expect to continue to deliver good growth across our businesses, supplemented by further strategic acquisitions utilising our strong balance sheet."

Group development and outlook

Corporate Development

In May 2019, the Group completed the acquisitions of Putnam, a US-based strategic management healthcare consultancy, and Incisive Health, a UK-based healthcare policy and communications consultancy, for a combined consideration of up to $106 million. Both businesses have performed well since acquisition. The Group's net debt was $80.5 million (0.4x net debt to EBITDA) at 30 September 2019, leaving it well placed to fund the continued inorganic development of its two global growth platforms, Ashfield and Sharp.

Post the year end, in November 2019, the Group completed the acquisition of Canale Communications, a San Diego based scientific strategic communications agency, providing a range of public relations, investor relations and communications services to life science and biotech companies. Canale Communications is being acquired for a total consideration of up to $31 million, comprising an initial consideration of $20 million, with an earn-out of up to $11 million payable after three years, based on the achievement of agreed profit targets.

Exceptional Item

During the year the Group incurred an exceptional charge of $37.9 million pre-tax, which primarily related to:

- Two fully settled legal claims, as previously disclosed in the Group's H1 FY19 Interim Results Report, amounting to $15.0 million pre-tax;
- The closure of Sharp Europe's Oudehaske facility, giving rise to a charge of $10.4 million pre-tax; and
- Restructuring costs amounting to $12.5 million, primarily relating to Ashfield Commercial & Clinical in Europe. Post the restructuring, the European business is now better placed to evolve its service mix and diversify its offering in line with the US business.

For further information on the exceptional items included in FY18 and FY19, refer to page 18.

Outlook

The wider market conditions remain favourable and the Group remains well positioned to deliver sustainable growth in line with its medium term underlying operating profit guidance. Additionally, the Group's strong balance sheet allows it the financial flexibility to supplement this underlying growth with acquisitions aligned with the Group's strategy.

For FY20, the Group expects to continue to deliver good underlying operating profit growth across both Ashfield Communications & Advisory and Sharp, while Ashfield Commercial & Clinical is expected to stabilise. In line with previous practice, the Group will provide formal FY20 guidance in January 2020 as part of its First Quarter Trading Update.

Notes:

[1]All references to operating profit and earnings per share included in the highlights and review of operations refer to adjusted results. 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 are presented on an IAS 18 basis to enable like-for-like analysis with the comparative year. 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 equivalent GAAP measure.

[2]IFRS 15 was adopted on 1 October 2018 for our statutory reporting, without restating prior year figures. As a result, the discussion of our operating results is primarily on an IAS 18 basis for all years presented. The impact of IFRS 15 which is outlined in Note 19 of the preliminary results was not significant for the Group.

Review of Operations

Ashfield

	IFRS15	IAS18	IAS18	*IAS18*	*IAS18*
	2019	**2019**	**2018**	*Actual*	*Underlying*
	$'m	**$'m**	**$'m**	*Growth*	*Growth*[2]
Revenue					
Communications & Advisory	**383.3**	**383.3**	323.9	*18%*	*8%*
Commercial & Clinical	**566.9**	**565.9**	597.5	*(5%)*	*(2%)*
Total	**950.2**	**949.2**	921.4	*3%*	*1%*
Net revenue[1]					
Communications & Advisory	**339.2**	**339.2**	287.7	*18%*	*6%*
Commercial & Clinical	**415.4**	**414.7**	448.2	*(7%)*	*(5%)*
Total	**754.6**	**753.9**	735.9	*2%*	-
Adjusted operating profit[3]					
Communications & Advisory	**75.2**	**75.2**	62.1	*21%*	*10%*
Commercial & Clinical	**34.8**	**33.2**	36.3	*(9%)*	*(7%)*
Total	**110.0**	**108.4**	98.4	*10%*	*4%*
Adjusted operating margin[3]					
Operating margin (on revenue)	**11.6%**	**11.4%**	10.7%		
Net operating margin (on net revenue)	**14.6%**	**14.4%**	13.4%		

[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.

All commentary is on an IAS 18 basis

Ashfield delivered a good performance during the year, driven by the benefit of acquisitions and good underlying growth, particularly in Ashfield Communications & Advisory.

Ashfield generated net revenue of $753.9 million and adjusted operating profit of $108.4 million, 2% and 10% respectively ahead of the prior year. Adjusting for the impact of currency translation movements and the contribution from acquisitions, underlying net revenue growth was flat and underlying operating profit was up 4%. Ashfield's net operating margin increased from 13.4% to 14.4%.

Ashfield Communications & Advisory, which now accounts for close to 70% of Ashfield's operating profits, performed strongly during the year. Net revenue increased by 18% and operating profit increased by 21%, including the benefit of acquisitions. Underlying net revenue growth increased by 6% and underlying operating profit increased by 10%, with operating margins also increasing. Ashfield's STEM aXcellerate investment programme has progressed in line with expectations, with a total investment of approximately $3 million during the year. The acquisitions of Putnam, Incisive Health and Canale Communications have further strengthened and expanded Ashfield's capabilities in this higher growth and higher margin business.

Ashfield Commercial & Clinical performed in line with expectations with revenues and operating profits both declining compared to the prior year. While the US business performed well, this was offset by softer demand for Ashfield's services in Europe. The restructuring completed during the year in the European business has adjusted its cost base and enables it to evolve its service mix to better align to client demand, and diversify its offering similar to the US Commercial & Clinical business.

During the year there have been a number of management changes within the Ashfield division:

- As part of the division's succession planning, in September 2019 Greg Flynn was appointed President of Ashfield Commercial & Clinical, replacing Julian Tompkins, who retired after almost 20 years with the business. During Greg's 15 years with Ashfield, he established and operated Ashfield's joint venture in Japan with CMIC, he was President of Ashfield Commercial & Clinical's US business, and most recently was COO of Ashfield Commercial & Clinical.
- Doug Burcin retired as President of Ashfield Communications in June 2019 on health grounds. A search is at an advanced stage for his successor. In the interim the business is being led by Nigel Clerkin, Group CFO.
- Colin Stanley was appointed President of Ashfield Advisory in October 2019. Colin replaces Rob Wood who retired having joined the Group as part of the acquisition of STEM in October 2016. Colin joins from ICON plc, where he has held a number of global senior operational and management roles, most recently as President of ICON's Functional Services Group.

To all three departing leaders, both UDG Healthcare and Ashfield would like to place on record our sincere appreciation of their significant contribution.

Ashfield is well positioned to continue to deliver good underlying operating profit growth over the medium term, as the business continues to diversify its service offering and expand its global market positions.

Sharp

	IFRS15	IAS18	IAS18	*IAS18*	*IAS18*
	2019	**2019**	**2018**	*Actual*	*Underlying*
	$'m	**$'m**	**$'m**	*Growth*	*Growth*[1]
Revenue					
US	**300.4**	**311.7**	267.7	*16%*	*16%*
Europe	**47.9**	**48.6**	43.4	*12%*	*19%*
Total	**348.3**	**360.3**	311.1	*16%*	*17%*
Adjusted operating profit[2]					
US	**46.0**	**51.7**	46.9	*10%*	*10%*
Europe	**(1.2)**	**(1.7)**	(1.1)	*(59%)*	*(68%)*
Total	**44.8**	**50.0**	45.8	*9%*	*8%*
Adjusted operating margin %[2]	**12.9%**	**13.9%**	14.7%		

[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.*

All commentary is on an IAS 18 basis

Sharp delivered a good performance during the year generating revenue of $360.3 million and adjusted operating profit of $50.0 million, 16% and 9% ahead of the same period last year respectively.

Sharp US's underlying revenue and operating profit were 16% and 10% respectively ahead of the same period last year. This strong growth was driven by increased demand for the packaging of serialised biotech and specialty products from both new and existing clients. As previously disclosed, the accelerated demand in the second half of the year for these services, coupled with the added complexity of these product offerings, resulted in the requirement for increased investment in people and capacity to efficiently meet this demand and capitalise on the opportunity.

The performance of Sharp Europe improved during the second half of the year and for the full year delivered strong underlying revenue growth and an operating loss of $1.7 million. During the year, the business took the decision to consolidate its packaging operations in Europe and close its Oudehaske packaging plant in the Netherlands resulting in an exceptional charge of $10.5 million pre-tax. A process has begun to transfer customers at this site to Sharp's remaining three sites in Europe. The centralisation of Sharp's European operations to the existing plants will lead to greater operational and cost efficiencies for Sharp Europe. From FY20, the Sharp US and Sharp Europe financial results will be presented on a consolidated basis.

During 2019, Sharp continued to invest in new facilities and capacity across both its commercial and clinical facilities. Sharp Clinical completed the relocation of its businesses in the US and UK to new facilities while in early 2020, Sharp US Commercial will open additional capacity at its Allentown, Pennsylvania campus. These investments provide additional capacity to support the continued growth of the business.

Mike O'Hara, Managing Director of Sharp Packaging Services, will retire at the end of January 2020. A recruitment process is underway for a replacement. UDG Healthcare and Sharp would like to place on record our sincere appreciation of his significant contribution.

Sharp has a strong pipeline of business which supported by the benefit of investments made and additional resources added, leaves it well positioned to deliver underlying operating profit growth in line with the Group's medium-term expectations of double-digit growth in FY20 and beyond.

Analyst presentation
A presentation for investors and analysts will be held at the London Stock Exchange at 8.30 GMT today, 26 November 2019. If you wish to attend, please contact Powerscourt at the details below. Alternatively, to dial into the conference call or webcast, the details are as follows:

Audio webcast
https://secure.emincote.com/client/udghealthcare/udg001

Conference call
UK number: +44-203-059-5868
Ireland number: +353-1526-9451
US number: +1-760-294-1674

Please dial-in to the call 10 minutes before, and quote *UDG Healthcare Full Year Results* when prompted

If you wish to ask questions, please do so via the conference call.

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

For further information, please contact:

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About UDG Healthcare plc
UDG Healthcare plc (LON: UDG) is a leading international partner of choice delivering advisory, communication, commercial, clinical and packaging services to the healthcare industry, employing 8,700 people with operations in 26 countries and delivering services in over 50 countries.

UDG Healthcare plc operates across two divisions: Ashfield and Sharp.

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

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

The company is listed on the London Stock Exchange and is a constituent of the FTSE 250.

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

Forward-looking information
Some statements in this announcement may be 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. The Group has based these forward-looking statements on assumptions regarding present and future strategies of the Group and the environment in which it anticipates operating in the future. However, because such statements involve known and unknown risks, uncertainties and other factors including but not limited to general economic, political, financial and business factors, which in some cases are beyond the Group's control, you should note that actual results, performance, operations or achievements expressed or implied by such forward-looking statements may differ materially from those expressed or implied by such statements and accordingly you should not rely on such forward-looking statements in making investment decisions. Except as required by applicable law or regulation, neither the Group nor any other party intends to update or revise any such forward-looking statements after the date these statements are published, whether as a result of new information, the passage of time, any future events, or otherwise.

Finance Review
for the year ended 30 September 2019

IFRS based	**30 September 2019 $'m**	30 September 2018 $'m	Increase/ (decrease) %
Revenue	**1,298.5**	1,315.2	(1)
Operating profit	**78.3**	5.5	n/m
Profit before tax	**74.3**	8.4	n/m
Diluted earnings per share ("EPS") (cent)	**22.92**	1.52	n/m
Dividend per share (cent)	**16.80**	16.00	5

Alternative performance measures (IAS 18)

	30 September 2019 IFRS 15 $'m	**30 September 2019 IAS 18 $'m**	30 September 2018 IAS 18 $'m	Increase/ (decrease) IAS 18 %	Constant currency increase/ (decrease) IAS 18 %
Revenue	**1,298.5**	**1,309.5**	1,315.2	-	2
Net Revenue	**1,102.9**	**1,114.2**	1,129.7	(1)	1
Adjusted operating profit	**154.8**	**158.4**	147.5	7	9
Adjusted profit before tax	**146.7**	**150.3**	138.8	8	10
Adjusted diluted earnings per share ("EPS") (cent)	**47.31**	**48.44**	45.94	5	7

Following the adoption of IFRS 15 "Revenue from Contracts with Customers" on 1 October 2018, the Group's statutory results for the year ended 30 September 2019 are presented on an IFRS 15 basis, whereas the Group's statutory results for the comparative year ended 30 September 2018 are presented on an IAS 18 basis as previously reported. Comparisons between the two bases of reporting are not considered meaningful. Consequently, the review of the performance of the Group and review of operations is primarily on an IAS 18 basis for all years presented. Note 19 to the Group financial information outlines the transition impact for the Group and discloses the financial statement line items impacted for the year ended 30 September 2019.

Revenue
Revenue of $1,298.5 million for the year is 1% behind 2018 (1% ahead on a constant currency basis).

Under IAS 18, revenue is in line with 2018 (2% ahead on a constant currency basis) with a 3% increase in Ashfield revenue and a 16% increase in Sharp revenue. Group underlying net revenue increased by 9%, excluding the impact of foreign exchange acquisitions, disposals and IFRS 15 adjustments.

Adjusted operating profit
Adjusted operating profit of $154.8 million is 5% ahead of 2018 (7% on a constant current basis).

Under IAS 18, adjusted operating profit has increased by 7% (9% on a constant currency basis).

Adjusted net operating margin
The adjusted net operating margin for the businesses for the year is 14.0%.

Under IAS 18, this is 14.2%, an increase on the 13.1% margin reported in 2018.

Adjusted profit before tax
Net interest costs, pre-exceptional items, for the year of $8.1 million are 6% lower than 2018, due to interest income on US cash deposits. This delivered an adjusted profit before tax of $146.7 million.

Under IAS 18, the adjusted profit before tax is $150.3 million, which is 8% ahead of 2018 (10% on a constant currency basis).

Taxation
The effective taxation rate has increased from 17.1% in 2018 to 19.1% in 2019, due to an increase in the proportion of profit earned in the US.

Adjusted diluted earnings per share
Adjusted earnings per share (EPS) is 3% ahead (4% on a constant currency basis) of 2018 at 47.31 $ cent.

Under IAS 18, adjusted diluted earnings per share (EPS) is 5% ahead (7% on a constant currency basis) of 2018 at 48.44 $ cent.

Exceptional items
The Group incurred an exceptional charge of $37.9 million before tax for the year.

In 2018, the Group received notification of a potential claim from McKesson arising from its purchase of United Drug from the Group in 2016. The potential claim was settled in April 2019 (without admission by any party) at a cost of $14.3 million. The Group also incurred trademark litigation costs during the year amounting to $0.7 million.

A charge of $12.5 million was incurred in relation to restructuring of the Group's internal operating structures, principally in respect of Ashfield Commercial & Clinical's European operations. The charge primarily relates to redundancy.

Following a review of the operations in Sharp Europe, it was decided to rationalise the operations and close the Sharp plant at Oudehaske, Netherlands. The Group has incurred a charge of $10.5 million including redundancy, asset impairment, plant decommissioning and contract termination costs.

Impairment of assets relating to intangible software and property, plant and equipment resulted in a cost of $4.1 million in the year.

Deferred contingent consideration of $4.1 million in respect of Drug Safety Alliance ($2.8 million), MicroMass Communications ($0.8 million) and Sellxpert ($0.5 million) was released in the year following review of expected performance against earn-out targets.

A tax credit of $4.2 million was incurred in relation to these exceptional items.

Foreign exchange
The Group operates in 26 countries, with its primary foreign exchange exposure being the translation of local income statements and balance sheets into US dollar for Group reporting purposes. The re-translation of overseas profits to US dollar has decreased IAS 18 constant currency EPS growth of 7% to a reported EPS growth rate of 5%, which is primarily due to the strengthening of the US dollar against sterling and euro in the year versus 2018.

The average 2019 exchange rates were $1: £0.7839 and $1: €0.8865 (2018 $1: £0.7436 and $1: €0.8403).

Cash flow
The following table displays cash flow information for the years ended 30 September 2019 and 2018:

	2019 $'000	2018 $'000
Net cash inflow from operating activities	**129,252**	102,516
Net cash outflow from investing activities	**(130,653)**	(76,323)
Net cash outflow from financing activities	**(39,085)**	(33,063)
Net change in cash and cash equivalents	**(40,486)**	(6,870)
Effect of exchange rate changes on cash and cash equivalents	**(4,385)**	(500)
Cash and cash equivalents at beginning of year	**180,099**	187,469
Cash and cash equivalents end of year	**135,228**	180,099

Net cash inflow from operating activities
The net cash inflow from operating activities was $129.3 million (2018: $102.5 million).

	2019 $'000	2018 $'000
Adjusted EBITDA	**189,776**	181,790
Interest paid	**(9,910)**	(9,682)
Income taxes paid	**(25,329)**	(18,107)
Working capital decrease/(increase)	**6,516**	(50,350)
Other cash outflows	**(31,801)**	(1,135)
Net cash inflow from operating activities	**129,252**	102,516

Working capital decreased by $6.5 million (2018: $50.4 million increase). The decrease in working capital is principally due to the reversal of the temporary cash flow delays and timing of supplier payments arising from the implementation of Oracle under the Future Fit programme in 2018 and improved cash management. Other cash outflows of $31.8 million relates to transaction costs paid of $2.5 million and exceptional items outflow of $29.3 million primarily in respect of the McKesson legal settlement and restructuring costs (2018 cash flows of $1.1 million relates to transaction costs paid of $5.3 million and exceptional items inflow of $4.2 million).

Net cash outflow from investing activities
Net cash outflow from investing activities is $130.7 million, compared to $76.3 million in 2018. This increase is principally due to deferred consideration outflows on acquisitions of $25.1 million, higher acquisition outflows during the year of $69.1 million and lower capital expenditure in the current year. During the year, $27 million was invested in property, plant and equipment. This included investment in Sharp's facilities, in particular the investments in Sharp Clinical's sites in the US and UK, and its commercial packaging facility in the Netherlands. Computer software outflows of $12.5 million included investments in Future Fit.

Net cash outflow from financing activities
Net cash outflow from financing activities increased by $6 million to $39.1 million in the year, principally due to payment of a higher dividend as compared to prior year.

Balance sheet
Net debt at the end of the year was $80.5 million ($135.2 million cash and $215.7 million debt). The net debt to annualised EBITDA ratio is 0.4 times debt (2018: 0.3 times debt) and net interest is covered 28.1 times (2018: 22.0 times) by annualised EBITDA. Financial covenants in our principal debt facilities are based on net debt to EBITDA being less than 3.5 times and EBITDA interest cover being greater than three times.

Return on capital employed (ROCE)
The Group's ROCE is 13.1%, up from 12.7% in 2018. Under IAS 18, the Group's ROCE in 2019 is 13.4%. Details on how this was calculated are on page 34.

Dividends
The directors are proposing a final dividend of 12.34 $ cent per share representing an increase of 5% on the 2018 final dividend of 11.75 $ cent per share. This represents 5% growth in the total dividend for the year to 16.80 $ cent per share. This continues the Group's 30 year history of consistently increasing dividends.

Subject to shareholder approval at the Company's Annual General Meeting, the proposed final dividend of 12.34 $ cent per share will be paid on 5 February 2020 to ordinary shareholders on the Company's register at 5.00 p.m. on 10 January 2020.

Investor relations
UDG Healthcare's executive management team spend a significant amount of time meeting with shareholders and the international financial community. We have a dedicated investor relations function, focused on increasing the awareness of the Company among the investor and analyst community.

The Group maintains continuous engagement with its shareholders during the year (apart from when the Group is in a close period), specifically following the release of our interim and preliminary results, and at the time of major developments including M&A transactions. The Group continues to ensure that a broad geographic base of institutional investors is reached through participation in both results and non-results roadshows with senior management and investor relations, and attendance at conferences and investor events. During 2019, the UDG Healthcare senior management team conducted over 250 institutional investor one-on-one and group meetings, and participated at nine investor conferences, including five in the US.

The number of independent equity analysts covering the Group remained at thirteen during the year – this is well ahead of the average number of covering analysts for a FTSE250 company of nine, and reflects the continued interest in UDG Healthcare from the equity markets.

The Board of Directors considers it important to understand the views of shareholders and receive regular updates on investor perceptions.

Our website www.udghealthcare.com, is the primary method of communication for the majority of our shareholders. We publish our annual report, preliminary results and other public announcements on our website. In addition, details of our conference calls and presentations are available through our website.

Our investor relations department provides a point of contact for shareholders and full contact details are set out in the investor relations section of our website. Shareholders can also submit an information request through the shareholder services section of our website.

Group Income Statement

for the year ended 30 September 2019

	Notes	**Year ended 30 September 2019** Pre-exceptional items $'000	Exceptional items (Note 6) $'000	Total 30 Sept 2019 $'000	Year ended 30 September 2018 Pre-exceptional items $'000	Exceptional items (Note 6) $'000	Total 30 Sept 2018 $'000
Revenue	3	**1,298,523**	**-**	**1,298,523**	1,315,186	-	1,315,186
Cost of sales		**(920,010)**	**(7,372)**	**(927,382)**	(927,877)	(5,706)	(933,583)
Gross profit		**378,513**	**(7,372)**	**371,141**	387,309	(5,706)	381,603
Selling and distribution expenses		**(193,856)**	**-**	**(193,856)**	(217,475)	(11,042)	(228,517)
Administration expenses		**(21,840)**	**(1,050)**	**(22,890)**	(17,250)	(1,214)	(18,464)
Other operating expenses		**(40,414)**	**(33,631)**	**(74,045)**	(37,037)	(99,550)	(136,587)
Other operating income		**-**	**-**	**-**	-	8,882	8,882
Transaction costs		**(2,136)**	**-**	**(2,136)**	(2,374)	-	(2,374)
Share of joint ventures' profit after tax	4	**50**	**-**	**50**	958	-	958
Operating profit		**120,317**	**(42,053)**	**78,264**	114,131	(108,630)	5,501
Finance income	5	**16,171**	**4,143**	**20,314**	5,235	11,576	16,811
Finance expense	5	**(24,301)**	**-**	**(24,301)**	(13,926)	-	(13,926)
Profit before tax		**112,187**	**(37,910)**	**74,277**	105,440	(97,054)	8,386
Income tax expense		**(20,951)**	**4,165**	**(16,786)**	(15,792)	11,263	(4,529)
Profit for the financial period		**91,236**	**(33,745)**	**57,491**	89,648	(85,791)	3,857
Profit attributable to:							
Owners of the parent		**91,196**	**(33,745)**	**57,451**	89,586	(85,791)	3,795
Non-controlling interest		**40**	**-**	**40**	62	-	62
		91,236	**(33,745)**	**57,491**	89,648	(85,791)	3,857
Earnings per ordinary share:							
Basic earnings per share - cent	7			**23.06c**			1.53c
Diluted earnings per share - cent	7			**22.92c**			1.52c

Group Statement of Comprehensive Income

for the year ended 30 September 2019

	Notes		2019 $'000		2018 $'000
Profit for the financial year			**57,491**		3,857
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
Remeasurement (loss)/gain on Group defined benefit schemes	14		**(3,905)**		2,422
Deferred tax on Group defined benefit schemes					
- Pre-exceptional item		**846**		(187)	
- Exceptional item		**-**		408	
			846		221
			(3,059)		2,643
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment			**(16,675)**		(5,466)
Reclassification on loss of control of subsidiary undertakings	11		**-**		33,383
Group cash flow hedges:					
- Effective portion of cash flow hedges – movement into reserve		**21,637**		(433)	
- Effective portion of cash flow hedges – movement out of reserve		**(12,414)**		(3,032)	
Effective portion of cash flow hedges	11		**9,223**		(3,465)
- Movement in deferred tax – movement into reserve		**(2,704)**		54	
- Movement in deferred tax – movement out of reserve		**1,551**		379	
Net movement in deferred tax	11		**(1,153)**		433
			(8,605)		24,885
Total other comprehensive (expense)/income			**(11,664)**		27,528
Total comprehensive income for the financial year			**45,827**		31,385
Total comprehensive income attributable to:					
Owners of the parent			**45,791**		31,323
Non-controlling interests			**36**		62
			45,827		31,385

Group Statement of Changes in Equity

for the year ended 30 September 2019

	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 2018	**14,643**	**197,837**	**(135,955)**	**808,647**	**885,172**	**171**	**885,343**
Change in accounting policy (Note 19)	-	-	-	3,822	**3,822**	-	**3,822**
Restated total equity at the beginning of the financial year	**14,643**	**197,837**	**(135,955)**	**812,469**	**888,994**	**171**	**889,165**
Profit for the financial year	-	-	-	57,451	**57,451**	40	**57,491**
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	9,223	-	**9,223**	-	**9,223**
Deferred tax on cash flow hedges	-	-	(1,153)	-	**(1,153)**	-	**(1,153)**
Translation adjustment	-	-	(16,671)	-	**(16,671)**	(4)	**(16,675)**
Remeasurement loss on defined benefit schemes	-	-	-	(3,905)	**(3,905)**	-	**(3,905)**
Deferred tax on defined benefit schemes	-	-	-	846	**846**	-	**846**
Total comprehensive (expense)/income for the year	**-**	**-**	**(8,601)**	**54,392**	**45,791**	**36**	**45,827**
Transactions with shareholders:							
New shares issued	35	1,141	-	-	**1,176**	**-**	**1,176**
Share-based payment expense	-	-	4,720	-	**4,720**	-	**4,720**
Dividends paid to equity holders	-	-	-	(40,325)	**(40,325)**	-	**(40,325)**
Release from share-based payment reserve	-	-	(2,923)	2,923	**-**	-	**-**
At 30 September 2019	**14,678**	**198,978**	**(142,759)**	**829,459**	**900,356**	**207**	**900,563**

For the year ended 30 September 2018

	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 2017	14,620	196,496	(166,656)	836,087	880,547	109	880,656
Profit for the financial year	-	-	-	3,795	3,795	62	3,857
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	(3,465)	-	(3,465)	-	(3,465)
Deferred tax on cash flow hedges	-	-	433	-	433	-	433
Translation adjustment	-	-	(5,466)	-	(5,466)	-	(5,466)
Reclassification on loss of control of subsidiary undertakings	-	-	33,383	-	33,383	-	33,383
Remeasurement gain on defined benefit schemes	-	-	-	2,422	2,422	-	2,422
Deferred tax on defined benefit schemes	-	-	-	221	221	-	221
Total comprehensive income for the year	-	-	24,885	6,438	31,323	62	31,385
Transactions with shareholders:							
New shares issued	23	1,341	-	-	1,364	-	1,364
Share-based payment expense	-	-	6,643	-	6,643	-	6,643
Dividends paid to equity holders	-	-	-	(34,705)	(34,705)	-	(34,705)
Release from share-based payment reserve	-	-	(827)	827	-	-	-
At 30 September 2018	14,643	197,837	(135,955)	808,647	885,172	171	885,343

Group Balance Sheet

as at 30 September 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Non-current			
Property, plant and equipment	8	**176,305**	179,593
Goodwill	9	**547,520**	515,954
Intangible assets	9	**241,615**	241,538
Investment in joint ventures and associates	9	**10,216**	9,729
Contract fulfilment assets	19	**5,327**	-
Derivative financial instruments	10	**15,395**	330
Deferred income tax assets		**5,178**	5,272
Employee benefits	14	**7,636**	12,935
Total non-current assets		**1,009,192**	965,351
Current			
Inventories		**25,253**	31,248
Trade and other receivables		**370,350**	347,192
Contract fulfilment assets	19	**5,315**	-
Cash and cash equivalents	10	**135,228**	180,099
Current income tax assets		**4,385**	793
Derivative financial instruments	10	**8,878**	2,474
Total current assets		**549,409**	561,806
Total assets		**1,558,601**	1,527,157
EQUITY			
Equity share capital		**14,678**	14,643
Share premium		**198,978**	197,837
Other reserves	11	**(142,759)**	(135,955)
Retained earnings		**829,459**	808,647
Equity attributable to owners of the parent		**900,356**	885,172
Non-controlling interest		**207**	171
Total equity		**900,563**	885,343
LIABILITIES			
Non-current			
Interest-bearing loans and borrowings	10	**174,734**	243,099
Other payables		**23,853**	5,451
Provisions	12	**74,193**	68,900
Deferred income tax liabilities		**39,263**	45,225
Derivative financial instruments	10	**-**	319
Total non-current liabilities		**312,043**	362,994
Current			
Interest-bearing loans and borrowings	10	**65,297**	272
Trade and other payables		**246,685**	225,526
Current income tax liabilities		**14,380**	13,477
Provisions	12	**19,633**	39,545
Total current liabilities		**345,995**	278,820
Total liabilities		**658,038**	641,814
Total equity and liabilities		**1,558,601**	1,527,157

Group Cash Flow Statement

for the year ended 30 September 2019

	2019 $'000	2018 $'000
Cash flow from operating activities		
Profit before tax	**74,277**	8,386
Finance income	**(16,171)**	(5,235)
Finance expense	**24,301**	13,926
Exceptional items	**37,910**	97,054
Operating profit	**120,317**	114,131
Share of joint ventures' profit after tax	**(50)**	(958)
Transaction costs	**2,136**	2,374
Depreciation charge	**23,130**	24,477
Profit on disposal of property, plant and equipment	**(571)**	(340)
Amortisation of intangible assets	**40,414**	37,037
Share-based payment expense	**4,400**	5,069
Increase in contract fulfilment assets	**(3,786)**	-
(Increase)/decrease in inventories	**(6,989)**	4,529
Increase in trade and other receivables	**(5,814)**	(53,361)
Increase/(decrease) in trade payables, provisions and other payables	**23,105**	(1,518)
Exceptional items (paid)/received	**(29,267)**	4,228
Transaction costs paid	**(2,534)**	(5,363)
Cash generated from operations	**164,491**	130,305
Interest paid	**(9,910)**	(9,682)
Income taxes paid	**(25,329)**	(18,107)
Net cash inflow from operating activities	**129,252**	102,516
Cash flows from investing activities		
Interest received	**2,209**	1,662
Purchase of property, plant and equipment	**(27,016)**	(39,580)
Proceeds from disposal of property, plant and equipment	**852**	986
Investment in intangible assets – computer software	**(12,475)**	(21,047)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	**(69,078)**	(33,479)
Deferred consideration paid	**(24,333)**	-
Deferred contingent consideration paid	**(812)**	(5,911)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)	**-**	21,046
Net cash outflow from investing activities	**(130,653)**	(76,323)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon)	**1,176**	1,364
Repayments of interest-bearing loans and borrowings	**(1,859)**	(2,118)
Proceeds from interest-bearing loans and borrowings	**1,928**	2,507
Repayments of finance leases	**(5)**	(111)
Dividends paid to equity holders of the Company	**(40,325)**	(34,705)
Net cash outflow from financing activities	**(39,085)**	(33,063)
Net decrease in cash and cash equivalents	**(40,486)**	(6,870)
Translation adjustment	**(4,385)**	(500)
Cash and cash equivalents at beginning of year	**180,099**	187,469
Cash and cash equivalents at end of year	**135,228**	180,099
Cash and cash equivalents is comprised of:		
Cash at bank and short-term deposits	**135,228**	180,099

Notes to the Preliminary Announcement

for the year ended 30 September 2019

1. Reporting entity

UDG Healthcare plc (the 'Company') and its subsidiaries (together the 'Group') delivers advisory, communications, commercial, clinical and packaging services to the healthcare industry. The Company is a public limited company whose shares are publicly traded. It is incorporated and domiciled in Ireland. The address of its registered office is 20 Riverwalk, Citywest Business Campus, Citywest, Dublin 24, Ireland. The preliminary consolidated financial information for the year ended 30 September 2019 is for the Company, its subsidiaries and the Group's interest in joint ventures and associates.

2. Statement of compliance and basis of preparation

Basis of preparation

This announcement has been prepared on the basis of the results and financial position that the directors expect will be reflected in the audited statutory accounts when these are completed. The financial information presented in this report has been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'); and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. Full details of the accounting policies adopted by the Group are contained in the consolidated financial statements included in the Group's 2018 Annual Report, which is available on the Group's website; www.udghealthcare.com.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates, judgements and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to goodwill impairment testing, revenue recognition, income tax expense, employee benefit obligations, share-based payments and valuation of provisions. Other than the changes in accounting policies outlined in Note 19, the nature of the assumptions and estimates made in the preparation of the preliminary announcement are the same as those identified in our most recent annual report. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The directors believe that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the preliminary announcement.

The financial information presented herein does not represent full statutory financial statements that are required by Section 347 of the Companies Act, 2014 to be annexed to the annual return of the Company. The financial information does not include all the information and disclosures required in the annual financial statements. The statutory financial statements for the year ended 30 September 2018 have been annexed to the annual return and filed with the Irish Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory financial statements for the year ended 30 September 2019 will be annexed to the next annual return of the Company and filed with the Registrar of Companies.

Accounting policies

The accounting policies applied in the preparation of the Group financial information are consistent with those applied in the 2018 Annual Report, except for the adoption of new standards, interpretations and standard amendments effective for the Group for the period commencing 1 October 2018. The Group has had to change its accounting policies as a result of adopting the following new standards:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The impact of adoption of these standards and the new accounting policies are disclosed in Note 19. Other changes to IFRS became effective in the period beginning on 1 October 2018, however they did not have a material effect on the Group accounting policies and the Group consolidated financial statements. A number of new accounting standards will become effective for the Group in future years. These will be outlined in the consolidated financial statements contained in the Group's Annual Report.

3. Segmental analysis

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

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

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

Aquilant a distributor of specialist medical and scientific products in the UK and Ireland, was disposed of in 2018.

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

	2019 $'000	2018 $'000
Revenue		
Ashfield	**950,249**	921,406
Sharp	**348,274**	311,073
Aquilant	**-**	82,707
	1,298,523	1,315,186
Operating profit before amortisation of acquired intangibles, transaction costs and exceptional items		
Ashfield	**110,010**	98,451
Sharp	**44,830**	45,775
Aquilant	**-**	3,280
Adjusted operating profit	**154,840**	147,506
Amortisation of acquired intangibles	**(32,387)**	(31,001)
Transaction costs	**(2,136)**	(2,374)
Exceptional items	**(42,053)**	(108,630)
Operating profit	**78,264**	5,501
Finance income	**20,314**	16,811
Finance expense	**(24,301)**	(13,926)
Profit before tax	**74,277**	8,386
Income tax expense	**(16,786)**	(4,529)
Profit after tax for the year	**57,491**	3,857

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

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

3. Segmental analysis (continued)

Geographical analysis of revenue

	2019 $'000	2018 $'000
Republic of Ireland	**6,364**	38,724
United Kingdom	**251,962**	305,677
North America	**826,420**	715,792
Rest of World	**213,777**	254,993
	1,298,523	1,315,186

4. Share of joint ventures' profit after tax

	2019 $'000	2018 $'000
Revenue	**71,705**	66,271
Expenses, inclusive of tax	**(71,605)**	(64,355)
Profit after tax	**100**	1,916
Group's equity interest	**49.99%**	49.99%
Group's share of profit after tax	**50**	958

5. Finance income and expense

	2019 $'000	2018 $'000
Finance income		
Income arising from cash deposits	**2,280**	1,763
Fair value adjustment to guaranteed senior unsecured loan notes	**1,097**	213
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	**12,414**	3,032
Net finance income on defined benefit pensions	**380**	227
	16,171	5,235
Finance expense		
Interest on overdrafts	**(60)**	(95)
Interest on bank loans and other loans:		
-wholly repayable within 5 years	**(7,196)**	(7,510)
-wholly repayable after 5 years	**(1,893)**	(1,997)
Interest on finance leases	**(2)**	(3)
Unwinding of discount on deferred consideration	**(124)**	-
Unwinding of discount on provisions	**(1,515)**	(840)
Fair value adjustments to fair value hedges	**(1,097)**	(213)
Fair value of cash flow hedges transferred to equity	**(12,414)**	(3,032)
Ineffective portion of cash flow hedges	**-**	(236)
	(24,301)	(13,926)
Net finance expense, pre-exceptional items	**(8,130)**	(8,691)
Finance income relating to exceptional items	**4,143**	11,576
Net finance (expense)/income	**(3,987)**	2,885

6. Exceptional items

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

		2019 $'000	2018 $'000
Legal costs and settlements	(a)	**14,994**	-
Restructuring costs and other	(b)	**12,481**	14,536
Sharp Europe rationalisation	(c)	**10,445**	-
Impairment of intangible assets	(d)	**3,744**	-
Impairment of property, plant and equipment	(e)	**389**	502
Contract terminations		**-**	(8,882)
Impairment of goodwill		**-**	57,648
Loss on disposal of subsidiary		**-**	41,902
Onerous leases		**-**	2,924
Net operating exceptional items		**42,053**	108,630
Deferred contingent consideration	(f)	**(4,143)**	(11,576)
Net exceptional items before taxation		**37,910**	97,054
Exceptional items tax credit		**(4,165)**	(1,548)
Deferred tax		**-**	(9,715)
Net exceptional items after taxation		**33,745**	85,791

(a) Legal costs and settlements

Legal costs and settlements expense primarily relates to the previously disclosed claim received from McKesson in 2018 arising from its purchase of United Drug from the Group in 2016. McKesson had notified the Group of potential claims pursuant to indemnification and warranty provisions contained in the sale and purchase agreement relating to the disposal of United Drug. This claim was settled in April 2019 (without admission by any party) resulting in a total expense for the Group in the year of $14,250,000 (including defence costs). The Group does not expect any further costs to arise as a result of the disposal. Additionally, the Group incurred legal costs of $744,000 protecting an Ashfield trademark. The tax impact of exceptional legal costs and settlements amounted to $207,000.

(b) Restructuring costs and other

During the year, the Group implemented a restructuring of its internal operating structures, primarily within Ashfield Commercial & Clinical due to changes in market conditions in Europe. Restructuring costs and other includes redundancy costs of $11,229,000, onerous contracts of $666,000, accelerated share-based payment expense of $320,000, and other costs of $266,000 associated with the restructuring. A tax credit of $2,666,000 arose in respect of exceptional restructuring costs.

(c) Sharp Europe rationalisation

The Group implemented a rationalisation of Sharp's European operations during the year. As part of the rationalisation, it was decided to close the Sharp plant at Oudehaske, Netherlands. The exceptional rationalisation costs in Sharp Europe include redundancy costs of $2,373,000, impairment of property, plant and equipment of $3,576,000, plant decommissioning and termination costs of $4,496,000. The centralisation of Sharp's European operations to the existing plants will lead to greater operational and cost efficiencies for Sharp Europe. The tax impact of exceptional rationalisation costs amounted to $323,000.

(d) Impairment of intangible assets

The Group incurred a one-off expense of $3,744,000 arising from the impairment of intangible assets. A review of software in Ashfield during the year resulted in the decision to cease using certain software assets. A tax credit of $894,000 arose in respect of the impairment of intangible assets.

(e) Impairment of property, plant and equipment

Impairment of property, plant and equipment arose due to the exit of properties as a result of the realignment of the Group's structure. A tax credit of $75,000 arose in respect of the impairment of property, plant and equipment.

6. Exceptional items (continued)

(f) Deferred contingent consideration

Deferred contingent consideration relates to $2,800,000 in respect of Drug Safety Alliance, $800,000 in respect of MicroMass Communications and $543,000 in respect of Sellxpert. These amounts were released in the year following a review of expected performance against earn-out targets.

In the prior year, the Group recognised $85.8 million of an exceptional charge. A goodwill impairment charge of $57.6 million was recognised in relation to Aquilant, partially offset by an exceptional gain of $8.9 million relating to the exit of two Aquilant clients in the year. The disposal of Aquilant resulted in a loss of $41.9 million. During the prior year, the Group completed a restructuring programme resulting in restructuring cost of $14.5 million and onerous leases of $2.9 million as a result of exiting leases associated with the restructuring. There was an exceptional credit of $11.6 million in the prior year due to the remeasurement of contingent consideration relating to the acquisitions of Cambridge BioMarketing, MicroMass Communications and Sellxpert. The Group recognised an exceptional tax credit of $1.5 million on these items and an exceptional gain of $9.7 million arising from the remeasurement of certain US tax liabilities following the enactment of the US Tax Cuts and Jobs Act.

7. Earnings per ordinary share

	IFRS 15 Total 2019 $'000	**IAS 18 Total 2019 $'000**	Total 2018 $'000
Profit attributable to the owners of the parent	**57,451**	**60,275**	3,795
Adjustment for amortisation of acquired intangible assets (net of tax)	**25,302**	**25,302**	23,287
Adjustment for transaction costs (net of tax)	**2,098**	**2,098**	2,194
Adjustment for exceptional items (net of tax)	**33,745**	**33,745**	85,791
Adjusted profit attributable to owners of the parent	**118,596**	**121,420**	115,067

	2019 Number of shares	2018 Number of shares
Weighted average number of shares	**249,110,546**	248,517,745
Number of dilutive shares under option	**1,551,905**	1,947,043
Weighted average number of shares, including share options	**250,662,451**	250,464,788

	IFRS 15 2019	**IAS 18 2019**	2018
Basic earnings per share – $ cent	**23.06**	**24.20**	1.53
Diluted earnings per share – $ cent	**22.92**	**24.05**	1.52
Adjusted basic earnings per share – $ cent[1]	**47.61**	**48.74**	46.30
Adjusted diluted earnings per share – $ cent[1]	**47.31**	**48.44**	45.94

[1]Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets ($25.3m, net of tax), transaction costs ($2.1m, net of tax) and exceptional items ($33.7m, net of tax).

Non–GAAP information

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

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share. 1,371,292 (2018: 1,357,684) anti–dilutive share options have been excluded from the calculation of diluted earnings per share.

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

8. Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Assets under construction $'000	**2019 Total $'000**
At 1 October 2018	71,531	81,674	152	6,039	20,197	179,593
Additions in the year	1,172	19,125	-	3,620	3,234	27,151
Arising on acquisition	-	1,423	-	70	-	1,493
Depreciation	(4,622)	(14,595)	(1)	(3,912)	-	(23,130)
Impairment	(1,254)	(2,326)	-	(385)	-	(3,965)
Disposals in year	(13)	(221)	-	(47)	-	(281)
Transfer to intangibles	-	(1,070)	-	(115)	112	(1,073)
Reclassifications	19,078	(355)	(109)	440	(19,054)	-
Translation adjustment	(1,804)	(1,495)	(4)	(180)	-	(3,483)
At 30 September 2019	**84,088**	**82,160**	**38**	**5,530**	**4,489**	**176,305**
At 30 September 2019						
Cost or deemed cost	122,568	166,807	127	25,824	4,489	319,815
Accumulated depreciation	(38,480)	(84,647)	(89)	(20,294)	-	(143,510)
Net book amount	**84,088**	**82,160**	**38**	**5,530**	**4,489**	**176,305**

9. Movement in goodwill, intangible assets and investment in joint ventures and associates

	Goodwill $'000	**Intangible assets $'000**	**Investment in joint ventures and associates $'000**
At 1 October 2018	515,954	241,538	9,729
Investment in computer software	-	12,475	-
Amortisation of acquired intangible assets	-	(32,387)	-
Amortisation of computer software	-	(8,027)	-
Impairment charge	-	(3,744)	-
Arising on acquisitions – computer software	-	10	-
Arising on acquisitions	49,622	38,726	-
Transfer from property, plant and equipment	-	1,073	-
Share of joint ventures' profit after tax	-	-	50
Measurement period adjustment	(1,451)	-	-
Translation adjustment	(16,605)	(8,049)	437
At 30 September 2019	**547,520**	**241,615**	**10,216**

10. Net debt

	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	**135,228**	180,099
Derivative financial instruments	**8,878**	2,474
Non-current assets		
Derivative financial instruments	**15,395**	330
Current liabilities		
Interest-bearing loans	**(65,278)**	(227)
Finance leases	**(19)**	(45)
Non-current liabilities		
Interest-bearing loans	**(174,704)**	(243,091)
Finance leases	**(30)**	(8)
Derivative financial instruments	**-**	(319)
Net debt at 30 September	**(80,530)**	(60,787)

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 2018	(15,886)	14,808	(127,548)	(7,676)	347	**(135,955)**
Effective portion of cash flow hedges	9,223	-	-	-	-	**9,223**
Deferred tax on cash flow hedges	(1,153)	-	-	-	-	**(1,153)**
Share-based payment expense	-	4,720	-	-	-	**4,720**
Release from share-based payment reserve	-	(2,923)	-	-	-	**(2,923)**
Translation adjustment	-	-	(16,671)	-	-	**(16,671)**
At 30 September 2019	**(7,816)**	**16,605**	**(144,219)**	**(7,676)**	**347**	**(142,759)**

	Cash flow hedge $'000	Share-based payment $'000	Foreign exchange $'000	Treasury shares $'000	Capital redemption reserve $'000	Total $'000
At 1 October 2017	(12,854)	8,992	(155,465)	(7,676)	347	(166,656)
Effective portion of cash flow hedges	(3,465)	-	-	-	-	(3,465)
Deferred tax on cash flow hedges	433	-	-	-	-	433
Share-based payment expense	-	6,643	-	-	-	6,643
Release from share-based payment reserve	-	(827)	-	-	-	(827)
Translation adjustment	-	-	(5,466)	-	-	(5,466)
Reclassification on loss of control of subsidiary undertakings	-	-	33,383	-	-	33,383
At 30 September 2018	(15,886)	14,808	(127,548)	(7,676)	347	(135,955)

12. Provisions

	Deferred contingent consideration $'000	Legal $'000	Onerous leases $'000	Restructuring and other costs $'000	**2019 Total $'000**	2018 Total $'000
At the beginning of the year	96,915	-	2,896	8,634	**108,445**	72,375
(Release)/charge to income statement	(4,143)	14,250	-	19,030	**29,137**	4,310
Arising on acquisitions	26,669	-	-	-	**26,669**	42,408
Utilised during the year	(812)	(14,250)	(1,333)	(12,940)	**(29,335)**	(10,548)
Unwinding of discount	1,515	-	-	-	**1,515**	840
Reclassification	(41,566)	-	-	-	**(41,566)**	-
Translation adjustment	(394)	-	(26)	(619)	**(1,039)**	(940)
At end of year	**78,184**	**-**	**1,537**	**14,105**	**93,826**	108,445
Non-current	73,629	-	564	-	**74,193**	68,900
Current	4,555	-	973	14,105	**19,633**	39,545
Total	**78,184**	**-**	**1,537**	**14,105**	**93,826**	108,445

During the year contingent consideration of $41,566,000 was transferred to deferred consideration, presented within trade and other payables as the payments became guaranteed. Deferred consideration of $24,333,000 was paid in the year.

13. Acquisition of subsidiary undertakings

The Group completed the acquisition of 100% of Putnam Associates, LLC ('Putnam') on 20 May 2019. Putnam is a US-based specialist consultancy focused on product commercialisation strategy, exclusively for the life sciences industry. Putnam primarily offers consultancy services across the product life cycle with particular strengths in product commercialisation, pricing, reimbursement and market access strategy. Putnam is presented as part of the Ashfield operating segment. The acquisition of Putnam is in line with Ashfield's strategy to expand its advisory service proposition for its healthcare clients.

On 16 May 2019, the Group completed the acquisition of 100% of the issued share capital of Incisive Health Ltd ('Incisive Health'), a UK-based healthcare communications consultancy, operating from offices in London, United Kingdom and Brussels, Belgium. Incisive Health is reported in the Group's Ashfield segment. The combination of Incisive Health with Ashfield Healthcare Communications will further enhance Ashfield's services in the areas of healthcare policy, public affairs and communications services.

13. Acquisition of subsidiary undertakings (continued)

The provisional fair values of the assets and liabilities acquired in the year ended 30 September 2019 are set out below:

	Putnam $'000	Incisive Health $'000	Total $'000
Property, plant and equipment	1,390	103	**1,493**
Intangible assets – arising on acquisition	29,860	8,866	**38,726**
Intangible assets – computer software	-	10	**10**
Trade and other receivables	11,556	2,372	**13,928**
Trade and other payables	(4,532)	(1,717)	**(6,249)**
Current tax liabilities	-	(276)	**(276)**
Deferred tax liabilities	-	(1,507)	**(1,507)**
Cash acquired	2,662	2,634	**5,296**
Net assets acquired	40,936	10,485	**51,421**
Goodwill	40,476	9,146	**49,622**
Consideration	81,412	19,631	**101,043**
Satisfied by:			
Cash consideration	61,756	12,618	**74,374**
Deferred contingent consideration	19,656	7,013	**26,669**
Total consideration	81,412	19,631	**101,043**
Net cash outflow - arising on acquisitions			
Cash consideration	61,756	12,618	**74,374**
Less: Cash and cash equivalents	(2,662)	(2,634)	**(5,296)**
Net cash outflow	59,094	9,984	**69,078**

The intangible assets arising on the acquisitions primarily relate to the trade names, customer relationships, and customer contracts. The total transaction related costs for completed and aborted acquisitions amounts to $2,136,000. These are presented separately in the Group Income Statement.

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. In general, for contingent consideration to become payable, pre-defined profit thresholds must be met. On an undiscounted basis, the future payments for which the Group may be liable in respect of current year acquisitions ranges from $nil to $35,485,000.

The Group's results for the year ended 30 September 2019 included the following amounts in respect of the businesses acquired during the year:

	2019 $'000
Revenue	**20,885**
Profit for the year	**2,637**

The proforma revenue and profit of the Group for the year ended 30 September 2019 would have been $1,333,332,000 and $60,662,000 respectively had the acquisitions taken place at the start of the reporting period. The proforma results for the year include the estimate of tax expense and amortisation of intangible assets recognised on acquisition.

During the year, the Group finalised the acquisition accounting for SmartAnalyst which was acquired on 1 July 2018. This led to an increase in deferred tax assets of $1,451,000 and a corresponding decrease in goodwill.

14. Employee benefits

	2019 $'000	2018 $'000
At the beginning of the year	**12,935**	9,217
Current service cost	**(2,981)**	(3,033)
Settlement gain	**-**	1,588
Interest	**380**	227
Contributions paid	**1,286**	2,578
Remeasurement (loss)/gain	**(3,905)**	2,422
Translation adjustment	**(79)**	(64)
At end of year	**7,636**	12,935
Employee benefit asset	**7,636**	12,935
Employee benefit liability	**-**	-
Total	**7,636**	12,935

As set out in the consolidated financial statements for the year ended 30 September 2018, the Group operates a number of defined benefit pension schemes which are funded by the payments of contribution to separately administered trust funds. The employee benefit asset includes both the United States pension scheme and the Republic of Ireland (ROI) pension schemes. The ROI schemes have a remeasurement loss in the current year resulting from changes in the assumptions used to measure liabilities of the plan. The US scheme has a remeasurement gain in the year arising from a higher than expected return on plan assets, and a change in financial assumptions. In the ROI schemes, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

15. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated balance sheet at 30 September 2019, are as follows:

	Carrying value $'000	Fair value $'000
Financial assets		
Trade and other receivables	344,918	344,918
Derivative financial assets	24,273	24,273
Cash and cash equivalents	135,228	135,228
	504,419	**504,419**
Financial liabilities		
Trade and other payables	182,466	182,466
Interest-bearing loans and borrowings	239,982	242,815
Finance lease liabilities	49	49
Deferred contingent consideration	78,184	78,184
	500,681	**503,514**

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

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.

15. Financial instruments (continued)

Finance lease liabilities

For finance lease liabilities, the fair value is the present value of future cash flows discounted at current market rates.

Valuation techniques and significant unobservable inputs

Fair value hierarchy of assets and liabilities measured at fair value

The Group has adopted the following fair value hierarchy in relation to its financial instruments that are carried in the balance sheet at fair value as at the year end:

• Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

• Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total $’000
Assets measured at fair value				
Designated as hedging instruments				
Cross currency interest rate swaps	-	24,273	-	24,273
	-	**24,273**	**-**	**24,273**
Liabilities measured at fair value				
At fair value through profit or loss				
Deferred contingent consideration	-	-	78,184	78,184
	-	**-**	**78,184**	**78,184**

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet $000	**Related amounts not offset in the balance sheet $’000**	**2019 Net $’000**	Amount of financial assets/liabilities as presented in the balance sheet $’000	Related amounts not offset in the balance sheet $’000	2018 Net $’000
Derivative financial assets	**24,273**	**-**	**24,273**	2,804	-	2,804
Derivative financial liabilities	**-**	**-**	**-**	319	-	319

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

Deferred contingent consideration

Deferred contingent consideration is included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in note 12. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred contingent consideration is principally in respect of acquisitions completed during 2017 to 2019.

The significant unobservable inputs are:

- forecast weighted average EBIT growth rate 19% (2018: 24%); and
- risk adjusted discount rate 0.7% to 2.8% (2018: 0.02% – 2.75%).

15. Financial instruments (continued)

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

For the fair value of deferred contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 30 September 2019, holding the other inputs constant, would have the following effects:

	Increase $'000	**Decrease $000**
Effect of change in assumption on income statement		
Annual EBIT growth rate (1% movement)	1,740	(1,750)
Risk-adjusted discount rate (1% movement)	(1,857)	1,891

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.

	2019 Times	2018 Times
Net debt to annualised EBITDA	0.4	0.3
Annualised EBITDA interest cover	28.1	22.0

16. Dividends

The Board has proposed a final dividend of 12.34 $ cent per share which gives a total dividend of 16.80 $ cent for 2019. This dividend has not been provided for in the balance sheet at 30 September 2019 as there was no present obligation to pay the dividend at year end. During the financial year, the final dividend for 2018 (11.75 $ cent per share) and the interim dividend for 2019 (4.46 $ cent per share) were paid giving rise to a reduction in shareholders' funds of $40,325,252.

17. Foreign currency

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

	2019	2018
	$1=Stg£	$1=Stg£
Balance sheet (closing rate)	0.8134	0.7635
Income statement (average rate)	0.7839	0.7436
	$1=Euro€	$1=Euro€
Balance sheet (closing rate)	0.9184	0.8604
Income statement (average rate)	0.8865	0.8403

18. Related parties

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

The Group has provided a loan to Magir Limited, the Group's joint venture investment, gross of interest, of Stg £11,759,000 (2018: Stg £11,371,000).

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

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of $11,270,000 for the year ended 30 September 2019 (2018: $12,593,000).

19. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements and the new accounting policies that have been applied from 1 October 2018, where they are different to those applied and disclosed in the 2018 Annual Report.

New and amended standards and interpretations effective during 2019
IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard sets out the requirements for the classification, measurement and derecognition of financial assets and financial liabilities, contains new rules for hedge accounting, and introduces a new model for impairment of financial assets. The Group has adopted IFRS 9 from 1 October 2018, with the practical expedients permitted under the standard. Comparatives for 2018 have not been restated.

The impact of adopting IFRS 9 on the financial statements was not material for the Group and there were no adjustments to retained earnings on application at 1 October 2018. The main impact on accounting policies are outlined below.

Financial instrument classification

IFRS 9 largely retains the existing requirements for the classification and measurement of financial liabilities. The standard contains three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Classification of financial assets is dependent on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without future recycling on derecognition. The Group reviewed the classification of financial instruments at 1 October 2018 and determined the following classifications:

Financial instruments	**1 October 2018 $'000**	**IAS 39 classification**	**IFRS 9 classification**
Financial assets			
Trade and other receivables	318,339	Loans and receivables	Amortised cost
Derivative financial assets	2,804	Fair value (hedge accounting)	Fair value (hedge accounting)
Cash and cash equivalents	180,099	Loans and receivables	Amortised cost
Financial liabilities			
Trade and other payables	163,646	Amortised cost	Amortised cost
Derivative financial liabilities	319	Fair value (hedge accounting)	Fair value (hedge accounting)
Interest-bearing loans and borrowings	243,318	Amortised cost	Amortised cost
Deferred contingent consideration	96,915	Fair value through profit or loss	Fair value through profit or loss

The classification requirements in IFRS 9 did not impact the measurement or carrying amount of financial assets and liabilities.

19. Changes in accounting policies (continued)

Impairment of financial assets
The Group adopted a new impairment model for financial assets classified at amortised cost, which requires the recognition of provisions for impairment based on expected credit losses rather than only on incurred credit losses under the previous standard. For trade receivables, the Group applies the simplified approach in IFRS 9 to measure expected credit losses using a lifetime expected credit loss provision. The change in the impairment methodology from adopting IFRS 9 did not result in a material change in the Group's allowance for impairment at 1 October 2018.

Hedge accounting
The Group adopted the new general hedge accounting model in IFRS 9. The standard simplifies the requirements for hedge effectiveness. IFRS 9 requires an economic relationship between the hedged item and hedging instrument, and for the 'hedged ratio' to be the same as the one that the Group uses for risk management purposes. The Group's hedge documentation has been updated in line with the new standard and the Group concluded that the existing hedge relationships qualified as continuing hedges on adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 establishes a five-step model for reporting revenue recognition. The standard specifies how and when revenue should be recognised as well as requiring enhanced disclosures.

Accounting policy
Revenue is recognised for identified contracts with customers. The Group assesses the contracts to determine the transaction price and performance obligations to be delivered to the customer under the contract. The Group recognises revenue in the amount of the transaction price expected to be received for goods and services supplied at a point in time or over time as the contractual performance obligations are satisfied and control passes to the customer. 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.

Where the contractual performance obligations are satisfied over time and revenue is recognised over time, the Group recognises revenue by reference to the point of completion of the performance obligations consistent with the previous accounting policy. The primary method of estimating point of completion of over time revenue contracts is the input method of cost incurred over total cost to complete the revenue contract.

If the consideration in a revenue contract includes a variable amount (including volume rebates), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. In some of the Group's revenue contracts, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group has changed the presentation of certain balances in the balance sheet to reflect the terminology of IFRS 15.

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are presented within trade and other receivables on the Group Balance Sheet. Amounts previously classified as accrued income are now classified as contract assets.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract liabilities are presented within trade and other payables on the Group Balance Sheet. Amounts previously classified as deferred income are now classified as contract liabilities.

Contract fulfilment assets: For certain contracts, the Group incurs costs necessary to fulfil obligations under a contract once it is obtained but before transferring goods or services to the customer. Costs to fulfil a contract are recognised on the Group Balance Sheet where the costs relate directly to a contract, generate or enhance Group resources that will be used in satisfying future performance obligations, and the costs are expected to be recovered. Contract fulfilment assets are amortised to cost of sales on a systematic basis, consistent with the pattern of transfer of the goods or services to which the asset relates.

19. Changes in accounting policies (continued)

Implementation of IFRS 15
IFRS 15 was adopted by the Group on 1 October 2018 using the modified retrospective approach which permitted the Group to apply the new standard from 1 October 2018 with an adjustment to the opening balance of retained earnings at 1 October 2018 for the cumulative effect of applying the new standard to existing contracts that were not completed contracts on transition. The cumulative impact on opening retained earnings was a net increase of $3,822,000. The impact of adopting the new standard on the Group Balance Sheet as at 1 October 2018 is outlined as follows:

	30 September 2018 Previously reported $'000	IFRS 15 Adjustments $'000	1 October 2018 Adjusted $'000
Non-Current assets			
Contract fulfilment assets	-	2,852	**2,852**
Deferred income tax assets	5,272	406	**5,678**
Current assets			
Inventories	31,248	(12,846)	**18,402**
Trade and other receivables(i)	347,192	16,271	**363,463**
Contract fulfilment assets	-	4,153	**4,153**
Equity			
Retained earnings	808,647	3,822	**812,469**
Non-current liabilities			
Other payables(ii)	5,451	2,900	**8,351**
Deferred income tax liabilities	45,225	1,180	**46,405**
Current liabilities			
Trade and other payables(ii)	225,526	2,934	**228,460**

(i) Impact relates to contract assets and contract fulfilment assets
(ii) Impact relates to contract liabilities

The most significant impact of the new standard relates to revenue recognition for packaging contracts in Sharp. Previously, revenue from packaging contracts were recognised primarily on dispatch of products. Under IFRS 15, where the Group produces products for customers that have no alternative use and for which the Group has concluded there is an enforceable right to payment for performance completed to date, the standard requires the Group to recognise revenue over time as the Group satisfies the contractual performance obligations. This can have the effect of accelerating the timing of revenue recognition from these contracts, such that some portion of revenue may be recognised prior to shipment or delivery of products by Sharp. This resulted in a decrease in inventory on the date of adoption for the products where revenue is recognised over time. The Group recognised contract assets on the Balance Sheet (within trade and other receivables) for the amounts of revenue recognised prior to dispatch which had not yet been invoiced to the customer.

The Group recognised contract fulfilment assets for certain direct costs related to contracts prior to commencement of services in the contract. Previously, such costs were expensed as incurred. IFRS 15 resulted in the deferral of some set-up fee revenue that are presented as contract liabilities (within trade and other payables), which the Group recognises as revenue over time as the performance obligations in the contracts are satisfied.

The prior period results and financial position as reported under the previous standard have not been restated. The impact of the adoption of the new revenue standard on the Group's financial statements are outlined on the following tables.

19. Changes in accounting policies (continued)

	Year ended 30 September 2019		
	As reported $'000	**IFRS 15 impact of adoption $'000**	**Balances without adoption of IFRS 15 $'000**
Group Income Statement			
Revenue	1,298,523	10,943	1,309,466
Cost of sales	(920,010)	(7,392)	(927,402)
Gross profit	378,513	3,551	382,064
Operating profit	120,317	3,551	123,868
Profit before tax	112,187	3,551	115,738
Income tax expense	(20,951)	(727)	(21,678)
Profit for the financial period before exceptional items	91,236	2,824	94,060
Exceptional items	(33,745)	-	(33,745)
Profit for the financial period after exceptional items	57,491	2,824	60,315
Profit attributable to owners of the parent	57,451	2,824	60,275
Basic earnings per share - cent	23.06	1.14	24.20
Diluted earnings per share - cent	22.92	1.13	24.05
Group Statement of Comprehensive Income			
Profit for the financial period	57,491	2,824	60,315
Total comprehensive income for the period	45,827	2,824	48,651
Total comprehensive income attributable to owners of the parent	45,791	2,824	48,615

	As at 30 September 2019		
	As reported $'000	**IFRS 15 impact of adoption $'000**	**Balances without adoption of IFRS 15 $'000**
Group Balance Sheet			
Non-current assets			
Other receivables(i)	-	1,156	1,156
Contract fulfilment assets	5,327	(5,327)	-
Current assets			
Inventories	25,253	7,851	33,104
Trade and other receivables(i)	370,350	(11,676)	358,674
Contract fulfilment assets	5,315	(5,315)	-
Equity			
Retained earnings	829,459	(998)	828,461
Non-current liabilities			
Other payables(ii)	23,853	(5,827)	18,026
Deferred income tax liabilities	39,263	62	39,325
Current liabilities			
Trade and other payables(ii)	246,685	(6,439)	240,246
Current income tax liabilities	14,380	(109)	14,271

(i) Impact relates to contract assets and contract fulfilment assets
(ii) Impact relates to contract liabilities

There was no impact on non-controlling interests. The impact on the foreign currency translation reserve and other comprehensive income was not material as the majority of the IFRS 15 impact related to the Group's US operations which report in US dollars, the presentation currency of the Group. There was no impact on cash generated from operations.

19. Changes in accounting policies (continued)

New and amended standards and interpretations issued but not yet effective or early adopted

A number of new standards and amendments to standards and interpretations are effective for annual reporting periods beginning after 1 October 2019, and have not been applied in preparing these financial statements. These standards and amendments have not been early adopted and they do not have an effect on the financial information contained in these financial statements. They will be more fully discussed in our annual report for 2019. The standard which is most relevant for the Group is:

IFRS 16 Leases (EU Endorsed)

IFRS 16 replaces IAS 17 Leases and related interpretations. The standard addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about leasing activities. A key change arising from IFRS 16 is that most of the leases currently accounted for as operating leases under the existing standard, will be accounted for on the Balance Sheet, similar to the accounting for finance leases currently. The Group will adopt IFRS 16 by applying the modified retrospective approach to transition. With this transition approach, lease liabilities and right of use assets will be recognised for the remaining lease payments on identified lease contracts at date of application, discounted at the appropriate incremental borrowing rate. The Group will apply the recognition exemption for both short-term leases and leases of low value assets but will not avail of the exemption to not separate non-lease components from lease components.

Impact on the Balance Sheet: The Group has substantially completed its transition to IFRS 16 and provisionally determined that the adoption of this new standard will lead to the recognition of lease liabilities of $94,413,000 and corresponding right of use assets of $94,413,000. Existing lease related balances of $12,983,000 at 1 October 2019 will be offset with the right of use assets, resulting in a net right of use asset of $81,430,000. The weighted average discount rate applied in calculating the lease liabilities on transition was 3.23%. The adoption of IFRS 16 will increase interest-bearing borrowings by the amount of the lease liabilities. Right of use assets will be presented separately on the Group Balance Sheet.

Impact on the Income Statement: Operating lease expenses are presented within cost of sales and operating expenses depending on the nature of the lease. Under IFRS 16, the operating lease expense will be replaced by depreciation of the right of use assets and interest expense on the lease liabilities. The depreciation of the right of use assets will continue to be presented within cost of sales and operating expenses as appropriate. This is expected to result in a small increase in operating profit as the interest expense on the leases will be presented within finance costs.

Impact on the Cash Flow Statement: Operating lease payments are currently classified within cash flows from operating activities. Under IFRS 16, the lease payments will be separated. The interest element of the lease payment will be classified in cash flows from operating activities and the capital lease payments will be classified in cash flows from financing activities.

20. Capital commitments

Capital expenditure authorised but not contracted for amounted to $13,167,000 (2018: $8,502,000) at the balance sheet date.

21. Events after the balance sheet date

On 12 November 2019, the Group completed the acquisition of 100% of the issued share capital of Canale Communications (‘CanaleComm’) for consideration of up to $31 million. This includes initial consideration of $20 million paid in cash, with contingent consideration of up to $11 million payable after three years, based on the achievement of certain profit targets. CanaleComm is a US-based healthcare strategic communications agency, with specialist capabilities in corporate communications, public relations and investor relations. CanaleComm will be presented as part of the Ashfield operating segment, and significantly strengthens the Group’s public relations offering in the US.

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

22. Board approval

This announcement was approved by the Board of Directors of UDG Healthcare plc on 25 November 2019.

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.

Following the adoption of IFRS 15 Revenue from Contracts with Customers on 1 October 2018, the Group's statutory results for the year ended 30 September 2019 are presented on an IFRS 15 basis, whereas the Group's statutory results for the comparative period ended 30 September 2018 are presented on an IAS 18 basis as previously reported. For the comparisons between the two bases of reporting to be considered more meaningful, the Group have presented the alternative performance measurements below under both bases.

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		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Revenue	Income Statement	**1,298,523**	**1,298,523**	1,315,186
Revenue - IFRS15 impact	Note 19	**-**	**10,943**	-
Revenue		**1,298,523**	**1,309,466**	1,315,186
Pass-through revenue		**(195,648)**	**(195,648)**	(185,494)
Pass-through revenue - IFRS15 impact		**-**	**380**	-
Net revenue		**1,102,875**	**1,114,198**	1,129,692

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		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Operating profit	Income Statement	**78,264**	**78,264**	5,501
Operating profit - IFRS15 impact	Note 19	**-**	**3,551**	-
Transaction costs	Income Statement	**2,136**	**2,136**	2,374
Amortisation of acquired intangible assets	Note 9	**32,387**	**32,387**	31,001
Exceptional items	Note 6	**42,053**	**42,053**	108,630
Adjusted operating profit		**154,840**	**158,391**	147,506

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

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		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Profit before tax	Income Statement	**74,277**	**74,277**	8,386
Profit before tax – IFRS15 impact	Note 19	**-**	**3,551**	-
Transaction costs	Income Statement	**2,136**	**2,136**	2,374
Amortisation of acquired intangible assets	Note 9	**32,387**	**32,387**	31,001
Exceptional items	Note 6	**37,910**	**37,910**	97,054
Adjusted profit before tax		**146,710**	**150,261**	138,815

Adjusted operating margin

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Revenue	Income Statement/Note 19	**1,298,523**	**1,309,466**	1,315,186
Adjusted operating margin		**11.9%**	**12.1%**	11.2%

Adjusted net operating margin

Definition

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

Calculation		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Net revenue	Per above	**1,102,875**	**1,114,198**	1,129,692
Net operating margin		**14.0%**	**14.2%**	13.1%

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

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		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Income tax expense	Income Statement	**16,786**	**17,513**	4,529
Tax relief with respect to exceptional items	Note 6	**4,165**	**4,165**	1,548
Deferred tax credit associated with the US Tax Cuts and Jobs Act	Note 6	**-**	**-**	9,715
Tax charge pre-exceptional items	Income Statement/Note 19	**20,951**	**21,678**	15,792
Tax relief with respect to transaction costs		**38**	**38**	180
Deferred tax credit with respect to acquired intangible amortisation		**7,084**	**7,084**	7,715
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		**28,073**	**28,800**	23,687
Adjusted profit before tax	Per above	**146,710**	**150,261**	138,815
Adjusted effective tax rate		**19.1%**	**19.2%**	17.1%

Return on capital employed (ROCE)

Definition

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

Calculation		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Net assets	Balance Sheet	**900,563**	**900,563**	885,343
Net assets – IFRS15 impact	Note 19	**-**	**(998)**	-
Net assets		**900,563**	**899,565**	885,343
Net debt	Note 10	**80,530**	**80,530**	60,787
Assets before net debt		**981,093**	**980,095**	946,130
Cumulative intangible amortisation		**208,980**	**208,980**	189,206
Cumulative restructuring costs		**20,439**	**20,439**	26,789
Total capital employed		**1,210,512**	**1,209,514**	1,162,125
Average total capital employed		**1,186,319**	**1,185,820**	1,160,269
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Return on capital employed		**13.1%**	**13.4%**	12.7%

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 joint venture profit and profit 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 and the EBITDA of completed disposals.

Calculation		**IFRS15 2019 $'000**	**IAS18 2019 $'000**	2018 $'000
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Share-based payment expense	Cash Flow Statement	**4,400**	**4,400**	5,069
Depreciation	Cash Flow Statement	**23,130**	**23,130**	24,477
Amortisation of computer software	Note 9	**8,027**	**8,027**	6,036
Joint venture profit share	Income Statement	**(50)**	**(50)**	(958)
Profit on disposal of property, plant and equipment	Cash Flow Statement	**(571)**	**(571)**	(340)
Adjusted EBITDA		**189,776**	**193,327**	181,790
Share-based payment expense	Cash Flow Statement	**(4,400)**	**(4,400)**	(5,069)
Transaction costs	Income Statement	**(2,136)**	**(2,136)**	(2,374)
EBITDA of completed disposals		**-**	**-**	(2,845)
Annualised EBITDA of acquisitions[1]		**10,004**	**10,004**	6,079
Annualised EBITDA		**193,244**	**196,795**	177,581

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

Financial ratios

Definition

The net debt to EBITDA and EBITDA interest cover ratios disclosed are calculated using annualised EBITDA and adjusted net finance expense (net finance expense excluding interest on pension scheme obligations, the unwinding of discount on provisions and deferred consideration, see Note 5). Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments and cash and cash equivalents as presented in the Group Balance Sheet and is calculated in Note 10.

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 US dollars, the Group's presentation currency. In order to present a better reflection of underlying performance in the year, the Group retranslates foreign denominated prior year earnings at current year exchange rates.

		IFRS15 2019	**IAS18 2019**	2018
Revenue - constant currency		**$'000**	**$'000**	$'000
Revenue	Income Statement/Note 19	**1,298,523**	**1,309,466**	1,315,186
Currency impact		**-**	**-**	(32,539)
Revenue - constant currency		**1,298,523**	**1,309,466**	1,282,647
Revenue - constant currency increase on 2018		**15,876**	**26,819**	
Revenue - constant currency increase on 2018 %		**1.2%**	**2.1%**	
Revenue – constant currency – excluding Aquilant		**$'000**	**$'000**	$'000
Revenue	Income Statement/Note 19	**1,298,523**	**1,309,466**	1,232,479
Currency impact		**-**	**-**	(28,246)
Revenue – constant currency		**1,298,523**	**1,309,466**	1,204,233
Revenue – constant currency increase on 2018		**94,290**	**105,233**	
Revenue - constant currency increase on 2018 %		**7.8%**	**8.7%**	
Net revenue - constant currency		**$'000**	**$'000**	$'000
Net revenue	Per above	**1,102,875**	**1,114,198**	1,129,692
Currency impact		**-**	**-**	(28,302)
Revenue - constant currency		**1,102,875**	**1,114,198**	1,101,390
Revenue – constant currency increase on 2018		**1,485**	**12,808**	
Revenue - constant currency increase on 2018 %		**0.1%**	**1.2%**	
Net Revenue – constant currency – excluding Aquilant		**$'000**	**$'000**	$'000
Net revenue	Per above	**1,102,875**	**1,114,198**	1,046,985
Currency impact		**-**	**-**	(24,010)
Net revenue - constant currency		**1,102,875**	**1,114,198**	1,022,975
Net revenue – constant currency increase on 2018		**79,900**	**91,223**	
Net revenue - constant currency increase on 2018		**7.8%**	**8.9%**	
Adjusted operating profit - constant currency		**$'000**	**$'000**	$'000
Adjusted operating profit	Per above	**154,840**	**158,391**	147,506
Currency impact		**-**	**-**	(2,242)
Adjusted operating profit - constant currency		**154,840**	**158,391**	145,264
Adjusted operating profit - constant currency increase on 2018		**9,576**	**13,127**	
Adjusted operating profit - constant currency increase on 2018 %		**6.6%**	**9.0%**	

Additional Information (continued)

Key performance indicators and non-IFRS performance measures

Constant currency (continued)

		IFRS15 2019	IAS18 2019	2018
Adjusted operating profit - constant currency – excluding Aquilant		**$'000**	**$'000**	$'000
Adjusted operating profit	Per above	**154,840**	**158,391**	144,226
Currency impact		**-**	**-**	(2,074)
Adjusted operating profit – constant currency		**154,840**	**158,391**	142,152
Adjusted operating profit – constant currency increase on 2018		**12,688**	**16,239**	
Adjusted operating profit – constant currency increase on 2018 %		**8.9%**	**11.4%**	
Adjusted profit before tax - constant currency		**$'000**	**$'000**	$'000
Adjusted profit before tax	Per above	**146,710**	**150,261**	138,815
Currency impact		**-**	**-**	(1,967)
Adjusted profit before tax - constant currency		**146,710**	**150,261**	136,848
Adjusted profit before tax - constant currency increase on 2018		**9,862**	**13,413**	
Adjusted profit before tax - constant currency increase on 2018 %		**7.2%**	**9.8%**	
Adjusted diluted earnings per share ('EPS') - constant currency		**$'000**	**$'000**	$'000
Adjusted profit attributable to owners of the parent	Note 7	**118,596**	**121,420**	115,067
Currency impact		**-**	**-**	(1,455)
Adjusted profit attributable to owners of the parent - constant currency		**118,596**	**121,420**	113,612
Weighted average number of shares used in diluted EPS calculation	Note 7	**250,662,451**	**250,662,451**	250,464,788
Adjusted diluted EPS - constant currency (cent)		**47.31**	**48.44**	45.36
Adjusted diluted EPS - constant currency increase on 2018 (cent)		**1.95**	**3.08**	
Adjusted diluted EPS - constant currency increase on 2018 %		**4.3%**	**6.8%**	

The dividend per share constant currency increase on 2018 percentage disclosed is the same as actual percentage increase in dividend per share as this is based on the disclosed US dollars dividend per share.