

Key Performance Indicators

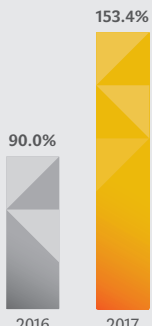
FINANCIAL KPI #1

Total Shareholder Return (TSR)

Definition
 Total shareholder return (TSR) is the total return to an investor, being the capital gain plus reinvested dividends. The return is measured as an average return over three years.

Strategic linkage 

TSR is a key metric used to ensure the Group is delivering returns on invested capital and maintaining strong cash flows to support the combined development of the Group and its dividend payment. Principally, it is used to link executive management remuneration to shareholder returns by linking the vesting and quantum of awards under the Long Term Incentive Plan to performance relative to other FTSE 250 companies.



Year	TSR (%)
2016	90.0%
2017	153.4%


Performance
 The Group delivered a three-year average TSR of 153.4% in 2017 compared to 90.0% in 2016.

Link to Remuneration
 This is a performance metric for the Long Term Incentive Plan (LTIP), accounting for 50% of any awards made.


FINANCIAL KPI #2

Earnings per Share (EPS) Growth

Definition
 Growth in adjusted diluted EPS achieved in the year.

Strategic linkage 

EPS is an important financial measure of corporate profitability and the Group's financial progress.



Year	EPS (c)
2016	31.79c
2017	37.12c


Performance
 The 17% increase in EPS was primarily driven by the strong operating results from the Ashfield and Sharp divisions, as well as the acquisitions during the year. Foreign exchange translation reduced EPS growth by 6% from 23% constant currency growth to 17% reported growth.

Link to Remuneration
 Adjusted EPS growth is a key measure of growth and a driver of TSR, which accounts for 50% of LTIP awards made.


FINANCIAL KPI #3

Net Operating Margin

Definition
 Measures operating profit as a percentage of net revenue.

Strategic linkage 

Net operating margin is a key metric in measuring the operating efficiency across the Group, divisions and business units. Continued improvements in net operating margin demonstrate the successful execution of the Group's strategy.





Year	Net Operating Margin (%)
2016	12.6%
2017	12.6%

Performance
 The overall Group net operating margin was the same in 2016. The positive margin effect of acquisitions was more than offset by the impact of additional Future Fit operating costs and relatively higher growth in the lower margin Ashfield Commercial & Clinical businesses.

Link to Remuneration
 Net operating margin is a key driver of Profit Before Tax (PBT) which represents a significant element of annual bonus potential.

Key to strategic linkage in this report


Grow and Develop Market-Leading Positions	
Improve Productivity	
Transform Through People	

FINANCIAL KPI #4

Net Revenue

Definition

Comprises gross 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.

Strategic linkage 

Net revenue is a key metric in measuring growth in operations across the Group, divisions and business units. Continued growth in net revenue demonstrates the successful execution of the Group's strategy.



Performance

The Group's net revenue increased 12% due to organic growth as well as the acquisitions made in 2017.

Link to Remuneration

The ability to grow net revenue is a key driver of Profit Before Tax (PBT) which represent a significant element of annual bonus potential.

FINANCIAL KPI #5

Operating Cash Flow

Definition

Operating cash flow is net cash inflow from operating activities of the continuing Group per the cash flow statement on page 107.

Strategic linkage 

The generation of cash from operations is a key driver of shareholder returns and also enables the Group to invest in capital expenditure and acquisitions to enhance future growth.



Performance

The Group has achieved operating cash flows of \$107.8 million. This has increased from 2016, driven by an increase in operating profit.

Link to Remuneration


The ratio of operating cash flow to operating profit forms the basis of a performance metric for the Long Term Incentive Plan (LTIP), accounting for 50% of any awards made. Operating cash flow is also an annual bonus performance metric.

FINANCIAL KPI #6

Return on Capital Employed (ROCE)

Definition

ROCE is profit before interest and tax expressed as a percentage of the Group's net assets employed.

Strategic linkage 

ROCE is a key financial benchmark which measures both the return from, and performance of, existing businesses and potential investments. The Group strives to consistently achieve returns well in excess of its cost of capital.



Performance




ROCE of 12.8% is significantly in excess of our current cost of capital. The decrease in ROCE over the year is due to the impact of capital expenditure and acquisitions, most of which were acquired in the final quarter.

Link to Remuneration

ROCE is significantly influenced by PBT and cash flow performance, both of which are key annual bonus performance metrics.

Key Performance Indicators (continued)

Key to strategic linkage in this report

Grow and Develop Market-Leading Positions	
Improve Productivity	
Transform Through People	

NON-FINANCIAL KPI #1

Compliance

Definition
During FY2017, a new compliance audit programme was established which included a change to the auditing template and scope for compliance.

Strategic linkage 
Our clients operate in a highly regulated environment and it is important that we adhere to good standards of compliance in order to drive better performance and provide assurance to our clients.


Performance
Four compliance audits were conducted, two were satisfactory and two required further improvements.

Link to Remuneration
The compliance audit programme demonstrates our ability to meet regulatory requirements. This ensures that as we expand, we grow our revenue and diversify our service offering with confidence. We will continue to broaden the programme to ensure key compliance related activities in the business are audited, giving our clients confidence in our compliance capabilities and standards.

NON-FINANCIAL KPI #2

Environmental, Health and Safety (EHS)

Definition
Environmental, health and safety audits comprise of a comprehensive review of adherence with regulations, standards and practices.

Strategic linkage 
Compliance with regulation and application of industry standards are essential in the delivery of our strategy.

Since the introduction of our EHS audit programme in 2014, over 80% of UDG Healthcare businesses have been audited.

Re-audits are completed with low scoring sites, with over 70% of those sites achieving higher results on re-audit.

Performance
We are pleased with our performance against our internal standards and continuously work with and support our businesses to improve results.

Link to Remuneration
The EHS audit programme has an indirect impact on business revenue as positive audit findings demonstrate compliance with EHS regulatory requirements and industry best practice, supporting business development and retention.

NON-FINANCIAL KPI #3

Living Our Values

Definition
How we embed the values into our people processes and the method of measurement for how we live the values in our organisation.

Strategic linkage 
Our values define our culture for all employees and enable our strategy. By demonstrating the behaviours underpinning our values, our leaders continue to build a values based culture for the benefit of our clients, our people and the success of our business.

800 leaders
100% of target population
The number of leaders who attended the INSPIRE and DRIVE Development Programmes

Performance
We continue to develop our leaders through the INSPIRE and DRIVE leadership development programmes. Our Global Employee Engagement Survey will provide valuable insight to help our leaders support the delivery of our strategy by bringing our values to life.

Link to Remuneration
In 2017 we held a Global Employee Engagement Survey and achieved a 74% response rate. We will now focus on implementing actions to further build a values based organisation.