

UDG Healthcare plc

Preliminary Announcement of Results

Year ended 30 September 2017

Strong full year performance, driven by organic growth and further acquisitions

28 November 2017: UDG Healthcare plc (“UDG Healthcare” or “Group”), a leading international healthcare services provider, announces its preliminary results for the year ended 30 September 2017, which reflects another year of strong growth and strategic progress for the Group.

Financial Results

	IFRS based \$'m	Adjustments ¹ \$'m	Adjusted \$'m	Increase/ (decrease) on 2016 %	Constant currency increase/ (decrease) on 2016 %
Continuing operations					
Revenue	1,219.8	-	1,219.8	13	17
Net revenue ²	1,028.5	-	1,028.5	12	16
Operating profit	103.2	26.1	129.3	12	17
Profit before tax	92.8	26.1	118.9	17	23
Diluted earnings per share (EPS) (cent)	28.83	8.29	37.12	17	23
Discontinued operations³					
Diluted earnings per share (cent)	-	-	-	(100)	(100)
Total diluted earnings per share (cent)	28.83	8.29	37.12	(5)	(1)
Dividend per share (cent)	13.30	-	13.30	7	7
	2017	2016			
Net (debt)/cash (\$'m)	(53.3)	143.2			
Net (debt)/cash/annualised EBITDA (times)	(0.32)	1.05			

Non-IFRS 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-IFRS 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. **Reference to these performance measurements throughout this report are to the adjusted measurements unless otherwise stated and these adjusted measurements are explained on pages 34-37.**

¹ Adjusted operating profit, profit before tax and diluted EPS are stated before the amortisation of acquired intangible assets (\$22.1m, pre-tax) and transaction costs (\$4.0m, pre-tax).

² Net revenue represents gross revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin.

³ The Group has classified its joint venture arrangement with Magir Limited as a discontinued operation and an asset held for sale. The discontinued operations in 2016 also included United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. The Group's disposal of these operations was completed on 1 April 2016.

Financial highlights (Continuing Group)

- Adjusted diluted earnings per share¹ (EPS) from continuing operations increased by 17% (23% on a constant currency basis).
- Net revenue growth of 12% (16% on a constant currency basis) to \$1,028.5 million.
- Adjusted operating profit¹ growth of 12% (17% on a constant currency basis) to \$129.3 million. Adjusted net operating margin³ stable at 12.6%.
- Adjusted profit before tax¹ up 17% (23% on a constant currency basis) driven by:
 - Underlying growth of 13% including the benefit of lower interest charges
 - Acquisition growth of 10%
 - Offset by adverse foreign exchange movements of 6%.
- Proposed 7.5% increase in final dividend to \$9.72c per share, yielding a full year dividend increase of 7% to \$13.3c per share.
- Net debt of \$53.3 million at 30 September 2017 (0.32x net debt to EBITDA).

Strategic & operating highlights

- Completed six acquisitions with a total capital commitment in excess of \$270m, developing the Group's market leading positions and expanding its service offering.
- Ashfield's operating profit¹ increased by 16% driven by a combination of underlying and acquisition growth (underlying growth² of 5% after a 3% additional Future Fit operating cost impact). Good performance by all acquired businesses since acquisition, with particularly strong growth from STEM Healthcare.
- Significant progress enhancing the Ashfield service offering across advisory, communications, commercial and clinical services.
- Sharp's operating profit¹ increased by 8% (underlying growth² of 11%), driven by Sharp Europe moving into profit and continued growth in Sharp US.
- Continued development of the Sharp offering through investments in new facilities, across both the commercial and clinical packaging businesses in both the US and Europe.
- Aquilant's underlying operating profit² increased by 4%, with reported performance negatively impacted by adverse currency translation movements.
- Further progress on Future Fit investments in scalable infrastructure with the launch of *Workday* (Group HR system) and commencement of the implementation of *Oracle Fusion* (Ashfield finance system) to support continued sustainable growth.
- Alan Ralph, UDG Healthcare's CFO, has signalled his intention to retire from his role by the end of 2018. A comprehensive process is underway to appoint a suitable successor.

Chief Executive's comment

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

"2017 was another year of strong growth at UDG Healthcare, with adjusted earnings per share increasing by 17% (23% on a constant currency basis). All our divisions delivered good underlying profit growth, supplemented by the benefit of acquisitions.

We continued to transform UDG Healthcare, committing more than \$270 million to six transactions during the year. These acquisitions enhance and broaden the range of capabilities we offer our healthcare clients. We are well positioned to continue to deliver organic growth and our strong balance sheet will enable us to execute further strategic acquisition opportunities as they arise.

UDG Healthcare's value proposition to our clients continues to expand and the Group also continues to benefit from the increasing trend in the healthcare industry to outsource specialist and non-core activities on an international basis."

¹ Before the amortisation of acquired intangible assets and transaction costs.

² Underlying growth is reported growth adjusted for the impact of currency translation movements and any acquisition or disposal activity.

³ Operating margin as a percentage of net revenue. Net revenue represents gross revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin.

Group development and outlook

Corporate development activity

In line with the Group's strategy of expanding into higher growth and higher margin areas, 2017 saw the Group commit more than \$270 million to six acquisitions. The Group has now redeployed over two thirds of the net proceeds from the 2016 sale of the United Drug supply chain business to McKesson.

These acquisitions have a strong strategic fit with the Group's existing businesses and have added further capabilities for the Group's healthcare clients. All have performed well since acquisition and are:

- STEM Healthcare, a leading global provider of commercial, marketing and medical audits, completed October 2016;
- A pharmaceutical-grade packaging facility in Bethlehem, PA, completed April 2017;
- Sellxpert, a German and Swiss contract sales outsourcing business, completed July 2017;
- Vynamic, a US-based healthcare management consultancy, completed July 2017;
- Cambridge BioMarketing, a US-based communications agency focused on orphan and rare diseases, completed July 2017;
- MicroMass Communications, a US-based communications agency specialising in behavioural change, completed September 2017.

At year end, the Group's net debt was \$53.3m (0.32x net debt to EBITDA), leaving it well placed to execute further strategic acquisition opportunities as they arise.

Board and Management changes

After almost 20 years with the Group, UDG Healthcare Chief Financial Officer, Alan Ralph, has informed the Board that he intends to retire from his role by the end of 2018. Chief Executive Officer, Brendan McAtamney, commented "Alan has made a substantial contribution to the evolution of UDG Healthcare, particularly in his current role as Chief Financial Officer. Over the years, Alan has held many roles within the Group, including Managing Director of the Supply Chain Division. At all times, Alan has been a model professional and has made a significant input into the formulation of the Group's strategy and its successful international expansion. On behalf of the Group, we are very thankful for Alan's contribution to UDG Healthcare and we wish him and his family the very best for the future. On a personal note, I would like to thank Alan for his wise counsel and firm support since my appointment as Chief Executive. Whilst there is no firm retirement date as yet, Alan will remain with the Group to ensure a smooth succession." Planning for Chief Financial Officer succession is in progress and a replacement will be announced in due course.

In May 2017, Jez Moulding was appointed Chief Operating Officer of the Group and Executive Vice President of Ashfield. This followed the announcement in September 2016 of Chris Corbin's intention to retire from the Group in April 2019. Chris has transitioned to the role of Chairman of Ashfield and remains a director of the Group.

Gerard van Odjik has informed the Chairman that, having recently taken on a demanding new role, he will be unable to give UDG Healthcare the time and attention that his non-executive director role requires. He has therefore indicated that he will not seek re-election at the upcoming AGM on 30 January 2018. In the light of this, the Board has asked Philip Toomey, who was going to step down at the AGM, to put himself forward for a further year.

Ashfield service offering & office expansion

Driven by five acquisitions during the year, Ashfield continued to broaden and enhance its service proposition. The acquisitions of STEM Healthcare and Vynamic have significantly expanded Ashfield's advisory offering. Together with Sellxpert, Cambridge BioMarketing and MicroMass Communications, these acquisitions enable Ashfield to deliver a full range of end-to-end advisory, communication, commercial and clinical services to its clients. Over the past five years, Ashfield has transitioned from a UK focused commercial and clinical services business, to become a global commercialisation partner for its healthcare clients.

To facilitate continued growth of the Ashfield business, Ashfield's commercial and clinical operations in the US moved to a new facility in Fort Washington, PA, in 2017. This is 60% larger than the previous office, enabling continued expansion in the strategically important US market. Ashfield Communications also doubled the size of its office in Scotland and opened new offices in Ireland and Japan.

Sharp investments

Sharp continued to invest in new facilities in the US and the UK. During the second half of the year, Sharp's US clinical business commenced its relocation to the Bethlehem packaging facility acquired in April 2017. The relocation is expected to be completed over the next 18 months. The facility will offer clients an integrated clinical development, packaging and distribution service. In the UK, the relocation of the clinical packaging business to the recently purchased facility in South Wales will commence once the refurbishment of the facility is completed in late 2018.

Future Fit

As well as successfully executing these acquisitions and facility improvements, the Group remains focused on investing in scalable infrastructure across HR, finance and IT. In April 2017, the Group launched *Workday*, its human resource information system and commenced the implementation of Ashfield's new *Oracle Fusion* finance system, which will be

rolled-out on a phased basis over the next 18 months. These investments will ensure the Group has the right infrastructure to deliver long term sustainable growth and ensure the seamless integration of acquired businesses.

The rollout of both systems resulted in \$2.5m additional operating costs during the second half of this year (primarily in Ashfield). In H1 2018, a further \$3.5m increase in operating costs is expected (annualised impact of c. \$6m) which will moderate organic growth during the first half of 2018.

Outlook

During 2017 the Group made significant progress in the execution of its strategy. The market opportunity for UDG Healthcare remains robust and the Group is well positioned to deliver sustainable future growth, both organically and through further strategic acquisitions.

2018 will benefit from the full year contribution of acquisitions made in 2017 and the Group expects organic growth to accelerate during the second half of the year, after the impact of the additional Future Fit operating costs have been absorbed.

Review of Operations

Ashfield

	2017	2016	Actual	Underlying
	\$'m	\$'m	Growth	Growth ²
Gross revenue				
Commercial & Clinical	604.7	525.1	15%	18%
Communications (including Advisory)	216.7	159.9	36%	1%
Total gross revenue	821.4	685.0	20%	14%
Net revenue¹				
Commercial & Clinical	442.3	386.3	14%	17%
Communications (including Advisory)	187.8	135.3	39%	1%
Total net revenue	630.1	521.6	21%	13%
Operating profit				
Commercial & Clinical	38.6	37.8	2%	5%
Communications (including Advisory)	43.0	32.8	31%	5%
Total operating profit	81.6	70.6	16%	5%
Operating margin				
Operating margin (on gross revenue)	9.9%	10.3%		
Net operating margin (on net revenue)	12.9%	13.5%		

¹ Net revenue represents gross revenue adjusted for revenue associated with pass-through costs, for which the Group does not earn a margin. There are no pass-through costs in Sharp or Aquilant.

² Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.

Ashfield delivered a strong financial performance during the year, driven by good underlying growth and the benefit of acquisitions. Net revenue was up 21% to \$630.1m and operating profit was up 16% to \$81.6m.

Ashfield generated underlying net revenue growth of 13% and underlying operating profit growth of 5%, after adjusting for the negative impact of currency translation movements and the contribution of acquisitions.

Ashfield incurred additional operating costs during the second half of the year (expected to continue into the first half of 2018) related to the Future Fit investments. Ashfield generated 8% underlying operating profit growth during the year before these additional costs, which amounted to c. \$2.5m in the second half of 2017.

Net operating margin (allowing for pass-through costs) declined from 13.5% to 12.9%. The positive margin impact of acquisitions was more than offset by the impact of the additional Future Fit operating costs and higher underlying revenue growth from the lower margin Commercial & Clinical business.

Ashfield Commercial & Clinical delivered good underlying net revenue and operating profit growth of 17% and 5% respectively during the year. This was principally due to strong growth in the German business and a good performance in the US, driven by increased activity on contract wins from 2016. The acquisition of Sellxpert has further strengthened Ashfield's capabilities and established it as market leader in Germany.

Ashfield Communications (including Advisory) delivered strong growth during the year. Including the benefit of acquisitions, net revenue increased by 39% and operating profit increased by 31%. Underlying net revenue growth improved during the second half of the year compared to the first half of the year. Since its acquisition in October 2016, STEM Healthcare has performed strongly and continues to gain momentum.

In addition to continued organic progress, Ashfield is well positioned for growth in 2018 following the acquisitions of Sellxpert, Vynamic, Cambridge BioMarketing and MicroMass Communications during the final quarter of 2017.

Sharp

	2017	2016	<i>Actual</i>	<i>Underlying</i>
	\$'m	\$'m	<i>Growth</i>	<i>Growth¹</i>
Revenue				
US	254.0	246.1	3%	2%
Europe	48.1	49.9	(4%)	1%
Total revenue	302.1	296.0	2%	2%
Operating profit/(loss)				
US	40.9	39.6	3%	5%
Europe	0.4	(1.4)	-	-
Total operating profit	41.3	38.2	8%	11%
Operating margin %	13.7%	12.9%		

¹ Underlying growth adjusts for the impact of currency translation movements and any acquisition or disposal activity.

Sharp delivered a good performance in 2017, with operating profit increasing by 8% to \$41.3m (11% on an underlying basis). Operating margins increased to 13.7% during the year.

Sharp US generated underlying operating profit growth of 5%, with biotech delivering particularly strong growth. This was in part driven by the completion of the fit out of the additional capacity in Allentown, PA, which contains 13 packaging suites fully dedicated to biotech clients.

In addition, a new US state-of-the-art packaging site was acquired in Bethlehem, PA, in April 2017 to expand the commercial and clinical offering to Sharp's US clients. Sharp's US clinical business is currently relocating to this facility.

Sharp Europe moved into operating profit following a number of years of operating losses. Underlying revenue growth was 1% as the business exited some unprofitable contracts and shifted its focus to higher margin business. Sharp Europe is increasingly well positioned to deliver future profitable growth given the improving business development pipeline, focused on injectable biotech and biosimilar products.

The ongoing investment in Sharp's facilities continues to improve capabilities and expand capacity. Notwithstanding the one year delay in enforcement of the serialisation 'Track & Trace' requirement by the U.S. Food and Drug Administration (FDA) and supply chain disruptions with some clients following the recent hurricane in Puerto Rico, Sharp is well positioned to deliver underlying operating profit growth in line with the Group's medium-term guidance into 2018 and beyond.

Aquilant

	2017	2016	<i>Actual</i>	<i>Underlying</i>
	\$'m	\$'m	<i>Growth</i>	<i>Growth¹</i>
Revenue	96.3	102.4	(6%)	2%
Operating profit	6.4	6.9	(7%)	4%
Operating margin %	6.6%	6.7%		

¹ Underlying growth adjusts for the impact of currency translation movements. There was no acquisition or disposal activity in 2016 or 2017.

Revenue was 6% behind the prior year. Adjusting for negative currency translation movements, underlying revenue was 2% ahead of 2016.

Underlying operating profit was 4% ahead of 2016 reflecting a continued improvement in sales mix, including capital equipment sales, and the full benefit of new business which came on stream in 2016. Reported operating profit was 7% behind the prior year due to adverse currency translation movements.

Analyst presentation

A presentation for investors and analysts will be held at the London Stock Exchange at 8.30 GMT today, Tuesday, 28 November 2017. If you wish to attend, please contact Powerscourt. Alternatively, to dial into the conference call or webcast, the details are as follows:

Audio webcast

<https://edge.media-server.com/m6/p/ypnmwqt7>

Conference call

UK number: +44-203-427-1916
Ireland number: + 353-1-246-5603
US number: +1-646-254-3366
Participant code: 9761269

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:**Investors and Analysts:**

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About UDG Healthcare plc

UDG Healthcare plc (LON: UDG) is a leading international partner of choice delivering commercial, clinical, communications and packaging services to the healthcare industry, employing over 9,000 people with operations in 24 countries and delivering services in over 50 countries.

UDG Healthcare plc operates across three divisions: Ashfield, Sharp and Aquilant.

Ashfield is a global leader in commercialisation services for the pharmaceutical and healthcare industry, operating across two broad areas of activity: commercial & clinical services, and communications 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 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 is a leading provider of outsourced sales, marketing, distribution and engineering services to the medical and scientific sectors in the UK, Ireland and the Netherlands.

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 are or 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 will operate in the future. However, because they involve known and unknown risks, uncertainties and other factors including but not limited to general economic, political, financial and business factors, which in some cases are beyond the Group's control, actual results, performance, operations or achievements expressed or implied by such forward looking statements may differ materially from those expressed or implied by such forward-looking statements and accordingly you should not rely on these forward looking statements in making investment decisions. Except as required by applicable law or regulation, neither the Group nor any other party intends to update or revise these forward-looking statements after the date these statements are published, whether as a result of new information, future events or otherwise.

Finance Review

for the year ended 30 September 2017

Revenue

Revenue of \$1,219.8 million for the year was 13% ahead of 2016. Underlying revenue growth was 10% ahead, excluding the impact of foreign exchange and acquisitions. Ashfield increased underlying revenue by 14% while Sharp and Aquilant both reported revenue 2% ahead of 2016 excluding the impact of foreign exchange and acquisitions.

Adjusted operating profit

Adjusted operating profit from continuing operations of \$129.3 million is 12% ahead (17% on a constant currency basis) of 2016.

Adjusted net operating margin

The adjusted net operating margin for the year of 12.6% was the same as 2016. The positive margin effect of acquisitions was offset by the impact of additional Future Fit operating costs and relatively higher revenue growth in the lower margin Ashfield Commercial & Clinical business.

Adjusted profit before tax

Net interest costs for the year of \$10.4 million are 26% lower than 2016, which is as a result of the repayment of the RCF bank facility in April 2016 and increased interest income following the disposal of the United Drug Supply Chain businesses in 2016. This delivered a profit before tax from operations of \$118.9 million which is 17% ahead of 2016 (23% on a constant currency basis).

Taxation

The effective taxation rate has decreased from 22.7% in 2016 to 22.2% in 2017.

Adjusted diluted earnings per share

Earnings per share (EPS) from continuing operations is 17% ahead (23% on a constant currency basis) of 2016 at 37.12 \$ cent. Underlying EPS increased by 13% excluding acquisitions completed during the year and unfavourable currency movements.

US Dollar reporting

In August 2016, the Group announced that it would change its reporting currency to US Dollar for the 2017 financial year as the majority of Group profits are now derived from the US. This Preliminary Announcement is presented in US Dollar and further details on the change in presentational currency are included in note 20.

The Group operates in 24 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 primary non-Dollar currencies are Sterling and Euro. The re-translation of overseas profits to US Dollar has decreased constant currency EPS growth of 23% to a reported EPS growth rate of 17%, which is primarily due to the weakness in Sterling in the first nine months of 2017 versus the same period in 2016.

The average 2017 exchange rates were \$1:€0.9047 and \$1:£0.7891 (2016 \$1:€0.9002 and \$1:£0.7045).

Discontinued operations

The Group has classified its joint venture arrangement with Magir Limited as a discontinued operation and asset held for sale. Discontinued operations in the prior year also included United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA, which were disposed of on 1 April 2016.

Cash flow

The Group moved from a net cash position of \$143.2 million in 2016 to a net debt position of \$53.3 million in 2017. This was primarily as a result of 2017 acquisition activity. The net cash inflow from operating activities was \$107.8 million.

\$51.4 million was invested in property, plant and equipment and computer software. This includes IT investment to enable our businesses to grow in an efficient manner and investment in the new facility in Sharp UK. \$198.4 million was paid in initial consideration for the acquisition of STEM Healthcare, the Bethlehem packaging facility, Vynamic, Cambridge BioMarketing, Sellxpert and MicroMass while the Group also paid \$14.3 million in deferred contingent consideration associated with current and prior year acquisitions. Dividend payments of \$31.3 million relating to the final 2016 dividend and the 2017 interim dividend were made during the year.

Balance sheet

Net debt at the end of the year was \$53.3 million (\$187.5 million cash and \$240.8 million debt). The net (debt)/cash to annualised EBITDA ratio is 0.32 times debt (2016: 1.05 times cash) and net interest is covered 16.3 times (2016: 10.6 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.

The Group has retained its long term private placement debt as it expects to make acquisitions and other capital investments in the coming years. The Group made a scheduled repayment of \$63.3 million in September 2017 of maturing private placement notes. At 30 September 2017, the Group also had \$259.7 million of undrawn overdraft and loan facilities.

Return on capital employed (ROCE)

The ROCE for continuing operations was 12.8%, down from 13.6% at the end of 2016. Details on how this was calculated are on page 37. ROCE was 13.2% excluding the impact of acquisitions, most of which were acquired in the final quarter. ROCE has been impacted by the capital expenditure investment in 2017.

Dividends

The directors are proposing a final dividend of 9.72 \$ cent per share representing an increase of 7.5% on the 2016 final dividend of 9.04 \$ cent per share. This represents 7% growth in the total dividend for the year to 13.30 \$ 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 9.72 \$ cent per share will be paid on 5 February 2018 to ordinary shareholders on the Company's register at 5.00 p.m. on 12 January 2018.

Investor relations

UDG Healthcare's senior management team spend a significant amount of time meeting with shareholders and the international financial community. We have invested in dedicated investor relations resources and are focussed on increasing the awareness of the Group among the investor and analyst community.

We communicate regularly with our shareholders during the year, specifically following the release of our interim and preliminary results, and at the time of major developments including M&A transactions. During 2017, the executive management team attended and presented at eleven investor conferences, including four in the US, and conducted over 230 institutional investor one-on-one meetings. In addition, our Chairman Peter Gray, held a number of governance meetings with existing shareholders during the year, both in the UK and US. The number of independent equity analysts covering the Group increased to ten during the year reflecting the growing 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 2017

	Note	Year ended 30 September 2017 \$'000	As re-presented and restated Year ended 30 September 2016 \$'000
Continuing operations			
Revenue	4	1,219,755	1,083,439
Cost of sales		(871,909)	(767,833)
Gross profit		347,846	315,606
Selling and distribution expenses		(192,536)	(177,543)
Administration expenses		(23,313)	(20,854)
Other operating expenses		(25,450)	(18,213)
Transaction costs		(4,028)	(2,214)
Share of joint ventures' profit after tax	5	667	798
Operating profit		103,186	97,580
Finance income	6	18,905	5,311
Finance expense	6	(29,257)	(19,349)
Profit before tax from continuing operations		92,834	83,542
Income tax expense		(20,976)	(15,428)
Profit for the year from continuing operations		71,858	68,114
Profit after tax for the year from discontinued operations	7	-	150,409
Profit for the financial year		71,858	218,523
Profit attributable to:			
Continuing operations		71,858	68,114
Discontinued operations		-	150,409
		71,858	218,523
Earnings per ordinary share:			
Basic – continuing operations	8	28.97c	27.64c
Basic – discontinued operations	8	-	61.04c
Basic		28.97c	88.68c
Diluted – continuing operations	8	28.83c	27.53c
Diluted – discontinued operations	8	-	60.79c
Diluted		28.83c	88.32c

Group Statement of Comprehensive Income

for the year ended 30 September 2017

		2017	As re- presented and restated
	Notes	\$'000	2016 \$'000
Profit for the financial year		71,858	218,523
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement gain/(loss) on Group defined benefit schemes	15		
- <i>Continuing operations</i>		11,098	(9,409)
- <i>Discontinued operations</i>		-	1,177
Deferred tax on Group defined benefit schemes			
- <i>Continuing operations</i>		(599)	599
- <i>Discontinued operations</i>		-	(232)
		10,499	(7,865)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment	11		
- <i>Continuing operations</i>		10,109	(60,031)
- <i>Discontinued operations</i>		-	(2,045)
Reclassification on loss of control of subsidiary undertakings	11	-	5,283
Group cash flow hedges:			
- <i>Effective portion of cash flow hedges – movement into reserve</i>		(15,271)	(5,483)
- <i>Effective portion of cash flow hedges – movement out of reserve</i>		14,865	(896)
Effective portion of cash flow hedges	11	(406)	(6,379)
- <i>Movement in deferred tax – movement into reserve</i>		1,909	685
- <i>Movement in deferred tax – movement out of reserve</i>		(1,858)	113
Net movement in deferred tax	11	51	798
		9,754	(62,374)
Other comprehensive income/(expense), net of tax		20,253	(70,239)
Total comprehensive income, net of tax, attributable to equity holders of the parent		92,111	148,284
Total comprehensive income/(expense) attributable to:			
Continuing operations		92,111	(6,308)
Discontinued operations		-	154,592
		92,111	148,284

Group Statement of Changes in Equity

for the year ended 30 September 2017

	Equity share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserves (note 11) \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total equity \$'000
At 1 October 2016	14,535	187,355	784,432	(179,446)	806,876	-	806,876
Profit for the financial year	-	-	71,858	-	71,858	-	71,858
Other comprehensive income/(expense):							
Effective portion of cash flow hedges	-	-	-	(406)	(406)	-	(406)
Deferred tax on cash flow hedges	-	-	-	51	51	-	51
Translation adjustment	-	-	-	10,109	10,109	-	10,109
Remeasurement gain on defined benefit schemes	-	-	11,098	-	11,098	-	11,098
Deferred tax on defined benefit schemes	-	-	(599)	-	(599)	-	(599)
Total comprehensive income for the year	-	-	82,357	9,754	92,111	-	92,111
Transactions with shareholders:							
New shares issued	46	3,129	-	-	3,175	-	3,175
Issued in business combination	39	6,012	-	-	6,051	-	6,051
Share-based payment expense	-	-	-	3,613	3,613	-	3,613
Dividends paid to equity holders	-	-	(31,279)	-	(31,279)	-	(31,279)
Release from share-based payment reserve	-	-	577	(577)	-	-	-
Non-controlling interest arising on acquisition	-	-	-	-	-	109	109
At 30 September 2017	14,620	196,496	836,087	(166,656)	880,547	109	880,656

for the year ended 30 September 2016

	Equity share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserves (note 11) \$'000	Total equity as re- presented and restated \$'000
At 1 October 2015	14,430	183,000	600,793	(116,219)	682,004
Profit for the financial year	-	-	218,523	-	218,523
Other comprehensive income/(expense):					
Effective portion of cash flow hedges	-	-	-	(6,379)	(6,379)
Deferred tax on cash flow hedges	-	-	-	798	798
Translation adjustment					
- Continuing operations	-	-	-	(60,031)	(60,031)
- Discontinued operations	-	-	-	(2,045)	(2,045)
Reclassification on loss of control of subsidiary undertakings	-	-	-	5,283	5,283
Remeasurement (loss)/gain on defined benefit schemes					
- Continuing operations	-	-	(9,409)	-	(9,409)
- Discontinued operations	-	-	1,177	-	1,177
Deferred tax on defined benefit schemes					
- Continuing operations	-	-	599	-	599
- Discontinued operations	-	-	(232)	-	(232)
Total comprehensive income/(expense) for the year	-	-	210,658	(62,374)	148,284
Transactions with shareholders:					
New shares issued	105	4,355	-	-	4,460
Share-based payment expense	-	-	-	2,184	2,184
Dividends paid to equity holders	-	-	(30,056)	-	(30,056)
Release from share-based payment reserve	-	-	3,037	(3,037)	-
At 30 September 2016	14,535	187,355	784,432	(179,446)	806,876

Group Balance Sheet

as at 30 September 2017

	Note	2017 \$'000	As re- presented (note 20) 2016 \$'000	As re- presented (note 20) 2015 \$'000
ASSETS				
Non-current				
Property, plant and equipment	9	168,403	136,877	132,087
Goodwill	10	542,554	384,520	401,306
Intangible assets	10	227,617	108,322	113,927
Investment in joint ventures and associates	10	8,838	9,067	25,855
Derivative financial instruments	12	1,302	13,185	24,700
Deferred income tax assets		4,025	4,296	4,463
Employee benefits	15	12,379	13,939	14,639
Total non-current assets		965,118	670,206	716,977
Current				
Inventories		55,060	54,941	61,636
Trade and other receivables		307,388	233,791	229,939
Cash and cash equivalents	12	187,469	428,729	239,832
Current income tax assets		2,464	4,532	1,806
Derivative financial instruments	12	2,450	8,239	5,321
Assets held for sale	7	-	-	530,821
Total current assets		554,831	730,232	1,069,355
Total assets		1,519,949	1,400,438	1,786,332
EQUITY				
Equity share capital		14,620	14,535	14,430
Share premium		196,496	187,355	183,000
Other reserves	11	(166,656)	(179,446)	(116,219)
Retained earnings		836,087	784,432	600,793
Equity attributable to owners of the parent		880,547	806,876	682,004
Non-controlling interest		109	-	-
Total equity		880,656	806,876	682,004
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	12	244,077	242,108	465,866
Provisions	13	58,470	6,084	8,411
Employee benefits	15	3,162	20,442	20,505
Deferred income tax liabilities		54,279	31,008	31,424
Derivative financial instruments	12	352	-	-
Total non-current liabilities		360,340	299,642	526,206
Current				
Interest-bearing loans and borrowings	12	58	64,882	23,315
Trade and other payables		248,145	204,468	214,831
Current income tax liabilities		16,845	14,587	4,988
Provisions	13	13,905	9,983	20,931
Liabilities held for sale	7	-	-	314,057
Total current liabilities		278,953	293,920	578,122
Total liabilities		639,293	593,562	1,104,328
Total equity and liabilities		1,519,949	1,400,438	1,786,332

Group Cash Flow Statement

for the year ended 30 September 2017

	2017 \$'000	2016 (as re-presented)		Total \$'000
		Continuing operations \$'000	Discontinued operations \$'000	
Cash flow from operating activities				
Profit before tax	92,834	83,542	151,220	234,762
Finance income	(18,905)	(5,311)	(8)	(5,319)
Finance expense	29,257	19,349	64	19,413
Operating profit	103,186	97,580	151,276	248,856
Share of joint ventures' profit after tax	(667)	(798)	(1,659)	(2,457)
Depreciation charge	21,221	20,032	-	20,032
Loss/(profit) on disposal of property, plant and equipment	55	71	(12)	59
Impairment of intangible assets	-	798	1,133	1,931
Amortisation of intangible assets	25,450	18,213	-	18,213
Share-based payment expense	3,613	2,184	-	2,184
Decrease in inventories	1,893	3,452	3,870	7,322
Increase in trade and other receivables	(24,612)	(9,783)	(10,074)	(19,857)
Increase/(decrease) in trade payables, provisions and other payables	2,934	(8,663)	(32,081)	(40,744)
Exceptional items paid	(165)	(2,564)	-	(2,564)
Profit on disposal of discontinued operations	-	-	(150,780)	(150,780)
Impairment of asset held for sale	-	-	18,842	18,842
Interest paid	(10,608)	(12,201)	-	(12,201)
Income taxes paid	(14,522)	(13,716)	(777)	(14,493)
Net cash inflow/(outflow) from operating activities	107,778	94,605	(20,262)	74,343
Cash flows from investing activities				
Interest received	1,044	663	8	671
Purchase of property, plant and equipment	(29,466)	(31,736)	(2,533)	(34,269)
Proceeds from disposal of property, plant and equipment	146	435	12	447
Investment in intangible assets – computer software	(21,884)	(10,926)	(6,648)	(17,574)
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	(198,439)	(14,446)	-	(14,446)
Deferred contingent acquisition consideration paid	(14,265)	(17,331)	-	(17,331)
Disposal of subsidiary undertakings (net of cash and cash equivalents disposed)	-	447,112	(21,389)	425,723
Net cash (outflow)/inflow from investing activities	(262,864)	373,771	(30,550)	343,221
Cash flows from financing activities				
Proceeds from issue of shares (including share premium thereon)	3,175	4,460	-	4,460
Repayments of interest-bearing loans and borrowings	(63,266)	(178,696)	-	(178,696)
Group transfers	-	2,879	(2,879)	-
Decrease in finance leases	(3)	(80)	-	(80)
Dividends paid to equity holders of the Company	(31,279)	(30,056)	-	(30,056)
Net cash outflow from financing activities	(91,373)	(201,493)	(2,879)	(204,372)
Net (decrease)/increase in cash and cash equivalents	(246,459)	266,883	(53,691)	213,192
Translation adjustment	5,199	-	-	(24,295)
Cash and cash equivalents at beginning of year	428,729	-	-	239,832
Cash and cash equivalents at end of year	187,469			428,729
Cash and cash equivalents is comprised of:				
Cash at bank and short term deposits	187,469			428,729

Notes to the Preliminary Announcement

for the year ended 30 September 2017

1. Reporting entity

UDG Healthcare plc (the “Company”) is a company domiciled in Ireland. The preliminary consolidated financial information for the year ended 30 September 2017 is for the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in joint ventures and associates.

The financial information presented herein does not represent 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 2016 have been annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The statutory financial statements for the year ended 30 September 2017 will be annexed to the next annual return of the Company and filed with the Registrar of Companies.

2. Statement of compliance

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), as adopted by the EU and as set out more fully in the Group’s last Annual Report.

The accounting policies adopted are consistent with those of the previous year except for the change in the Group’s presentation currency from Euro to US Dollar and the following new and amended IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that were adopted by the Group as of 1 October 2016:

- Amendments to IAS 27: Equity method in Separate Financial Statements
- Amendments to IAS 1: Disclosure initiative
- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations
- Annual Improvements to IFRSs 2012–2014 Cycle;
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation

These are effective for the Group’s financial year ended 30 September 2017 but did not have a material effect on the results or financial position of the Group.

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards, amendments to existing standards and interpretations that are not yet effective for the Group:

- Annual Improvements to IFRSs 2014-2016 Cycle IFRS 14: Regulatory Deferral Accounts (*)
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments (*)
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (*)
- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses
- Amendments to IAS 28: Long term interests in Associates and Joint Ventures (*)
- Amendments to IAS 40: Transfers of Investment Property (*)
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions (*)
- IFRS 9: Financial Instruments (2014)
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint ventures (*)
- Clarifications to IFRS 15: Revenue from Contracts with Customers (*)
- IFRS 16: Leases (*)

A number of the standards (*) set out above have not yet been EU endorsed. These standards, interpretations and amendments to existing standards will be applied for the purposes of the Group and Company Financial Statements with effect from their respective effective dates. The Group is currently considering the impact of the above interpretations and amendments.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

3. Prior year reclassification

Reclassification of revenue

Pass-through revenues relate to the recharging of travel and other costs to customers at zero margin. There has been a reclassification of certain pass-through revenue from cost of sales to revenue. As a result, \$35,771,000 (€32,200,000) has been reclassified from cost of sales to revenue so that the results are presented on a consistent basis in both 2017 and 2016. There is no impact on gross profit.

A summary of the impact on the previously reported figures is set out below:

	As previously stated €'000	Reclassification €'000	As restated €'000	As re-presented \$'000
Revenue	943,080	32,200	975,280	1,083,439
Cost of Sales	(658,981)	(32,200)	(691,181)	(767,833)
Gross profit	284,099	-	284,099	315,606

4. 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 - Aquilant is a leading provider of outsourced sales, marketing, distribution and engineering services to the medical and scientific sectors in the UK, Ireland and the Netherlands.

At 30 September 2017 the Group has classified the joint venture investment in Magir Limited as a discontinued operation and an asset held for sale. Details of the discontinued operations are included in note 7. 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:

Continuing operations

	2017 \$'000	2016 as re-presented \$'000
Revenue		
Ashfield	821,412	685,041
Sharp	302,076	295,992
Aquilant	96,267	102,406
	1,219,755	1,083,439
Operating profit before amortisation of acquired intangibles, transaction costs and exceptional items		
Ashfield	81,567	70,653
Sharp	41,304	38,208
Aquilant	6,409	6,910
Adjusted operating profit	129,280	115,771
Amortisation of acquired intangibles	(22,066)	(15,977)
Transaction costs	(4,028)	(2,214)
Operating profit	103,186	97,580
Finance income	18,905	5,311
Finance expense	(29,257)	(19,349)
Profit before tax	92,834	83,542
Income tax expense	(20,976)	(15,428)
Profit after tax for the year	71,858	68,114

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

4. Segmental analysis (continued)

Geographical analysis of revenue

	2017 \$'000	2016 as re- presented \$'000
Republic of Ireland	42,178	36,268
United Kingdom	318,934	365,985
North America	629,001	499,498
Rest of World	229,642	181,688
	1,219,755	1,083,439

5. Share of joint ventures' profit after tax

	2017 \$'000	2016 as re- presented \$'000
Revenue	61,883	66,287
Expenses, inclusive of tax	(60,549)	(64,690)
Profit after tax - continuing	1,334	1,597
Group's equity interest	49.99%	49.99%
Group's share of profit after tax – continuing	667	798

6. Finance income and expense

	2017 \$'000	2016 as re- presented \$'000
Finance income		
Income arising from cash deposits	1,057	710
Fair value of deferred contingent consideration	-	294
Fair value of cash flow hedges transferred from equity	-	896
Fair value adjustment to guaranteed senior unsecured loan notes	2,840	3,157
Foreign currency gain on retranslation of guaranteed senior unsecured loan notes	14,865	-
Ineffective portion of cash flow hedges	76	254
Net finance income on pension scheme obligations	67	-
Finance income relating to continuing operations	18,905	5,311
Finance income relating to discontinued operations	-	8
	18,905	5,319
Finance expense		
Interest on overdrafts	(46)	(31)
Interest on bank loans and other loans		
-wholly repayable within 5 years	(5,482)	(7,761)
-wholly repayable after 5 years	(5,641)	(5,686)
Interest on finance leases	(3)	(1)
Unwinding of discount on provisions	(380)	(1,158)
Fair value of deferred contingent consideration	-	(647)
Fair value adjustments to fair value hedges	(2,840)	(3,157)
Fair value of cash flow hedges transferred to equity	(14,865)	-
Foreign currency loss on retranslation of guaranteed senior unsecured loan notes	-	(896)
Net finance cost on pension scheme obligations	-	(12)
Finance expense relating to continuing operations	(29,257)	(19,349)
Finance expense on pension scheme obligations relating to discontinued operations	-	(64)
	(29,257)	(19,413)
Net finance expense	(10,352)	(14,094)

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

7. Net result from discontinued operations, disposals and assets and liabilities classified as held for sale

On 1 April 2016, the Group completed the disposal of United Drug Supply Chain Services, United Drug Sangers, TCP Group and MASTA. In accordance with IFRS 5, these businesses were considered to be discontinued. The respective profit and losses on the disposal of these businesses were recognised in the Group Income Statement within discontinued operations.

Profit from discontinued operations after tax included in the prior year Group Income Statement is summarised in the table below:

		2016 as re- presented \$'000
Profit from discontinued operations after tax		
- United Drug Supply Chain Services businesses and MASTA	(a)	16,812
- Magir Limited	(c)	1,659
Profit from disposal of discontinued operations	(b)	150,780
Impairment of assets held for sale	(c)	(18,842)
Profit from discontinued operations after tax		150,409

The profit in the prior year from discontinued operations was fully attributable to the equity holders of the company.

		2016 as re- presented \$'000
(a)		
Revenue		750,206
Cost of sales		(695,370)
Gross profit		54,836
Selling and distribution expenses		(37,281)
Administration expenses		(2,517)
Settlement gain on defined benefit pension		2,641
Operating profit		17,679
Net finance expense		(56)
Profit from discontinued operations before tax		17,623
Income tax expense		(811)
Profit from discontinued operations after tax		16,812

In accordance with IFRS 5, depreciation of property, plant and equipment and amortisation of intangibles was not charged on the assets disposed of during the prior year. If the assets had continued to be depreciated and amortised during the prior year, the respective pre-tax charges for the year would have been \$3,873,000 and \$791,000.

(b) The following tables summarise the consideration received, the profit on disposal of discontinued operations and the net cash flow arising on the disposal of these businesses:

Reconciliation of consideration received to cash received

	2016 as re- presented \$'000
Total consideration	463,939
Working capital and related adjustments	(16,827)
Cash received on completion	447,112
Cash and cash equivalents disposed of	(21,389)
Disposal related costs paid	(9,422)
Net consideration received on completion	416,301

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

7. Net result from discontinued operations, disposals and assets and liabilities classified as held for sale (continued)

Assets and liabilities disposed of:	\$'000
Assets:	
Property, plant and equipment	96,734
Goodwill	16,276
Intangible assets	53,331
Deferred income tax assets	1,126
Inventories	127,922
Trade and other receivables	249,609
Total assets	544,998
Liabilities:	
Deferred income tax liabilities	(391)
Trade and other payables	(287,088)
Employee benefits	(2,239)
Current income tax liability	(721)
Total liabilities	(290,439)
Net identifiable assets and liabilities disposed of	(254,559)
Recycling of foreign exchange loss previously recognised in foreign currency translation reserves	(5,283)
Provision for taxation	(5,679)
Profit on disposal of discontinued operations after tax	150,780

(c) During the current and prior year the Group has treated the joint venture arrangement with Magir as a discontinued operation and asset held for sale in accordance with IFRS 5. Due to the absence of a power sharing administration in Northern Ireland a decision regarding historical and future drug reimbursement rates has not been made and agreeing a value on the business in the absence of this information has not been possible. It remains the intention of the Group to dispose of the asset once the valuation can be properly established.

The following table details the results of this discontinued operation included in the prior year Group Income Statement:

	2016 as re-presented
	\$'000
Share of joint ventures' profit after tax	1,659
Impairment charge	(18,842)
Loss from discontinued operations after tax	(17,183)

The assets and liabilities classified as held for sale in the Group Balance Sheet have a nil carrying value at 30 September 2017 (2016: nil).

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

8. Earnings per ordinary share

	Total 2017 \$'000	Continuing operations as re-presented 2016 \$'000	Discontinued operations as re-presented 2016 \$'000	Total as re- presented 2016 \$'000
Profit attributable to the owners of the parent	71,858	68,114	150,409	218,523
Adjustment for amortisation of acquired intangible assets (net of tax)	16,996	8,413	-	8,413
Adjustment for transaction costs (net of tax)	3,658	2,123	-	2,123
Adjustment for profit on disposal (net of tax)	-	-	(150,780)	(150,780)
Adjustment for impairment of asset held for sale (net of tax)	-	-	18,842	18,842
Adjusted profit attributable to owners of the parent	92,512	78,650	18,471	97,121

	2017 Number of shares	2016 Number of shares
Weighted average number of shares	248,001,114	246,405,955
Number of dilutive shares under option	1,238,273	1,016,938

Weighted average number of shares, including share options	249,239,387	247,422,893
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	Total 2017	Continuing operations as re-presented 2016	Discontinued operations as re-presented 2016	Total as re- presented 2016
Basic earnings per share – cent	28.97	27.64	61.04	88.68
Diluted earnings per share – cent	28.83	27.53	60.79	88.32
Adjusted basic earnings per share – cent	37.30¹	31.92 ¹	7.50 ²	39.42
Adjusted diluted earnings per share – cent	37.12¹	31.79 ¹	7.47 ²	39.26

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 provide 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.

¹ Adjusted profit attributable to equity holders of the parent from continuing operations is stated before the amortisation of acquired intangible assets and transaction costs.

² Adjusted profit attributable to equity holders of the parent from discontinued operations is stated after deducting the profit on disposal of the discontinued operations (\$150.8m, net of tax), and adding back the impairment of the investment in Magir Limited, an asset held for sale (\$18.8m, net of tax).

Treasury shares have been excluded from the weighted average number of shares in issue used in the calculation of earnings per share. 2,567,081 (2016: 2,273,772) 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.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

9. Property, plant and equipment

	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer equipment \$'000	Assets under construction \$'000	2017 Total \$'000
Year ended 30 September 2017						
Opening net book amount (as re-presented)	61,093	65,013	290	10,481	-	136,877
Additions in the year	4,151	20,780	30	3,414	1,091	29,466
Arising on acquisition	15,692	5,153	-	593	-	21,438
Depreciation	(4,935)	(11,620)	(62)	(4,604)	-	(21,221)
Disposals in year	(97)	(14)	-	(90)	-	(201)
Transfer to intangibles	-	-	-	(393)	-	(393)
Reclassifications	(561)	163	-	398	-	-
Translation adjustment	1,120	1,089	13	215	-	2,437
At 30 September 2017	76,463	80,564	271	10,014	1,091	168,403
At 30 September 2017						
Cost or deemed cost	106,815	157,112	738	27,558	1,091	293,314
Accumulated depreciation	(30,352)	(76,548)	(467)	(17,544)	-	(124,911)
Net book amount	76,463	80,564	271	10,014	1,091	168,403

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

	Goodwill \$'000	Intangible assets \$'000	Investment in joint ventures and associates \$'000
Balance at 1 October 2016 (as re-presented)	384,520	108,322	9,067
Investment in computer software	-	21,884	-
Amortisation of acquired intangible assets	-	(22,066)	-
Amortisation of computer software	-	(3,384)	-
Arising on acquisitions – computer software	-	77	-
Arising on acquisitions – other intangible assets	140,626	114,693	-
Transfer from property, plant and equipment	-	393	-
Share of joint ventures' profit after tax	-	-	667
Measurement period adjustment	1,844	(1,005)	-
Translation adjustment	15,564	8,703	(896)
At 30 September 2017	542,554	227,617	8,838

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

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 2016 (as re-presented)	(12,499)	5,956	(165,574)	(7,676)	347	(179,446)
Effective portion of cash flow hedges	(406)	-	-	-	-	(406)
Deferred tax on cash flow hedges	51	-	-	-	-	51
Share-based payment expense	-	3,613	-	-	-	3,613
Release from share-based payment reserve	-	(577)	-	-	-	(577)
Translation adjustment	-	-	10,109	-	-	10,109
At 30 September 2017	(12,854)	8,992	(155,465)	(7,676)	347	(166,656)

	Cash flow hedge \$'000	Share- based payment \$'000	Foreign exchange \$'000	Treasury shares \$'000	Capital redemption reserve \$'000	Total \$'000
At 1 October 2015 (as re-presented)	(6,918)	6,832	(108,781)	(7,699)	347	(116,219)
Effective portion of cash flow hedges	(6,379)	-	-	-	-	(6,379)
Deferred tax on cash flow hedges	798	-	-	-	-	798
Share-based payment expense	-	2,184	-	-	-	2,184
Release from share-based payment reserve	-	(3,037)	-	-	-	(3,037)
Translation adjustment	-	-	-	-	-	-
- Continuing operations	-	-	(60,031)	-	-	(60,031)
- Discontinued operations	-	-	(2,045)	-	-	(2,045)
Reclassification on loss of control	-	-	5,283	-	-	5,283
Release of treasury shares on vesting	-	(23)	-	23	-	-
At 30 September 2016	(12,499)	5,956	(165,574)	(7,676)	347	(179,446)

12. Net (debt)/cash

	2017 \$'000	As represented 2016 \$'000
<i>Current assets</i>		
Cash and cash equivalents	187,469	428,729
Derivative financial instruments	2,450	8,239
<i>Non-current assets</i>		
Derivative financial instruments	1,302	13,185
<i>Current liabilities</i>		
Interest bearing loans	72	(64,724)
Finance leases	(130)	(158)
<i>Non-current liabilities</i>		
Interest bearing loans	(244,043)	(242,099)
Finance leases	(34)	(9)
Derivative financial instruments	(352)	-
Net (debt)/cash at 30 September	(53,266)	143,163

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

13. Provisions

	Deferred contingent consideration \$'000	Onerous leases \$'000	Restructuring and other costs \$'000	2017 Total \$'000	Total as re- presented 2016 \$'000
At the beginning of the year	15,419	359	289	16,067	29,342
Release to income statement	-	-	-	-	(1,022)
Arising on acquisitions	65,939	-	-	65,939	8,581
Utilised during the year	(14,265)	(52)	(113)	(14,430)	(19,895)
Unwinding of discount	380	-	-	380	1,158
Measurement period adjustment	999	-	-	999	-
Translation adjustment	3,406	17	(3)	3,420	(2,097)
At end of year	71,878	324	173	72,375	16,067
Non-current	58,136	269	65	58,470	6,084
Current	13,742	55	108	13,905	9,983
Total	71,878	324	173	72,375	16,067

14. Acquisition of subsidiary undertakings

On 21 October 2016, the Group acquired STEM Marketing Limited ("STEM"), a leading global provider of commercial, marketing and medical audits to pharmaceutical companies. The Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 3 April 2017, the Group acquired Steel Eagle LLC, a pharmaceutical packaging facility in Pennsylvania, USA.

On 1 July 2017, the Group acquired Vynamic LLC, a US-based healthcare industry management consulting firm. The Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 10 July 2017, the Group acquired Sellxpert GmbH, a German contract sales organisation. The Group has agreed to pay the sellers an additional amount over the next three years if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. On 10 July 2017, the Group also acquired a 50% stake in Sellxpert AG, a contract sales organisation based in Switzerland.

On 12 July 2017, the Group acquired Cambridge BioMarketing LLC, a US-based healthcare communications business. The Group has agreed to pay the sellers an additional amount over the next twelve months, if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

On 13 September 2017, the Group acquired MicroMass Communications Inc ("MicroMass"), a US-based healthcare communications agency specialising in behavioural change. The Group has agreed to pay the sellers an additional amount over the next three years, if predefined financial thresholds are met. The Group has included contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the above listed acquisitions. Any amendments to these acquisition fair values within the twelve-month timeframe from the date of acquisition will be disclosed in the relevant annual report as stipulated by IFRS 8 (revised 2008), Business Combinations.

In the prior financial year Pegasus Public Relations Limited, a healthcare communications company based in the UK, was acquired on 18 April 2016. The Group has revised its estimate of the acquisition date fair value of intangibles, deferred contingent consideration and trade and other receivables in respect of this acquisition. This has resulted in a corresponding increase in goodwill relative to the amount previously recorded. On the basis that this adjustment was not deemed to be material, it was accounted for in the current year as a measurement period adjustment.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

14. Acquisition of subsidiary undertakings (continued)

The fair value of the assets and liabilities acquired in the year ended 30 September 2017 (excluding net cash acquired), determined on a provisional basis are set out below:

	STEM \$'000	MicroMass \$'000	Other \$'000	Total \$'000	Measurement period adjustments \$'000	2017 Total \$'000	2016 Total As re- presented \$'000
Assets							
Non-current assets							
Property, plant and equipment	122	540	20,776	21,438	-	21,438	584
Intangible assets – computer software	-	-	77	77	-	77	-
Intangible assets – other intangible assets	55,332	28,300	31,061	114,693	(1,005)	113,688	10,482
Total non-current assets	55,454	28,840	51,914	136,208	(1,005)	135,203	11,066
Current assets							
Inventories	-	-	800	800	-	800	-
Trade and other receivables	9,459	6,320	18,814	34,593	(11)	34,582	6,215
Total current assets	9,459	6,320	19,614	35,393	(11)	35,382	6,215
Non-current liabilities							
Deferred income tax liabilities	(9,406)	(10,754)	-	(20,160)	171	(19,989)	(1,782)
Total non-current liabilities	(9,406)	(10,754)	-	(20,160)	171	(19,989)	(1,782)
Current liabilities							
Trade and other payables	(3,758)	(3,362)	(15,282)	(22,402)	-	(22,402)	(3,542)
Current income tax liabilities	1,167	-	(293)	874	-	874	(540)
Total current liabilities	(2,591)	(3,362)	(15,575)	(21,528)	-	(21,528)	(4,082)
Identifiable net assets acquired	52,916	21,044	55,953	129,913	(845)	129,068	11,417
Intangible assets - goodwill	50,779	53,170	36,677	140,626	1,844	142,470	11,610
Total consideration (enterprise value)	103,695	74,214	92,630	270,539	999	271,538	23,027
Satisfied by:							
Cash	63,247	63,683	78,715	205,645	-	205,645	16,843
Net cash acquired	(3,358)	(1,120)	(2,728)	(7,206)	-	(7,206)	(2,397)
Net cash outflow	59,889	62,563	75,987	198,439	-	198,439	14,446
Equity Instruments (724,997 ordinary shares)	6,051	-	-	6,051	-	6,051	-
Deferred contingent acquisition consideration	37,755	11,651	16,533	65,939	999	66,938	8,581
Non-controlling interest	-	-	110	110	-	110	-
Total consideration	103,695	74,214	92,630	270,539	999	271,538	23,027

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the workforce and management teams within the businesses acquired and the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by UDG Healthcare plc to create the combined Group.

The intangible assets arising on the acquisitions are related to the trade names, customer relationships, technology and customer contracts.

The contractual assets are not materially different from the disclosed trade and other receivables.

The total transaction related costs for completed and aborted acquisitions amounts to \$4,028,000 (2016: \$2,214,000). 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 payment 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 \$64,420,000 at 30 September 2017 (2016: nil to \$8,776,000).

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

14. Acquisition of subsidiary undertakings (continued)

The Group's results for the year ended 30 September 2017 and 30 September 2016 includes the following amounts in respect of the businesses acquired during the year:

	2017 Total \$'000	2016 Total \$'000
Revenue	69,630	9,268
Gross profit	32,850	3,191
Selling and distribution expenses	(21,263)	(1,585)
Other operating expenses*	(8,365)	(629)
Operating profit	3,222	977
Net interest expense	(1,120)	4
Profit before tax	2,102	981
Income tax	(467)	(197)
Profit after tax	1,635	784

*Other operating expenses represent amortisation of intangible assets.

Had these acquisitions been effected on 1 October 2017, the combined Group would have recorded total revenues of \$1,315,507,000 and profit after interest and tax for the financial year of \$78,525,000.

15. Employee benefits

	Employee benefit asset \$'000	Employee benefit liability \$'000	Employee benefit total \$'000
Employee benefit asset/(liability) at 1 October 2016 (as re-presented)	13,939	(20,442)	(6,503)
Current service cost	(2,387)	-	(2,387)
Settlement gain	-	2,728	2,728
Interest	276	(209)	67
Contributions paid	-	4,218	4,218
Remeasurement gain	551	10,547	11,098
Translation adjustment	-	(4)	(4)
Employee benefit asset/(liability) at 30 September 2017	12,379	(3,162)	9,217

	Employee benefit asset \$'000	Employee benefit liability \$'000	Employee benefit total \$'000
Employee benefit asset/(liability) at 1 October 2015 (as re-presented)	14,639	(24,161)	(9,522)
Current service cost	(2,186)	(259)	(2,445)
Curtailed gain	-	367	367
Settlement gain	-	4,069	4,069
Interest	394	(470)	(76)
Contributions paid	-	6,870	6,870
Remeasurement gain/(loss)	1,092	(9,324)	(8,232)
Disposal of liabilities	-	2,240	2,240
Translation adjustment	-	226	226
Employee benefit asset/(liability) at 30 September 2016	13,939	(20,442)	(6,503)

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

15. Employee benefits (continued)

As set out in the consolidated financial statements for the year ended 30 September 2016, 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 relates to the United States pension scheme and the employee benefit liability relates to the Republic of Ireland (ROI) pension schemes. The Republic of Ireland schemes had a remeasurement gain in the current year which primarily relates to an increase in the discount rate. The change in the discount rate within the schemes is reflective of changes in bond yields during the year. The United States scheme had a remeasurement gain in the current year arising from a higher than expected return on plan assets. In the Republic of Ireland schemes, there is no longer a salary increase assumption due to the accrual of pension benefits ceasing from 1 December 2015.

During the current and prior year, a general offer was made to the members of the ROI schemes to transfer their accrued benefits from the schemes in exchange for a fixed monetary amount. Acceptance of the offer was at the discretion of individual members and resulted in a settlement gain of \$2,728,000 (2016: \$4,069,000, \$2,641,000 of which related to discontinued operations). Related professional fees amount to \$180,000 (2016: \$261,000).

The principal assumptions and associated changes are as follows:

	Republic of Ireland Schemes			United States Scheme		
	2017	2016	2015	2017	2016	2015
Rate of increase in salaries	n/a	n/a	2.75%	2.75-4.00%	2.75-4.00%	2.75-4.00%
Rate of increase in pensions	0-1.65%	0-1.75%	0-1.75%	0.00%	0.00%	0.00%
Inflation rate	1.65%	1.50%	1.75%	2.75%	2.75%	2.75%
Discount rate	2.05%	1.25%	2.70%	3.60%	3.30%	4.00%

16. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet at 30 September 2017, are as follows:

	Carrying value \$'000	Fair value \$'000
Financial assets		
Trade and other receivables	239,261	239,261
Derivative financial assets	3,752	3,752
Cash and cash equivalents	187,469	187,469
	430,482	430,482
Financial liabilities		
Trade and other payables	70,739	70,739
Derivative financial liabilities	352	352
Interest-bearing loans	243,971	248,987
Finance leases	164	164
Deferred contingent consideration	71,878	71,878
	387,104	392,120

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.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

16. Financial instruments (continued)

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.

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 value of all financial assets and liabilities that are measured at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets measured at fair value				
<i>Designated as hedging instruments</i>				
Cross currency interest rate swaps	-	3,752	-	3,752
	-	3,752	-	3,752
Liabilities measured at fair value				
<i>At fair value through profit or loss</i>				
Deferred contingent consideration	-	-	71,878	71,878
<i>Designated as hedging instruments</i>				
Cross currency interest rate swaps	-	352	-	352
	-	352	71,878	72,230

Summary of derivatives:

	Amount of financial assets/liabilities as presented in the balance sheet \$'000	Related amounts not offset in the balance sheet \$'000	2017 Net \$'000	Amount of financial assets/liabilities as presented in the balance sheet \$'000	Related amounts not offset in the balance sheet \$'000	2016 Net \$'000
Derivative financial assets	3,752	-	3,752	21,424	-	21,424
Derivative financial liabilities	352	-	352	-	-	-

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.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

16. Financial instruments (continued)

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 13. 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 earnout agreement taking into consideration the expected level of profitability of each acquisition. The provision for deferred contingent consideration is in respect of acquisitions completed during 2012, 2016 and 2017.

The significant unobservable inputs are:

- forecasted average annual net revenue growth rate 13% (2016: 6%);
- forecast average EBIT growth rate 22% (2016: 10%); and
- risk adjusted discount rate 0.02% – 1.55% (2016: 6.5% - 8.2%).

Inter-relationship between significant unobservable inputs and fair value measurement:

The estimated fair value would increase/(decrease) if:

- the annual net revenue growth rate was higher/(lower);
- 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 2017, holding the other inputs constant, would have the following effects:

	Increase \$'000	Decrease \$000
Effect of change in assumption on income		
Annual EBIT growth rate (1% movement)	-	-
Annual net revenue growth rate (1% movement)	-	-
Risk-adjusted discount rate (1% movement)	293	(212)

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.

	2017 Times	2016 Times
Net (debt)/cash to annualised EBITDA	(0.32)	1.05
Annualised EBITDA interest cover	16.3	10.6

17. Dividends

The Board has proposed a final dividend of 9.72 \$ cent per share which gives a total dividend of 13.30 \$ cent for 2017. This dividend has not been provided for in the balance sheet at 30 September 2017 as there was no present obligation to pay the dividend at year end. During the financial year, the final dividend for 2016 (9.04 \$ cent per share) and the interim dividend for 2017 (3.58 \$ cent per share) were paid giving rise to a reduction in shareholders' funds of \$31,279,000.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

18. Foreign currency

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

	2017	2016
	\$1=Stg£	\$1=Stg£
Balance sheet (closing rate)	0.7469	0.7715
Income statement (average rate)	0.7891	0.7045
	\$1=Euro€	\$1=Euro€
Balance sheet (closing rate)	0.8470	0.8960
Income statement (average rate)	0.9047	0.9002

19. 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.

Magir Limited, the Group's joint venture investment, has been classified as an asset held for sale at 30 September 2017. The Group has provided a guarantee to Magir's bankers for an amount of Stg£9,500,000 and a loan, gross of interest, of Stg£10,997,000.

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 \$10,587,000 for the year ended 30 September 2017 (2016: \$11,652,000).

20. Change in Presentation Currency

Following the disposal of the United Drug Supply Chain and Masta businesses in April 2016, the geographic profile of the Group's businesses has changed considerably and the vast majority of the Group's profits are now generated in currencies other than Euro. Half of the Group's profits are currently generated in US Dollars, the Group's US based businesses are demonstrating the greatest growth opportunities and future corporate development activity is likely to be US focused. Consequently, on 4 August 2016 the Group announced that from 1 October 2016, the financial results will be presented in US Dollars. The change in presentation currency has been applied retrospectively.

In re-presenting the Group Financial Statements for the year ended 30 September 2016, the reported information was converted to US Dollars from Euro using the following procedures:

- Assets and liabilities were translated to US Dollars at the closing rates of exchange at each respective balance sheet date (30 September 2016: \$1:€0.8960; 30 September 2015: \$1:€0.8926).
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions.
- Income and expenses were translated to US Dollars at an average rate at each of the respective reporting periods. This has been deemed to be a reasonable approximation (30 September 2016: \$1:€0.9002; 30 September 2015: \$1:€0.8709).
- Differences resulting from the retranslation were taken to reserves.

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

20. Change in Presentation Currency (continued)

To assist shareholders during this change, the impacts on the 2016 results, closing balance sheets and the numerator for the earnings per share as originally reported are set out below:

Group Income Statement

	As restated (note 3) year ended 30 September 2016 €'000	As re-presented and restated (note 3) year ended 30 September 2016 \$'000
Continuing operations		
Revenue	975,280	1,083,439
Cost of sales	(691,181)	(767,833)
Gross profit	284,099	315,606
Selling and distribution expenses	(159,820)	(177,543)
Administration expenses	(18,771)	(20,854)
Other operating expenses	(16,395)	(18,213)
Transaction costs	(1,993)	(2,214)
Share of joint ventures' profit after tax	718	798
Operating profit	87,838	97,580
Finance income	4,781	5,311
Finance expense	(17,417)	(19,349)
Profit before tax from continuing operations	75,202	83,542
Income tax expense	(13,888)	(15,428)
Profit for the year from continuing operations	61,314	68,114
Profit after tax for the year from discontinued operations	131,958	150,409
Profit for the financial year	193,272	218,523
Profit attributable to:		
Continuing operations	61,314	68,114
Discontinued operations	131,958	150,409
	193,272	218,523
Earnings per ordinary share:		
Basic – continuing operations	24.88c	27.64c
Basic – discontinued operations	53.56c	61.04c
Basic	78.44c	88.68c
Diluted – continuing operations	24.78c	27.53c
Diluted – discontinued operations	53.33c	60.79c
Diluted	78.11c	88.32c

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

20. Change in Presentation Currency (continued)

Group Statement of Comprehensive Income

	As originally reported year ended 30 September 2016 €'000	As re-presented year ended 30 September 2016 \$'000
Profit for the financial year	193,272	218,523
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Remeasurement (loss)/gain on Group defined benefit schemes		
- <i>Continuing operations</i>	(8,468)	(9,409)
- <i>Discontinued operations</i>	1,057	1,177
Deferred tax on Group defined benefit schemes		
- <i>Continuing operations</i>	539	599
- <i>Discontinued operations</i>	(211)	(232)
	<u>(7,083)</u>	<u>(7,865)</u>
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment		
- <i>Continuing operations</i>	(45,373)	(60,031)
- <i>Discontinued operations</i>	(7,109)	(2,045)
Reclassification on loss of control of subsidiary undertakings	4,640	5,283
Gain on hedge of net investment in foreign operations	2,262	-
Group cash flow hedges:		
- <i>Effective portion of cash flow hedges - movement into reserve</i>	(4,936)	(5,483)
- <i>Effective portion of cash flow hedges – movement out of reserve</i>	<u>(806)</u>	<u>(896)</u>
Effective portion of cash flow hedges	(5,742)	(6,379)
- <i>Movement in deferred tax – movement into reserve</i>	617	685
- <i>Movement in deferred tax – movement out of reserve</i>	<u>101</u>	<u>113</u>
Net movement in deferred tax	718	798
	<u>(50,604)</u>	<u>(62,374)</u>
Other comprehensive expense, net of tax	(57,687)	(70,239)
Total comprehensive income, net of tax, attributable to equity holders of the parent	<u>135,585</u>	<u>148,284</u>
Total comprehensive income/(expense) attributable to:		
Continuing operations	5,250	(6,308)
Discontinued operations	130,335	154,592
	<u>135,585</u>	<u>148,284</u>

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

20. Change in Presentation Currency (continued)

Group Balance Sheet

	As at 30 September 2016		As at 30 September 2015	
	As originally reported €'000	As re-presented \$'000	As originally reported €'000	As re-presented \$'000
ASSETS				
Non-current				
Property, plant and equipment	122,638	136,877	117,903	132,087
Goodwill	344,521	384,520	358,213	401,306
Intangible assets	97,054	108,322	101,693	113,927
Investment in joint ventures and associates	8,124	9,067	23,079	25,855
Derivative financial instruments	11,814	13,185	22,048	24,700
Deferred income tax assets	3,849	4,296	3,984	4,463
Employee benefits	12,489	13,939	13,067	14,639
Total non-current assets	600,489	670,206	639,987	716,977
Current				
Inventories	49,226	54,941	55,017	61,636
Trade and other receivables	209,472	233,791	205,248	229,939
Cash and cash equivalents	384,131	428,729	214,078	239,832
Current income tax assets	4,061	4,532	1,612	1,806
Derivative financial instruments	7,382	8,239	4,750	5,321
Assets held for sale	-	-	473,820	530,821
Total current assets	654,272	730,232	954,525	1,069,355
Total assets	1,254,761	1,400,438	1,594,512	1,786,332
Equity				
Equity share capital	12,715	14,535	12,621	14,430
Share premium	156,084	187,355	152,164	183,000
Other reserves	(41,295)	(179,446)	10,077	(116,219)
Retained earnings	595,449	784,432	433,912	600,793
Total equity	722,953	806,876	608,774	682,004
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	216,923	242,108	415,840	465,866
Provisions	5,451	6,084	7,508	8,411
Employee benefits	18,315	20,442	18,303	20,505
Deferred income tax liabilities	27,782	31,008	28,050	31,424
Total non-current liabilities	268,471	299,642	469,701	526,206
Current				
Interest-bearing loans and borrowings	58,133	64,882	20,811	23,315
Trade and other payables	183,190	204,468	191,758	214,831
Current income tax liabilities	13,070	14,587	4,452	4,988
Provisions	8,944	9,983	18,683	20,931
Liabilities held for sale	-	-	280,333	314,057
Total current liabilities	263,337	293,920	516,037	578,122
Total liabilities	531,808	593,562	985,738	1,104,328
Total equity and liabilities	1,254,761	1,400,438	1,594,512	1,786,332

Notes to the Preliminary Announcement (continued)

for the year ended 30 September 2017

21. Capital commitments

Capital expenditure authorised but not contracted for amounted to \$18,900,000 (2016: \$29,668,000) at the balance sheet date. This primarily relates to the Group's UK clinical facility move and the Group's investment in Future Fit IT initiatives.

22. Events after the balance sheet date

There have been no significant events after the balance sheet date which require disclosure.

23. Going concern

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.

24. Board approval

This announcement was approved by the Board of Directors of UDG Healthcare plc on 27 November 2017.

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 as follows:

Net revenue (continuing)

Definition

This comprises of 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.

Calculation		2017 \$'000	2016 \$'000
Revenue (continuing)	Income Statement	1,219,755	1,083,439
Pass – through revenue		(191,269)	(163,490)
Net revenue (continuing)		1,028,486	919,949

Adjusted operating profit (continuing)

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		2017 \$'000	2016 \$'000
Operating profit (continuing)	Income Statement	103,186	97,580
Transaction costs (continuing)	Income Statement	4,028	2,214
Amortisation of acquired intangible assets (continuing)	Note 4	22,066	15,977
Adjusted operating profit (continuing)		129,280	115,771

Adjusted profit before tax (continuing)

Definition

This comprises profit before tax as reported in the Group Income Statement before amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		2017 \$'000	2016 \$'000
Profit before tax (continuing)	Income Statement	92,834	83,542
Transaction costs (continuing)	Income Statement	4,028	2,214
Amortisation of acquired intangible assets (continuing)	Note 4	22,066	15,977
Adjusted profit before tax (continuing)		118,928	101,733

Additional Information (continued)

Adjusted operating margin (continuing)

Definition

Measures the adjusted operating profit as a percentage of revenue.

Calculation		2017 \$'000	2016 \$'000
Adjusted operating profit (continuing)	Per above	129,280	115,771
Revenue (continuing)	Income Statement	1,219,755	1,083,439
Adjusted operating margin (continuing)		10.6%	10.7%

Adjusted net operating margin (continuing)

Definition

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

Calculation		2017 \$'000	2016 \$'000
Adjusted operating profit (continuing)	Per above	129,280	115,771
Net revenue (continuing)	Per above	1,028,486	919,949
Net operating margin (continuing)		12.6%	12.6%

Adjusted diluted earnings per share

Definition

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of amortisation of acquired intangible assets, transaction costs and exceptional items (if any).

Calculation		2017 \$'000	2016 \$'000
Adjusted earnings per share - US cent (continuing)	Note 8	37.12	31.79
Adjusted earnings per share – US cent (discontinued)	Note 8	-	7.47
Adjusted earnings per share		37.12	39.26

Effective tax rate (continuing)

Definition

The Group continuing 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 for continuing operations.

Calculation		2017 \$'000	2016 \$'000
Tax charge (continuing)	Income Statement	20,976	15,428
Tax relief with respect to transaction costs (continuing)		370	91
Deferred tax credit with respect to acquired intangible amortisation (continuing)		5,070	7,564
Income tax expense before exceptional, transaction costs and deferred tax attaching to amortisation of acquired intangible assets		26,416	23,083
Adjusted profit before tax (continuing)	Per above	118,928	101,733
Effective tax rate (continuing)		22.2%	22.7%

Additional Information (continued)

Annualised EBITDA

Definition

Annualised EBITDA is continuing and discontinued earnings before net interest, tax, depreciation, amortisation of intangible assets, exceptional items for the previous twelve months adjusted for the share of joint venture profits, dividends received from joint ventures, profit/(loss) on disposal of property, plant and equipment, impairment of intangible assets, the annualisation of the EBITDA of companies acquired during the year and the EBITDA of completed disposals.

Calculation		2017 \$'000	2016 \$'000
Operating profit (continuing)	Income Statement	103,186	97,580
Operating profit (discontinued)	Note 7	-	19,338
Depreciation (continuing)	Cash Flow Statement	21,221	20,032
Amortisation of computer software (continuing)	Note 10	3,384	2,236
Amortisation of acquired intangible assets (continuing)	Note 4	22,066	15,977
Joint venture profit share (continuing)	Income Statement	(667)	(798)
Joint venture profit share (discontinued)	Note 7	-	(1,659)
Loss on disposal of property, plant and equipment	Cash Flow Statement	55	59
EBITDA of completed disposals	Note 7	-	(17,679)
Annualised EBITDA of acquisitions ¹		14,827	1,735
Annualised EBITDA		164,072	136,821

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

Financial ratios

Definition

The net (debt)/cash to EBITDA and EBITDA interest cover ratios disclosed are calculated using annualised EBITDA and adjusted net finance expense (net finance expense excluding interest on pension scheme obligations and the unwinding of discount on provisions, see note 6). Net (debt)/cash 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 as calculated in note 12.

Return on capital employed (ROCE)

Definition

ROCE is the continuing 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/(cash) adjusted for the historical amortisation of acquired intangible assets and restructuring charges.

Calculation		2017 \$'000	2016 \$'000
Net assets	Balance Sheet	880,656	806,876
Net debt/(cash)	Note 12	53,266	(143,163)
Assets before net debt/(cash)		933,922	663,713
Historical intangible amortisation		176,997	146,467
Historical restructuring costs		47,494	45,144
Total capital employed		1,158,413	855,324
Average total capital employed		1,006,869	849,580
Adjusted operating profit (continuing)	Per above	129,280	115,771
Return on capital employed		12.8%	13.6%

Additional Information (continued)

Measurements removed from the additional information section that are shown elsewhere in the preliminary announcement are as follows:

- Adjusted operating profit (discontinued) – this measurement is shown in note 8
- Net interest – this measurement is shown in note 6
- EBITDA Interest cover – this measurement is shown in note 16
- Net (debt)/cash – this measurement is shown in note 12
- Net (debt)/cash to EBITDA – this measurement is shown in note 16

A number of measurements have been removed from the additional information section. The Group believes these are not necessary to provide stakeholders with a more meaningful understanding of the underlying financial operating performance of the Group and its divisions as other performance measures are deemed more appropriate. Measurements removed are as follows:

- Adjusted profit before tax (discontinued)
- EBITDA (continuing)
- EBITDA (discontinued)
- Working capital (continuing)