

RNS Number : 3553A  
United Drug PLC  
07 October 2009

## United Drug 2009 Full Year Trading Update

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**Dublin, London, 7 October 2009:** United Drug plc ("UD" or the "Group"), a leading international provider of services to healthcare manufacturers and pharmaceutical retailers, today issues the following Trading Update for the year to 30 September 2009. The Group will announce results for the year on 18 November 2009.

### Period in Review

Profits for the year to 30 September 2009 (before exceptional costs) are expected to be ahead of the profits reported in the prior year, on a constant currency basis, in line with expectations. During the year United Drug experienced very buoyant trading in some parts of the Group, challenging trading conditions in other parts, and a 15% fall in the value of sterling relative to the euro. The fall in the value of sterling reduces the value of sterling profits when translated to euro for reporting purposes and will result in reported profits for the year being lower than those reported in the prior year.

During the year the Group announced a restructuring and cost reduction programme. This programme is substantially complete and will give rise to a once-off exceptional charge this year of approximately €14 million and deliver annualised savings of €9-10 million.

### Healthcare Supply Chain

The Healthcare Supply Chain division combines all of the Group's healthcare logistics based businesses. In Pharma Wholesale, UD is the clear market leader in providing services to retail pharmacy in the Republic of Ireland and Northern Ireland and has strengthened

those positions during the year. Both markets have seen new Government initiatives introduced during the year reducing the price of medicines and lowering our revenue growth. Given these regulatory changes the Pharma Wholesale businesses have performed well relative to our competitors and in line with expectations.

In pre-wholesale, UD is the market leader in providing outsourced logistics services for pharmaceutical manufacturers in both the Republic of Ireland and the UK. The UK business operates by way of a joint venture with Alliance Boots. The core pharmaceutical distribution businesses continue to perform well in both markets.

In pre-wholesale in Ireland, UD also acts as distributor and, in some cases, sales agent for a number of consumer products manufacturers. This small consumer products business has seen a sharp reduction in its revenues as a result of significantly reduced consumer spending.

The Medical & Scientific business sells and distributes a range of medical equipment and devices, primarily into hospitals, on behalf of healthcare manufacturers in Ireland and the UK. The sale of capital equipment has proven to be very challenging throughout the year in both markets due to healthcare budgetary constraints. This business also generates on-going revenue streams from the sale of consumable items and service contracts to maintain installed equipment. These two revenue streams have been very stable during the year. Total revenues and profits for this business are expected to be below those reported last year largely due to the reduction in capital spending.

During the year the Group expanded its international healthcare services presence with the acquisition of The Specials Laboratory (TSL). TSL manufactures unique formulations of medicines to meet patient prescription requirements and serves the retail pharmacy and hospital markets in the UK. This acquisition fits well with our existing specials business in the UK, Craig & Hayward, and both companies have performed strongly during the year.

As previously forecast, overall profits for the division are expected to be below those reported last year, as a result of the issues noted on consumer and hospital spending and currency.

### Contract Sales & Marketing Services

The Contract Sales & Marketing Services division provides contract sales outsourcing and related marketing services to healthcare manufacturers in the UK, Ireland and the US.

The core contract sales outsourcing business, trading as AshfieldIn2Focus, provides pharmaceutical manufacturers with a high quality, cost effective and flexible means of deploying their sales investment. AshfieldIn2Focus had a number of new business wins during the year and increased its market leading positions in the UK and Ireland while growing its presence in the US. The division has added on a range of marketing services in recent years that compliment our sales services. Our events management businesses, now brought together as UniveralProcon, have had a very good year and won significant new business particularly in the US. Our regulatory affairs business in the US, Alliance Healthcare, finished the year strongly after a relatively slow start and is well positioned going into the new financial year.

The strong performance reported during the year has continued through the last quarter and profits for the division will be well ahead of the prior year even after allowing for the fall in the value of sterling.

### Packaging & Speciality

In the Packaging & Speciality division UD provides outsourced packaging solutions for pharmaceutical manufacturers through facilities in the US, the UK, the Netherlands and Belgium. This division also incorporates the Group's speciality and homecare services in the UK and Ireland.

In Packaging, as previously announced, we experienced a number of client delays in the US business in the first half of the year resulting in a poor performance during that period. These delays

have now been largely cleared and the performance in the US business has been much stronger in the second half of the year, more in line with its longer term potential. In the UK reduced volumes from a major client reported earlier in the year remain unchanged and as a result the UK business has traded well below the prior year, although it has continued to win new business during the period. The remaining European packaging businesses have performed steadily, in line with expectations.

The Group recently announced a joint venture with Medco Health Solutions Inc, a major US healthcare services provider, to provide homecare services in the UK. This is a start-up business that will give rise to some costs in the current year but provides an exciting platform for development in this growing market.

Total profits for the division are expected to be in line with last year, on a constant currency basis.

## **Outlook**

United Drug continues to develop from its base as the leading pharmaceutical wholesaler in Ireland and grow its international healthcare services that seek to provide healthcare manufacturers with best-in-class, cost efficient outsourcing solutions for high fixed cost non-core activities. United Drug remains positive about the growth opportunities in its business and has a strong balance sheet and very good internally generated cash flows to support its growth objectives.

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Wednesday, 7 October 2009

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## **About United Drug plc**

Listed on the Stock Exchanges in London and Dublin, United Drug is a leading international provider of services to healthcare manufacturers and pharmaceutical retailers, with operations in the UK, Ireland, USA, the Netherlands and Belgium. The Company has a long-term track record of delivering double-digit profit, earnings and dividend growth.

The Company operates across three divisions, Healthcare Supply Chain, Packaging & Speciality Services, and Contract Sales & Marketing Services.

In Healthcare Supply Chain, United Drug is the largest pharmaceutical wholesaler in the island of Ireland. It is also the market leader in contract distribution outsourcing (pre-wholesaling) in Ireland and has achieved the No. 1 position in the UK through its joint venture business UniDrug Distribution Group (UDG). The Company provides special medicines manufacturing and distribution services in the UK. Through its Medical & Scientific business, United Drug provides sales & marketing and technical service solutions, including contract distribution services to a wide range of Medical & Scientific equipment & consumable manufacturers, with a market leading position in Ireland and an emerging presence in the UK.

In the Packaging & Speciality division United Drug is a leading international provider of pharmaceutical contract packaging services with facilities in the US, UK, Dutch and Belgian markets. The Company also provides speciality distribution and homecare services in the UK and Ireland.

In the Contract Sales & Marketing Services division United Drug is the leading provider of contract sales outsourcing services to pharmaceutical manufacturers in the UK and Ireland and has a growing presence in the US market. United Drug also provides related marketing services to pharmaceutical manufacturers in each of these markets.

For more information go to <http://www.united-drug.ie>

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