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# United Drug

*The International Healthcare Services Company*

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## FORWARD LOOKING STATEMENTS

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Some statements in this presentation are forward-looking. They represent expectations for the Group's business and involve risks and uncertainties. United Drug has based these forward looking statements on current expectations and projections about future events. The Group believes that expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond United Drug's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

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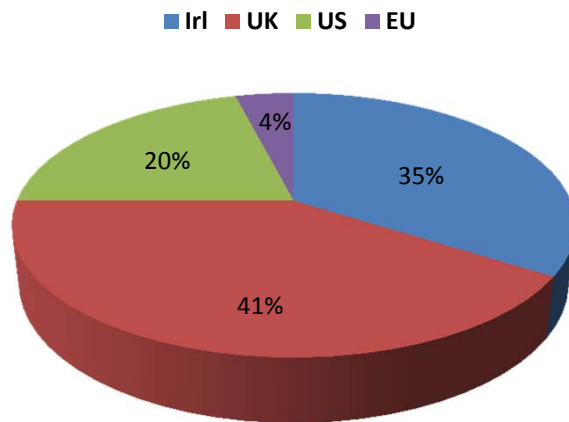
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## GROUP OVERVIEW

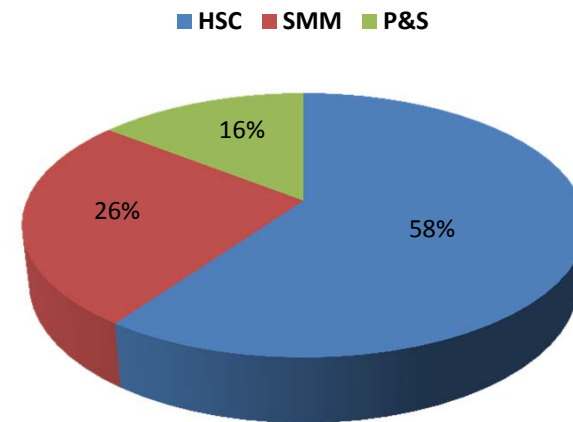
- ❑ United Drug provides commercialisation solutions to international healthcare companies
  - Specialising in supply chain, packaging, sales & marketing, medical and regulatory services
- ❑ United Drug employs nearly 5,000 people

- ❑ Group operations are spread across 3 divisions
  - Sales, Marketing & Medical (SMM)
  - Healthcare Supply Chain (HSC)
  - Packaging & Specialty (P&S)

### Profit Split by Geography



### Profit Split by Division



## INVESTMENT CASE

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- Strong positions in defensive, cash generative businesses
- International operations and diversified earnings
- Strong industry trend towards outsourcing
- Strong balance sheet
- Organic growth opportunities coupled with acquisitions
- Progressive dividend policy
- Attractive valuation versus historic levels

***STRONG MARKET POSITIONS WITH GROWTH OPPORTUNITIES SUPPORTED BY CASH GENERATION***

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## DIVISIONAL STRUCTURE

<b>Sales, Marketing &amp; Medical</b>	<b>Healthcare Supply Chain</b>	<b>Packaging &amp; Specialty</b>
<ul style="list-style-type: none"><li><input type="checkbox"/> Outsourced sales and nursing services</li><li><input type="checkbox"/> Medical and regulatory services</li><li><input type="checkbox"/> Healthcare communications and consultancy</li><li><input type="checkbox"/> Pharma events management</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Wholesaling</li><li><input type="checkbox"/> Pre- wholesaling</li><li><input type="checkbox"/> Medical and scientific equipment and consumables sales, marketing, distribution and service</li><li><input type="checkbox"/> Specials manufacturing and wholesaling</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Blister, bottle and sachet filling</li><li><input type="checkbox"/> Compliance packaging and serialisation, track &amp; trace services</li><li><input type="checkbox"/> Pharmacy, homecare and compliance services</li><li><input type="checkbox"/> Cold chain delivery</li><li><input type="checkbox"/> Vaccines</li></ul>

## GROUP STRATEGY

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- ❑ Develop wider range of healthcare commercialisation solutions in key markets (US, EU, and Emerging). Built around:
  - Supply Chain
  - Sales & Marketing

- ❑ Leverage scale to drive margins/competitive advantage
- ❑ Exploit competitive positioning around unique range and breadth of services for healthcare companies

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### Core Revenue Drivers

- ❑ Increasing outsourcing of high fixed cost, non-core activities
- ❑ Rationalisation of suppliers (i.e. development of Master Service Agreements with fewer suppliers )
- ❑ Shift to biotech products and home care solutions
- ❑ Increasing and ageing populations
- ❑ Developments in medical technology and more specialised medicines

## 2011 TRADING HIGHLIGHTS

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- ❑ 65% of profits generated outside Ireland with 20% coming from the US
- ❑ Operating profit growth of 4% for the year with further margin improvement
- ❑ Strong trading performance and further contract wins in Sales, Marketing & Medical division. Expanded offering through recent acquisition
- ❑ Increased market leading wholesale and pre-wholesale positions, with a number of new contract wins in UK and Ireland
- ❑ Strong growth in US packaging
- ❑ Robust cash flow performance in 2011 – operating cash flow of €52 million
- ❑ Successfully completed share buy-back of 5 million shares
- ❑ Group restructuring announced in the year to deliver in excess of €5 million in annualised savings at a cost of €7.8 million (net of tax)
- ❑ Dividend increasing by 3%

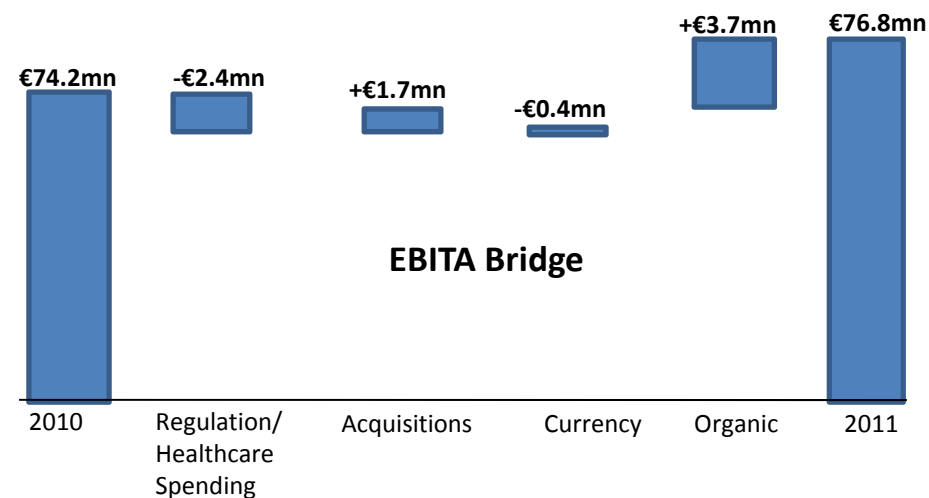
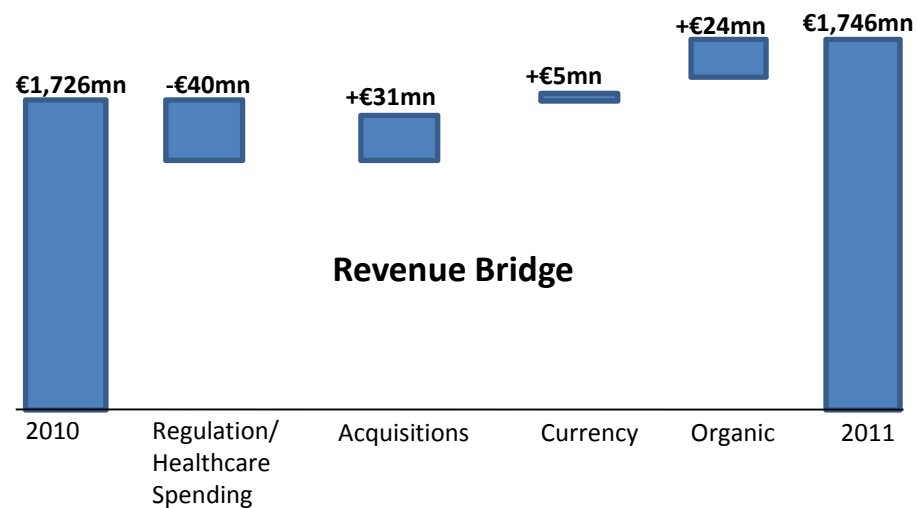
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***CONTINUED GROWTH INTERNATIONALLY FROM EXISTING OPERATIONS AND BOLT ON ACQUISITIONS - WELL FUNDED***

## 2011 FINANCIAL REVIEW

	2011*	2010	% Increase
REVENUE	1,746.5	1,726.1	1
EBITDA	91.7	88.4	4
EBITA	76.8	74.2	4
PBT	68.5	67.6	1
EPS (c)	22.81	22.80	-
DPS (c)	8.66	8.40	3
Net Debt	121.5	109.3	
ND/ EBITDA (x)	1.31	1.22	

\* Before exceptional item

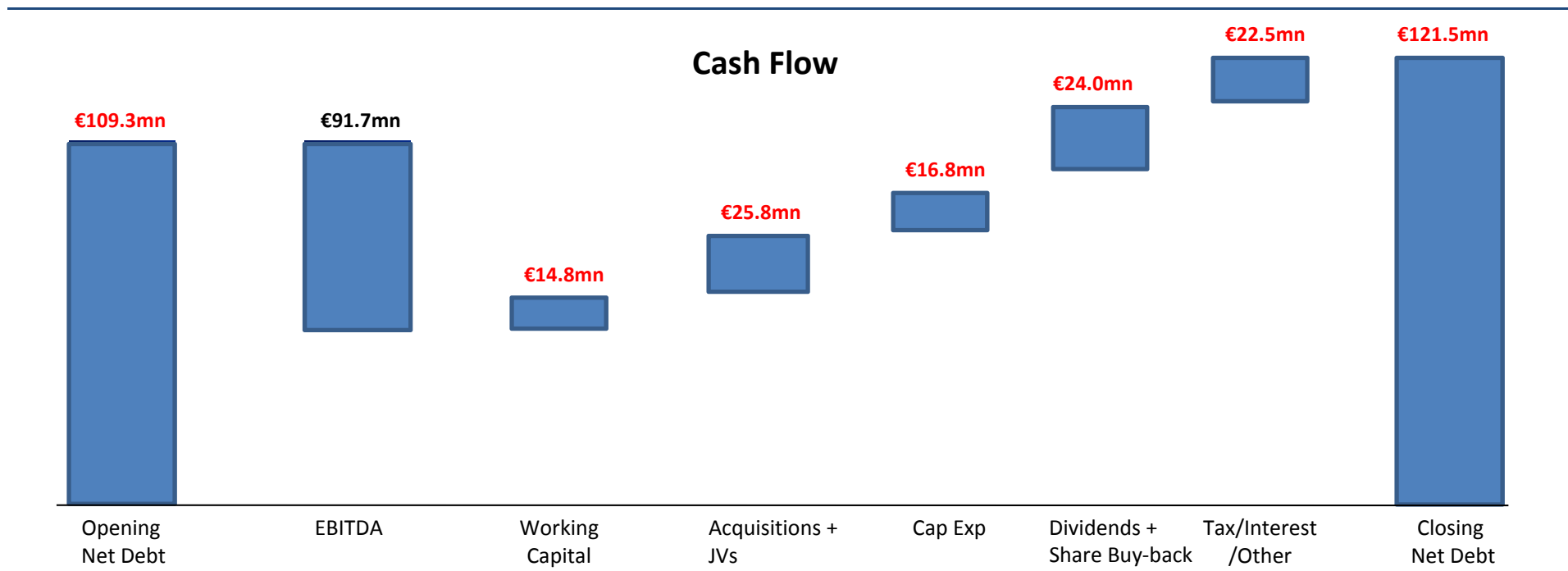


## 2011 FINANCIAL REVIEW

Balance Sheet	30.9.11	31.3.11	30.9.10
Net Debt	121.5	115.5	109.3
Gearing (%)	32.0	30.5	29.7
Interest Cover:			
EBITA	9.2x	8.6x	11.4x
EBITDA	11.0x	10.3x	13.6x
ND / EBITDA	1.31x	1.30x	1.22x

Debt Maturity	€mn
Current	1.1
1-2 years	0.8
2-3 years	107.5
5-7 years	69.3
9-10 years	51.1
Gross Debt	<u>229.8</u>
Cash	(108.3)
Net Debt	<u>121.5</u>

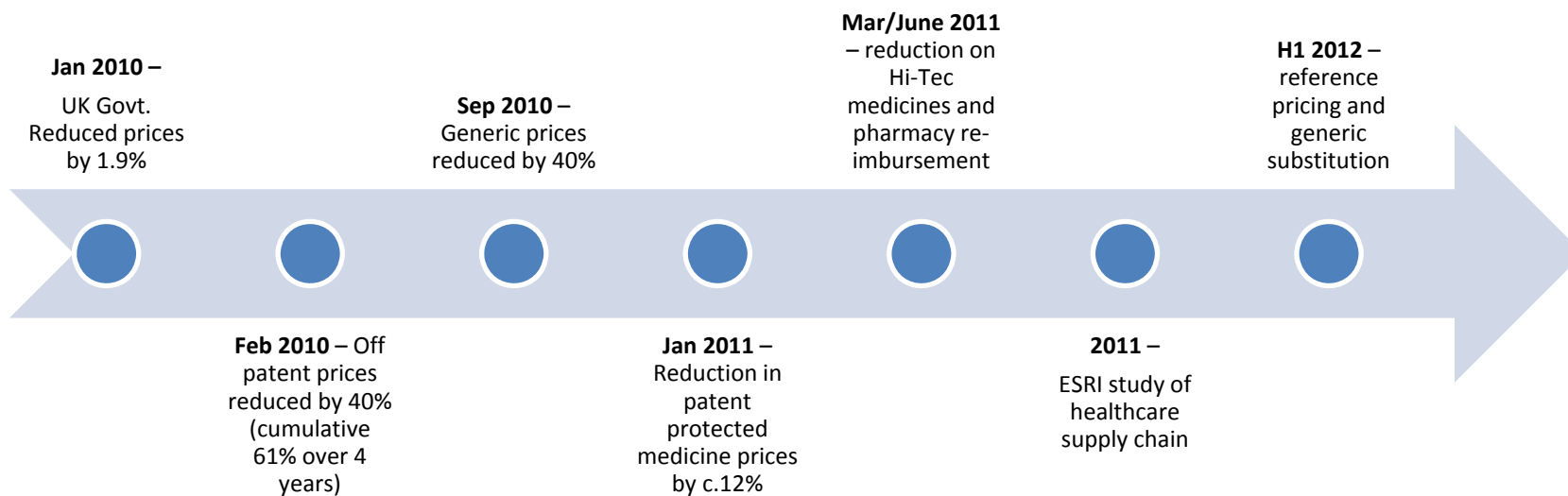
## 2011 FINANCIAL REVIEW



- Operating cash flow €52mn
- €26mn spend on subsidiaries/joint ventures
- Increase in dividend to shareholders and share buy-back

## REGULATORY UPDATE

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- ❑ The total wholesale market in Ireland has fallen in value by 4.6% during the year (\*)
- ❑ UD increased market share and maintained revenue in line with 2010

***UDG WELL POSITIONED TO GROW IN A CHALLENGING REGULATORY ENVIRONMENT***

\* source: IMS

## DIVISIONAL REVIEW - SALES, MARKETING & MEDICAL

### Current position

- ❑ Market leader in contract sales and nursing in UK & Ireland
- ❑ Sales force > 1,200
- ❑ Developing greenfield US contract sales business
- ❑ Developing international marketing and medical services to complement sales offering
  - Medical and regulatory services
  - Healthcare communications & consultancy
  - Conference and event management

### Key developments

- ❑ Increased CSO market shares
- ❑ Excellent performance in US medical and regulatory services business; building UK offering
- ❑ Good growth with existing clients and new business wins from healthcare communications and consultancy business
- ❑ Integration of World Events acquisition complete
  - A leading global pharma events management provider

	Revenue		EBIT	
	2011 €mn	2010 €mn	2011 €mn	2010 €mn
UK	143.8	123.7	14.0	12.0
US	48.6	36.3	5.8	3.8
IRL	6.6	7.0	0.6	1.0
	<b>199.0</b>	<b>167.0</b>	<b>20.4</b>	<b>16.8</b>

## DIVISIONAL REVIEW - HEALTHCARE SUPPLY CHAIN

### Current position

- ❑ Strong market leader in full-line wholesale in ROI and NI
- ❑ Clear market leader in pre-wholesale in UK and Ireland
- ❑ Leading provider of outsourced sales, marketing, distribution and service for medical and scientific equipment and consumables manufacturers
- ❑ Major manufacturer and distributor of specials medicines in UK

### Key developments

- ❑ Increased full-line wholesale market shares to offset regulatory pressures
- ❑ Restructuring will yield significant cost savings in 2012 to offset regulatory pressures
- ❑ Contract wins in pre-wholesale in UK and ROI
- ❑ Strengthened management team in Medical and Scientific businesses improving performance
- ❑ Margin improvement in specials business

	Revenue		EBIT	
	2011 €mn	2010 €mn	2011 €mn	2010 €mn
<b>Wholesale</b>	1,035.0	1,028.4	24.0	24.7
<b>Pre-Wholesale</b>	271.5	302.4	8.4	9.1
<b>Medical &amp; Scientific</b>	70.3	71.9	4.0	5.1
<b>Specials</b>	32.7	35.9	8.7	8.8
	<b>1,409.5</b>	<b>1,438.6</b>	<b>45.1</b>	<b>47.7</b>

## DIVISIONAL REVIEW - PACKAGING & SPECIALTY

### Current position

- ❑ Leading international provider of outsourced pharmaceutical packaging in US and Europe
- ❑ Attractive alternative to investing in high fixed cost, non-core activity
- ❑ Market leading pharmacy, homecare and compliance services business in Ireland. Only company with a pharmacy dispensing license
- ❑ Strong position in travel medicine and vaccine supply chain solutions

### Key developments - Packaging

- ❑ Exceptional performance in the US, gaining market share. Good momentum in new business wins
- ❑ Well placed to meet the increasing demand for region-wide packaging solutions in Europe

### Key developments - Specialty

- ❑ 4,650 patients treated in Ireland
- ❑ Key contract wins with both the pharmaceutical and private health insurance industry.

	Revenue		EBIT	
	2011 €mn	2010 €mn	2011 €mn	2010 €mn
Packaging US	75.7	66.5	9.5	7.1
Packaging EU	39.1	40.2	2.8	3.6
Specialty	23.2	13.8	0.1	(1.1)
	<b>138.0</b>	<b>120.5</b>	<b>12.4</b>	<b>9.6</b>

## RISKS AND MITIGANTS

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### Risks

- Government budgetary pressure / austerity measures
- M&A activity amongst clients
- Contract delays or cancellation

### Mitigants

- Scale and scope of operations enables UDG to address regulatory challenges
- Broad client base. M&A can present opportunities
- Diversity of earnings and clients helps offset risk

***SCALE & MARKET POSITION ENABLE UDG TO ADDRESS OPERATIONAL RISKS***

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## FUTURE DEVELOPMENTS

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- ❑ Expand operations with a focus on growth in outsourcing of healthcare services
- ❑ Continue to grow operations internationally, both organically and through acquisitions
- ❑ Build on central position within the Healthcare Supply Chain
- ❑ Focus on cash generation and margin expansion
- ❑ Deploy capital to help existing businesses to perform and grow
- ❑ Focus on achieving optimal balance sheet structure
- ❑ Continued progressive dividend policy

***CONTINUE TO GROW PROFITABLY BY HARNESSING THE SCALE & SCOPE OF OPERATIONS AND FINANCIAL STRENGTH***

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## SUMMARY

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- ❑ Strong positions in defensive, cash generative businesses
- ❑ International operations and diversified earnings
- ❑ Strong industry trend towards outsourcing
- ❑ Strong balance sheet
- ❑ Organic growth opportunities coupled with acquisitions
- ❑ Progressive dividend policy
- ❑ Attractive valuation versus historic levels

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## SHARE INFORMATION

### Listing Particulars

- ❑ Market Cap €500m
- ❑ Exchanges Dublin / London
- ❑ Tickers UDG ID / UDG LN
- ❑ Free Float 100%
- ❑ Shares Out. 238.6 m

### Analyst Coverage

- |                 |                   |
|-----------------|-------------------|
| Davy            | Jack Gorman       |
| Goodbody        | Donal O'Neill     |
| Jefferies & Co. | Stephen Gasteyger |
| NCB             | Conor Harnett     |

### Top 10 Institutional Shareholders

1. M & G Investment Mgt.
2. Fidelity
3. Columbia Wanger
4. Aviva Investors
5. Norges Bank Investment Mgt.
6. Union Invest
7. Irish Life Investment Mgt.
8. State Street Global Advisers (Ireland)
9. Rathbone Group
10. J.P. Morgan Fleming Investment Mgt.

Share Price Graph

[Close](#)



## EXECUTIVE MANAGEMENT TEAM

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- ❑ **Liam FitzGerald** was appointed a director of United Drug plc in October 1996 and Chief Executive in October 2000. Liam joined United Drug plc in 1993 and was previously Managing Director of United Drug Distributors. Prior to joining United Drug plc, Liam worked in Jefferson Smurfit Group plc. Liam is currently a nonexecutive director of Warner Chilcott plc and C&C Group plc.
- ❑ **Barry McGrane** was appointed a director of United Drug plc in August 2001. Barry joined United Drug plc in 1993 and has held various senior finance roles throughout the Group and also that of Company Secretary. Formerly, Barry worked with Reflex Investments plc and Andersen, Dublin.
- ❑ **Chris Corbin** was appointed a director of United Drug plc in June 2003, Chris is Managing Director of the Sales, Marketing & Medical division. Chris founded Ashfield Healthcare Limited and previously held sales management positions with Parke Davis, Fisons, Astra Zeneca and May & Baker.
- ❑ **Alan Ralph** was appointed a director of United Drug plc in June 2008. Alan joined United Drug plc in 1999 and currently holds responsibility for the Healthcare Supply Chain division. Prior to this, Alan held various roles throughout the Group including Managing Director of the Pharma Wholesale division. Formerly, Alan worked with Banta Corporation and Price Waterhouse.

***EXPERIENCED MANAGEMENT TEAM WITH OVER 65 YEARS INDUSTRY EXPERIENCE***

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### CEO – Liam FitzGerald

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### IR Calendar 2011

FY Results	Nov
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### IR Calendar 2012

Davy Conference, NY	Jan
AGM, Q1 IMS	Feb
UBS Healthcare Conference, NY	Feb
Interim Results	May
Q3 IMS	Aug
FY Results	Nov

### Website

[www.united-drug.ie](http://www.united-drug.ie)