

Glossary of key terms

Adjusted diluted earnings per share

Diluted earnings per share adjusted to exclude exceptional items and IAS 39 timing differences, both net of tax.

Adjusted profit for the year

Profit for the year adjusted to exclude exceptional items and IAS 39 timing differences, both net of tax.

Direct sales

Sales of pharmaceutical products from manufacturers to pharmacies or patients which are not sold and delivered through the normal full line or short line wholesale channels but instead are either delivered direct from manufacturers or via their appointed contract logistics or pre-wholesaler's warehouse.

Exceptional items

Items classified by Alliance UniChem as exceptional in nature. In the reporting periods this comprises costs in relation to the proposed merger, profit on disposal of businesses and profit on disposal of/(amounts written off) investments.

Full line wholesaler

Pharmaceutical wholesalers who stock an extensive range of products available for delivery to pharmacies on a 'just in time' basis, typically between one to three times per day.

IAS 39 timing differences

Derivative financial instruments are used to hedge interest rate and currency exposures. IAS 39 dictates whether changes in the fair value of these instruments can be matched in the income statement by changes in the fair value of the item being hedged. Where they cannot be matched, or do not fully match, the unmatched amount represents a timing difference that will reverse over the life of the financial instruments.

Interest cover

Operating profit divided by underlying net finance costs.

Net borrowings

Borrowings, net of cash and cash equivalents and derivative financial instruments.

Net finance costs

Finance costs net of finance income.

Operating margins

Operating profit expressed as a percentage of revenue.

Operating profit

Profit from operations before share of associates' post tax earnings and exceptional items.

Parallel trade

The exporting and importing of branded pharmaceutical products between countries other than by the manufacturers themselves or their authorised distributors.

Short line wholesaler

Pharmaceutical wholesalers who stock a limited range of drugs (usually generics and product imported through parallel trade) which are typically delivered on a less frequent and slower timescale than available from a full line wholesaler.

Trade working capital efficiency

The movement in monetary terms of improvements in working capital days over the previous period.

Underlying net finance costs

Net finance costs adjusted to exclude IAS 39 timing differences.

Underlying rate of tax

The underlying tax charge expressed as a percentage of operating profit net of underlying net finance costs.

Underlying tax charge

The tax charge excluding tax on exceptional items and IAS 39 timing differences.