ICON PLC
Form 6-K
October 31, 2018

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 under
the Securities Exchange Act of 1934

For
the month ended October, 2018

ICON plc
(Registrant's name)

333-08704
(Commission file number)

South County Business Park, Leopardstown, Dublin 18, Ireland
(Address of principal executive offices)

Brendan Brennan, CFO
South County Business Park, Leopardstown, Dublin 18, Ireland
Brendan.Brennan@iconplc.com
+353-1-291-2000
(Name, telephone number, email and/or facsimile number and address of Company contact person)

Indicate by check mark
whether the registrant files
or will file annual reports
under cover Form 20-F or
Form 40-F.
Yes___X___ No______

Indicate by check mark
whether the registrant is
submitting the Form 6-K in
paper as permitted by
Regulation S-T Rule
101(b)(1):

Yes______ No___X___

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes______ No___X___

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule12g3-2(b) under the Securities Exchange Act of 1934.

Yes______ No___X___

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82 N/A

ICON plc
Rider A
This report on Form 6-K is hereby incorporated by reference in the registration statement on Form F-3 (Registration No. 333-133371) of ICON plc and in the prospectus contained therein, and this report on Form 6-K shall be deemed a part of such registration statement from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished by ICON plc under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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GENERAL

As used herein, “ICON”, the “Company” and “we” refer to ICON plc and its consolidated subsidiaries, unless the context requires otherwise.

Business

ICON public limited company (“ICON”) is a clinical research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. Our vision is to be the global CRO partner of choice in drug development by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CROs with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. At September 30, 2018 we had approximately 13,620 employees, in 93 locations in 37 countries. During the nine months ended September 30, 2018, we derived approximately 35.2%, 54.7% and 10.1% of our revenue in the United States, Europe and Rest of World respectively.

We began operations in 1990 and have expanded our business predominately through organic growth, together with a number of strategic acquisitions to enhance our capabilities and expertise in certain areas of the clinical development process. We are incorporated in Ireland and our principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is +353-1-291-2000.

Recent Developments

Changes in Board composition and executive leadership transition

In February 2018, the Board approved the appointment of Mr. Ciaran Murray (Executive Chairman) as non-Executive Chairman of ICON plc with effect from May 12, 2018. Dr, Ronan Lambe retired from the Board at the AGM on July 24, 2018.

Acquisitions

On July 27, 2017, a subsidiary of the Company, ICON Clinical Research Limited acquired Mapi Development SAS ('Mapi') and its subsidiaries ("Mapi Group"). Mapi Group has over 40 years of experience supporting life-science companies as a world leading patient-centered research company in commercializing novel treatments through real-world evidence, strategic regulatory services, pharmacovigilance, market access and language services. Mapi Group is the premier provider of health research and commercialization services to life-science companies enabling market authorization, market access and market adoption of novel therapeutics. Total cash outflows on acquisition were $145.8 million. The acquisition of Mapi Group strengthens ICON’s existing commercialization and outcomes research business adding significant commercialization presence, analytics, real world evidence generation and strategic regulatory services.

Share repurchase program

A resolution was passed at the Company’s Annual General Meeting (“AGM”) on July 22, 2016, which authorizes the Directors to purchase (buyback) up to 10% of the outstanding shares in the Company. On October 3, 2016, the Company commenced the share buyback program of up to $400 million. At December 31, 2017, a total of 3,018,414 ordinary shares were redeemed by the Company under the buyback program for a total consideration of $243.1 million. At September 30, 2018 a total of 3,503,557 ordinary shares were redeemed by the Company under this buyback program for a total consideration of $300.1 million. All ordinary shares that were redeemed under the buyback program were canceled in accordance with the Constitution of the Company and the nominal value of these shares transferred to other undenominated capital as required by Irish Company law.

New accounting pronouncements

Recently adopted accounting standards

The new revenue recognition standard (Accounting Standards Update (ASU) No. 2014-09 ‘Revenue from Contracts with Customers’) was released in 2014 and became effective for ICON plc with effect from January 1, 2018. ICON has elected to adopt the new standard (Accounting Standards Codification (ASC) 606 'Revenue from Contracts with Customers') under the cumulative effect transition method. Under this transition method, the new standard is applied from January 1, 2018 without restatement of comparative period amounts. The cumulative effect of initially applying the new standard is reflected as an adjustment to opening equity at the date of application ($48.1 million). Results for the three months and nine months ended September 2017 are therefore presented under the previous revenue recognition accounting principles, ASC 605 'Revenue recognition'. See 'Note 13-Impact of change in accounting policies' for details of implications of adoption.

ASU 2016-16 'Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory' was issued in October 2016 and requires entities to recognize at the transaction date the income tax consequences of intercompany asset transfers other than inventory. The effective date of the standard for public companies is for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company has adopted the modified retrospective approach, as required by the standard, in determining the cumulative impact in retained earnings at January 1, 2018. The cumulative impact recognized in retained earnings as at January 1, 2018 is nil and the new guidance has no impact on the financial statements as at September 30, 2018.

Recently issued accounting standards

The new leasing standard (ASU No. 2016-02 ‘Leases’) was issued in February 2016 and will be effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. ASC 842 ‘Leases’ supersedes the current requirements in ASC 840 'Leases' and requires that lessees recognize rights and obligations from virtually all leases (other than leases that meet the definition of a short-term lease) on their balance sheets as right-of-use assets with corresponding lease liabilities. The ASU also provides additional guidance on how to classify leases and how to determine the lease term for accounting purposes. In July 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-11 'Leases (Topic 842): Targeted Improvements', which provides the option to adopt the standard retrospectively for each prior period presented, as initially set out in ASU No. 2016-02, or as of the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings. While ICON is still determining the impact of this ASU on its consolidated financial statements, the most significant change is expected to be the recognition of the right-of-use assets and lease liabilities on the consolidated balance sheet for operating leases related to property.

In August 2018, the FASB issued ASU No. 2018-15 'Internal-Use Software (Subtopic 350-40)' which provides guidance on when to capitalize implementation costs incurred in hosting arrangements which are accounted for as service contracts. ICON is currently evaluating the impact of this ASU on its consolidated financial statements. This ASU will be effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted.

ICON plc
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

| | (Unaudited) September 30, 2018 | (Audited) December 31, 2017 |
|---|---|---|
| ASSETS | (in thousands) | |
| Current Assets: | | |
| Cash and cash equivalents | $426,221 | $282,859 |
| Short term investments - available for sale | 65,261 | 77,589 |
| Accounts receivable, net | 373,264 | 379,501 |
| Unbilled revenue | 338,523 | 268,509 |
| Other receivables | 38,501 | 33,798 |
| Prepayments and other current assets | 42,314 | 34,377 |
| Income taxes receivable | 21,457 | 24,385 |
| Total current assets | 1,305,541 | 1,101,018 |
| | | |
| Other Assets: | | |
| Property, plant and equipment, net | 154,548 | 163,051 |
| Goodwill | 760,884 | 769,058 |
| Other non-current assets | 15,694 | 15,393 |
| Non-current income taxes receivable | 18,977 | 18,396 |
| Non-current deferred tax asset | 15,922 | 8,074 |
| Intangible assets | 54,162 | 71,628 |
| Total Assets | $2,325,728 | $2,146,618 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | $15,306 | $18,590 |
| Payments on account | 353,636 | 298,992 |
| Other liabilities | 216,959 | 233,503 |
| Income taxes payable | 16,239 | 14,973 |
| Total current liabilities | 602,140 | 566,058 |
| Other Liabilities: | | |
| Non-current bank credit lines and loan facilities | 349,169 | 348,888 |
| Non-current other liabilities | 16,670 | 17,111 |
| Non-current government grants | 902 | 966 |
| Non-current income taxes payable | 14,773 | 14,879 |
| Non-current deferred tax liability | 7,590 | 7,716 |
| Commitments and contingencies | — | — |
| Total Liabilities | 991,244 | 955,618 |
| Shareholders' Equity: | | |
| Ordinary shares, par value 6 euro cents per share; 100,000,000 shares authorized, 54,435,930 shares issued and outstanding at September 30, 2018 and 54,081,601 shares issued and outstanding at December 31, 2017 | 4,689 | 4,664 |
| Additional paid in capital | 521,191 | 481,337 |
| Other undenominated capital | 947 | 912 |
| Accumulated other comprehensive income | (64,526) | (38,713) |
| Retained earnings | 872,183 | 742,800 |
| Total Shareholders' Equity | 1,334,484 | 1,191,000 |
| Total Liabilities and Shareholders' Equity | $2,325,728 | $2,146,618 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

ICON plc
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017
(UNAUDITED)

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| | (in thousands except share and per share data) | | | |
| Revenue: | | | | |
| Revenue | $655,017 | $ 596,169 | $1,916,752 | $ 1,766,016 |
| Reimbursable expenses | — | (155,846 ) | — | (462,716 ) |
| | | 440,323 | | 1,303,300 |
| Costs and expenses: | | | | |
| Direct costs | | | | |
| - Reimbursable expenses | 179,642 | — | 507,708 | — |
| - Other direct costs | 279,554 | 259,672 | 831,306 | 760,175 |
| Selling, general and administrative expense | 80,819 | 79,433 | 242,670 | 241,655 |
| Depreciation and amortization | 17,062 | 16,280 | 51,006 | |