

Key Performance Indicators

Existing Revenue Growth

Existing revenue includes the impact of previous acquisitions where there is a comparator period, and therefore growth rates are stated on a like-for-like basis.

Commentary

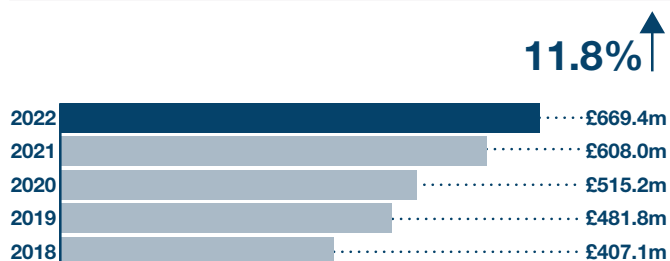
Dechra's existing business grew by 6.4% in EU Pharmaceuticals (excluding third party manufacturing), and by 21.3% in NA Pharmaceuticals.

Relevance to Strategy

A key driver of our strategy is to deliver sustainable sales growth through delivering our pipeline maximising our existing portfolio and expanding geographically.



Performance



Underlying Diluted Earnings Per Share Growth

Underlying profit after tax divided by the diluted average number of shares, calculated on the same basis as note 11 to the Accounts.

Commentary

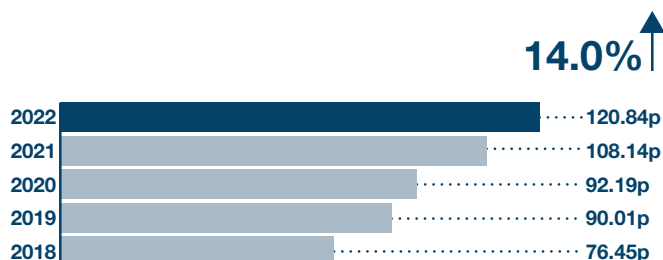
This reflects profit growth from the existing and acquired products and benefiting from lower net finance costs driven by foreign exchange gains realised.

Relevance to Strategy

Underlying diluted EPS is a key indicator of our performance and the return we generate for our stakeholders. It is one of the performance conditions of the LTIP.



Performance



Underlying Return on Capital Employed

Underlying operating profit expressed as a percentage of the average of the opening and closing operating assets (excluding cash/debt and net tax liabilities).

Commentary

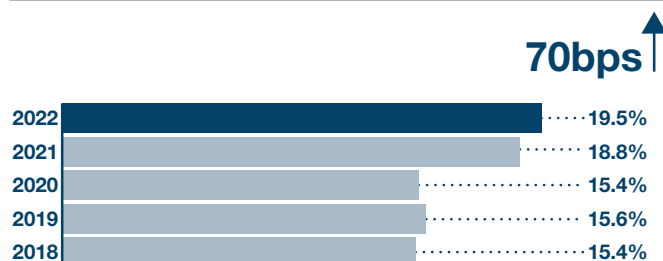
There was an increase in ROCE during the year reflecting the increased contribution from the Group's existing business. The Group's target is 15%.

Relevance to Strategy

As we look to grow the business, it is important that we use our capital efficiently to generate returns superior to our costs of capital in the medium to long term. It underpins the performance conditions of the LTIP.



Performance



Cash Conversion

Cash generated from operations before tax and interest payments as a percentage of underlying operating profit.

Commentary

Cash conversion increased during the year as a result of the increase in working capital representing a smaller proportion of the underlying operating profit compared to the prior year.

Relevance to Strategy

Our stated aim is to be a cash generative business. Cash generation supports investment in the pipeline, acquisitions and people.



Performance



New Product Revenue

Revenue from new products as a percentage of total Group revenue. A new product is defined as any molecule launched in the last five years.

Commentary

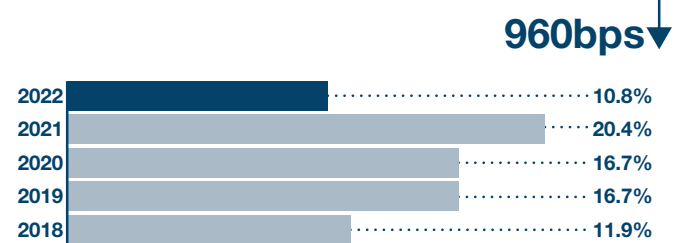
New product revenue reflects market penetration of product launches in the year and new product right acquisitions made in the second half offset by products no longer defined as new. The new product right acquisitions will deliver a greater uplift next year.

Relevance to Strategy

This measure shows the delivery of revenue in each year from new products launched in the prior five years, on a rolling basis. It shows the performance of our R&D and sales and marketing organisations when launching newly developed or in-licensed or acquired products.



Performance



Lost Time Accident Frequency Rate (LTAFR)

All accidents resulting in the absence or inability of employees to conduct a full range of their normal working activities for a period of more than three working days after the day when the incident occurred, normalised per 100,000 hours worked.

Commentary

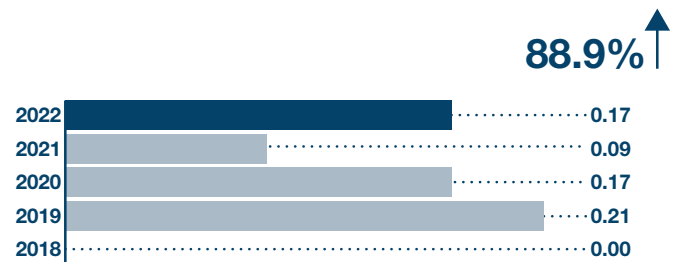
The lost time accident frequency increased this year to 0.17. All of the incidents occurred in our manufacturing sites. None of these incidents resulted in a work-related fatality or disability.

Relevance to Strategy

The safety of our employees is core to everything we do. We are committed to a strong culture of safety in all our workplaces.



Performance



Employee Turnover

Number of leavers during the period as a percentage of the average total number of employees in the period.

Commentary

We saw an increase in employee turnover in the period due to a reorganisation at Londrina, Brazil and resignations across the business.

Relevance to Strategy

Attracting and retaining the best employees is critical to the successful execution of our strategy.



Performance



Key to Strategic Growth Drivers:

- Pipeline Delivery
- Portfolio Focus
- Geographical Expansion
- Acquisition

Key to Strategic Enablers:

- Technology
- People
- Manufacturing and Supply Chain
- ESG

- Long Term Incentive Plan (LTIP) performance condition