

Key Performance Indicators

KPI and Definition	Performance	Commentary	Relevance to Strategy						
<p>Sales Growth Year-on-year sales growth including new products and excluding revenue from acquired businesses.</p>	<p>↑6.5%</p> <table border="1"> <tr><td>2017</td><td>£269.6m</td></tr> <tr><td>2016</td><td>£225.9m</td></tr> <tr><td>2015</td><td>£203.5m</td></tr> </table>	2017	£269.6m	2016	£225.9m	2015	£203.5m	<p>Dechra delivered £269.6 million from its existing business, an increase of 6.5% from market penetration and new product launches.</p>	<p>A key driver of our strategy is to deliver sustainable sales growth through delivering our pipeline, maximising our existing portfolio and expanding geographically.</p>
2017	£269.6m								
2016	£225.9m								
2015	£203.5m								
<p>Underlying Diluted EPS Growth Underlying profit after tax divided by the diluted average number of shares, calculated on the same basis as note 11 to the Accounts.</p>	<p>↑35.1%</p> <table border="1"> <tr><td>2017</td><td>64.33p</td></tr> <tr><td>2016</td><td>42.65p</td></tr> <tr><td>2015</td><td>39.90p</td></tr> </table>	2017	64.33p	2016	42.65p	2015	39.90p	<p>The increase reflects growth from the existing and acquired businesses, increased finance charges from the increased debt to fund acquisitions, and the change in mix to the applicable tax rates.</p>	<p>Underlying 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's.</p>
2017	64.33p								
2016	42.65p								
2015	39.90p								
<p>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).</p>	<p>↑160bps</p> <table border="1"> <tr><td>2017</td><td>17.7%</td></tr> <tr><td>2016</td><td>16.1%</td></tr> <tr><td>2015</td><td>20.0%</td></tr> </table>	2017	17.7%	2016	16.1%	2015	20.0%	<p>ROCE grew as the returns from the 2016 acquisitions (in particular Putney, acquired in April 2016) were manifest in the Group's results.</p>	<p>As we look to grow the business, it is important that we use our capital efficiently to generate returns superior to our cost of capital in the medium to long term. It underpins the performance conditions of the LTIP's.</p>
2017	17.7%								
2016	16.1%								
2015	20.0%								

Key to Strategic Growth Drivers:

- Pipeline Delivery
- Portfolio Focus
- Geographical Expansion
- Acquisition

Key to Strategic Enablers:

- Manufacturing and Supply Chain
- Technology
- People

Key:

- LTIP performance condition

Read **Delivering Our Strategy**
on pages 13 to 15

Read **How the Business Manages Risk**
on pages 56 and 57

Read the **Directors' Remuneration Report**
on pages 81 to 101

KPI and Definition	Performance	Commentary	Relevance to Strategy								
<p>Underlying Cash Conversion Cash generated from underlying operations before tax and interest payments as a percentage of underlying operating profit.</p>	<p>↑910bps</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>115.9%</td> </tr> <tr> <td>2016</td> <td>106.8%</td> </tr> <tr> <td>2015</td> <td>105.9%</td> </tr> </tbody> </table>	Year	Percentage	2017	115.9%	2016	106.8%	2015	105.9%	<p>The Group enjoyed strong underlying cash conversion during the year. With the EBITDA margin strengthening from 23.4% to 24.5%, and working capital shrinking by £6.9 million.</p>	<p>Our stated aim is to be a cash generative business.</p>
Year	Percentage										
2017	115.9%										
2016	106.8%										
2015	105.9%										
<p>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 financial years.</p>	<p>↓620bps</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>8.2%</td> </tr> <tr> <td>2016</td> <td>14.4%</td> </tr> <tr> <td>2015</td> <td>13.8%</td> </tr> </tbody> </table>	Year	Percentage	2017	8.2%	2016	14.4%	2015	13.8%	<p>The decline arose from the increase in new product revenue from acquisitions. We continue to invest in our pipeline to develop new products and plan to increase this investment.</p>	<p>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 products.</p>
Year	Percentage										
2017	8.2%										
2016	14.4%										
2015	13.8%										
<p>Lost Time Accident Frequency Rate (LTAFR) All accidents resulting in the absence or inability of employees to conduct the 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.</p>	<p>↓25.7%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>LTAFR</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0.26</td> </tr> <tr> <td>2016</td> <td>0.35</td> </tr> <tr> <td>2015</td> <td>0.7</td> </tr> </tbody> </table>	Year	LTAFR	2017	0.26	2016	0.35	2015	0.7	<p>The LTAFR decreased from 0.35 to 0.26. None of these incidents related in a work-related fatality or disability.</p>	<p>The safety of our employees is core to everything we do. We are committed to a strong culture of safety in all our workplaces.</p> <p> Read about Corporate Social Responsibility on pages 48 to 55</p>
Year	LTAFR										
2017	0.26										
2016	0.35										
2015	0.7										
<p>Employee Turnover Number of leavers during the period as a percentage of the average total number of employees in the period.</p>	<p>↑260bps</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>15.7%</td> </tr> <tr> <td>2016</td> <td>13.1%*</td> </tr> <tr> <td>2015</td> <td>12.2%*</td> </tr> </tbody> </table> <p>*excludes Apex, Brovel, Genera and Putney</p>	Year	Percentage	2017	15.7%	2016	13.1%*	2015	12.2%*	<p>The figure for the 2017 financial year includes the employees from Genera, Brovel and Putney, whereas the previous year excludes them. The increase relates to streamlining of operations within the acquired businesses and the restructuring of our manufacturing team.</p>	<p>Attracting and retaining the best employees is critical to the successful execution of our strategy.</p>
Year	Percentage										
2017	15.7%										
2016	13.1%*										
2015	12.2%*										