

Key Performance Indicators

KPI and Definition	Performance	Commentary	Relevance to Strategy								
<p>1 Revenue Growth</p> <p>Year-on-year CER sales growth including new products and excluding revenue from acquired businesses.</p>	<p>↑ 4.1%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (m)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>£407.1</td> </tr> <tr> <td>2019</td> <td>£481.8</td> </tr> <tr> <td>2020</td> <td>£502.1</td> </tr> </tbody> </table>	Year	Revenue (m)	2018	£407.1	2019	£481.8	2020	£502.1	<p>Dechra's existing business grew by 6.4% in EU Pharmaceuticals (excluding third party contract manufacturing which declined), and by 3.0% in NA Pharmaceuticals.</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>
Year	Revenue (m)										
2018	£407.1										
2019	£481.8										
2020	£502.1										
<p>2 Underlying Diluted EPS Growth</p> <p>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>↑ 1.7%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>EPS (p)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>76.45</td> </tr> <tr> <td>2019</td> <td>90.01</td> </tr> <tr> <td>2020</td> <td>92.19</td> </tr> </tbody> </table>	Year	EPS (p)	2018	76.45	2019	90.01	2020	92.19	<p>This includes a 0.4% increase in underlying operating profit, further improved by lower net finance costs attributable to foreign exchange gains and a lower tax charge driven by tax rate impact of a change in geographical mix of profit.</p>	<p>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.</p>
Year	EPS (p)										
2018	76.45										
2019	90.01										
2020	92.19										
<p>3 Return on Capital Employed</p> <p>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>↓ 20bps</p> <table border="1"> <thead> <tr> <th>Year</th> <th>ROCE (%)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>15.4%</td> </tr> <tr> <td>2019</td> <td>15.6%</td> </tr> <tr> <td>2020</td> <td>15.4%</td> </tr> </tbody> </table>	Year	ROCE (%)	2018	15.4%	2019	15.6%	2020	15.4%	<p>There was a small decline in ROCE during the year. The reduction is due to the increased investments in acquisitions during the year without the corresponding increase in underlying operating profit in the period. This still exceeds our target of 15%.</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.</p>
Year	ROCE (%)										
2018	15.4%										
2019	15.6%										
2020	15.4%										
<p>4 Cash Conversion</p> <p>Cash generated from operations before tax and interest payments as a percentage of underlying operating profit.</p>	<p>↑ 1440bps</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Cash Conversion (%)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>81.9%</td> </tr> <tr> <td>2019</td> <td>85.0%</td> </tr> <tr> <td>2020</td> <td>99.4%</td> </tr> </tbody> </table>	Year	Cash Conversion (%)	2018	81.9%	2019	85.0%	2020	99.4%	<p>Cash conversion increased sharply during the year as a result of strong cash collection in quarter four following the sales spike in quarter three.</p>	<p>Our stated aim is to be a cash generative business. Cash generation supports investment in the pipeline, acquisition and people.</p>
Year	Cash Conversion (%)										
2018	81.9%										
2019	85.0%										
2020	99.4%										

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<p>5 New Product Revenue</p> <p>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>	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2018</td> <td>11.9%</td> </tr> <tr> <td>2019</td> <td>16.7%</td> </tr> <tr> <td>2020</td> <td>16.7%</td> </tr> </table>	Year	Percentage	2018	11.9%	2019	16.7%	2020	16.7%	<p>New product revenues reflect the strong market penetration of products launched in the year to 30 June 2020 and the previous four years.</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										
2018	11.9%										
2019	16.7%										
2020	16.7%										
<p>6 Lost Time Accident Frequency Rate (LTAFR)</p> <p>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>	<table border="1"> <tr> <th>Year</th> <th>LTAFR</th> </tr> <tr> <td>2018</td> <td>0</td> </tr> <tr> <td>2019</td> <td>0.21</td> </tr> <tr> <td>2020</td> <td>0.17</td> </tr> </table>	Year	LTAFR	2018	0	2019	0.21	2020	0.17	<p>The LTAFR decreased from 0.21 to 0.17. None of these incidents resulted 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>
Year	LTAFR										
2018	0										
2019	0.21										
2020	0.17										
<p>7 Employee Turnover</p> <p>Number of leavers during the period as a percentage of the average total number of employees in the period.</p>	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2018</td> <td>15.9%</td> </tr> <tr> <td>2019</td> <td>13.6%</td> </tr> <tr> <td>2020</td> <td>12.4%</td> </tr> </table>	Year	Percentage	2018	15.9%	2019	13.6%	2020	12.4%	<p>We saw a decrease in employee turnover in the period despite operating in competitive markets.</p>	<p>Attracting and retaining the best employees is critical to the successful execution of our strategy.</p>
Year	Percentage										
2018	15.9%										
2019	13.6%										
2020	12.4%										

<p>Key to Strategic Growth Drivers:</p>	<p>Key to Strategic Enablers</p>	<p>Key</p>
<ul style="list-style-type: none"> Pipeline Delivery Portfolio Focus Geographical Expansion Acquisition 	<ul style="list-style-type: none"> Technology People Manufacturing and Supply Chain 	<ul style="list-style-type: none"> Long Term Incentive Plan (LTIP) performance condition