

Key Performance Indicators

KPI and Definition	Performance
<p>Existing Revenue Growth</p> <p>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 using constant exchange rates.</p>	<p>23 £728.6m ↑1.2%</p> <p>22 £681.8m</p> <p>21 £608.0m</p> <p>20 £515.1m</p> <p>19 £481.8m</p> <p>18 £407.1m</p>
<p>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 using constant exchange rates.</p> <p>£</p>	<p>23 94.57p ↓(26.8)%</p> <p>22 120.84p</p> <p>21 108.14p</p> <p>20 92.19p</p> <p>19 90.01p</p> <p>18 76.45p</p>
<p>Underlying 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>£</p>	<p>23 15.3% ↓(420)bps</p> <p>22 19.5%</p> <p>21 18.8%</p> <p>20 15.4%</p> <p>19 15.6%</p> <p>18 15.4%</p>
<p>Underlying Cash Conversion</p> <p>Cash generated from operations before tax and interest payments as a percentage of underlying operating profit.</p>	<p>23 66.2% ↓(2,740)bps</p> <p>22 93.7%</p> <p>21 87.1%</p> <p>20 99.4%</p> <p>19 85.0%</p> <p>18 81.9%</p>
<p>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 years.</p>	<p>23 15.6% ↑480bps</p> <p>22 10.8%</p> <p>21 20.4%</p> <p>20 16.7%</p> <p>19 16.7%</p> <p>18 11.9%</p>
<p>Lost Time Accident Frequency Rate (LTAFR)</p> <p>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.</p>	<p>23 0.21 ↑5.0%</p> <p>22 0.20</p> <p>21 0.09</p> <p>20 0.17</p> <p>19 0.21</p>
<p>Employee Turnover</p> <p>Number of leavers during the period as a percentage of the average total number of employees in the period.</p>	<p>23 12.6% ↓(340)bps</p> <p>22 16.0%</p> <p>21 13.5%</p> <p>20 12.4%</p> <p>19 13.6%</p> <p>18 15.9%</p>

Commentary

Relevance to Strategy

Dechra's existing business grew by 5.5% in EU Pharmaceuticals (excluding third party manufacturing) which was offset by the one-off adverse impact of the US wholesaler destocking in NA Pharmaceuticals.



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

This reflects a lower operating profit, higher financing costs and the dilutive impact of the July 2022 equity raise.



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.

A decline in the underlying return on capital employed reflects the lower level of profitability during the year and the investments made in Piedmont and Med-Pharmex.



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.

Lower cash conversion is driven by an investment in stock levels to maintain a robust supply chain, and higher non-underlying cash outflows driven by acquisition costs and cloud computing arrangement costs.



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

Increase in new product revenue is driven by the acquisition of Med-Pharmex during the year.



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.

The lost time accidents increased to 0.21. The majority of the incidents occurred at our Manufacturing sites with one incident at our central logistics centre in Denmark. None of these incidents resulted in a work related fatality or disability.



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

We are pleased to see that moving annual turnover has reduced back to 12.6%. We felt the post Covid impact of the changing nature of the workforce and increased competition for talent, particularly in more specialist roles. We have introduced a range of measures to manage turnover.



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

Strategic Driver/Enabler Key:



Pipeline Delivery



Portfolio Focus



Geographical Expansion



Acquisition



Manufacturing & Supply Chain



Technology



People



Long Term Incentive Plan (LTIP) performance condition