


Key Performance Indicators

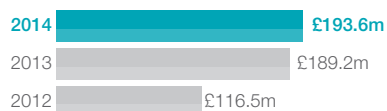
The Group utilises the following KPIs to assess our progress against our strategic, financial and operational objectives. Their relevance to our strategy and their definitions are explained below.

Some KPIs are also used as a measure in the long term incentive arrangements for the remuneration of the Executives. These are identified with the symbol .

Sales Growth 1.6%

Definition

Year-on-year sales growth including new products but excluding revenue from acquired businesses in the year of acquisition.



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

Sales increased by 1.6% at CER (2.3% at reported rates). Our growth was impacted by the decline in FAP, particularly in the Netherlands, and the slowdown in *Vetoryl* sales due to the phasing of sales in Italy and the shortage of the accompanying diagnostics drug.



Underlying diluted EPS Growth 23.9%

Definition

Underlying profit after tax divided by the diluted average number of shares, calculated on the same basis as note 10 of the Accounts.



Relevance to Strategy

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

Performance

The increase of 23.9% at CER (24.9% at reported rates) reflects the one time benefits from savings on interest after we repaid part of our debt using the proceeds from the Services Segment divestment. Prior year tax adjustments also contribute to the strong performance.



Return on Capital Employed 16.4%

Definition

Underlying operating profit expressed as a percentage of average operating assets (excluding cash and tax assets).



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 cost of capital in the medium to long term. It underpins the vesting conditions of the LTIPs.

Performance

This indicator includes profit from the Services Segment for 12 months for the prior financial years but only for 11 weeks in this financial year. As a result, the ROCE declined slightly due to the profit dilution following the disposal. This was in line with our expectations.



Cash Conversion 90.6%

Definition

Cash generated from operations before tax and interest payments as a % of operating profit before amortisation of acquired intangibles.



Relevance to Strategy

Our stated aim is to be a cash generative business.

Performance

Our cash conversion for the continuing operations ended at 90.6%. This falls slightly below previous years due to an increase in our working capital, which is further explained on page 43.



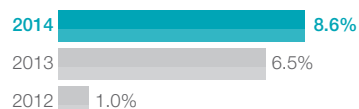
* On continuing operations basis

New Product Sales

8.6%

Definition

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



Relevance to Strategy

This measure shows the delivery of sales 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 new products.

Performance

Sales from new products continue to increase and account for 8.6% of our total sales in 2014. This is mostly due to the successful launches of *Forthyron* and *Cardisure* in Europe.

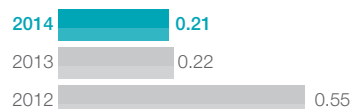


Lost Time Accident Frequency Rate (LTAFR)

0.21

Definition

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.



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

Including the Services Segment, the LTAFR remained relatively the same as in the previous year. Considering continuing operations only, the LTAFR fell to 0.08% as reported in page 109, which reflects our focus on employee safety.

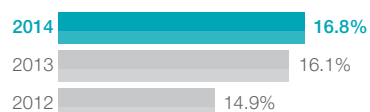


Employee Turnover

16.8%

Definition

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



Relevance to Strategy

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

Performance

The increase in employee turnover to 16.8% reflects a major change in the business as we completed the closure of the factory in Uldum, Denmark, as previously reported. The impact of the Services divestment has been excluded from this calculation.

