

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 .

KPI	Definition	Relevance to Strategy	Performance	Strategic Link
Sales Growth 10.0% 	<p>Year-on-year sales growth including new products but excluding revenue from acquired businesses in the year of acquisition.</p> <p>2015  £203.5m 2014 £193.6m 2013 £189.2m</p>	A key driver of our strategy is to deliver sustainable sales growth through delivering our pipeline, maximising our existing portfolio and expanding geographically.	Sales increased by 10.0% at CER (5.1% at AER). Our growth was driven by the continued commitment and execution of our four pillars, allowing us to see growth through the acquisition effect of PSPC, new products, geographical expansion in Italy and Canada and the organic growth of the portfolio. This offset the impact of the FAP decline and strong currency headwinds.	   
Underlying Diluted EPS Growth 16.9% 	<p>Underlying profit after tax divided by the diluted average number of shares, calculated on the same basis as note 10 to the Accounts.</p> <p>2015  39.90p 2014 36.32p 2013 29.07p</p>	Underlying EPS is a key indicator of our performance and the return we generate for our shareholders. It is one of the performance conditions of the LTIP.	EPS increased by 16.9% at CER (9.9% at AER). Organic growth and interest savings from repaying part of our debt in September 2014 accounted for most of the increase. Additionally, the EPS benefited from the impact of translational exchange gains accounted for as finance income (see note 3 to the Accounts).	   
Return on Capital Employed 20.0% 	<p>Underlying operating profit expressed as a percentage of average operating assets (excluding cash/debt and net tax liabilities).</p> <p>2015  20.0% 2014 16.4% 2013 17.6%</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 LTIPs.	Our ROCE has improved as we deliver more profits and maintain working capital levels. However, the increase is also a result of the reduction in value of our net assets base due to movements in exchange rates (see pages 44 and 45).	   

Key to Strategic Pillars:

-  Pipeline Delivery
-  Portfolio Focus
-  Geographical Expansion
-  Acquisition

Key to Strategic Enablers:

-  Manufacturing and Supply Chain
-  Technology
-  People

-  Read more about **Delivering Our Strategy** on pages 14 to 17.
-  Read about **How the Business Manages Risk** on pages 58 and 59.
-  Read about the **Directors' Remuneration Report** on pages 81 to 95.

KPI	Definition	Relevance to Strategy	Performance	Strategic Link
Cash Conversion 107.1%	<p>Cash generated from operations before tax and interest payments as a percentage of operating profit before amortisation of acquired intangibles.</p>  <p>2015 107.1%</p> <p>2014 90.6*</p> <p>2013 107.0%</p> <p>* On continuing operations basis</p>	Our stated aim is to be a cash generative business.	Cash conversion was strong in 2015 reflecting good growth in profits combined with steady working capital levels which are discussed further on page 44.	  
New Product Sales 13.8%	<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>  <p>2015 13.8%</p> <p>2014 8.6%</p> <p>2013 6.5%</p>	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 newly developed or in-licensed products.	Sales from new products continue to increase and accounted for 13.8% of our total sales in 2015. This is due to the continued success in the EU of <i>Forthyron</i> and <i>Cardisure</i> and the launch of <i>Osphos</i> in the UK and US during 2015.	  
Lost Time Accident Frequency Rate (LTAFR)	<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>  <p>2015 0.07*</p> <p>2014 0.08*</p> <p>2013 0.22</p> <p>* On continuing operations basis</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.	LTAFR for continuing operations fell from 0.08 to 0.07 illustrating our continued commitment to employee safety.	 
Employee Turnover 12.2%	<p>Number of leavers during the period as a percentage of the average total number of employees in the period.</p>  <p>2015 12.2%</p> <p>2014 16.8%</p> <p>2013 16.1%</p>	Attracting and retaining the best employees is critical to the successful execution of our strategy.	Employee turnover reduced to 12.2%, which is reflective of the steady state in which the business operated in 2015. In 2014 we completed the closure of a factory in Uldum, Denmark.	