

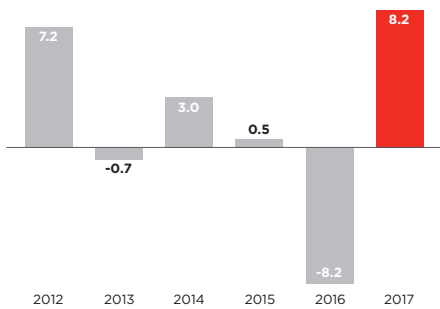
## Key Performance Indicators

# Measuring our performance

We monitor our performance against our strategic priorities by means of Key Performance Indicators (“KPIs”). The most important of these KPIs at a group level focus on the following areas:

### Sales volume growth\* ● ●

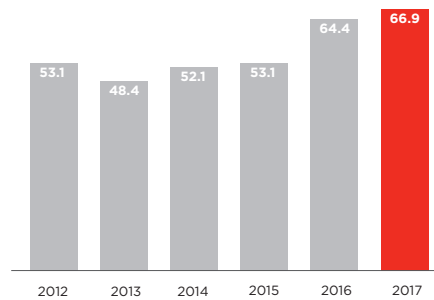
Volume growth of edible collagen casings (%)



A key element underpinning the group’s strategy is to deliver growth in sales revenue. There are several components to revenue growth, including changes in sales volumes and in price/mix. As a result, the group monitors sales volume growth separately, and changes in price/mix are monitored through revenue growth. Devro sells to markets around the world from strategically located commercial operations and through an extensive network of distributors and agents.

### Underlying operating cash flow\*\*\* ● ● ●

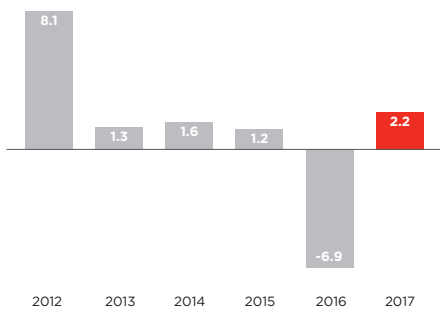
Cash generated from underlying operations before pension deficit funding (£’m)



Underlying operating cash flow is the amount of cash generated by the group through its trading activities and manufacturing operations before exceptional items, investment in capital expenditure and pension deficit funding. This measure is used to evaluate the performance of the business and to assist the management of working capital.

### Constant currency revenue growth\*\* ● ●

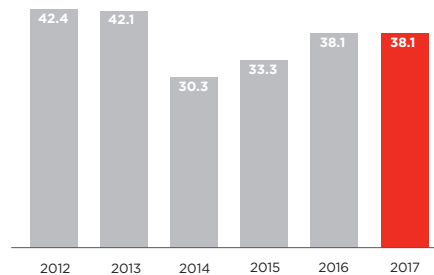
Value growth at constant currency (%)



The group has operations across the world in multiple currencies, and is exposed to translation risk on fluctuations in foreign exchange rates. As a result the group’s reported revenue will be impacted by movements in actual exchange rates. The group monitors revenue growth on a constant currency basis\*\* in order to eliminate the translation effect of foreign exchange rate movements, to enable a better understanding of the operational performance of the group.

### Underlying operating profit\* ● ● ●

Underlying operating profit\* (£’m)



While the group aims to take a long-term perspective on shareholder value, it also monitors the financial performance of each of the group in the shorter term. The KPI used in this monitoring process is underlying operating profit. This measure is used to evaluate the performance of the group, including sales price, manufacturing efficiency and overhead and operating cost control.

Underlying operating profit excludes exceptional items and the definition, explanation and reconciliation to equivalent statutory measures is included in the Financial Review on pages 21 to 23.



## Revenue growth

Growing in developed and emerging markets



## Manufacturing efficiency

Optimising our use of existing assets and investing in new technology

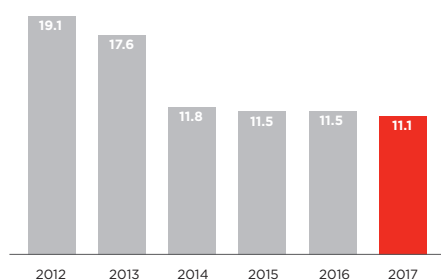


## Product differentiation

Differentiating ourselves through research and development

## Return on capital employed

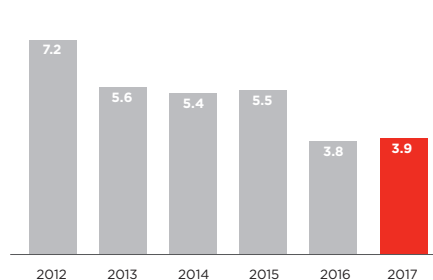
Underlying operating profit\*/average capital employed (%)



Return on capital employed (ROCE) represents underlying operating profit as a percentage of average capital employed. Capital employed is defined as fixed assets plus current assets less current liabilities, excluding all balances related to interest-bearing assets and liabilities, any derivative financial instruments, any deferred tax balances, and any pension assets or liabilities. It is a key indicator of how Devro is making use of its available capital, and is a good reflection of the performance of the group in terms of both earnings and cash flow.

## Health and safety

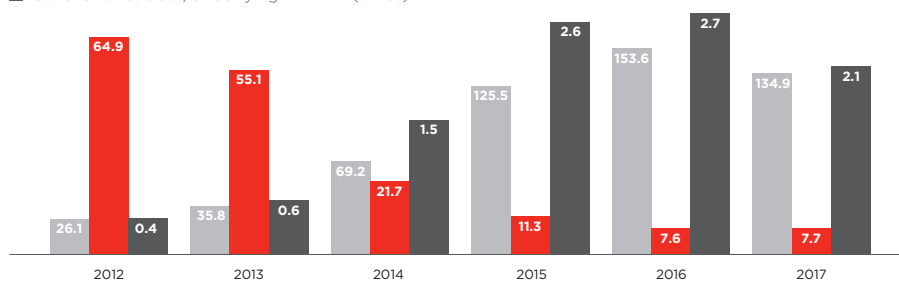
Total recordable injury rate (LWDI and recordable) per million hours worked



Health and safety matters are discussed further on pages 30 and 31. Safety performance is measured in various ways at a local level. At group level, it is measured by the total rate of recordable injuries which is calculated as the number of injuries per million hours worked, comprising both lost working day injuries and recordable injuries.

## Debt

■ Net debt (£'m)  
 ■ Underlying EBITDA/net interest (times)  
 ■ Covenant net debt/underlying EBITDA (times)



Covenant net debt/underlying EBITDA measures the liquidity of the group. Underlying EBITDA/net interest measures our ability to service our net debt.

Underlying EBITDA is defined, explained and reconciled to equivalent statutory measures in the Financial Review on pages 21 to 23.

Covenant net debt/underlying EBITDA and underlying EBITDA/net interest are the two key covenants for the short and long-term funding for the group, and are therefore monitored on an ongoing basis.

Covenant net debt includes derivative financial liabilities and is defined, explained and reconciled to equivalent statutory measures in the Financial Review on pages 21 to 23.

\* Continuing operations.  
 \*\* Constant currency growth rates are calculated by translating both the current year and prior year local currency amounts using the prior period average exchange rates.  
 \*\*\* Before pension deficit funding.