

Key performance indicators

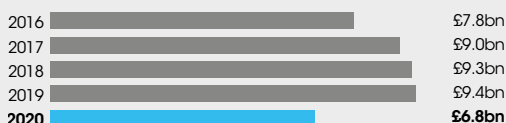
Measuring progress

KPIs provide insight into how the Board and Executive Committee monitor the Group's strategic and financial performance, as well as directly linking to the key measures for Executive remuneration. KPIs are stated in actual rates of exchange and pages 176-177 provide definitions of key performance indicators and other alternative performance measures.

Revenue

£6.8bn

2019: £9.4bn



Definition

Consideration receivable from the sale of goods and services. It is stated net of rebates and any discounts, and excludes sales related taxes.

Why we measure

Top-line growth is a key financial measure of success.

2020 performance

The Group has delivered £6.8bn, down 19% organically and down 27% reported versus prior year. The decline reflects the impact of COVID-19, and a strategic reduction of our Retail exposure.

Operating margin²

2.4%

2019: 4.0%



Definition

Operating profit (before exceptional items) divided by sales.

Why we measure

A key metric of operational efficiency, ensuring that we are leveraging our scale to translate sales growth to profit.

2020 performance

Operating margin at 2.4% is 160bps lower than the operating margin achieved in 2019, reflecting the disruption from COVID-19.

Profit before tax and exceptional items²

£129m

2019: £326m



Definition

Represents the profit made after operating and interest expense excluding the impact of exceptional items and before tax is charged.

Why we measure

A key driver of delivering sustainable and growing earnings to shareholders.

2020 performance

In 2020 this decreased 61% to £129m, as profits were weighed down by the material impact of COVID-19 on the Group's performance.

Free cash flow²

£177m

2019: £213m



Definition

Net cash flows from operating activities, before exceptional cash flows, less net capital expenditure and dividends paid to non-controlling interests.

Why we measure

A key driver of the Group's ability to fund inorganic growth and to make distributions to shareholders.

2020 performance

The Group delivered free cash flow (FCF) of £177m, a 17% decrease on 2019. FCF resilience is testament to the effective management of our working capital, and the inherently cash generative nature of our business model.

Return on capital employed²

12%

2019: 22%



Definition

Operating profit (before exceptional items) divided by the average of opening and closing capital employed, where capital employed is defined as net assets add net debt/less net funds.

Why we measure

ROCE is a measure of the Group's ability to drive better returns for investors on the capital we invest.

2020 performance

The Group's ROCE dropped to 12%, reflecting the deterioration of our profitability.

1. 2018 and 2019 are not comparable with prior years due to adoption of IFRS 16.

2. Alternative performance measure, see pages 176-177.