

Key Performance Indicators

Market Opportunity > Business Model > Strategy > **KPIs** > Risks

FINANCIAL KPI #1

Total Shareholder Return (TSR)

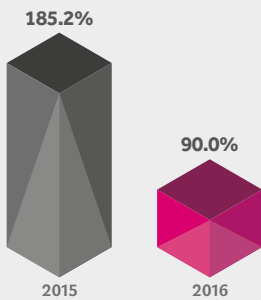
Definition

TOTAL SHAREHOLDER RETURN (TSR) IS THE TOTAL RETURN TO AN INVESTOR, BEING THE CAPITAL GAIN PLUS REINVESTED DIVIDENDS. THE RETURN IS MEASURED AS AN AVERAGE RETURN OVER THREE YEARS.

Strategic linkage



TSR is a key metric used to ensure the Group is delivering returns on invested capital and maintaining strong cash flows to support the combined development of the Group and its dividend payment. Principally, it is used to link Executive Management remuneration to shareholder returns by linking the vesting and quantum of awards under various Long Term Incentive Plans to performance relative to other FTSE 250 companies.



Performance

The Group delivered a three year average TSR of 90.0% in 2016 compared to 185.2% in 2015. The three year performance for 2015 included a substantial price increase since 2013.

Link to Remuneration

This is a performance metric for the Long Term Incentive Plan (LTIP), accounting for 50% of any awards made.

FINANCIAL KPI #2

Earnings per Share (EPS) Growth

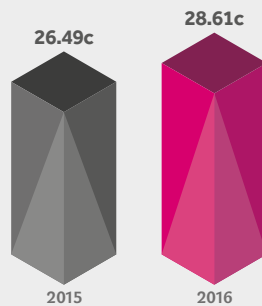
Definition

GROWTH IN DILUTED EPS ACHIEVED IN THE YEAR.

Strategic linkage



EPS is an important financial measure of corporate profitability and the Group's financial progress.



Performance

The 8% increase in EPS was primarily driven by the strong operating results from the Ashfield and Sharp divisions. These results offset the reduced performance from the Aquilant division, which was mainly due to 2015 disposals and negative currency movements. Foreign exchange translation reduced EPS growth by 1% from 9% constant currency growth to 8% reported growth.

Link to Remuneration

Adjusted EPS growth is a key measure of growth and a driver of TSR, which accounts for 50% of LTIP awards made.

FINANCIAL KPI #3

Operating Margin

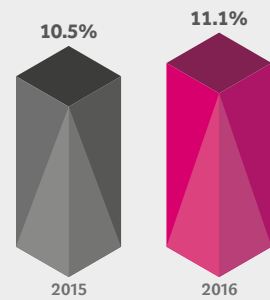
Definition

MEASURES OPERATING PROFIT AS A PERCENTAGE OF REVENUE.

Strategic linkage



Operating margin is a key metric in measuring the operating efficiency across the Group, divisions and business units. Continued improvements in operating margin demonstrates the successful execution of the Group's strategy.




Performance

The overall Group operating margin in 2016 increased due to a significant improvement in Ashfield and Sharp margins offsetting a lower margin performance in the Aquilant division.

Link to Remuneration

Operating Margin is a key driver of Profit Before Tax (PBT) which represents a significant element of annual bonus potential.

Key to strategic linkage in this report

- Develop and Expand Market-Leading Positions 
- Drive Productivity 
- Lead Through People 

FINANCIAL KPI #4

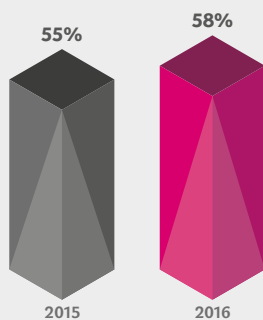
% of Operating Profits outside Ireland and the UK

Definition

MEASURES THE PERCENTAGE OF OPERATING PROFITS GENERATED OUTSIDE OF IRELAND AND THE UK.

Strategic linkage

Internationalisation of our service offering is a key part of the Group's strategy as we have expanded services across developed markets. This ongoing internationalisation provides significant opportunities for future organic and acquisitive growth and we will look to enter new markets on a selective basis in the coming years.



Performance

The non-Irish and UK proportion of the Group profitability increased due to strong growth in Sharp US and Ashfield Europe operating profits.

Link to Remuneration

The ability to grow profits outside of our home markets of Ireland and the UK is a key driver of PBT growth, which is a key annual bonus performance metric.

FINANCIAL KPI #5

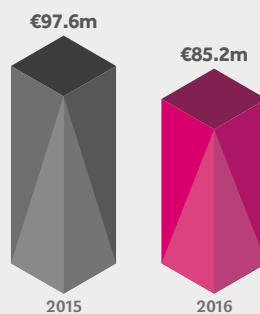
Operating Cash Flow

Definition

OPERATING CASH FLOW IS NET CASH INFLOW FROM OPERATING ACTIVITIES OF THE CONTINUING GROUP PER THE CASH FLOW STATEMENT ON PAGE 102.

Strategic linkage

The generation of cash from operations is a key driver of shareholder returns and also enables the Group to invest in capital expenditure and acquisitions to enhance future growth.



Performance

The continuing Group has achieved operating cash flows of €85.2 million. This has reduced from 2015, which had a particularly good working capital cash flow performance.

Link to Remuneration

The ratio of operating cash flow to operating profit forms the basis of a performance metric for the Long Term Incentive Plan (LTIP), accounting for 50% of any awards made. Operating cash flow is also an annual performance metric.

FINANCIAL KPI #6

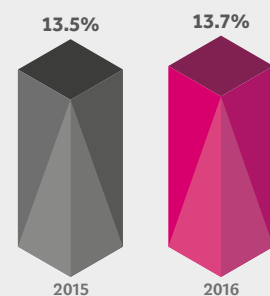
Return on Capital Employed (ROCE)

Definition

ROCE IS PROFIT BEFORE INTEREST AND TAX EXPRESSED AS A PERCENTAGE OF THE GROUP'S NET ASSETS EMPLOYED.

Strategic linkage

ROCE is a key financial benchmark which measures both the return from, and performance of, existing businesses and potential investments. The Group strives to consistently achieve returns well in excess of its cost of capital.



Performance

ROCE of 13.7% is significantly in excess of our current cost of capital. The increase in ROCE over the year reflects the growth in operating profits in comparison to 2015.

Link to Remuneration

ROCE is significantly influenced by PBT and cash flow performance, both of which are key annual bonus performance metrics.

Key Performance Indicators (continued)

Key to strategic linkage in this report

Develop and Expand Market-Leading Positions	
Drive Productivity	
Lead Through People	

NON-FINANCIAL KPI #1

Compliance Accreditation and Training

Definition

MEASURES THE NUMBER OF EMPLOYEES TRAINED THROUGH ONLINE TRAINING TOOLS.

Strategic linkage



Our staff operate in a highly regulated environment where high standards are expected and required. We have a strong governance ethos and have invested in our compliance and quality functions to ensure we maintain the highest standards.

>90%

Group average of >90% of the five courses on the ComplianceCentre completed

Performance

We began to roll out online compliance training through our proprietary ComplianceCentre in 2015 and 2016 and have been encouraged by the high level of staff engagement achieved.

Link to Remuneration

We expect to continue the progress in 2017 with the delivery of new training and compliance modules.

NON-FINANCIAL KPI #2

Health and Safety

Definition

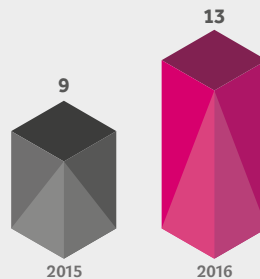
HEALTH AND SAFETY (H&S) AUDITS COMPRISE OF A COMPREHENSIVE AND RIGOROUS REVIEW OF ADHERENCE TO STANDARDS AND PRACTICES.

Strategic linkage



The application and implementation of industry standards and best practice across our operations is an important factor in the delivery of our strategy.

Number of audits completed:



Performance

We have significantly enhanced the scope of our H&S auditing in 2016 and are pleased with our performance against our internal benchmarks.

Link to Remuneration

We will continue to expand the scope of H&S assessments across the organisation as we strive to ensure we are continually enhancing our H&S standards.

NON-FINANCIAL KPI #3

Living Our Values

Definition

HOW WE EMBED THE VALUES INTO OUR PEOPLE PROCESSES AND THE METHOD OF MEASUREMENT FOR HOW WE LIVE THE VALUES IN OUR ORGANISATION.

Strategic linkage



Our Values define our culture for all employees and enable our strategy. By demonstrating the behaviours underpinning our Values, our leaders will create a values based culture for the benefit of our clients, our people and the success of our business.

300 leaders

100% of target population
2016 number of leaders who attended INSPIRE Leadership Development Programme

Performance

In 2016 we have implemented focussed development for our leaders based on our Values, through the INSPIRE Leadership Development Programme. Further leadership development will be implemented through the continuation of the INSPIRE Leadership Development Programme. In addition, the Drive Management programme, the second programme in our leadership development process, will be rolled out across all businesses in 2017.

Link to Remuneration

In 2017 we will conduct an Employee Engagement Survey to assess engagement levels and also to establish clear benchmarks for Living the Values. We will also continue to create clear linkages between team and individual performance to be an effective demonstration of our Values.