Dairy Crest has a clear strategy. We have also created a strong vision and robust values for the business which underpin all we do.

We constantly innovate, bringing new products to market and new ways of working across the business.

We aim to generate cash and reward shareholders with a progressive dividend.

During the year we have refined our key performance indicators which are summarised opposite. These KPIs are also used as measures for our Long Term Alignment Plan (LTAP) for Directors and senior employees. (See pages 59 to 60 for more detail).

Operational performance – pages 17 to 22

Financial performance – page 28

Corporate responsibility performance – page 23

See how we make 'The most from milk' through our integrated business model – pages 4 and 5

Further details of our LTAP – pages 52 and 53

Our vision

We are proud of our links to the countryside, our dairy heritage and the part they play in everyday life

We want to earn consumers' loyalty by providing healthy, enjoyable, convenient products

Our strategy	Progress 2013/14
1 To build market-leading positions in branded and added value markets	Cathedral City continued its strong performance and again significantly outperformed the market. It is now Britain's 18th largest grocery brand (Source: The Grocer, March 2014). We also made progress with Country Life Spreadable, although Clover, FRijj and Country Life block butter all lost market share. Frylight one calorie cooking spray, a brand we acquired in 2011/12, is making good progress. We have identified and committed to invest £45 million to start manufacturing demineralised whey powder, adding value to the whey we produce as a by-product of cheese manufacture.
2 To focus on cost reduction and efficiency improvements	Projects initiated in the year have delivered annual benefits of £25 million – ahead of our £20 million target. Greatest cost savings have arisen from the reorganisation of the business into 'One Dairy Crest'. This reorganisation was completed early in the year and combined our Foods and Dairies businesses into one management and operating structure. It allows us to have an integrated supply chain and will lead to further efficiencies and greater focus on the consumer. We have also made savings by on-going closure of depots, increased use of lighter polybottles for milk and reduced distribution costs.
3 To improve quality of earnings and reduce risk	Since last year's disposal of St Hubert we have not identified any suitable acquisition opportunities and are investing in our existing business which has lower execution risk. The demineralised whey project will also give us access to new markets. We have also introduced innovative milk purchasing contracts where prices are calculated based on a formula. This adds predictability for both us and the dairy farmers who supply us.
4 To generate organic growth and make acquisitions and disposals where they will generate value	We continue to simplify the business and have sold our depot based business in the North West of England. We have also shut Proper Welsh Milk and are carrying out a strategic review of FoodTec.

Our values

WE LISTEN
Consumers are at the heart of our business

WE CREATE
We constantly look for new and better ways of doing things

We aim to meet consumers' needs and go where this takes us

As we grow, we look after our people and the communities where we work

Future priorities

We continue to seek to grow our four key brands and will support them with television advertising. We will also keep bringing out new innovations.

This will be focused around making our brands healthier, without compromising on taste and improving the packaging so that we give consumers a choice of sizes and make our brands more convenient for them.

We expect further progress from Frylight which plays to the healthy and convenient drivers.

We expect to complete the demineralised whey investment in 2014/15 and that this project will generate an additional £5 million annual profit from 2015/16.

We expect to benefit from lower spreads manufacturing costs as we consolidate production at Kirkby and close Crudgington.

Our focus remains on reducing the cost of moving milk through the supply chain and we have several initiatives underway to do this.

Following the One Dairy Crest reorganisation we will continue to integrate our planning to reduce wastage and deliver improved customer service.

As residential sales decline we will continue to manage the associated costs and use property sales to mitigate any associated impact on profits.

We will continue to develop milk contracts that reduce risk.

We have agreed with the Pension Scheme Trustee to reduce the scheme's exposure to higher risk assets.

We will continue to assess investment opportunities and make disposals where appropriate.

Since the year end we have further simplified the business by selling our remaining 30% stake in Wexford Creamery Limited.

We are confident that we can generate profit growth in all three of our product groups over the medium term.

We also expect to increase free cashflow.

Key performance indicators and performance in the year ended 31 March 2014

DELIVER progressive dividends with cover between 1.5 and 2.5 times (31 March 2013: increase 1.5%; cover 1.4 times).

In the year ended 31 March 2014 the Board is recommending a total dividend up 3%. This is covered 1.9 times.

GROW earnings before, interest, tax and depreciation (adjusted EBITDA) and adjusted profit before tax (adjusted PBT). In the year ended 31 March 2014 adjusted EBITDA is up 7% and adjusted PBT up 31% (31 March 2013: adjusted EBITDA unchanged; adjusted PBT +7%).

DELIVER an acceptable return on capital employed (ROCE).

ROCE for the year ended 31 March 2014 was 13.8%, ahead of the long term target of 12% (31 March 2013: 13.3%).

MAINTAIN net debt / EBITDA within a range 1 – 2 times.

At 31 March 2014 net debt / EBITDA was 1.3 times (31 March 2013: 0.6 times).

GROW our four key brands ahead of the market.
In the year ended 31 March 2014 only one of our four key brands grew ahead of the market (31 March 2013: three key brands in growth). (Further details, page 13).

DELIVER cost savings initiatives.

Cost reduction projects initiated in the year ended 31 March 2014 have delivered annual benefits of £25 million, ahead of our annual target of £20 million (31 March 2013: £23 million).

ACHIEVE revenue targets for products developed in the last 3 years.

In the year ended 31 March 2014 around 4% of our total revenue and 7% of our key brand revenue has come from such sales against a target of 10% (31 March 2013: 5% of total revenue; 9% of key brand revenue).

IMPROVE corporate responsibility measures.
Under a new marking system, we have been awarded 4.5 stars by Business in the Community and are its highest ranked UK business (31 March 2013 BITC Platinum Big Tick Award).

There is a more detailed review of our performance against KPIs on pages 59 and 60

WE LEAD
We value success and strive to be the best

WE RESPECT
We value our people and are stronger together

WE CARE
We act responsibly with a passion to do the right thing