

# Abcam plc

## Full Year Results Presentation

For the 12 months ended 30 June 2020

14 September 2020

**abcam**



# Disclaimer

This presentation (including any information which has been or may be supplied in writing or orally in connection herewith or in connection with any further inquiries) is being delivered on behalf of Abcam plc ("Abcam", or the "Company"). The sole purpose of this presentation is to provide information to research analysts and investors in connection with their review of the Company. This presentation does not purport to be all inclusive or to contain all of the information that the analysts may consider material or desirable in analysing the Company or developing their models. The information contained herein is not a substitute for an analyst or investors' independent evaluation and analysis. No representation, warranty or undertaking, express or implied, is made as to the accuracy or completeness of the statements, estimates, projections or assumptions contained in the presentation, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or opinions contained herein, and nothing in the presentation is, or shall be relied upon as a promise or representation. Neither the Company nor any of its directors, officers, employees, affiliates, agents, advisors or representatives shall have any liability whatsoever (in negligence, whether direct or indirect, in contract, tort or otherwise) for any errors, omissions or any losses however arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

## **Forward-looking statements**

This presentation may contain forward-looking statements, which are based upon current expectations and assumptions regarding anticipated developments and other factors affecting Abcam. In some cases, you can identify forward-looking statements by the following words: "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. They are not historical facts, nor are they guarantees of future performance. Forward-looking statements are subject to many risks and uncertainties, including (1) the impact of a regional or global health pandemic, including COVID-19; (2) challenges in implementing our strategies for revenue growth, developing new products and enhancing existing products, adapting to significant technological change and responding to the introduction of new products by competitors to remain competitive; (3) failure to successfully identify or integrate acquired businesses or assets into our operations or fully recognize the anticipated benefits of businesses or assets that we acquire; (4) any discontinuation or reduction in our customers' spend on research, development, production or other scientific endeavors; (5) failure to successfully use, access and maintain information systems and implement new systems to handle our changing needs; (6) cyber security risks; (7) failure to successfully manage our current and potential future growth; (8) any significant interruptions in our operations; (9) failure of our products to satisfy applicable quality criteria, specifications and performance standards; and (10) failure to maintain our brand and reputation; among other risks. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements speak only as of the date of this presentation and accordingly you should not place undue reliance on such statements. Moreover, new risks emerge from time to time, and it is not possible for Abcam to predict all risks, nor can it assess the impact of all factors on its business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements Abcam may make. Abcam cautions readers against relying on these forward-looking statements. Neither Abcam, nor its advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Neither Abcam nor its advisors undertakes any obligation to update any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results of changes in expectations except as may be required by law. Abcam's actual future results, performance and events and circumstances may be materially different from these expectations.

## **Non-IFRS Measures**

This presentation contains certain financial measures that are not presented in accordance with the International Financial Reporting Standards ("IFRS"), including, but not limited to, Adjusted Operating Profit, Adjusted Operating Profit Margin, Return on Capital Employed ("ROCE") and Free Cash Flow. These non-IFRS financial measures are not measures of financial performance in accordance with IFRS and may exclude items that are significant in understanding and assessing Abcam's financial results. Therefore, these measures should not be considered in isolation or as an alternative to profit for the year, cash flows from operations or other measures of profitability, liquidity or performance under IFRS. Abcam's presentation of these measures may not be comparable to similarly titled measures used by other companies. Please see the appendix to this presentation for a reconciliation of these measures to the closest comparable IFRS measure.

## **Statements/opinions/views**

All opinions and estimates in this presentation constitute the reasonable belief of Abcam as of the date of this presentation but are subject to change without notice. Abcam is not rendering legal or accounting advice through this material; readers should contact their legal and accounting professionals for such information.

## **Information subject to change**

The information contained herein is subject to change, without notice, at the discretion of Abcam, and Abcam does not undertake to revise or update this information in any way. The information contained in this presentation is being provided only for the purposes of general background information about Abcam.

## **Third party data**

Some information contained herein has been obtained from other third party sources and has not been independently verified by Abcam.

Abcam makes no representations as to the accuracy or the completeness of any of the information herein. Neither Abcam nor any of its advisers, representatives and their respective affiliates, officers, employees or agents involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof) and all such parties hereby expressly disclaim, to the maximum extent permitted by law and regulation, any and all responsibility or liability as to the accuracy, completeness or reasonableness of the information provided.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of Abcam or the proposed offering.

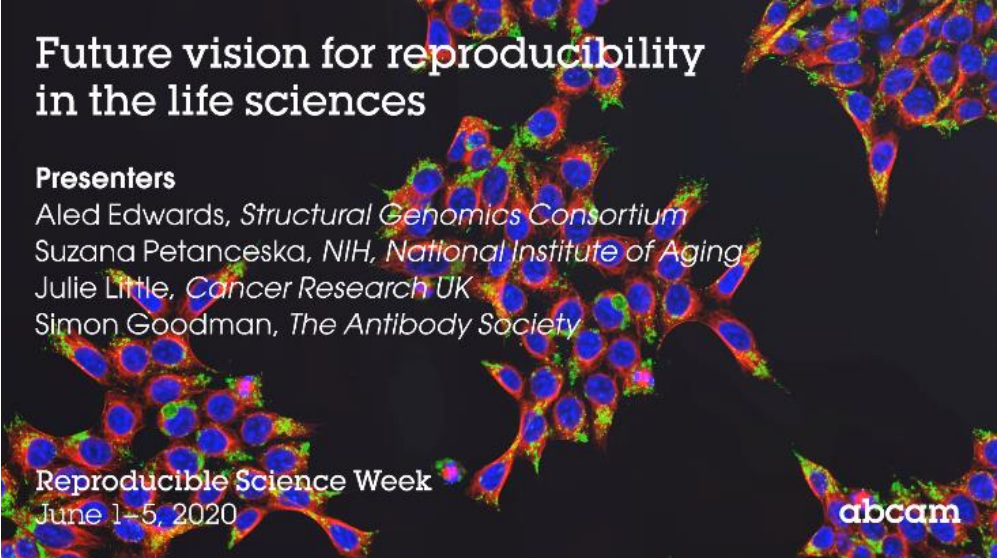
# Agenda

- › Our purpose, people and culture
- › 2020 Financial Performance and Outlook
- › 2020 Strategy Update: Progress toward our long-term goals



# Our purpose, people and culture

Alan Hirzel CEO



**Future vision for reproducibility  
in the life sciences**

**Presenters**  
Aled Edwards, *Structural Genomics Consortium*  
Suzana Petanceska, *NIH, National Institute of Aging*  
Julie Little, *Cancer Research UK*  
Simon Goodman, *The Antibody Society*

**Reproducible Science Week**  
June 1-5, 2020

**abcam**

## Abcam, working toward better scientific and social outcomes

To provide superior reagents capable of accelerating and de-risking research, used by more scientists across a wider section of the scientific community, resulting in more people with better health and wellbeing.

*An Abcam goal aligned to the UN Sustainable Development Goal 3*

% of life science publications in which an Abcam product is cited<sup>1</sup>

**>50%**

Custom projects undertaken with partners since 2013

**>2,000**

Number of products validated on 3<sup>rd</sup> party platforms or for diagnostic use

**>450**

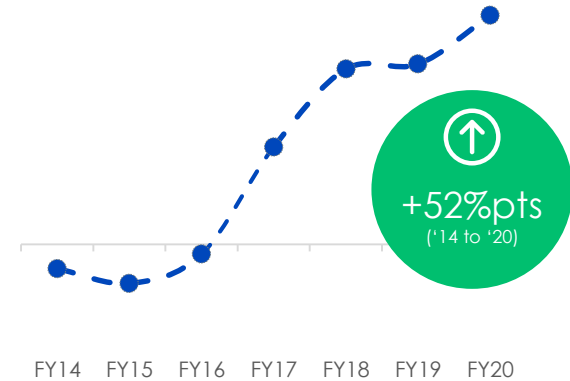


Our purpose, people and culture

# Our people and culture are dedicated to that purpose

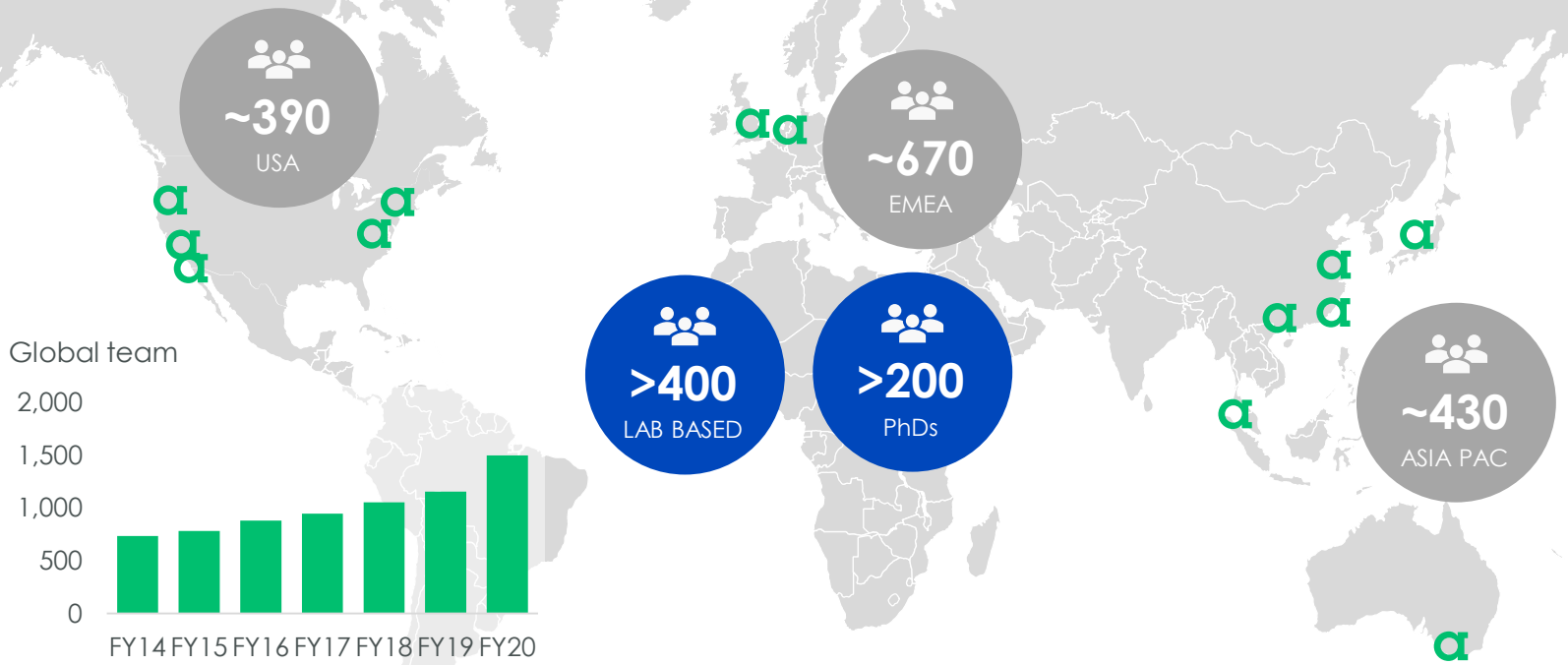


Global Employee NPS



**glassdoor**  
**BEST PLACES TO WORK 2020**  
EMPLOYEES' CHOICE

# We continue to grow and develop our global team, always prioritising their safety and wellbeing





## We strengthened Abcam and delivered during this pandemic



Reagents

- **Delivered to customers consistently** throughout the pandemic
- **Introduced COVID-19 online hub**, including portfolio of >700 products
- Started innovations for **hundreds of additional COVID-19 related products**
- Formed a **new Infection and Immunity Research Area** focus



Dx / Rx  
Partnerships

- Entered discussions for **over 30 COVID-19 clinical collaborations**
- Provided **components to COVID-19 lateral flow diagnostic tests** to multiple customers



In kind  
support

- **Donated PCR machines and laptops** to the UK National Testing Lab
- **Donated excess PPE** to local health organisations in locations where possible



# Our purpose and priorities align with several UN Sustainable Development Goals



# Responsibly growing our impact

## Our commitments



### Products

1. Increase product quality to reduce wasted R&D resources and accelerate the transition of early stage research to impact on society
2. Ensure ethical production across our supply chain and reduce animal use
3. Provide exceptional product support



### People

4. Attract, retain and develop our talent to enable our growth
5. Promote diversity, inclusion and gender equality
6. Protect data and privacy
7. Inspire the next generation of scientists and promote access to STEM careers



### Partners

8. Increase our impact through long term, mutually beneficial relationships based on trust
9. Uphold our ethical standards across our value chain



### Planet

10. Reduce our environmental impact



# 2020 Financial Performance and Outlook

*Michael Baldock CFO*



## 2020 Financial Performance

# Financial Headlines

12 months ended 30 June 2020 (£m) Adjusted Results <sup>1</sup>	2020	2019
<b>Revenue</b>	<b>260.0</b>	<b>259.9</b>
<i>Gross profit margin</i>	<i>69.3%</i>	<i>70.5%</i>
Operating costs excl. non-cash costs	105.1	84.3
Non-cash costs <sup>3</sup>	30.6	15.3
<b>Total operating costs</b>	<b>135.7</b>	<b>99.6</b>
<b>Operating profit</b>	<b>44.5</b>	<b>83.6</b>
<i>Operating profit margin</i>	<i>17.1%</i>	<i>32.2%</i>
<b>Earnings per share (diluted)</b>	<b>16.6p</b>	<b>32.6p</b>
<b>Cash generated from operations</b>	<b>63.0</b>	<b>70.2</b>
<b>Net cash</b>	<b>80.9</b>	<b>87.1</b>

- Total revenue flat on a reported basis, down 1.4% on a constant exchange rate (CER<sup>2</sup>) basis, despite COVID-19
- Adjusted operating profit margin of 17.1%, reflecting:
  - i. planned investments to support long-term strategy
  - ii. impact of global COVID-19 pandemic
  - iii. anticipated step up in non-cash items
- Net cash position of £80.9m reflects positive cash generation and proceeds of £110m equity placing in April 2020
- Capital allocation reviewed by the Board in H2, with the intention to prioritise growth investment to maximise long-term value creation
  - no final dividend declared in 2019/20
  - capital allocation plans to be regularly assessed

1. Adjusted figures exclude impairment of intangible assets, systems and process improvement costs, acquisition costs, integration and reorganisation costs, amortisation of acquisition intangibles, the tax effect of adjusting items and certain individual specific tax items. Such excluded items are described as 'adjusting items'. See additional information for a reconciliation between adjusted and reported measures.

2. Constant exchange rate (CER)

3. Total non-cash items including depreciation and amortisation and share-based payments

## 2020 Financial Performance

## Revenue driven by in-house innovation

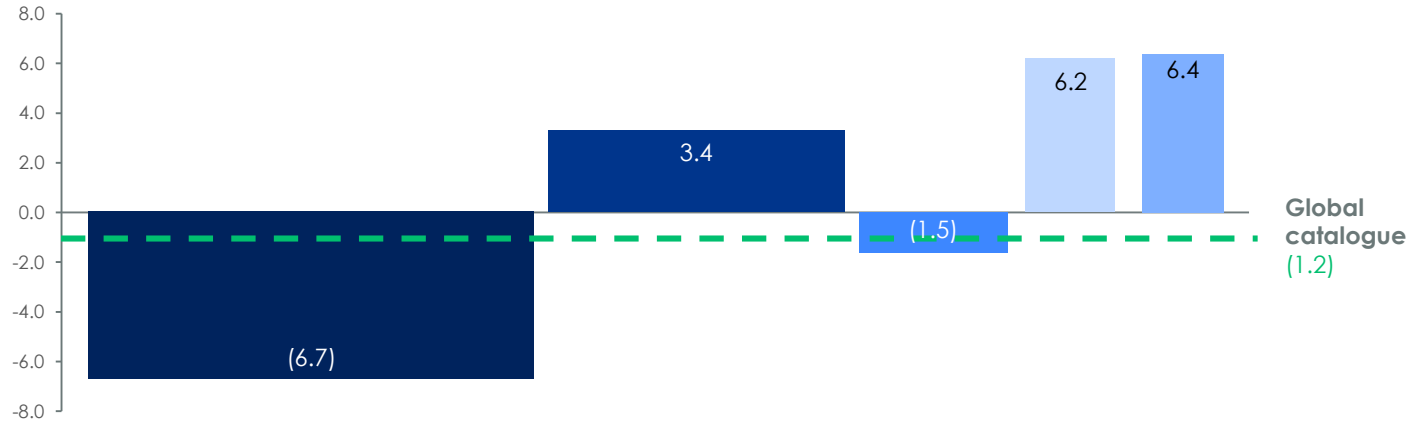
12 months ended 30 June (£m)	2020	2019	% Change	
			Reported	CER <sup>1</sup>
<b>Catalogue</b>				
In-house	<b>114.4</b>	106.4	7.5%	<b>6.2%</b>
Third-party	<b>128.7</b>	136.4	(5.6%)	<b>(6.9%)</b>
<b>Catalogue sub-total</b>	<b>243.1</b>	<b>242.8</b>	<b>0.1%</b>	<b>(1.2%)</b>
Custom Products & Services	<b>6.3</b>	5.4	16.7%	<b>12.7%</b>
IVD	<b>4.7</b>	6.9	(31.8%)	<b>(33.5%)</b>
Royalties and Licenses	<b>5.9</b>	4.8	22.9%	<b>18.5%</b>
<b>Custom Products and Licensing (CP&amp;L) sub-total</b>	<b>16.9</b>	<b>17.1</b>	<b>(1.2%)</b>	<b>(4.2%)</b>
<b>Total revenue</b>	<b>260.0</b>	<b>259.9</b>	<b>0.0%</b>	<b>(1.4%)</b>

- Resilient performance driven by proprietary in-house products - grew by over 13% (CER) in H1 and 6.2% in FY
  - contributed **47.1%** of total catalogue revenue, up >300 bpts in the year
- Including CP&L, in-house products and service revenue rose to **50.5%** of total revenue
- Positive performance from custom products and royalties/licenses
- IVD revenue impacted by delays to certain large customer orders

1. Constant Exchange Rate (CER)

# Regional revenue performance reflects COVID-19 dynamics

Catalogue CER<sup>1</sup> revenue growth rate, %



	Americas	EMEA	China	Japan	RoA
% of FY2020 revenue	40.0%	28.1%	16.1%	7.7%	8.2%
H1 / H2 growth, %	6.4 / (18.4)	7.3 / (0.4)	17.3 / (20.5)	10.7 / 2.2	9.1 / 3.6

1. Catalogue revenue growth at constant exchange rates (applying prior period's exchange rates to this period's results)

## We have invested across all areas of our five-year growth plan

- › **~£120m committed to acquisitions and external investments**
  - › Integrations progressing as planned
  - › Continue to build pipeline of future opportunities aligned with acquisition criteria
- › **>£20m opex investment in strategic initiatives during the year, spanning:**
  - › R&D and New product development
  - › Customer experience
  - › Data and digital transformation
  - › Global footprint
  - › Teams and talent development

### Acquisitions & External Investments since 1 July 2019

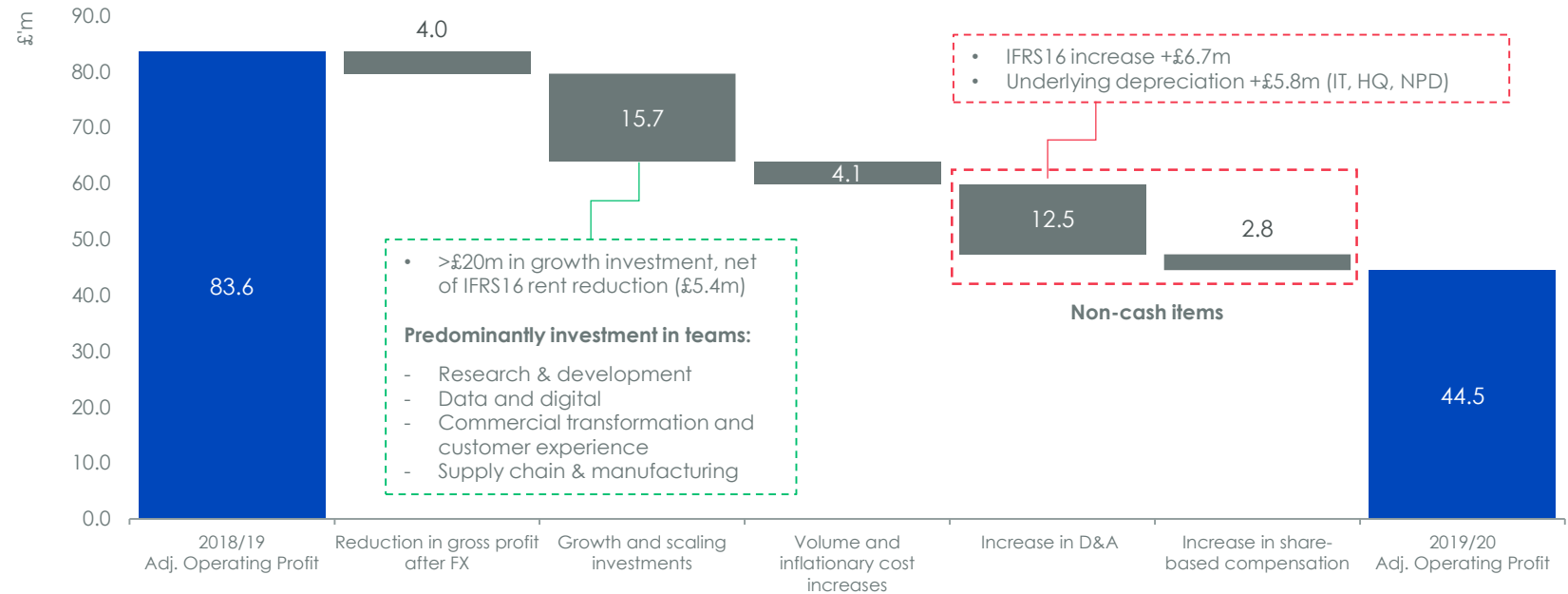




2020 Financial Performance

# Adjusted Operating Profit<sup>1</sup> Bridge

## Reflects planned investments



1. Pre-tax adjusted figures exclude system and process improvement costs, costs associated with the new Group headquarters, acquisition costs and amortisation of acquired intangibles.

2020 Financial Performance

# Cash flow analysis

## Cash generation and strong cash position support our investment in growth

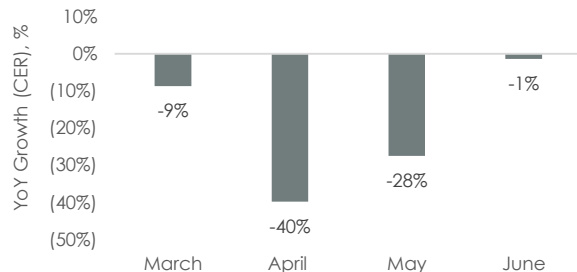
12 months ended 30 June 2020 (£m)	2020	2019
<b>Operating cash flows before w/c</b>	<b>61.4</b>	<b>88.2</b>
Change in working capital	4.0	(4.5)
<b>Cash generated from operations</b>	<b>65.4</b>	<b>83.7</b>
Tax paid	(2.4)	(13.5)
Investing activities	(148.1)	(49.9)
Financing activities	184.6	(24.7)
<b>Net change in cash and term deposits</b>	<b>99.5</b>	<b>(4.4)</b>
Effect of FX	0.7	1.3
Opening cash and term deposits	87.1	90.2
<b>Closing cash and term deposits</b>	<b>187.3</b>	<b>83.2</b>
Debt at period end	106.4	-
<b>Free Cash Flow<sup>1</sup></b>	<b>19.0</b>	<b>34.3</b>
<b>Cash conversion ratio<sup>2</sup></b>	<b>99.7%</b>	<b>90.6%</b>
<b>Capex to revenue</b>	<b>14.0%</b>	<b>13.8%</b>

- **Main investing activities:**
  - Acquisition consideration £112.5m
  - Capex of £36.5m (2018/19: £35.9m), of which:
    - Product innovation related: £20.0m
    - ERP/Digital: £14.2m
- **Main financing activities:**
  - RCF draw-down of £106.4m to fund the Expedeon Acquisition
  - Issue of new shares in April for £110m
  - Dividend payments of £25m

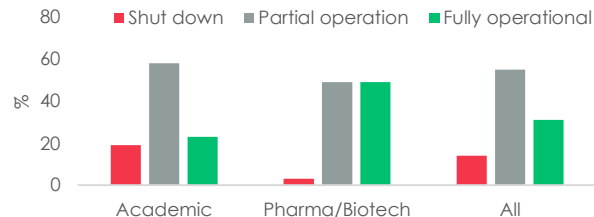
## Current Trading and Long-term Outlook

- Global lab activity has continued to gradually improve in our new fiscal year
- Given the ongoing uncertainty caused by the COVID-19 pandemic, the Company is not providing full year guidance at this time
- We remain confident in our long-term growth potential with attractive return profile
  - long-term investment plans and financial goals unchanged
- Intention to add U.S. listing in calendar Q4, subject to market conditions

Revenue Growth by Month (YoY, CER<sup>2</sup>)



Global Lab activity, 1-15 August 2020

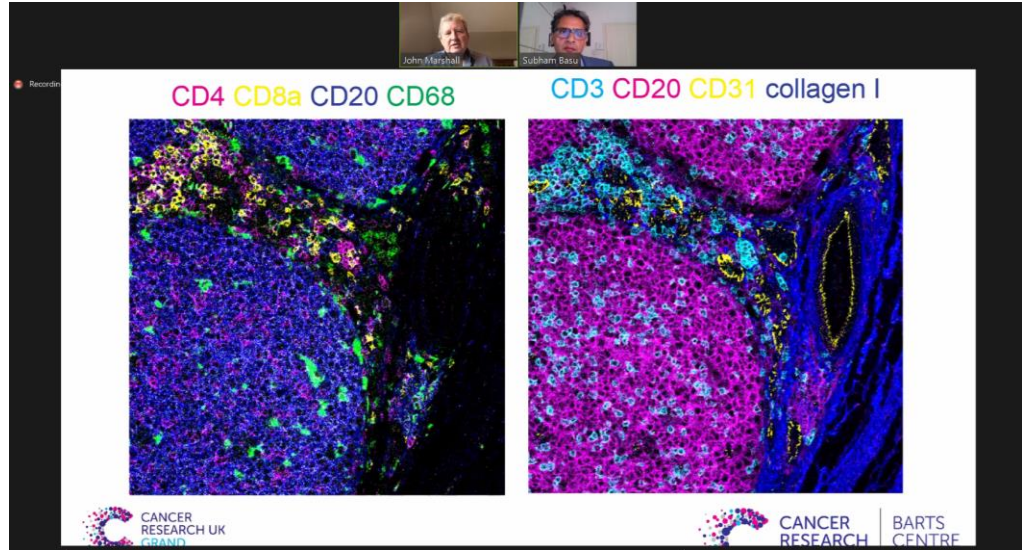


Source: COVID-19 Research Lab Closures Tracker, bioinformatics

# Sustaining Growth

## Strategic Progress and Sustainability

*Alan Hirzel CEO*



## Major drivers to sustain our growth



1.

Extend leadership in RUO antibodies



2.

Remove innovation constraints and launch new lines



3.

Be a leading discovery partner for bi-pharmaceutical organisations



4.

Be a leading digital company



5.

Remove scalability constraints and sustain value



6.

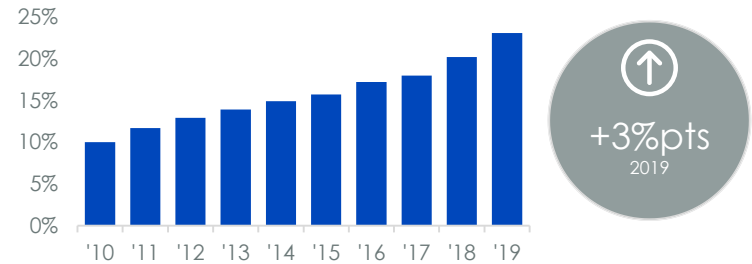
Add new content and capabilities through acquisitions and partnerships



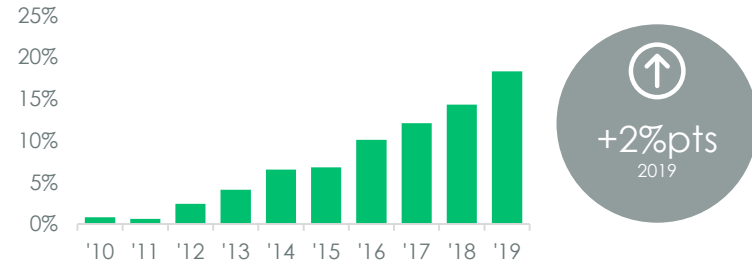
## Extending leadership in RUO antibodies

- **Exceeded target** for in-house product launches despite COVID-19; increasing range of recombinant antibodies to **over 20,000**
- Continued to **extend and enhance our antibody validation** and production, **raising performance standards**
- Achieved **highest ever product satisfaction rate** (12-month rolling)
- Rated by scientists as **top preference for antibody supplier** in 10 out of 11 categories in the 2019 Biocompare report

Abcam – Global antibody citation share<sup>1</sup>



Abcam – Global ELISA citation share<sup>1,2</sup>



## Expanding to adjacent markets



### Remove innovation constraints and **launch new lines**

- **Opened protein expression** capability and **launched line of in-house proteins**
- **Established engineered cell lines offering**, adding >800 cell lines and >2600 lysates to the catalogue
- **Expanded Fireplex** customer base
- **Delivered ahead of commercial plan** for proteins, cell lines, multiplex, and conjugates product lines, despite COVID-19 impact



### Be a leading discovery partner for biopharma

- Established supply agreements **with 4 new instrumentation partners**
- **Entered >50 new development programmes with Dx/Rx partners**
- **450 products now validated for use on 3<sup>rd</sup> party platforms and/or in IVD**
- **Strengthened commercial team** to increase support for global biopharma organisations





## Be a leading digital company

- **Strengthened and restructured team to drive digital transformation programme**, with several senior appointments, including new SVP, Data and Digital
- Completed detailed design for the **re-defined digital platform**
- **Enhanced existing e-commerce platform**, adding functionality and improving the ease of use





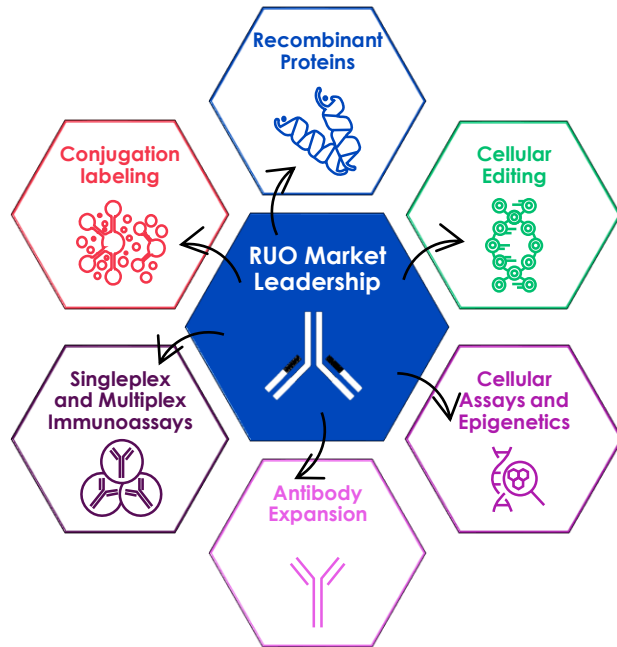
## Building organisational scalability

- **Halved time for antibody development over the last 36 months**
- **Initiated USA facilities expansion in Waltham, Eugene, and SF Bay Area to increase capacity** and support growth plans
- Identified and **began to address global bottleneck constraints** in logistics, operations, and workflows
- **Hired and/or integrated over 500 new people** –filling skill gaps in digital, cell and protein technology, conjugation chemistry, manufacturing, and supply chain





# Still pursuing new content and capabilities through acquisition



## Acquisition Criteria



● High-quality biological portfolio



● Focus on breakthrough innovation opportunities in areas where there are either few or no tools



● Pursue opportunistic acquisitions in our existing and adjacent customer segments to accelerate our growth, expand geographic coverage and augment our capabilities and workflow solutions

## Wrap-up

- **Talented team and strong culture**
- **Sustainable and durable growth opportunities** within large, attractive addressable markets
- **Strong foundation**, well placed to extend our leading position in research antibodies and related markets
- Core **business fundamentals remain appealing** - highly profitable and cash generative, providing capital to invest
- **Disciplined investment plans** developed to sustain and increase our growth potential with attractive return profile, build the enterprise and deliver shareholder-value creation



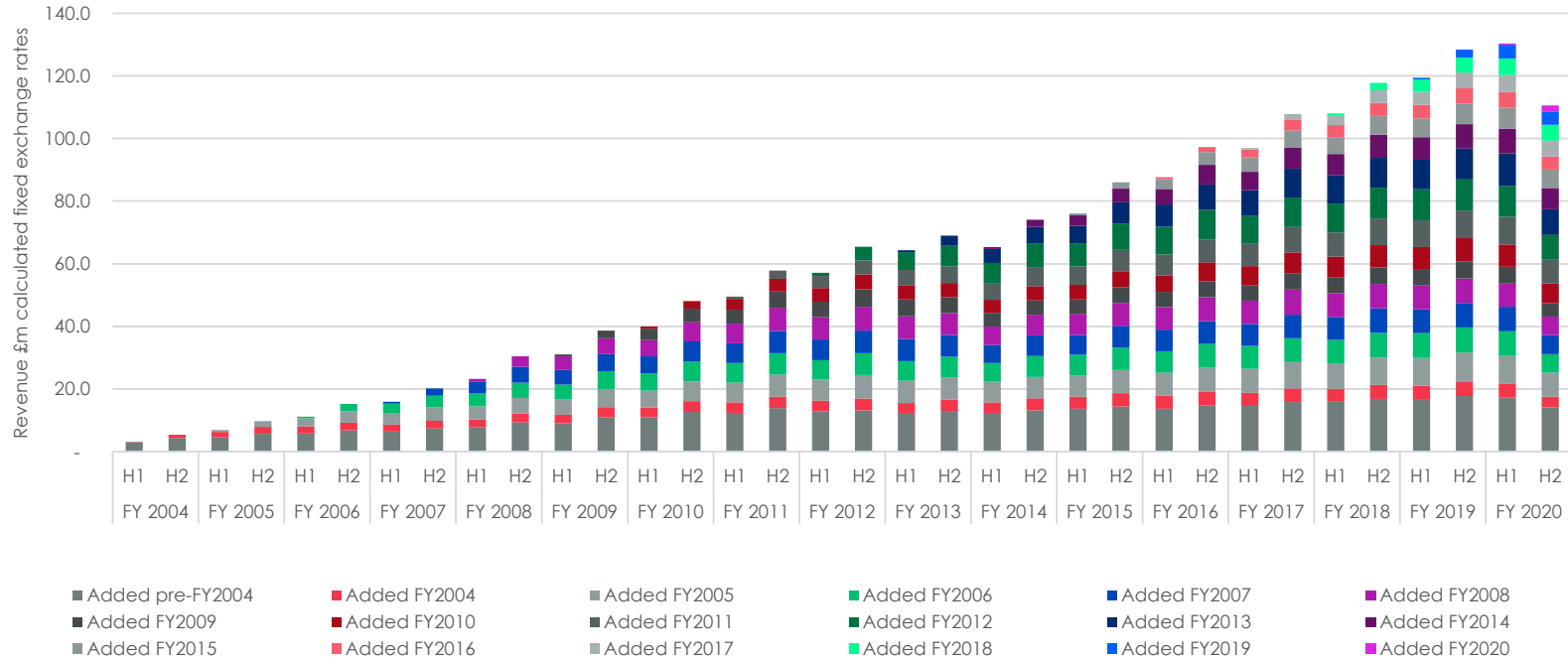
abcam

Q&A

abcam  
336

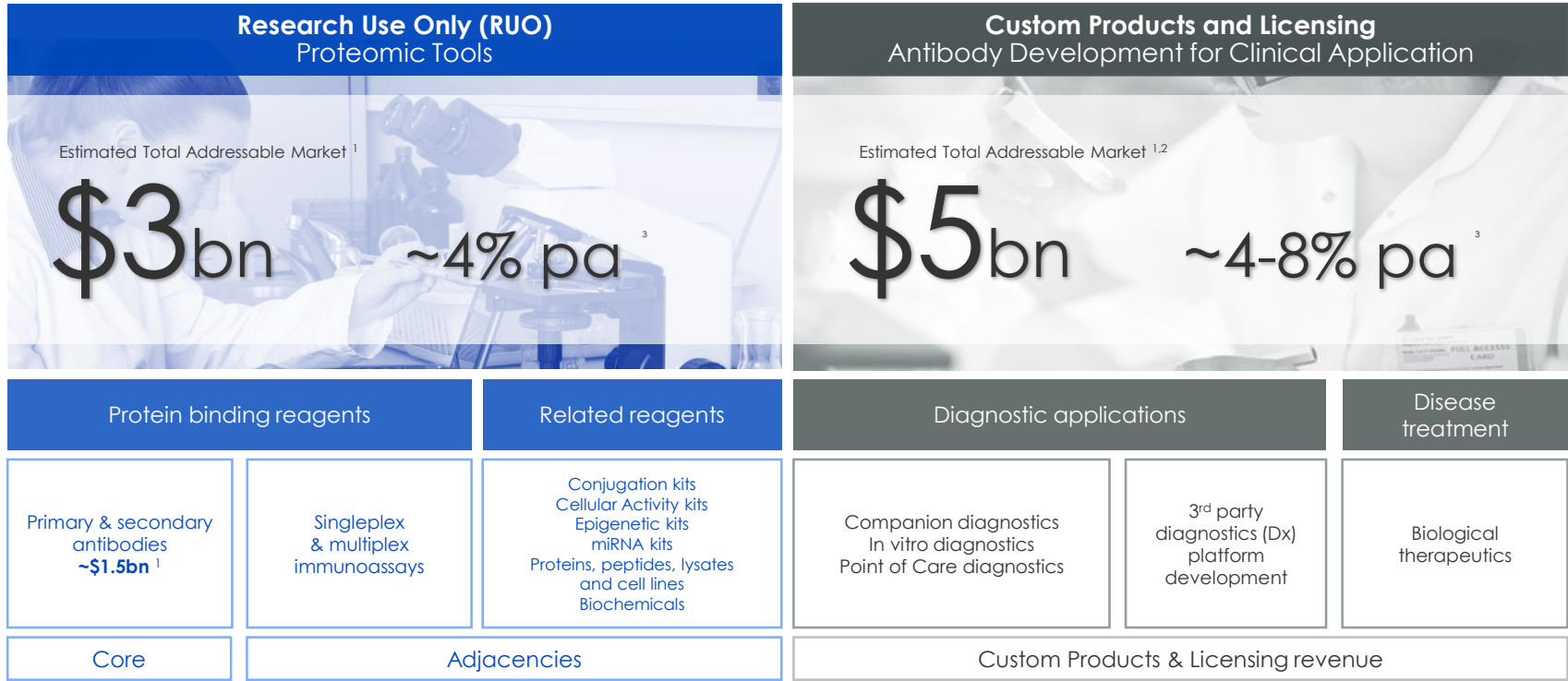
# Additional Information

# Cohort catalogue revenue by financial year





# Addressable markets of ~\$8bn

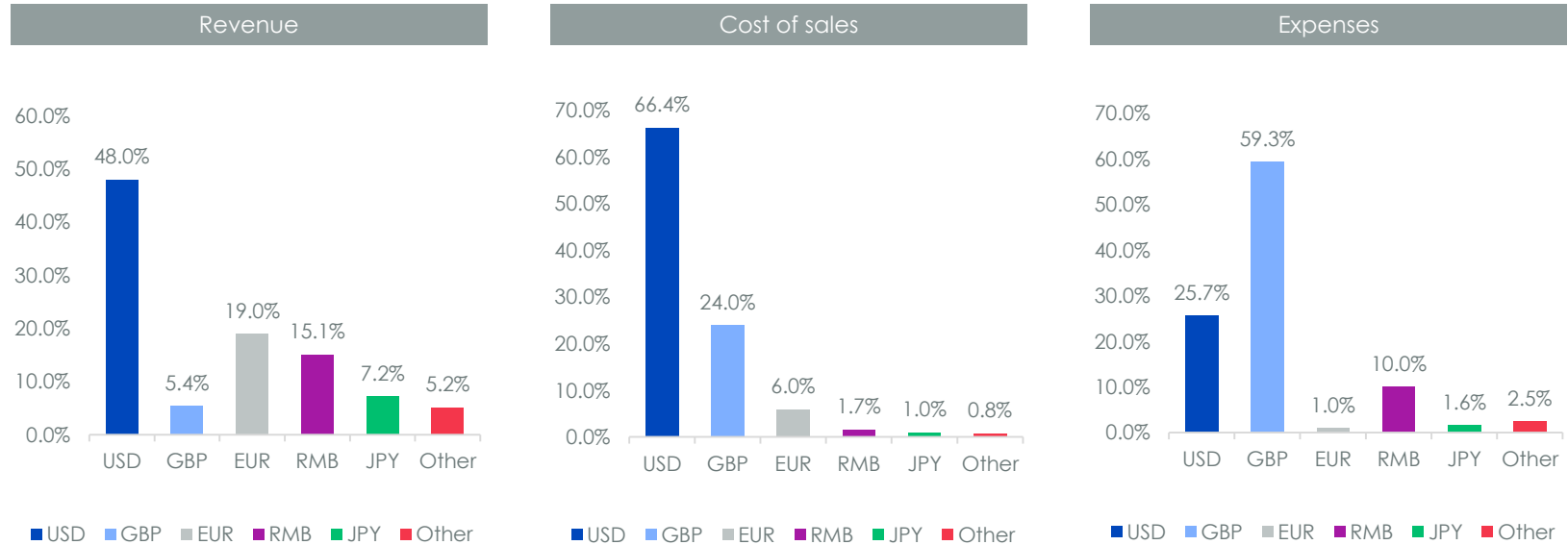


1) As of 2019

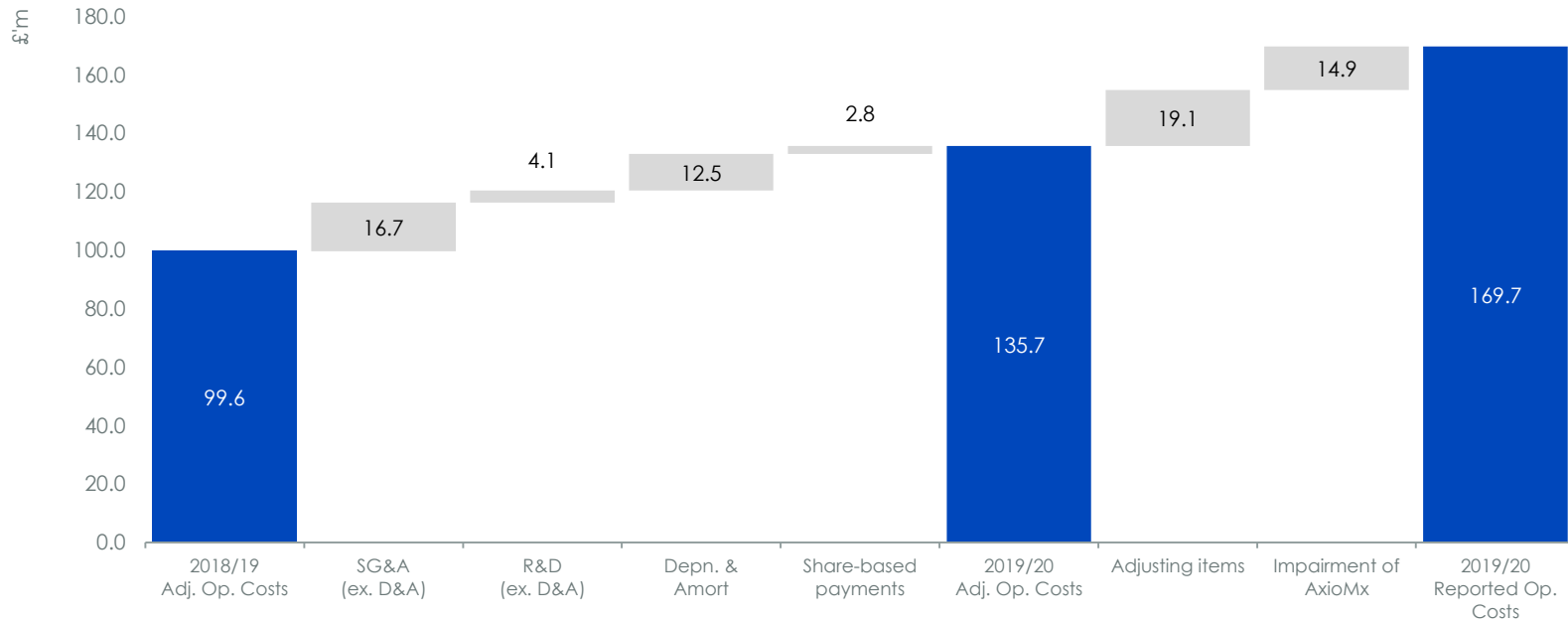
2) Total Addressable Market relates to the potential value attributable to the initial antibody development for use by diagnostic and biopharmaceutical partner organisations which result in clinical products, including in-vitro diagnostics (IVD), companion diagnostics, immunoassays and biological therapeutics

3) Excluding the impact from COVID-19

## 2019/20 breakdown by currency

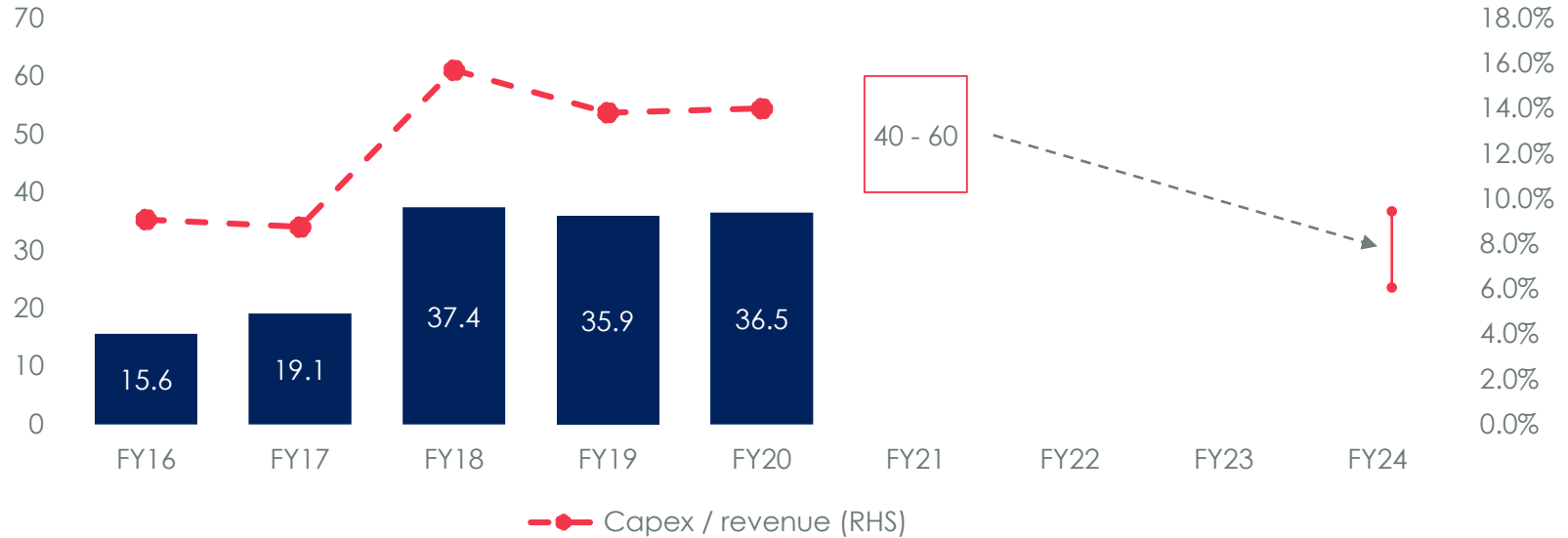


# Operating Cost Bridge



# Capital Expenditure

Total capex spend, £m



## Additional information

## Adjusted Operating Profit Reconciliation

	2020 £m	2019 £m
<b>Profit for the year</b>	<b>12.5</b>	<b>45.0</b>
Tax (credit)/charge	(4.1)	11.4
Finance Income	(0.7)	(0.6)
Finance costs	2.8	0.3
Impairment of intangible assets <sup>(a)</sup>	14.9	12.8
System and process improvements costs <sup>(b)</sup>	4.3	4.5
Acquisition costs <sup>(c)</sup>	4.1	-
Integration and reorganisation costs <sup>(d)</sup>	2.1	3.7
Amortisation of acquisition intangibles <sup>(e)</sup>	8.6	6.5
<b>Adjusted Operating Profit <sup>(f)</sup></b>	<b>44.5</b>	<b>83.6</b>
<b>Adjusting items:</b>		
ERP development costs	(4.3)	(4.5)
Impairment of certain historic ERP development costs	(14.9)	(12.8)
Acquisition related costs	(4.1)	-
Integration and reorganisation costs	(2.1)	(3.7)
Amortization of acquisition intangibles	(8.6)	(6.5)
<b>Reported Operating Profit</b>	<b>10.5</b>	<b>56.1</b>

a) Consists of the full impairment of the acquisition intangible in respect of AvioMx In Vitro monoclonal antibody production technology and subsequent post acquisition expenditure. This has arisen following an appraisal of the ability to utilise this technology at scale. Although technical feasibility remains valid, the challenges to realize material commercial returns have resulted in the conclusion not to pursue further active development and substantive utilization of this technology. (2018/19: Consisted of an impairment of software assets under construction as a result of changes in the scope and nature of the ERP program and the corresponding usability of historical work performed on certain outstanding modules).

b) Consists of costs of our ERP program implementation that do not qualify for capitalization.

c) Consists of legal and other professional fees associated with the acquisition of Expeleon as well as agreed settlements of Expeleon employee share incentive schemes.

d) Relates partly to the integration of the acquired Expeleon business, which consists mainly of retention and severance costs as well as employee backfill costs for those involved in the integration and consultancy costs, and reorganization costs in respect of alignment of our operational structure and geographical footprint to our strategic goals (2018/19: related to the reorganisation costs consisted of those associated with our new headquarters, including depreciation of assets not yet brought into use prior to occupation of the building).

e) Consists of amortisation of acquisition intangibles included within research and development expenses of £6.0m (2018/19: £4.3 m) with the remaining £2.6m (2018/19: £2.2m) included within selling, general and administrative expenses.

f) We define Adjusted Operating Profit as profit for the year before taking account of finance income, finance costs, tax, exceptional items and amortisation of acquisition intangibles. Exceptional items consist of certain cash and non-cash items that we believe are not reflective of the normal course of our business. We identify and determine items to be exceptional based on their nature and incidence or by their significance. As a result, the composition of exceptional items may vary from year to year. Exceptional items currently consist of impairment of intangible assets, systems and process improvement costs, acquisition costs, integration and reorganisation costs, and amortisation of acquisition intangibles. Adjusted Operating Profit is included in this presentation because it is a key metric used internally to assess our financial performance, and we believe that disclosing Adjusted Operating Profit enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Adjusted Operating Profit is not an IFRS measure of our financial performance and should not be considered as an alternative to profit for the year, or as an alternative to any other performance measure derived in accordance with IFRS.

## Free Cash Flow Reconciliation

	FY 2020 £m	FY 2019 £m
Net cash inflow from operating activities	63.0	70.2
Purchase of property, plant and equipment	(12.7)	(17.7)
Purchase of intangible assets	(23.0)	(22.7)
Transfer of cash (to) / from escrow in respect of future capital expenditure	(0.6)	4.5
Principal and interest in respect of lease obligations	(7.7)	-
<b>Free Cash Flow <sup>(a)</sup></b>	<b>19.0</b>	<b>34.3</b>

a) Free Cash Flow comprises net cash inflow from operating activities less net capital expenditure, transfer of cash from/(to) escrow in respect of future capital expenditure and the principal and interest elements of lease obligations. Free Cash Flow is included in this presentation because it is a key metric used internally to assess our financial performance. Free Cash Flow is not an IFRS measure of our financial performance and should not be considered as an alternative to net cash inflow from operations as a measure of liquidity, or as an alternative to any other performance measure derived in accordance with IFRS.

## ROCE Reconciliation

	FY 2020 £m	FY 2019 £m
Adj. Operating Profit	44.5	83.6
Total Assets	811.4	446.7
Current Liabilities	(159.6)	(45.3)
<b>ROCE <sup>(a)</sup></b>	<b>6.8%</b>	20.8%

a) ROCE is defined as Adjusted Operating Profit divided by capital employed, which is defined as total assets less current liabilities. ROCE is included in this presentation because it is a key metric used internally to assess our financial performance. ROCE is not an IFRS measure of our financial performance and should not be considered as an alternative to profit for the year or as an alternative to any other performance measure derived in accordance with IFRS.

**Abcam plc**  
Discovery Drive  
Cambridge Biomedical Campus  
Cambridge  
CB2 0AX  
UK

[www.abcam.com](http://www.abcam.com) | [www.abcam.cn](http://www.abcam.cn) | [www.abcam.co.jp](http://www.abcam.co.jp)  
[www.abcamplc.com](http://www.abcamplc.com)