

A hand wearing a blue nitrile glove is shown in the upper left, holding a pipette tip over a multi-well plate. The plate has several microcentrifuge tubes with white caps. The background is a light blue gradient. The word 'abcam' is printed on the front of the plate in white.

abcam

Sustaining long-term growth

2017/18 Preliminary Results

10 September 2018

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Introduction and FY18 highlights

Alan Hirzel

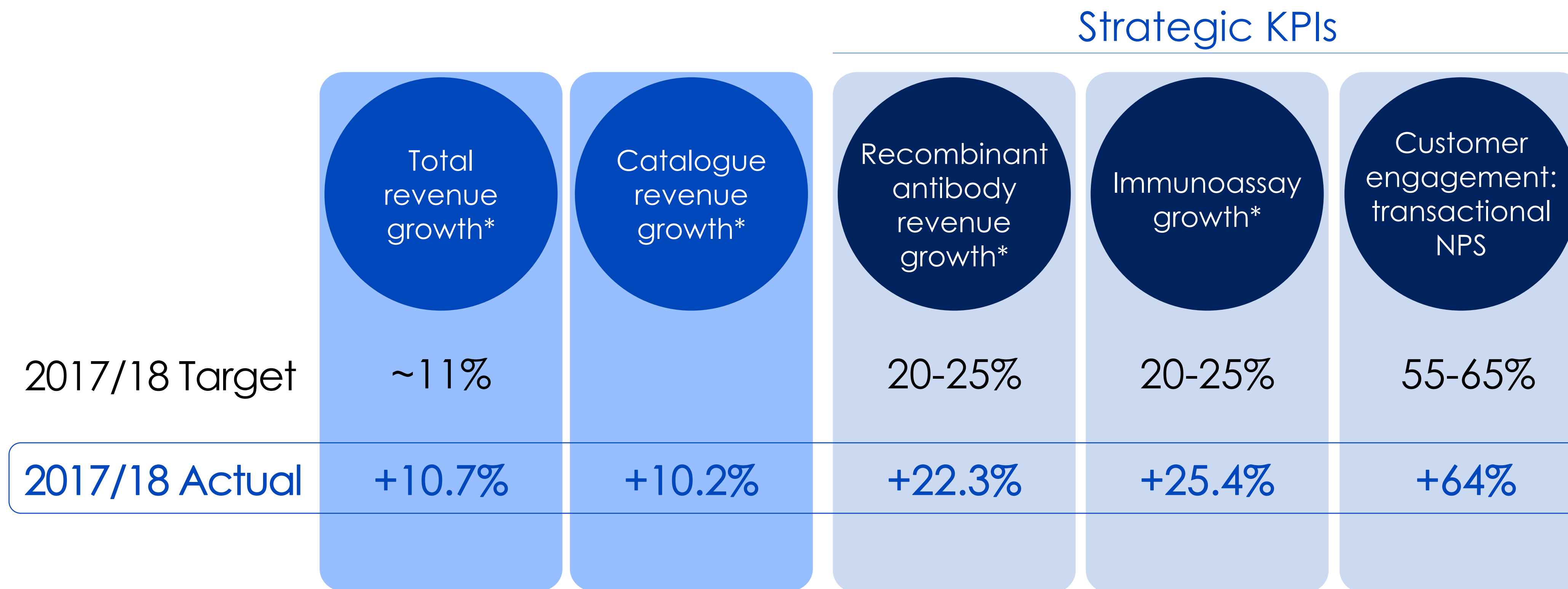
Becoming the most influential company for life scientists worldwide



Ashani Weeraratna, Ph.D., Professor & Co-Leader, Immunology, Microenvironment & Metastasis Program
The Wistar Institute, US



In 2017/18 we met our financial and strategic targets



* At constant exchange rates (CER, applying prior period's exchange rates to this period's results).


Most 2017/18 goals achieved

 Sustain antibody & digital marketing leadership

- Continue customer and high value target focus to gain share
- Continue validation initiative and raising quality standards
- Implement next phase of our digital marketing vision

 Expand in related growth markets

- Grow immunoassays in line with multi-year aspiration
- Increase Abcam Inside projects and framework agreements

 Invest in operating capabilities for 2x 2016 scale by 2023

- Further improve organisational engagement
- Implement Oracle Cloud and complete organisation alignment
- Complete implementation of Supply Chain & Manufacturing function

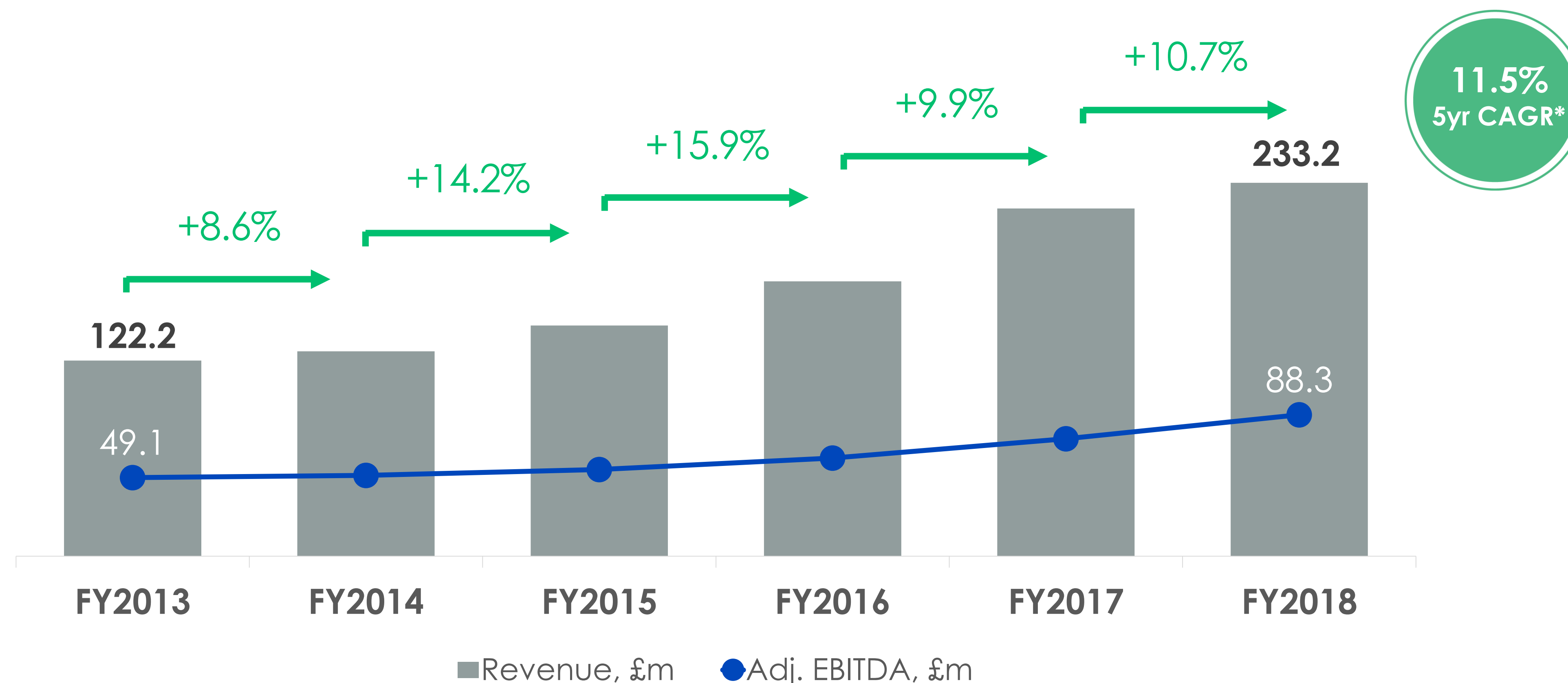
 Sustain attractive economics

- Deliver major capital projects within planned costs and time
- Realise further productivity gains
- Move to direct distribution in more markets

 Supplement organic growth - partnerships & acquisitions

- Strengthen relationships for future deals

Delivery against strategy has delivered a near doubling of revenue over the last five years



All sales growth and CAGR rates calculated at constant exchange rates (CER)

FY2018 Financial Results

Gavin Wood

Solid financial performance delivered in FY2018



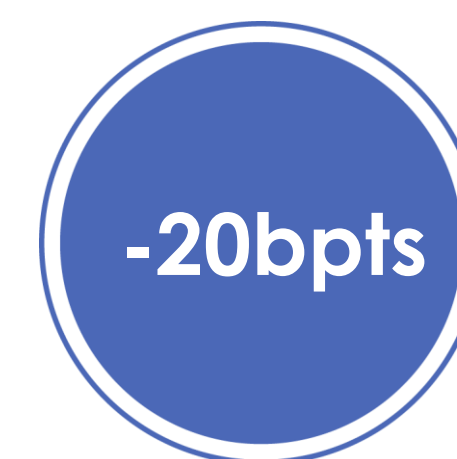
Total Revenue growth¹

Reported revenue
£233.2m, +7.4%
(2016/17: £217.1m)



Catalogue Revenue growth¹

Reported revenue
£216.8m, +7.1%
(2016/17: £202.4m)



Gross margin

Gross margin:
69.9%
(2016/17: 70.1%)



Adjusted EBITDA² growth

Adjusted
EBITDA £88.3m
(2016/17: £73.3m)



Adjusted diluted EPS³ growth

Adjusted diluted
EPS 32.4p
(2016/17: 25.5p)



Total dividend growth

Total dividends
per share: 12.00p
(2016/17: 10.18p)

1. At constant exchange rates (applying prior period's actual exchange rates to this period's results)
2. Excludes system and process improvement costs, acquisition costs, one-off costs associated with the new Group headquarters
3. Excludes system and process improvement costs, acquisition costs, one-off costs associated with the new Group headquarters, amortisation of acquisition related intangible assets) and the tax effect of these adjusting items, the revaluation of deferred tax balances due to new US tax legislation and one-off tax charges due to new US tax legislation

Product revenue analysis:

Double-digit catalogue growth sustained, together with strong increase in CP&L

	FY 2018 £m	FY 2017 £m	Constant Currency growth*
Catalogue revenue – product split:			
Primary and Secondary Antibodies	174.5	165.5	8.4%
of which Recombinant antibodies	48.0	40.4	22.3%
Other products¹	42.3	36.9	18.2%
of which Immunoassay products	15.0	12.4	25.4%
Catalogue revenue sub-total	216.8	202.4	10.2%
Custom Products and Licensing (CP&L) revenue ²	16.4	14.7	17.6%
Total revenue	233.2	217.1	10.7%

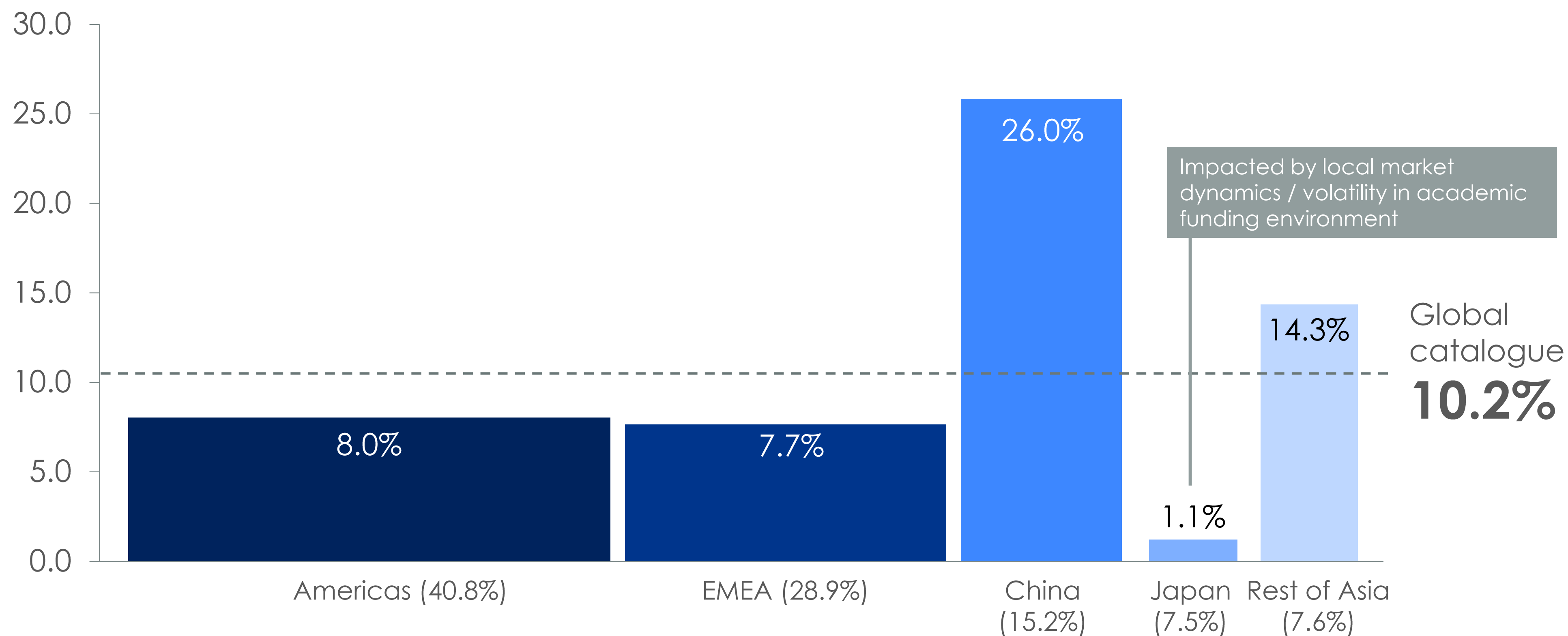
¹ Includes kits and assays, proteins, peptides, lysates and AAI products sold for research use

² Includes royalty income, custom services, IVD/IHC, and licensing revenue

* At constant exchange rates (applying prior period's exchange rates to this period's results)

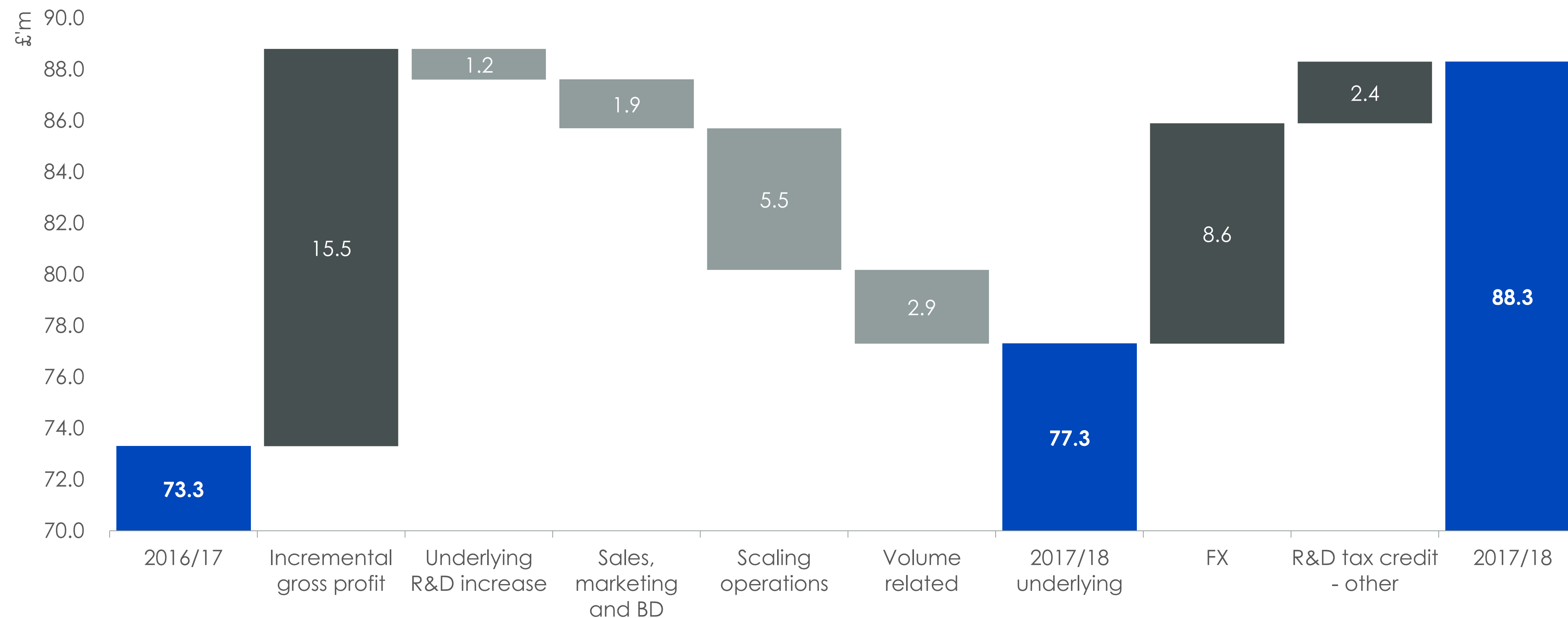
Regional (CER) revenue analysis: Above market growth achieved in all regions

2017/18 Catalogue CER revenue growth rate, %¹



¹ Catalogue revenue growth at constant exchange rates (applying prior period's exchange rates to this period's results)
Figures in parenthesis indicate percentage of total catalogue revenue in 2017/18

Adjusted¹ EBITDA bridge: Continued investment for future growth, offset by FX



1. Excludes system and process improvement costs, acquisition costs and costs associated with the Group's new headquarters

Cash flow analysis:

Continued strong cash generation funding investment cycle

	2018	2017
	£'m	£'m
Operating cash flows before w/c	81.0	71.7
Change in working capital	(8.1)	4.8
Tax paid	(9.6)	(10.1)
Net finance (costs) / income	0.3	0.2
Investing activities	(38.0)	(33.1)
Financing activities	(20.6)	(17.8)
Net change in cash and term deposits	5.0	15.7
Effect of FX rates	0.4	0.2
Opening cash and term deposits	84.8	68.9
Closing cash and term deposits	90.2	84.8

- Group continues to generate cash after investing in growth and infrastructure

- Movement in working capital due to:
 - increase in inventories of high-selling products to enhance customer experience; and
 - AP/AR timing related impacts in prior year

- Main investing activities:
 - ERP investment £18.3m
 - New Cambridge HQ £11.6m
 - Product development £4.3m
 - Global lab equipment £2.4m
- Investing activities also includes £1.5m related to Spring consideration paid in year (total ~£13m)

- Financing activities mainly dividends

Ongoing investment in infrastructure to support scalability

ERP: Flexible and scalable IT platform

- Successful launch of HR and customer contact modules to date
- Moving to phased roll-out of remaining modules
 - Enables increased focus on other strategic IT projects
 - Focus on financial modules in the coming year
- Total 2017/18 spend: £23.6m (of which capex £17.5m)
- 2018/19 estimated spend: ~£16m (Capex ~£12m)

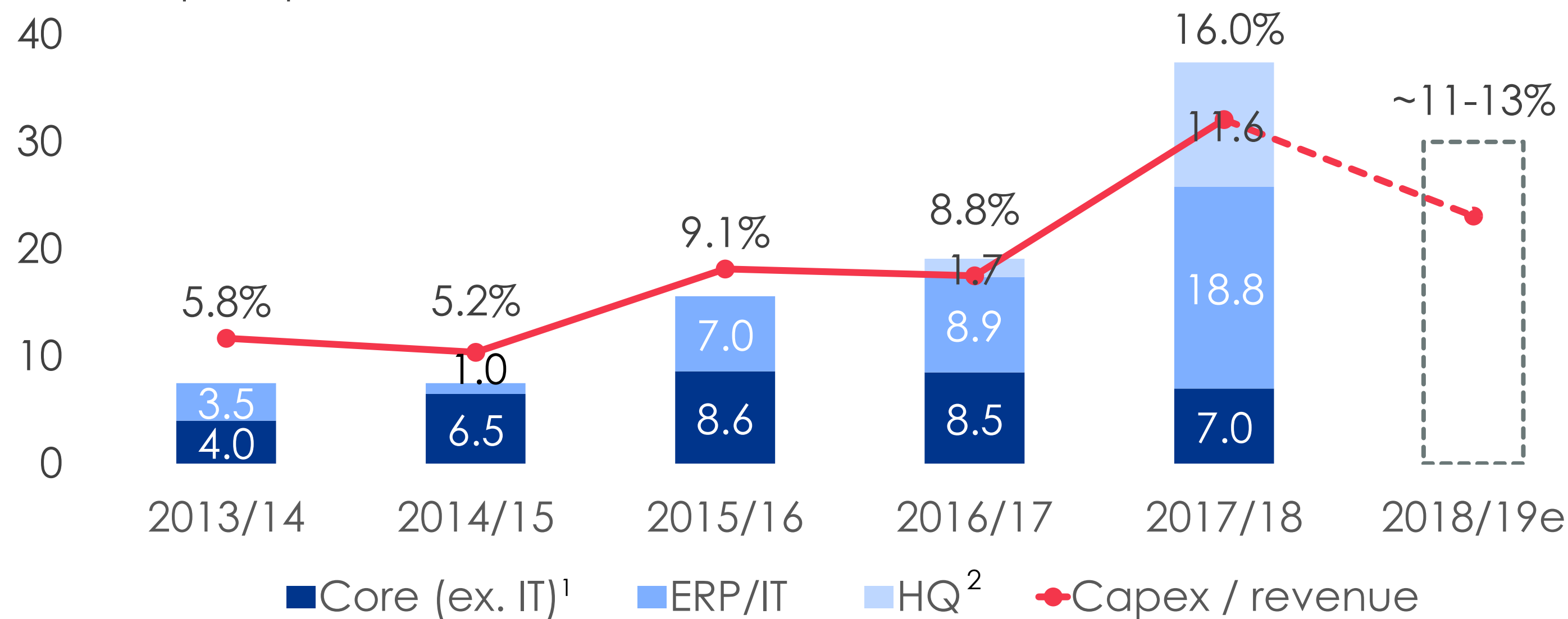
Upgraded and expanded operations

- ~100k sq. ft. Cambridge Biomedical Campus on track for occupation in calendar 2019
 - State of the art, purpose built facilities
 - £15.2m spent to date (~£25m estimated total)
- Prior year investments include Hangzhou, Boston and Branford sites

New headquarters, Cambridge Biomedical Campus, August 2018

Capex ratio expected to start to reduce from above average levels from 2019/20

Total capex spend, £m



» D&A expense expected to increase in 2018/19 and again in 2019/20 as a result of implementation of Oracle Cloud ERP, completion of UK HQ, and the introduction of IFRS16 in 2020³

(1) Includes capitalised R&D, laboratory equipment, office & computer equipment

(2) Adjusted for £0.6m reclassification in 2016/17

(3) Details provided in additional information section

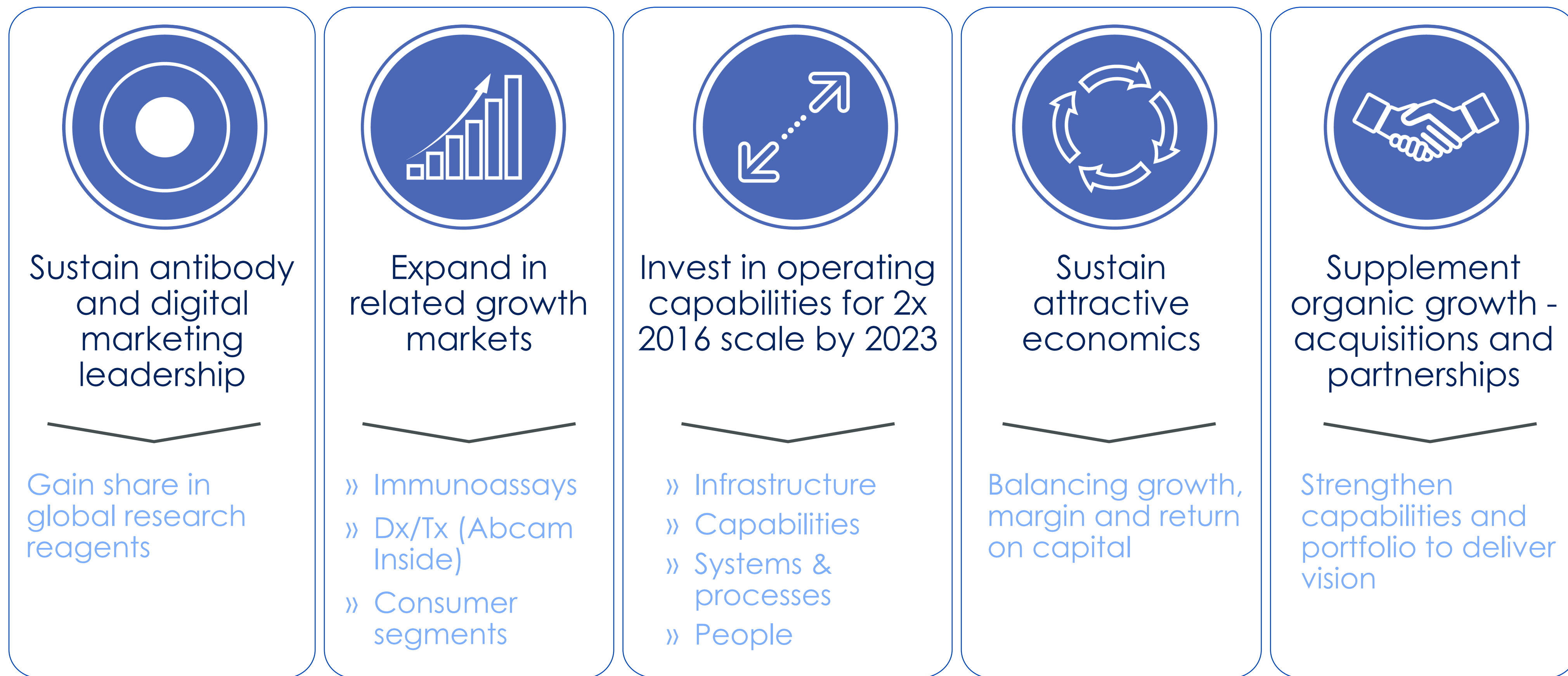


Strategic update

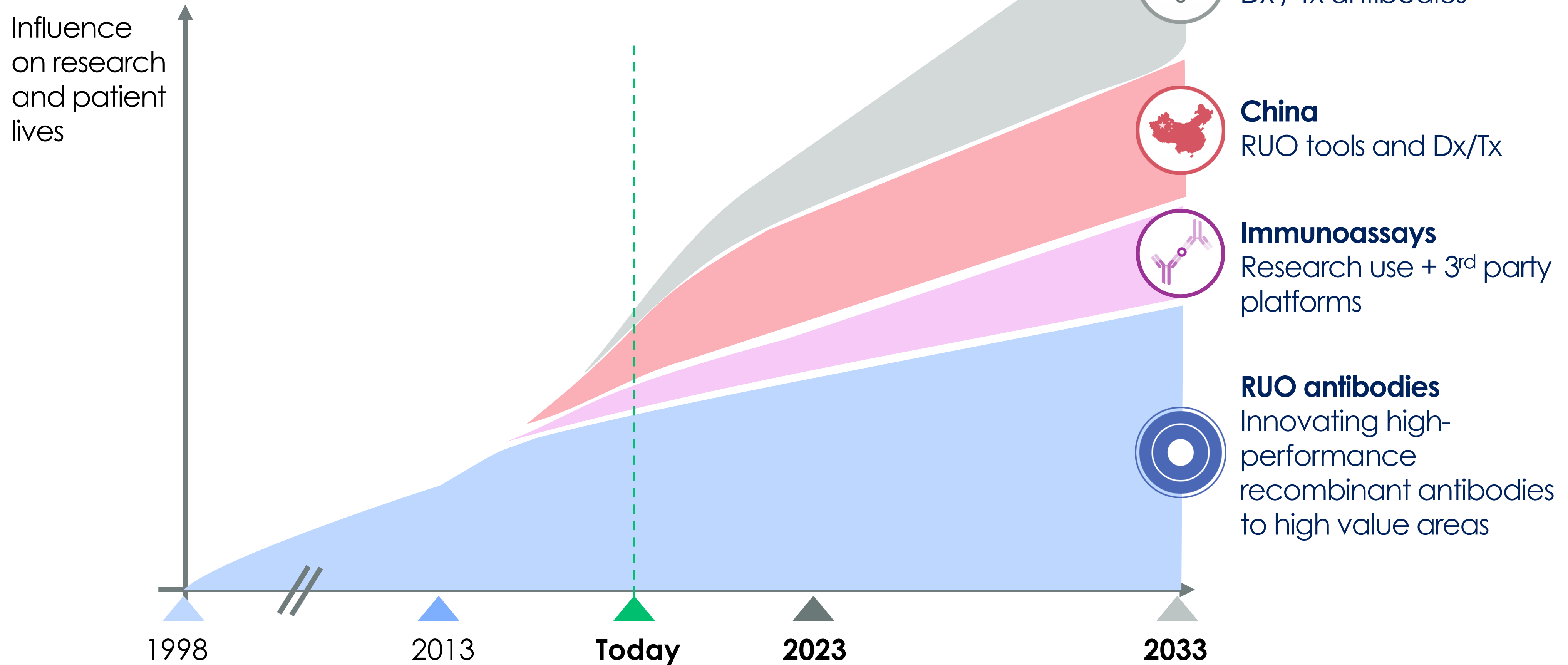
Sustaining long-term growth

Alan Hirzel

Our company goals are aligned to delivering sustained long-term growth

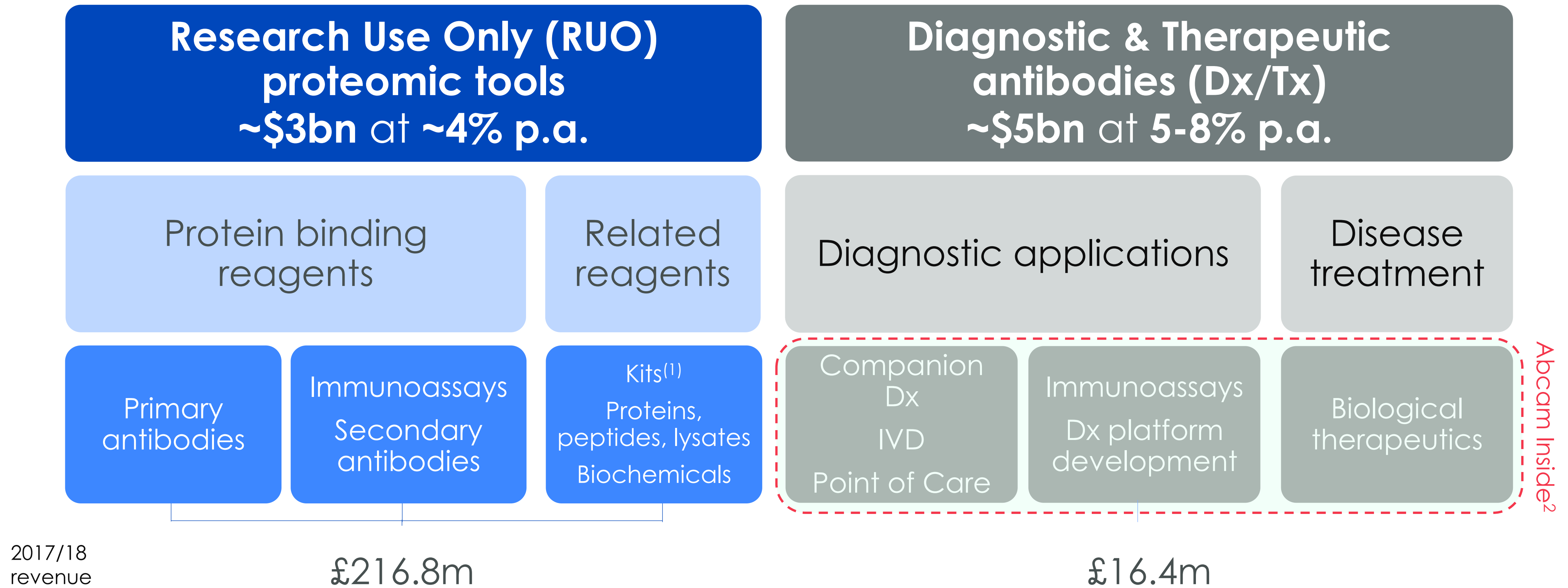


We are pursuing four large growth opportunities



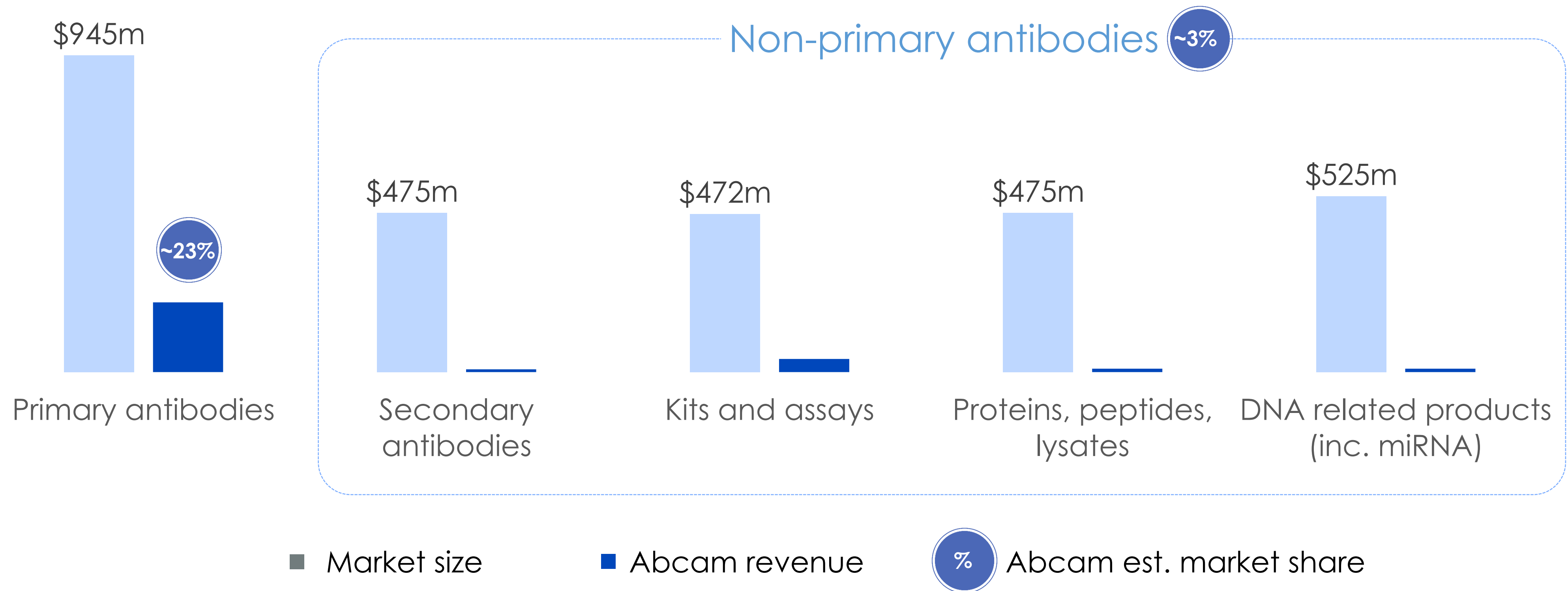
Note: Chart for illustrative purposes only. Not to scale

Those opportunities fall within ~\$8bn markets



(1) Includes Cellular Activity Kits, Epigenetic Kits, miRNA Kits
 (2) Excludes research use sales

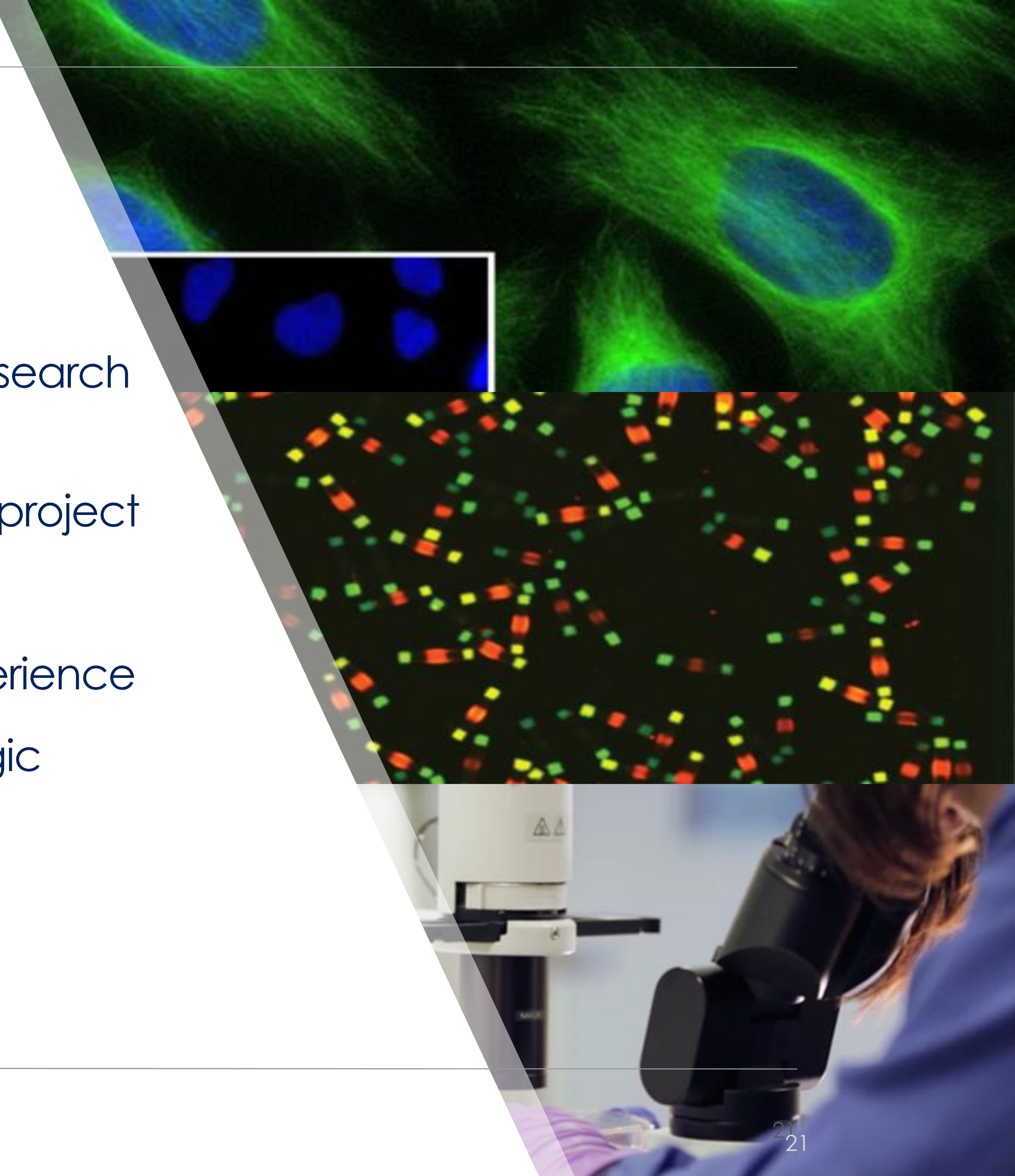
In the ~\$3bn proteomic research tools area, our focus is on gaining market share



Source: Pivotal Scientific (2017), Company estimates

Investing to gain share globally

- Recombinant antibodies to high value research areas
- Expansion of CRISPR knockout validation project
- Expansion of immunoassay portfolio
- Investing in our customer and digital experience
- 1% of revenue committed for new strategic growth initiatives
- China

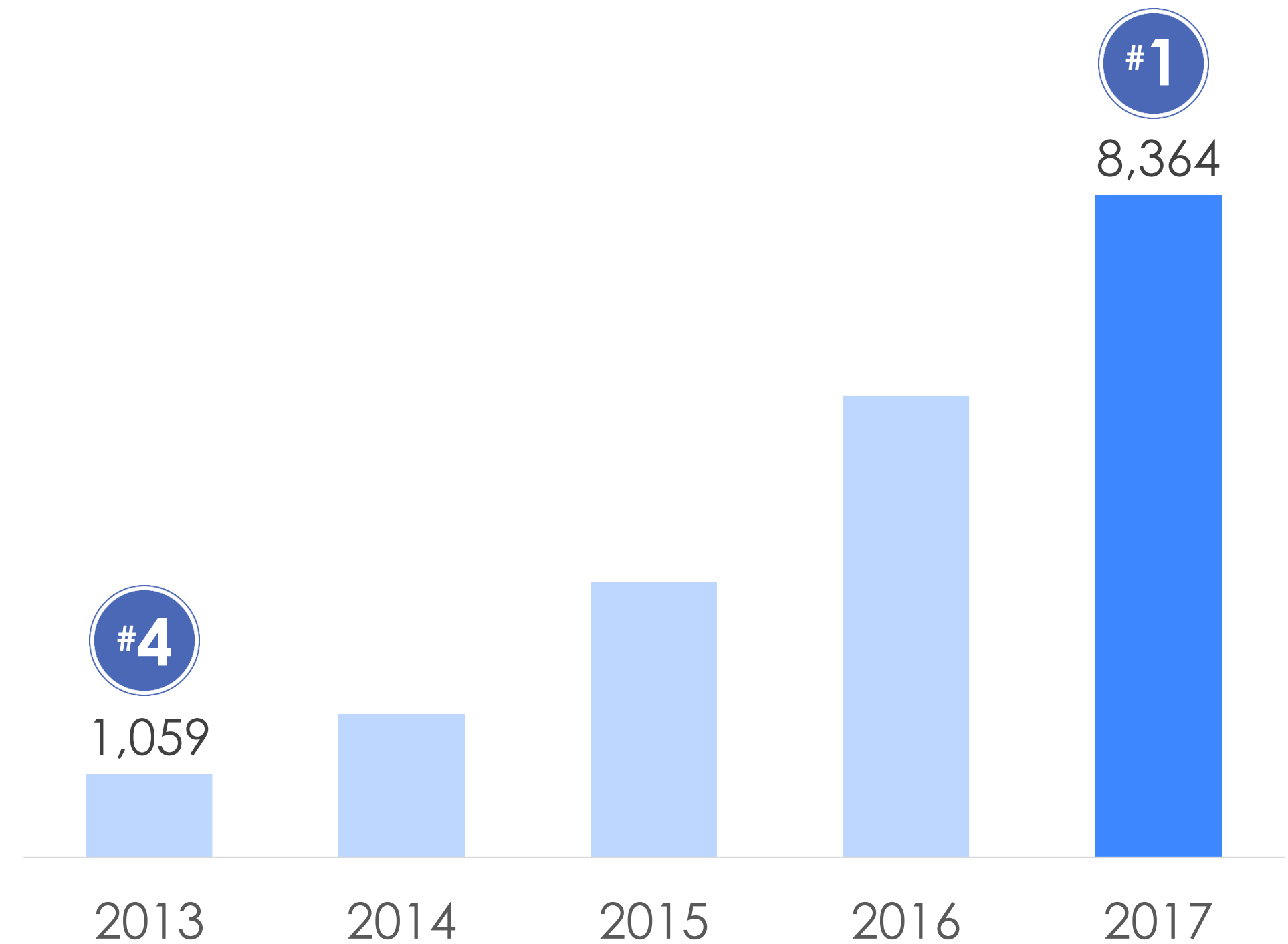


Investing to extend our leadership in China

Areas of focus:

- Further content localisation
- Enhancing the digital experience
- Getting closer to our customers

Abcam citations in China, #



Source: CiteAb (calendar year)

Diagnostic & Therapeutic antibodies

Early stages of Abcam Inside

- Commercial team established
- Enhanced antibody discovery platform completing ~150 projects per year
- Forming stronger strategic relationships:
 - » Portfolio of biomarker programmes with Tier 1 biopharma
 - » Increasing number of Abcam clones in development on assay and instrumentation platforms
- All new projects have downstream revenue potential



Investing in our people

Global share scheme launching 2018/19

- Ambition to deliver our employees meaningful ownership and stake in our future
- Scheme available to all employees globally
 - » 3 year term
 - » Replaces inflexible schemes in UK/US
- Conditional on Abcam's continued profitability, revenue growth and individual employment



2018/19 objectives to sustain growth



Sustain antibody & digital marketing leadership

- Continue customer and high value research area focus
- Continue validation initiative and raising quality standards
- Initiate next phase of growth strategy for China



Expand in related growth markets

- Continue to extend immunoassay range
- Increase Abcam Inside projects and framework agreements
- Launch teams to develop 1-2 new capability areas



Invest in operating capabilities for 2x 2016 scale by 2023

- Successfully deploy next phases of Oracle Cloud ERP
- Roll out equity participation scheme globally
- Successfully move UK team to the Cambridge Biomedical Campus
- Fill capability gaps in IT, SC&M, and new areas



Sustain attractive economics

- Realise further productivity gains
- Move to direct distribution in more markets



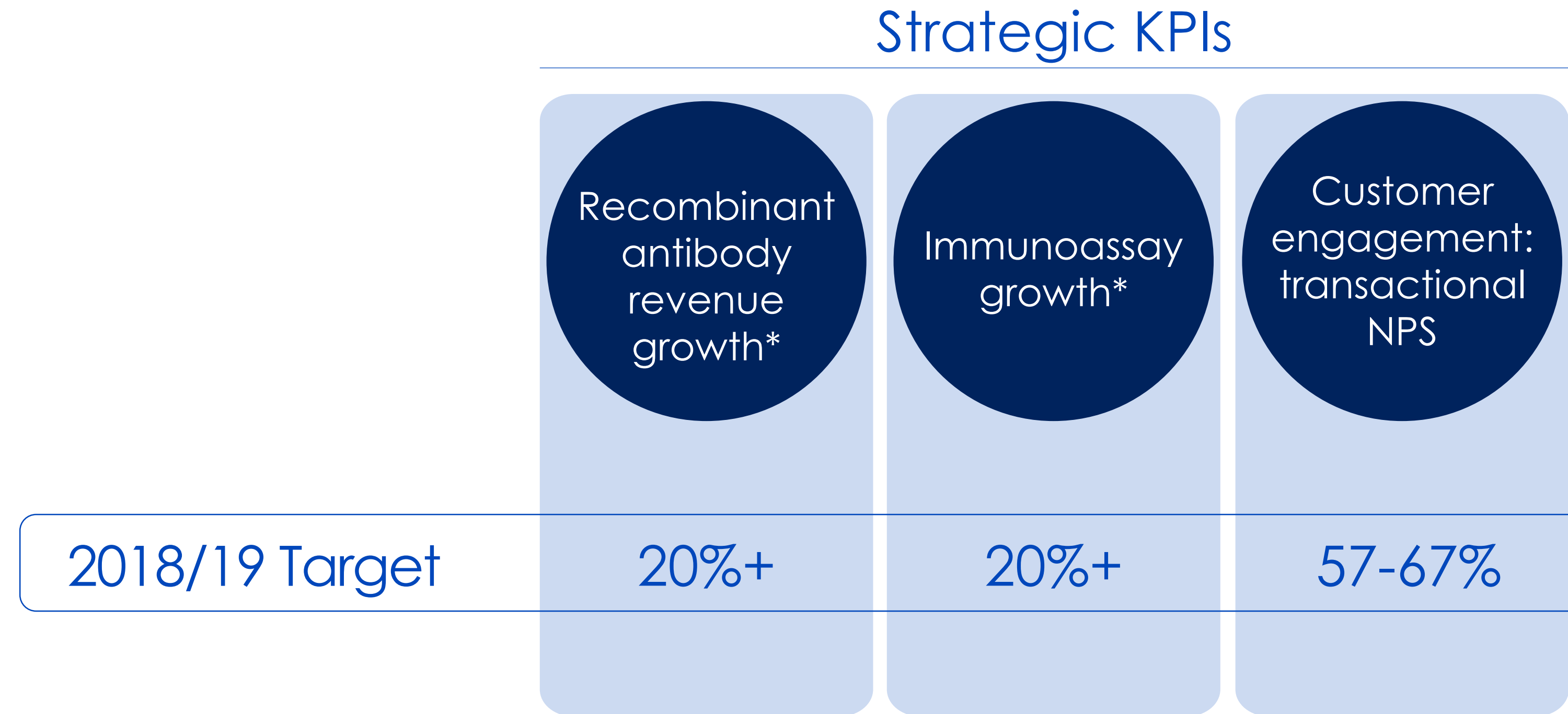
Supplement organic growth - partnerships & acquisitions

- Strengthen relationships for future deals

Financial Guidance Summary

Gavin Wood

2018/19 strategic targets



* At constant exchange rates (CER, applying prior period's exchange rates to this period's results).

2018/19 guidance and medium-term ambition

	2017/18	2018/19	Medium-term
Revenue ¹	10.7%	~11%	low double-digit
Adjusted ² EBITDA margin	37.9%	~36%	

Other technical guidance:

- » D&A expense to increase modestly in 2018/19 before stepping up in 2019/20 relating to:
 - i) UK HQ; ii) Oracle Cloud ERP; iii) IFRS16 in 2020³
- » Capex to revenue ratio: 11-13% in 2018/19
- » Effective tax rate: ~19% in 2018/19 and over medium-term

¹ At constant exchange rates (CER, applying prior period's exchange rates to this period's results).

² Excludes system and process improvement costs relating to Oracle ERP implementation

³ See Additional Information section for details on the expected impact of IFRS16

Wrap-up

- Enduring demand for research tools
- Abcam remains global market leader in research antibodies, growing at 2x market rates*
- Unique capabilities arising from data insights, proprietary IP, digital marketing, global distribution and agile teams support our position
- These capabilities and investment in consumer focused strategy are opening up multiple growth opportunities in addressable markets of ~\$8bn
- Investing to ensure capacity supports long-term opportunity

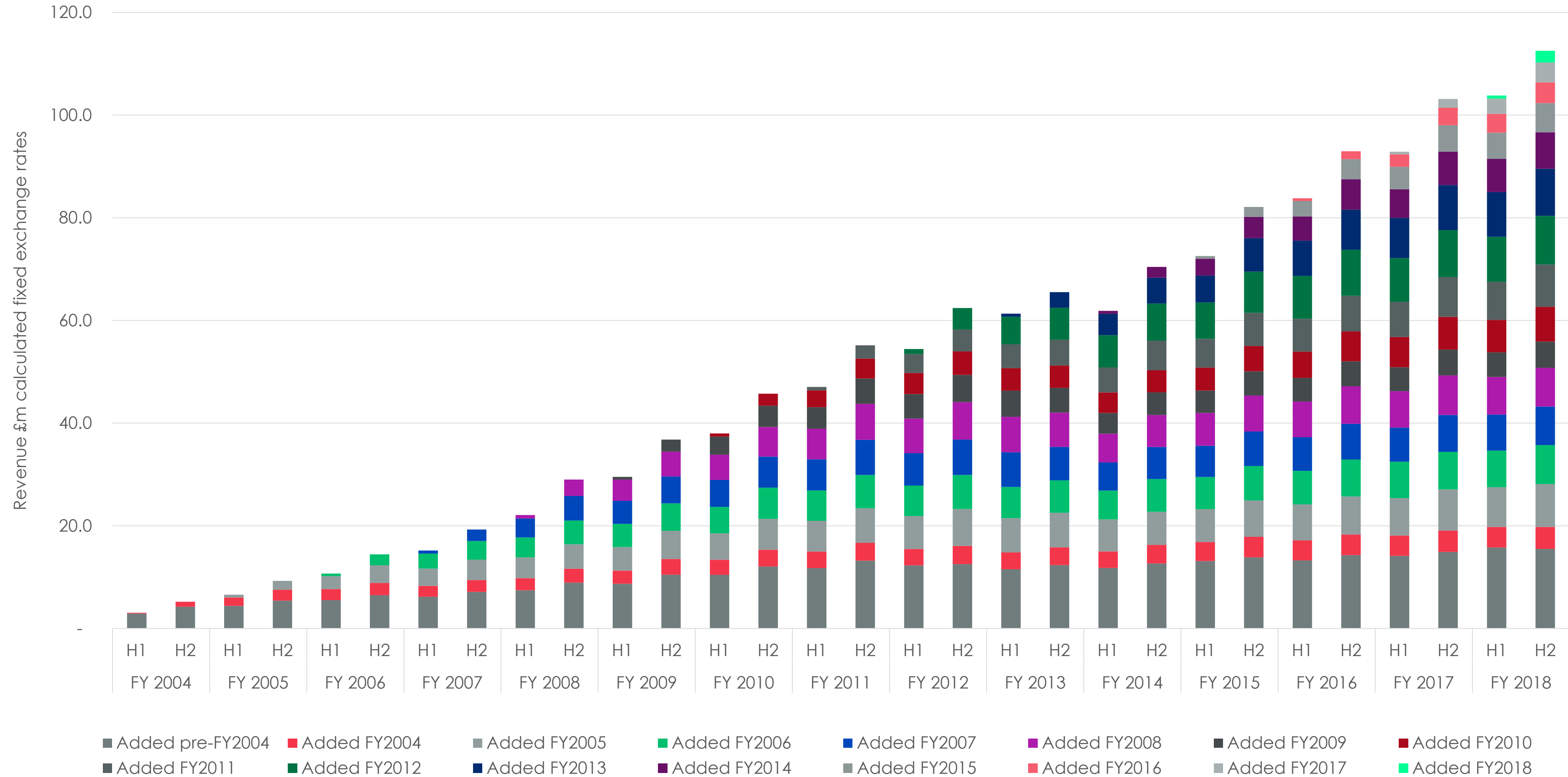
* Source: Company estimates, FY16/17 & FY17/18



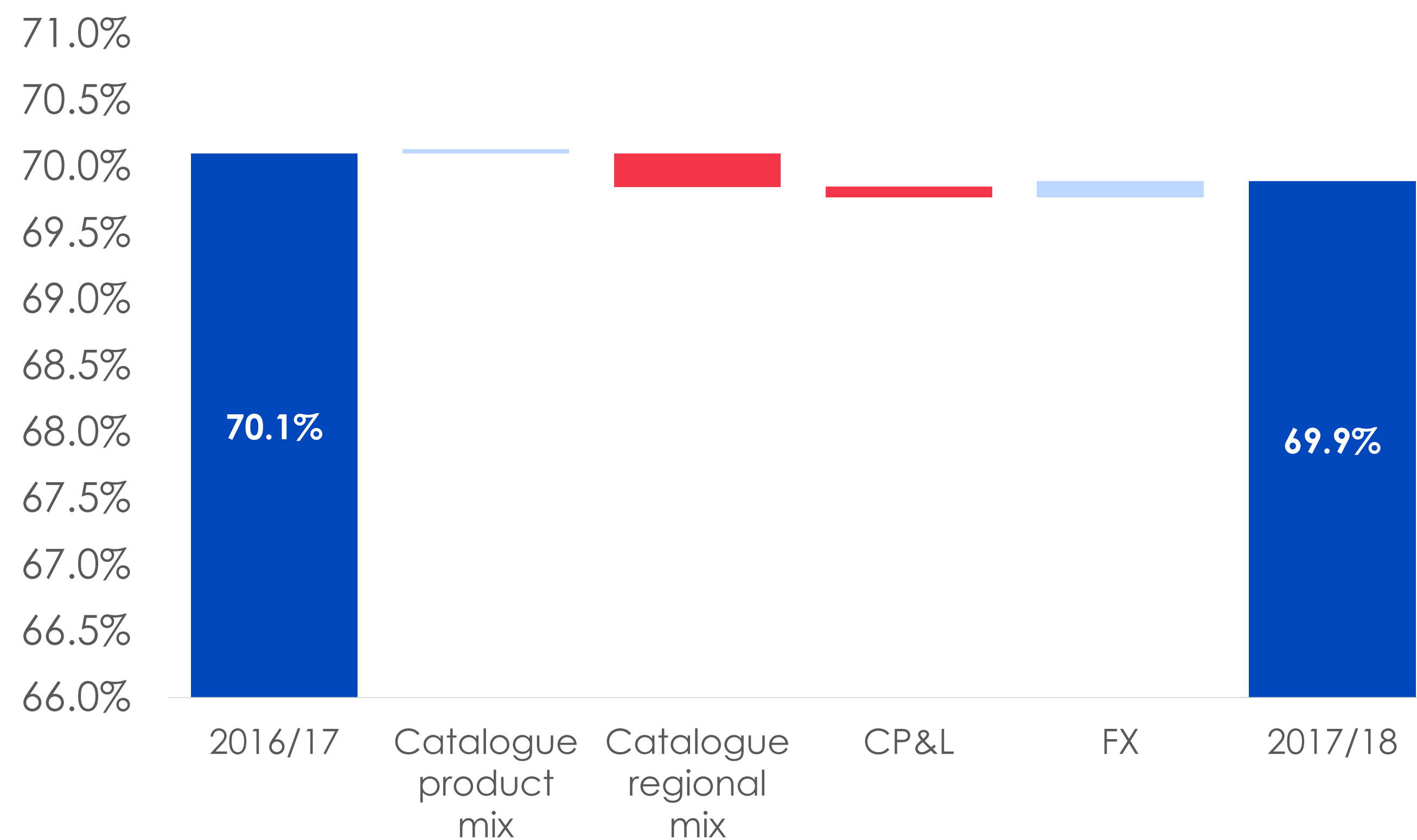
Q&A

Additional Information

Cohort catalogue revenue by financial year



Gross margin reconciliation: Modest product mix and FX benefits offset by regional and CP&L impacts in FY18



- Anticipate gradual GM% increases in future years, driven by:
 - catalogue product mix
 - productivity improvements from increased automation

Foreign exchange – FX headwinds in FY18 mainly due to USD/GBP movement



Total Reported revenue

2017/18: £233.2m
2016/17: £217.1m

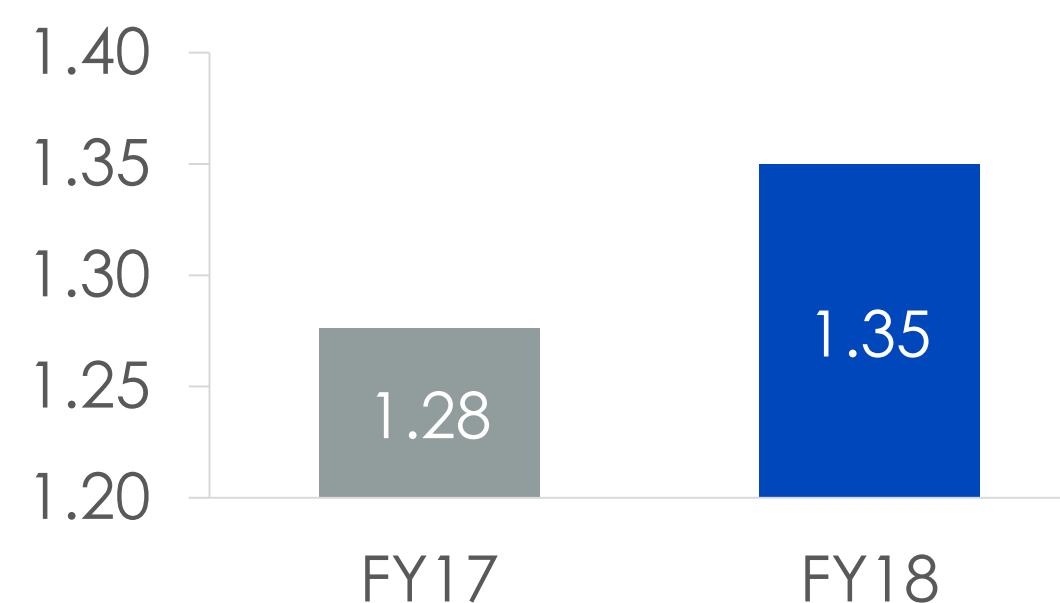


Reported Catalogue revenue

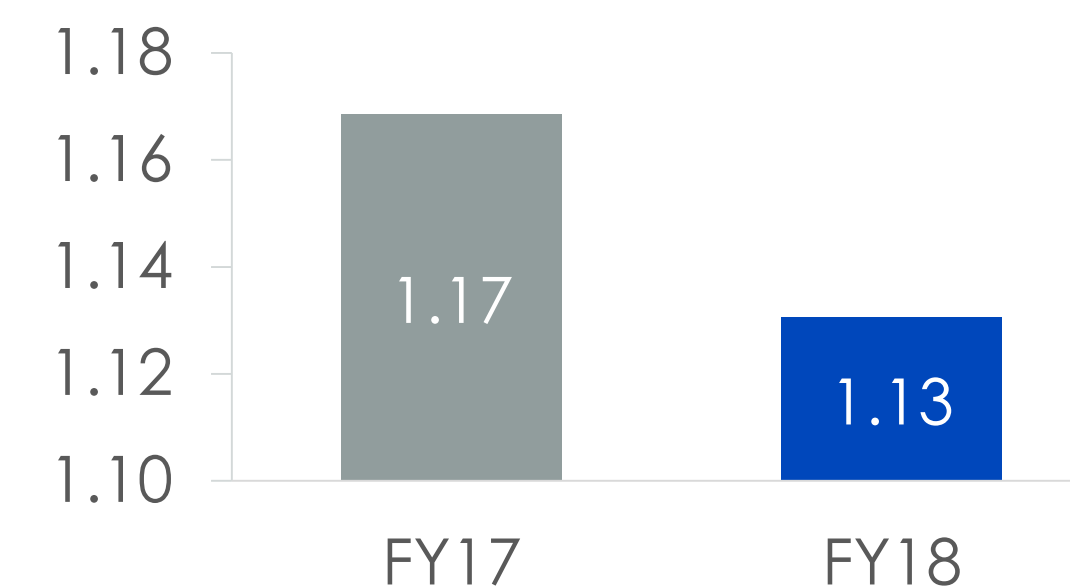
2017/18: £216.8m
2016/17: £202.4m

Foreign Currency Movements

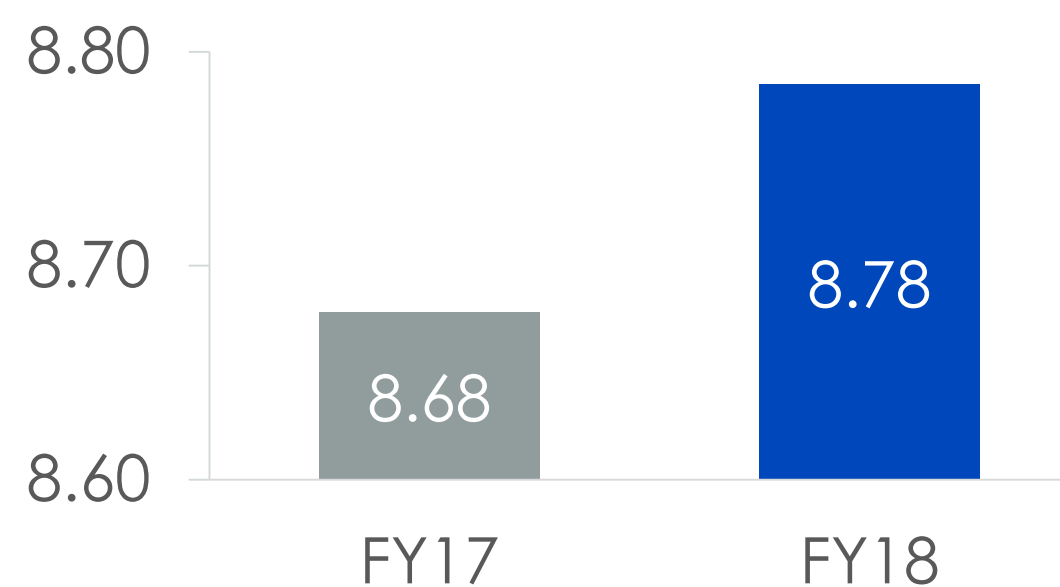
USD/GBP (48.3% of rev)



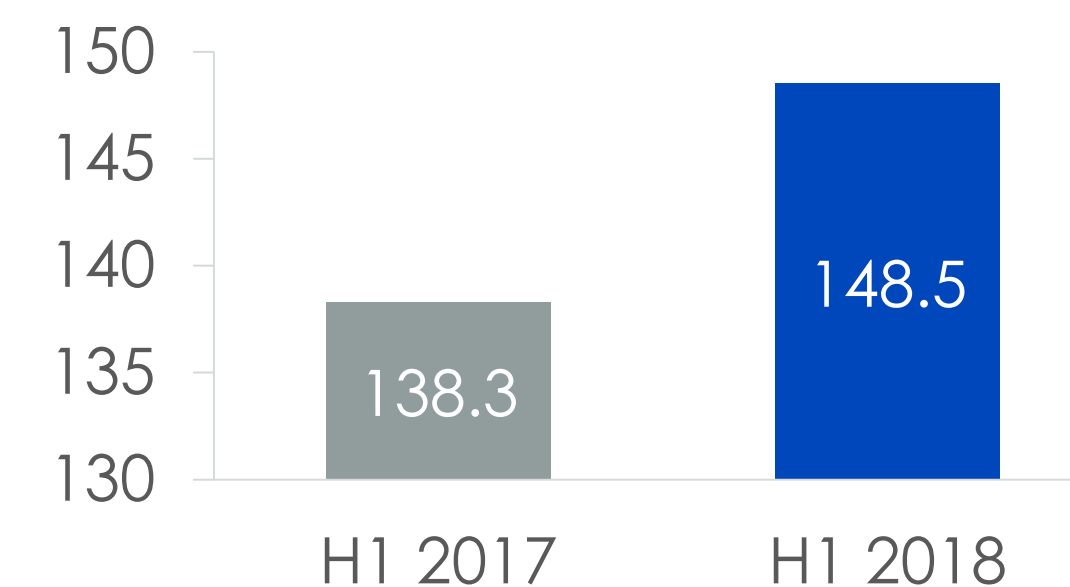
EUR/GBP (19.9% of rev)



RMB/GBP (14.2% of rev)

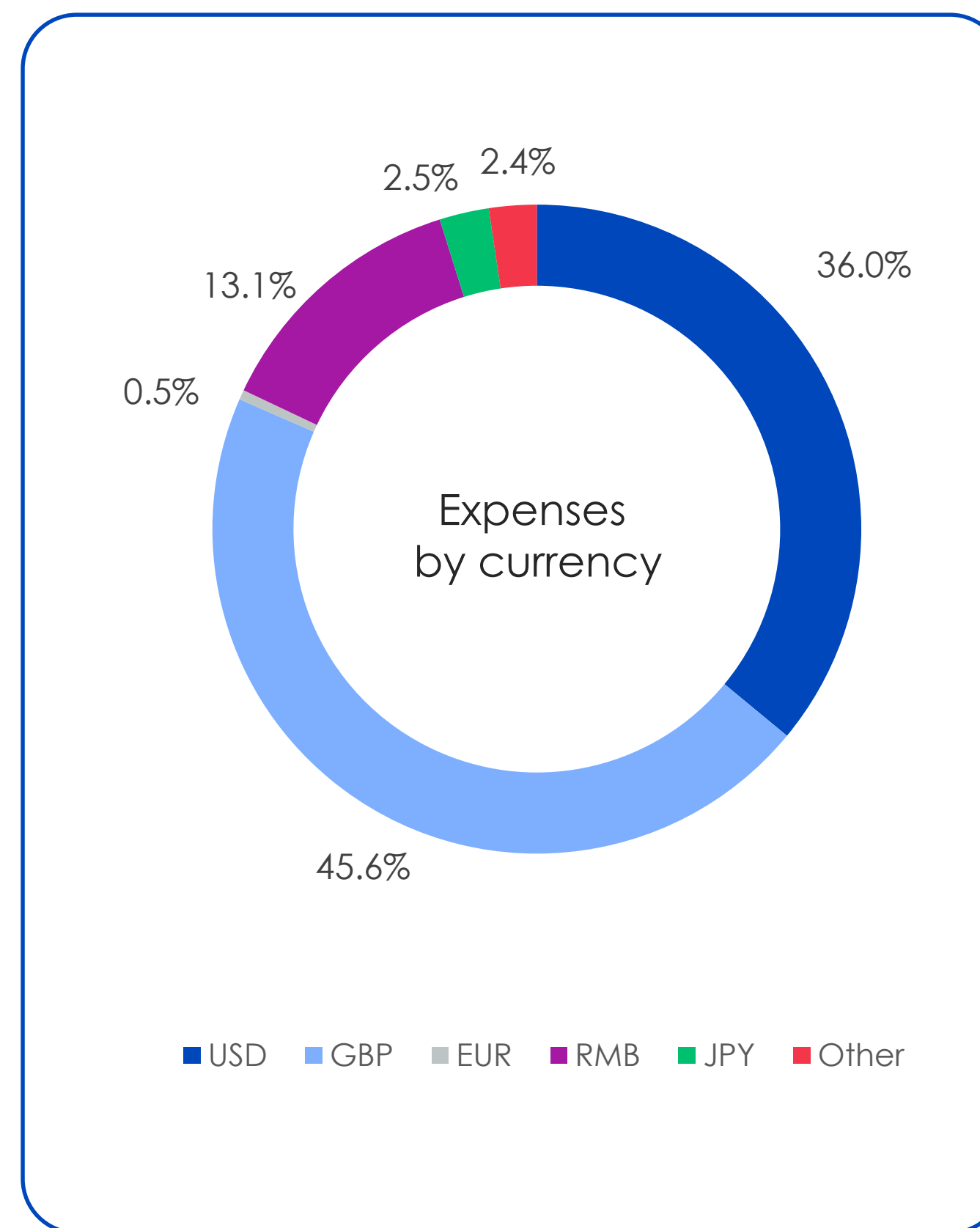
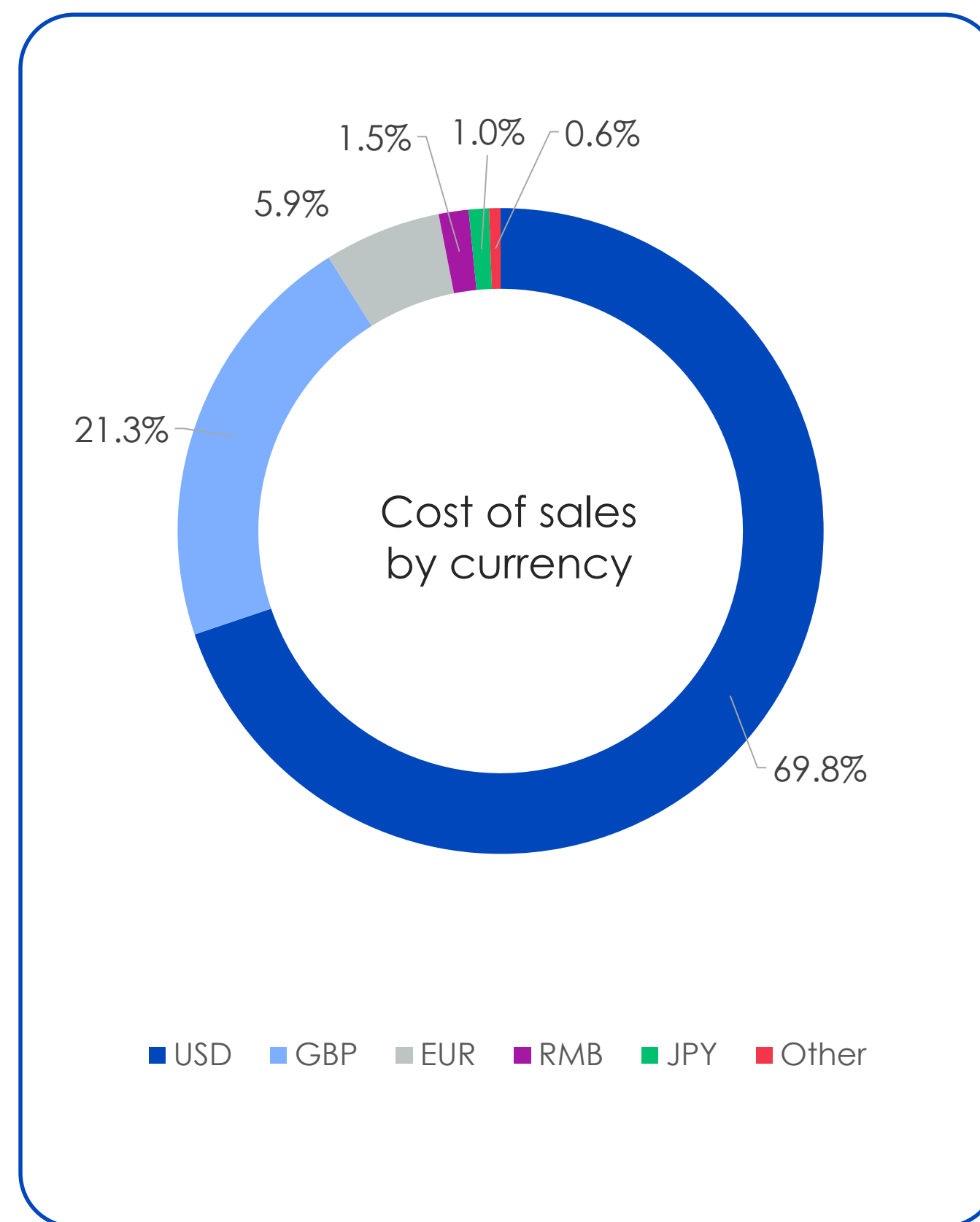
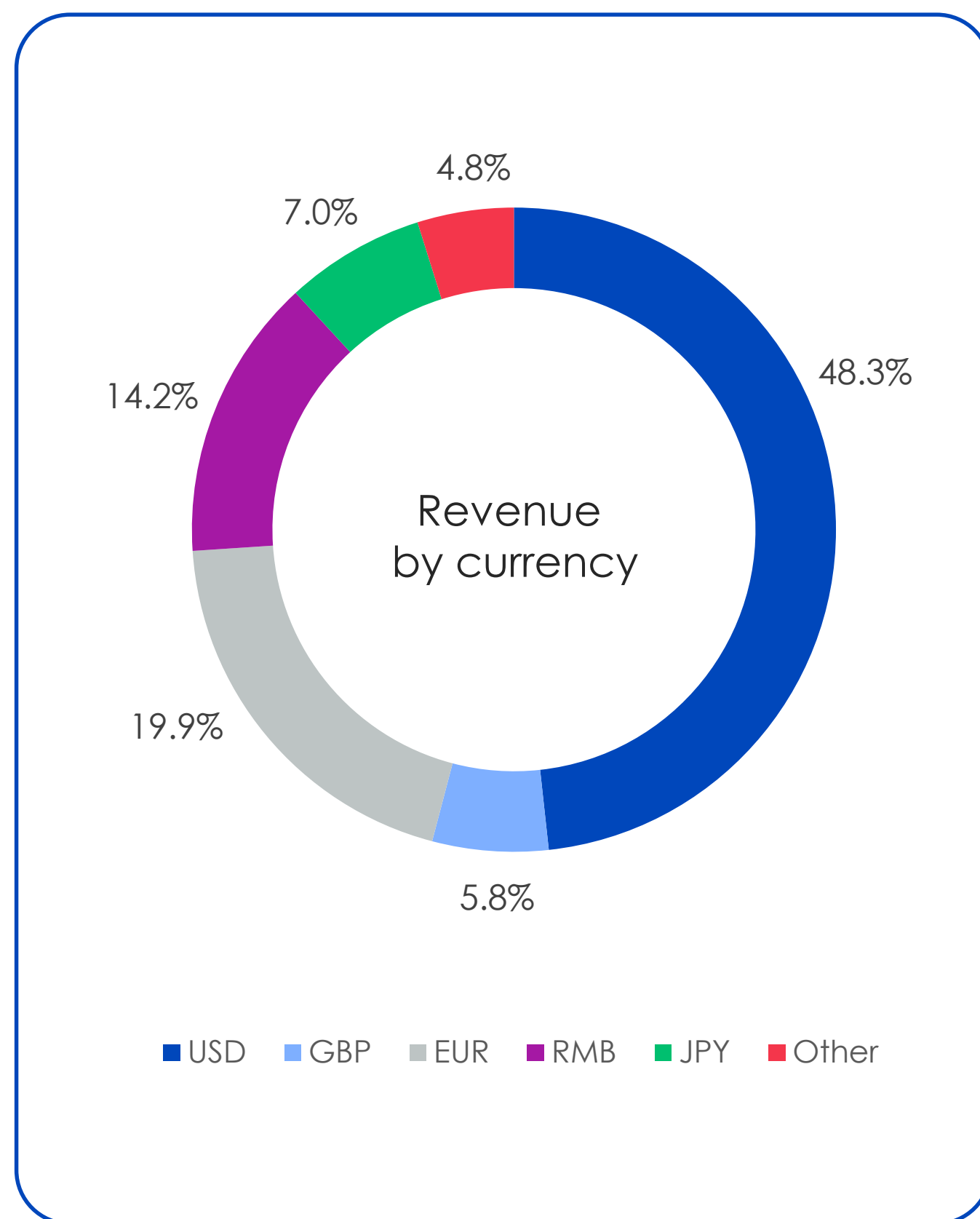


JPY/GBP (7.0% of rev)



Note: average exchange rates in period

Breakdown of 2017/18 revenue, cost of sales and expense by currency



IFRS 16, 'Leases' (effective from FY2019/20)

- IFRS16, 'Leases' is effective from the Group's 2019/20 financial year and has the most significant impact for lessees.
- The most significant changes are that the Group will recognise an asset and a corresponding liability for all leases currently accounted for as operating leases. Exceptions are leases for a short period (less than 12 months) or where the underlying asset value is low.
- The operating lease cost which the Group currently incurs will be replaced by a depreciation charge on the asset (over the term of the lease) as well as an interest charge on the liability over the same period.
- The Group therefore anticipates that the adoption of IFRS16 will have a significant impact on the primary financial statements, which will impact on operating profit, profit before tax, total assets and total liabilities lines.
- The Group has conducted a review of its lease contracts and based on the operating leases in place at 30 June 2018, including the new Group HQ as well as judgements over expected extension options on all of its leases.
- At transition, the Group expects a decrease in net assets of up to £5m. In the years after transition the impact on the Group's income statement will be an increase in operating profit as a result of removing the operating lease expense net of the new depreciation charge. The overall impact to the Group's reported profit after tax is expected to be immaterial, with a small net decrease in the initial years after transition which will reverse in later years as the leases in existence at transition come closer to ending.
- The final transition impact may differ from the above guidance depending on business decisions made during the period to 30 June 2019.

Estimated impact on P&L (all figures approximate)

£'m	FY20e	FY21e	FY22e
Operating expenses	~6.0	~6.0	~6.0
EBITDA	~6.0	~6.0	~6.0
Operating expenses - depreciation	~(4.7)	~(4.5)	~(4.3)
Operating profit	~1.3	~1.5	~1.7
Finance costs	~(2.3)	~(2.0)	~(2.0)
Profit before tax	~(1.0)	~(0.5)	~(0.3)

Estimated impact on Balance Sheet

£'m	FY20e	FY21e	FY22e
Total Assets	~50	~45	~40
Total Liabilities	~55	~50	~46
Net Assets	~(5)	~(5)	~(6)

Note: The final transition impact may differ from the above guidance depending on business decisions made during the period to 30 June 2019. Figures assume all leases up for renewal over the forecast period are extended on current normal market terms.

Facts about our business:

- Abcam makes, sources and sells a range of highly validated biological binders and assays to help study important targets in critical biological pathways
- We offer over 110,000 products to research protein targets across antibodies, proteins, lysates, biochemicals, kits and assays
- ~45% of our revenue is generated from our own products and innovation
- ~50% of our top-selling products are innovations from, and manufactured by, Abcam
- Over 1,100 employees working globally across eleven locations, including five production sites, to make it all happen

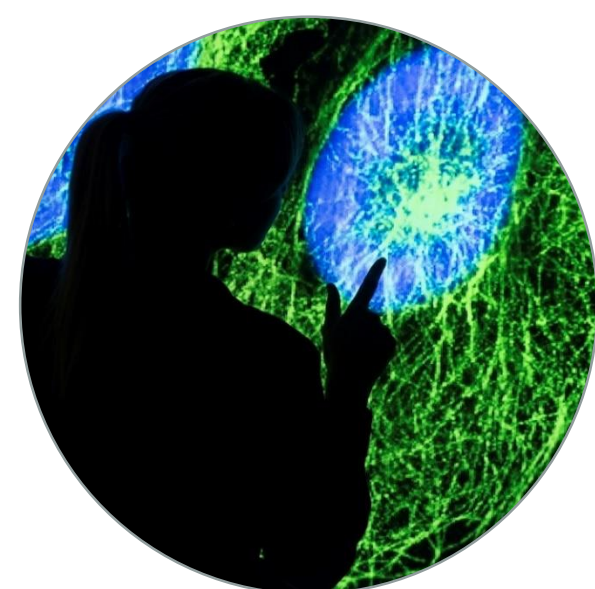


Facts about our business: Our global platform and capabilities



Digital platform and reach

- » #1 site for research antibodies
- » Easy to search and use
- » SEO optimised



Product range, data and insight

- » 110,000+ research products
- » ~12,800 recombinant antibodies
- » 20 years of product validation data
- » Unique data and data driven insights



Global footprint

- » Products sold in 140+ countries
- » 48h delivery for many products
- » 4 warehouses
- » Global scientific and customer support



Leading innovation

- » Recombinant
- » RabMAb®
- » NGS screening
- » AxiOMx phage display
- » World class in-house expertise



Dx/Tx relationships

- » Growing portfolio of partnerships with leading global players