abcam

Abcam plc Interim Report 2018

Sustaining long-term profitable growth

Investing for a sustainable future

As a global leader in the sale of research antibodies, Abcam is committed to serving life science researchers to achieve their mission, faster. We continue to identify the biological pathways of greatest interest to our consumers and continuously strive to provide products of the highest quality with increased specificity, reproducibility and sensitivity. At the same time, through investment and acquisition, we are expanding into new markets, identifying new technologies and applications while moving into new geographic regions, thereby driving sustainable growth.

"It has been another good half for Abcam, delivering double digit revenue growth whilst meeting all of our financial and strategic targets. Our cash generation and balance sheet strength underpin continued investment into our teams, our systems and our facilities to enable us to grow. We remain on track to meet our strategic goals for the year and we have increased our revenue guidance for the full year. This momentum positions us well to deliver on our long-term goals, which we anticipate will continue to drive sustainable value for our shareholders."

Alan Hirzel, Chief Executive Officer

Contents

About Abcam plc

As an innovator in reagents and tools, Abcam's purpose is to serve life science researchers globally to achieve their mission, faster. Providing the research and clinical communities with tools and scientific support, the Group offers highly validated biological binders and assays to address important targets in critical biological pathways.

Already a pioneer in data sharing and ecommerce in the life sciences, Abcam's ambition is to be the most influential company in life sciences by helping advance global understanding of biology and causes of disease, which, in turn, will drive new treatments and improved health. Two-thirds of the world's 750,000 life science researchers use Abcam's antibodies and affinity binders, reagents, biomarkers and assays and the Group's products are mentioned in over 20,000 of the 56,000 peer-reviewed papers published each year in the life sciences.

By actively listening to and collaborating with researchers, the Group continuously advances its portfolio to address their needs. A transparent programme of customer reviews and datasheets, combined with an industry-leading validation initiative, gives researchers increased confidence in their results.

Abcam's eleven locations are located in the world's leading life science research hubs, enabling local services and multi-language support. Founded in 1998 and headquartered in Cambridge, UK, the Group sells to more than 100 countries. Abcam was admitted to AIM in 2005 (AIM: ABC).

To find out more, please visit **www.abcam.com** and **www.abcamplc.com**

Financial and Operational highlights

Continued strong sales growth in H1, ahead of underlying market rates

- Revenue growth of 9.8% (11.2% constant currency[1])
- Full year constant currency revenue growth guidance increased to c.11%, including the impact of the Spring Bioscience licence agreement signed in January 2018

Cambridge, UK: Abcam plc (AIM: ABC) ("Abcam" or the "Group"), a global leader in the supply of life science research tools is pleased to announce its interim results for the six-month period ended 31 December 2017*.

Financial highlights

- Total revenue growth of 9.8% on a reported basis to £112.5m (H1 2017: £102.5m) and 11.2% on a constant currency basis
- Catalogue revenue growth of 10.0% on a reported basis to £105.2m (H1 2017: £95.6m) and 11.5% on a constant currency basis
    - Recombinant antibody revenues grew by 21.1% to £22.4m on a reported basis and by 22.8% on a constant currency basis
    - Immunoassay product revenues grew by 20.7% to £7.0m on a reported basis and by 23.4% on a constant currency basis
- Reported gross margin broadly in line with last year at 69.8% (H1 2017: 69.7%)
- EBITDA margin was 34.7% (H1 2017: 34.5%). Adjusted EBITDA margin[2] increased to 38.0% (H1 2017: 35.1%), primarily as a result of the rolling-off of hedging contracts in the prior period
- Profit before tax (PBT) on a reported basis was £32.8m (H1 2017: £25.1m) and £39.3m (H1 2017: £32.1m) on an adjusted basis
- Reported diluted earnings per share (EPS) increased 61.9% to 15.7 pence (H1 2017: 9.7 pence). Adjusted[2] diluted EPS increased by 20.2% to 15.5 pence (H1 2017: 12.9 pence)
- Interim dividend increased by 21.1% to 3.42 pence (H1 2017: 2.825 pence)

Operational highlights

- Continued commercial and strategic execution in the period, with all regions growing above underlying market rates and the achievement of all strategic key performance targets
- Exclusive licence agreement announced with Roche in January 2018, covering approximately 760 Spring Bioscience products, including 243 rabbit monoclonal antibodies, in research use only (RUO) applications
- FirePlex® (formerly Firefly) platform expanded within the kits/assays range by introducing 47 new antibody pairs and validated many of these pairs in multiplex immunoassays
- Further increased our addressable market in custom products and licensing, with twenty pharmaceutical and diagnostic partners signed up to 'Abcam Inside' framework agreements over the last 24 months
- Made continued progress towards full implementation of our new Oracle Cloud ERP system, although we no longer expect to go live in this financial year
- Construction of our new headquarters in Cambridge on plan and we anticipate moving in early 2019

1. Constant currency results are calculated by applying prior period's actual exchange rates to this period's results.
2. Adjusted results exclude the effects of system and process improvement costs (including related impairments), contingent consideration fair value adjustments, acquisition costs, the amortisation of acquisition related intangible assets, related tax effects and significant one-off tax items. Such excluded items are described as "adjusting items". For further details, see note 4 to the interim financial information.

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Interim management report

Introduction

It has been another period of good progress for Abcam as we have continued to execute on our long-term growth strategy and gain further market share worldwide. Customer feedback remains positive and we have delivered double-digit constant currency revenue growth in the half, with all geographic areas and main product categories performing at levels above underlying market growth rates. China remained our fastest growing major market in the period, with continued growth in both our core primary and non-primary businesses.

Our long experience and strength in digital marketing continue to support our business and we are making increasing use of our data to enhance our product selection, website and marketing in order to attract new customers and satisfy more needs of our existing customers. We have continued to invest in our systems and processes, our facilities and our people during the half, and remain focused on ensuring these investments support our long-term growth aspirations. Underpinning our continued progress is our solid financial position, which gives us the foundation to grow the business organically and through selected corporate transactions, such as the licence agreement recently signed with Roche.

Strategy

In addition to a strong year-on-year increase in constant currency revenue growth, our performance in the period against our strategic key performance indicators (KPIs), as listed below, reflects achievement within the range of our full year target.

Strategic KPIs	H1 2018 result	FY 2018 Target
Constant currency growth in revenue from recombinant antibody range	23%	20-25%
Constant currency growth in revenue from immunoassay products	23%	20–25%
Customer engagement: Transactional Net Promoter Score (NPS)	64%	55-65%

Milestones achieved within our five strategic goals

In September 2017, we refined our five multi-year goals to reflect the ongoing development of our markets and our business. We have made further progress in each of these areas over the last six months and, as we do so, we are identifying more growth opportunities. Key developments are discussed below.

Sustain antibody and digital marketing leadership

Across our core reagents business, we continue to focus on providing scientists with the latest and most effective tools to advance their research. At the same time, we are building further on our reputation for providing comprehensive, transparent data, fast delivery, excellent customer service and expert technical support. We are constantly looking to improve our customers' experience of finding, buying and using our products and we are investing in big data and predictive analytics that enable us to understand and serve customer needs, faster.

Progress in H1 2018 has included:

- continued focus on adding high-quality products to high-value targets, particularly where we can apply our proprietary antibody technologies. We added over 600 new, in-house developed research-grade antibody products in the period;
- ongoing progress in our validation and quality standards initiative, with the total number of knockout validated antibodies now over 1,200 across more than ninety targets; and

- further investment in our digital channels to realise the next phase of our digital marketing vision; including our content marketing strategy, marketing automation and improvements to the user experience across our desktop and mobile sites.

Expand in related growth markets

Beyond our core reagents business, we have identified, and continue to focus on the following key opportunities where we can leverage our core capabilities in new growth markets.

- **Immunoassays:** Immunoassays remain a strategically important growth opportunity for Abcam and we continue to invest and innovate to increase the use of our market leading antibodies in these products as rapidly as possible. In the first half, we added over 100 new products across our matched antibody pairs, singleplex immunoassays, and multiplex immunoassays using the FirePlex® particle platform. In December 2017, we successfully demonstrated performance in alpha testing of our new 72-plex human discovery panel on FirePlex® and in February 2018 we announced a strategic collaboration with Molecular Devices to develop new immunoassay tools designed to help researchers accelerate their work.
- **Abcam Inside (diagnostic and therapeutic use)**: Beyond our expertise in the development and sale of research antibodies, we retain strong capabilities in the custom design and manufacture of recombinant antibodies and the licensing of these antibodies into diagnostic and therapeutic applications. We have continued to strengthen our commercial and development teams in the first half, further extending our capabilities in this area, and this remains a priority for the Group. We continue to enter new development agreements with leading diagnostic and biopharmaceutical companies to support their diagnostic and clinical programmes and in the first half we also established supply agreements with three new instrument partners as we work to ensure that Abcam's differentiated content is available to scientists across the broadest range of platforms.

Invest in operating capabilities to double our scale from 2016 to 2023

Abcam is a rapidly growing organisation and as such it is critical that we have the infrastructure, systems, processes and people to support our future growth plans.

Progress in H1 2018 has included:

- continued progress on the build, testing and deployment phases of our new enterprise resource planning (ERP) system (see ERP update below);
- further investment and progress implementing our global Supply Chain and Manufacturing function, with distribution improvement related projects initiated in the UK, US and China;
- ongoing construction of our new, global headquarters on the Cambridge Biomedical Campus. Work remains on track to complete construction in calendar 2018, with occupancy expected in the first half of calendar 2019; and
- continued investment to support employee engagement and development across our global organisation

Sustain attractive economics

Our goal is to continue generating strong revenue growth at attractive margins, whilst optimising operational efficiency, thereby delivering sustainable, profitable growth.

Progress in H1 2018 has included:

- ongoing identification and delivery of operating efficiencies and productivity gains, including the successful closure and outsourcing of our Bristol, UK manufacturing operations
- a further increase in the proportion of sales generated from in-house manufactured products

Supplement organic growth through acquisitions and partnerships

Our dual growth strategy combines organic in-house development with a track record of successfully completing partnerships and acquisitions. We remain committed to this strategy and

continue to proactively evaluate the landscape for opportunities which align with our business objectives and that will provide increased scale. In January 2018, we announced the signing of an exclusive licence agreement with Roche, covering a total of approximately 760 unique Spring Bioscience products, including 243 rabbit monoclonal antibodies, for research use only (RUO).

Enterprise Resource Planning (ERP) Update

The long-term growth we continue to deliver is placing increasing demands on our legacy IT systems and business processes. As a result, we selected Oracle Fusion Cloud as our global ERP programme solution and the business is already benefitting from those modules, including Human Resources, that have gone live.

We continue to focus our efforts on system testing, data, training and organisational readiness, and we remain committed to a smooth deployment and a quality implementation of the remaining modules.

Today, nearly all these modules are technically complete, however, the warehousing module which allows us to put away, pick, pack and despatch stock has taken longer to complete than we had anticipated and, therefore, the full global roll out of the programme is not expected to happen by the end of this financial year. We are taking action to address this module as well as assessing its impact on timings and will provide a further update in due course. We remain fully committed to the Oracle Fusion Cloud ERP solution.

Board Update

As announced at the time, Murray Hennessey stepped down from his role as Non-Executive Chairman following the conclusion of our AGM in November 2017.

The process to identify Murray's replacement is underway and is being led by Louise Patten, who has taken on the role of Interim Chairman until a permanent replacement is appointed. Following Louise's appointment as Interim Chairman, Mara Aspinall has taken on the role of Senior Non-Executive Director.

Outlook

We are achieving good momentum across the business as we continue to grow our revenues ahead of the market in every region we serve. The investments we have made, and that we will continue to make, are enabling Abcam to sustain this growth and achieve the targets we have set for ourselves and we believe we are in a strong position for a successful future.

Overall, we remain on track to meet our strategic goals for the year and we are increasing our constant currency revenue growth guidance for FY 2018 to approximately 11%, including the impact of the Spring Bioscience transaction. We have a strong balance sheet which enables us to capitalise fully on the further opportunities available, including acquisitions and partnerships, and we are investing in our people, R&D, information technology and infrastructure to enable us to provide innovative, trusted and improved solutions for consumers.

Supported by a clear purpose and strategy, and thanks to the significant efforts of all of our employees and partners, we believe that Abcam is well positioned to continue delivering long-term value for our shareholders.

Financial Performance in the Period

Overall reported revenues increased by 9.8% in H1 2018. On a constant currency basis (in which we assume exchange rates remain unchanged from H1 2017), total revenue grew by 11.2%, with Catalogue and Customer Product & Licensing (CP&L) revenues up by 11.5% and 7.8% respectively, when compared to the same period last year.

For Catalogue products, all geographic areas and main product categories are performing at levels above underlying market growth rates, with China continuing to be our fastest growing major market.

CP&L revenue continues to remain an area of increased focus for the Group and, in line with our expectations, this area returned to growth in the half.

	Reported revenue			
	H1 2018 £'m	H1 2017 £'m	Increase / (Decrease) in reported revenue	Constant currency growth rate
Geographic split				
The Americas	**42.5**	40.0	6.3%	8.2%
EMEA	**29.9**	26.8	11.6%	9.7%
China	**16.5**	13.5	22.2%	24.5%
Japan	**7.9**	8.0	(1.3%)	8.5%
Rest of Asia Pacific	**8.4**	7.3	15.1%	15.1%
Catalogue revenue	**105.2**	95.6	10.0%	11.5%
CP&L revenue*	**7.3**	6.9	5.8%	7.8%
Total reported revenue	**112.5**	102.5	9.8%	11.2%
Catalogue product split				
Primary and secondary antibodies	**85.2**	78.7	8.3%	9.6%
o/w Recombinant primary antibodies	*22.4*	*18.5*	*21.1%*	*22.8%*
Other products**	**20.0**	16.9	18.3%	20.1%
o/w Immunoassay products	*7.0*	*5.8*	*20.7%*	*23.4%*
Catalogue revenue	**105.2**	95.6	10.0%	11.5%

*Includes royalty income, custom products and licensing revenue

** Includes kits and assays, proteins, peptides, lysates and AAAI products

Gross margins were broadly in line with last year at to 69.8% (H1 2017: 69.7%).

Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) was £39.0m (H1 2017: £35.5m). Adjusted EBITDA rose 18.9% to £42.7m (H1 2017: £35.9m), giving an adjusted EBITDA margin of 38.0% (H1 2017: 35.1%), benefitting from the rolling-off of hedging contracts in the prior year period. Note 4 gives a detailed reconciliation between operating profit, EBITDA and adjusted EBITDA.

Profit Before Tax (PBT) on a reported basis was £32.8m (H1 2017: £25.1m). Adjusted PBT was £39.3m (H1 2017: £32.1m), giving an adjusted PBT margin of 34.9% (H1 2017: 31.4%). Please refer to note 4 for a detailed reconciliation between reported and adjusted PBT.

Due to the one-off impacts relating to the introduction of the US Tax Cuts and Jobs Act in the first half of our financial year, the Group's reported rate for the H1 is 1.5% (H1 2017: 21.1%). For the full year, the effective tax rate on reported earnings is expected to be approximately 12% (year ended 30 June 2017: 18.3%). Further details are shown in note 5 to the interim financial information.

Turning to adjusted profits, after the on-going net benefits of rate reductions arising from the US tax reforms, the effective rate for the full year is expected to be approximately 19% before one-off items (year ended 30 June 2017: 19.5%) with this rate being broadly maintained in the medium term.

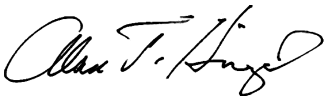
Diluted Earnings Per Share (EPS) was 15.7 pence per share (H1 2017: 9.7 pence). Adjusted diluted EPS increased by 20.2% to 15.5 pence per share (H1 2017: 12.9 pence). Please refer to note 6 for a detailed reconciliation between reported and adjusted EPS.

Cash generation remains strong, with cash generated from operations of £36.4m (H1 2017: £40.0m). Capital expenditure increased by £0.7m in the period to £11.2m (H1 2017: £10.5m). Capital expenditure predominantly related to investment in new systems and processes, which totalled £5.9m (H1 2017: £5.2m), as well as a further £2.2m invested on our new Cambridge headquarters and £1.1m on improvements to laboratory facilities and equipment across the Group. After further outflows of £15.1m in the period relating to the FY 2017 final dividend payment (H1 2017: £13.3m), closing cash at the end of the period was £91.6m (H1 2017: £76.4m).

Dividend

The board have approved an interim dividend of 3.42 pence per share, an increase of 21.1% on the same period in 2017. The interim dividend will be paid on 12 April 2018 to shareholders whose names are on the register at close of business on 16 March 2018. The associated ex-dividend date will be 15 March 2018.

Louise Patten
Interim Chairman



Alan Hirzel
Chief Executive Officer

2 March 2018

Responsibility statement

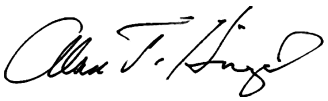
We confirm to the best of our knowledge:

- the interim financial information has been prepared in accordance with IAS 34, as adopted by the European Union;
- the Financial and Operational highlights, Interim Management Report and Interim Financial Information include a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Financial and Operational highlights and Interim Management Report include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period and also any changes in the related party transactions described in the last Annual Report that could do so.

At the date of this statement, the Directors are those listed in the Group's 2016/17 Annual Report and Accounts except for the following change:

	Resignation
Murray Hennessy	14 November 2017

By order of the Board



Alan Hirzel
Chief Executive Officer

Gavin Wood
Chief Financial Officer

2 March 2018

Independent review report to Abcam plc

Report on the condensed consolidated interim financial information

Our conclusion

We have reviewed Abcam plc's condensed consolidated interim financial information (the "interim financial statements") in the interim report of Abcam plc for the 6-month period ended 31 December 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
2 March 2018

a) The maintenance and integrity of the Abcam plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

For the six-month period ended 31 December 2017

	Notes	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Revenue		**112.5**	102.5
Cost of sales		**(34.0)**	(31.0)
Gross profit		**78.5**	71.5
Administration and management expenses		**(35.5)**	(33.4)
Research and development expenses		**(10.3)**	(9.8)
Operating profit		**32.7**	28.3
Finance income		**0.1**	0.1
Finance costs		**—**	(3.3)
Profit before tax		**32.8**	25.1
Tax	5	**(0.5)**	(5.3)
Profit for the period attributable to equity shareholders of the parent		**32.3**	19.8
Earnings per share			
Basic	6	**15.8p**	9.8p
Diluted	6	**15.7p**	9.7p

Consolidated statement of comprehensive income

For the six-month period ended 31 December 2017

	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Profit for the period attributable to equity shareholders of the parent	**32.3**	19.8
Items that may be reclassified to the income statement in subsequent years		
Movements on cash flow hedges	**1.5**	4.2
Exchange differences on translation of foreign operations	**(7.3)**	13.7
Movement in fair value of investment	**0.1**	—
Tax relating to components of other comprehensive income	**(0.2)**	(0.8)
Other comprehensive (expense) / income for the period	**(5.9)**	17.1
Total comprehensive income for the period	**26.4**	36.9

Consolidated balance sheet

As at 31 December 2017

	Notes	(Unaudited) as at 31 Dec 2017 £m	(Audited) as at 30 Jun 2017 £m	(Unaudited) as at 31 Dec 2016 £m
Non-current assets				
Goodwill		**111.2**	115.5	121.1
Intangible assets		**75.9**	73.6	75.5
Property, plant and equipment		**25.6**	22.3	21.1
Deferred tax asset		**7.0**	6.6	11.0
Derivative financial instruments	8	**0.2**	0.2	0.2
		219.9	218.2	228.9
Current assets				
Inventories		**22.4**	21.8	21.1
Trade and other receivables		**30.2**	34.6	25.6
Investment	8	**1.1**	1.0	0.9
Derivative financial instruments	8	**2.3**	1.3	0.4
Cash and cash equivalents		**91.6**	84.8	76.4
		147.6	143.5	124.4
Total assets		**367.5**	361.7	353.3
Current liabilities				
Trade and other payables		**(26.4)**	(29.3)	(21.9)
Current tax liabilities		**(4.4)**	(1.2)	(3.2)
Contingent consideration and fees		**—**	—	(4.0)
Derivative financial instruments	8	**(0.5)**	(2.1)	(6.8)
		(31.3)	(32.6)	(35.9)
Net current assets		**116.3**	110.9	88.5
Non-current liabilities				
Deferred tax liability		**(15.3)**	(21.9)	(26.0)
Derivative financial instruments	8	**—**	(0.1)	(0.1)
		(15.3)	(22.0)	(26.1)
Total liabilities		**(46.6)**	(54.6)	(62.0)
Net assets		**320.9**	307.1	291.3
Equity				
Share capital		**0.4**	0.4	0.4
Share premium account		**24.9**	23.9	23.1
Merger reserve		**68.1**	68.1	66.4
Own shares		**(3.5)**	(3.6)	(3.9)
Translation reserve		**21.0**	28.1	37.3
Hedging reserve		**1.2**	(0.1)	(3.7)
Retained earnings		**208.8**	190.3	171.7
Total equity attributable to the equity shareholders of the parent		**320.9**	307.1	291.3

Approved by the Board of directors and authorised for issue on 2 March 2018.

Consolidated statement of changes in equity

For the six-month period ended 31 December 2017

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve[1] £m	Hedging reserve[2] £m	Retained earnings £m	Total £m
At 1 July 2017	0.4	23.9	68.1	(3.6)	28.1	(0.1)	190.3	307.1
Profit for the period	—	—	—	—	—	—	32.3	32.3
Other comprehensive (expense)/ income	—	—	—	—	(7.1)	1.3	(0.1)	(5.9)
Total comprehensive (expense) / income for the period	—	—	—	—	(7.1)	1.3	32.2	26.4
Issue of share capital	0.0	1.0	—	(0.1)	—	—	—	0.9
Own shares disposed of on release of shares	—	—	—	0.2	—	—	(0.2)	—
Credit to equity for share-based payments	—	—	—	—	—	—	1.7	1.7
Purchase of own shares	—	—	—	—	—	—	(0.1)	(0.1)
Equity dividends	—	—	—	—	—	—	(15.1)	(15.1)
Transactions with owners, recognised directly in equity	0.0	1.0	—	0.1	—	—	(13.7)	(12.6)
At 31 December 2017 (unaudited)	**0.4**	**24.9**	**68.1**	**(3.5)**	**21.0**	**1.2**	**208.8**	**320.9**

For the six-month period ended 31 December 2016

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve[1] £m	Hedging reserve[2] £m	Retained earnings £m	Total £m
At 1 July 2016	0.4	21.5	61.6	(3.2)	23.9	(7.1)	164.1	261.2
Profit for the period	—	—	—	—	—	—	19.8	19.8
Other comprehensive income	—	—	—	—	13.4	3.4	0.3	17.1
Total comprehensive income for the period	—	—	—	—	13.4	3.4	20.1	36.9
Issue of share capital	0.0	1.6	4.8	(0.9)	—	—	—	5.5
Own shares disposed of on release of shares	—	—	—	0.2	—	—	(0.2)	—
Credit to equity for share-based payments	—	—	—	—	—	—	1.0	1.0
Equity dividends	—	—	—	—	—	—	(13.3)	(13.3)
Transactions with owners, recognised directly in equity	0.0	1.6	4.8	(0.7)	—	—	(12.5)	(6.8)
At 31 December 2016 (unaudited)	0.4	23.1	66.4	(3.9)	37.3	(3.7)	171.7	291.3

For the twelve months ended 30 June 2017

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve[1] £m	Hedging reserve[2] £m	Retained earnings £m	Total £m
At 1 July 2016	0.4	21.5	61.6	(3.2)	23.9	(7.1)	164.1	261.2
Profit for the period	—	—	—	—	—	—	42.4	42.4
Other comprehensive income	—	—	—	—	4.2	7.0	0.2	11.4
Total comprehensive income for the period	—	—	—	—	4.2	7.0	42.6	53.8
Issue of share capital	0.0	2.4	6.5	(0.9)	—	—	—	8.0
Own shares disposed of on release of shares	—	—	—	0.5	—	—	(0.5)	—
Credit to equity for share-based payments	—	—	—	—	—	—	3.3	3.3
Purchase of own shares	—	—	—	—	—	—	(0.1)	(0.1)
Equity dividends	—	—	—	—	—	—	(19.1)	(19.1)
Transactions with owners, recognised directly in equity	0.0	2.4	6.5	(0.4)	—	—	(16.4)	(7.9)
At 30 June 2017 (audited)	0.4	23.9	68.1	(3.6)	28.1	(0.1)	190.3	307.1

1 Exchange differences on translation of overseas operations and net investment hedge instrument.

2 Gains and losses recognised on cash flow hedges and related deferred tax.

Consolidated cash flow statement

For the six-month period ended 31 December 2017

	Notes	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Profit before tax		**32.8**	25.1
Finance income		**(0.1)**	(0.1)
Finance costs		**—**	3.3
Operating profit for the period		**32.7**	28.3
Adjustments for:			
Depreciation of property, plant and equipment		**2.7**	2.4
Amortisation of intangible assets		**3.6**	4.8
Financial instruments at fair value through profit or loss		**(1.1)**	(0.1)
Research and development expenditure credit		**(0.4)**	(0.3)
Share-based payments charge		**1.8**	1.4
Contingent consideration in fair value change		**—**	(1.0)
Unrealised currency translation losses		**0.2**	0.4
Operating cash flows before movements in working capital		**39.5**	35.9
Increase in inventories		**(0.9)**	(0.7)
Decrease in receivables		**3.7**	3.7
(Decrease) / Increase in payables		**(5.9)**	1.1
Cash generated from operations		**36.4**	40.0
Income taxes paid		**(4.3)**	(4.6)
Income taxes received		**0.8**	—
Net cash inflow from operating activities	*	**32.9**	35.4
Investing activities			
Investment income		**0.1**	0.1
Purchase of property, plant and equipment	*	**(5.3)**	(5.3)
Purchase of intangible assets	*	**(5.9)**	(5.2)
Acquisition of subsidiary, net of cash and cash equivalents acquired		**—**	(7.4)
Decrease in term deposits		**—**	1.8
Net cash outflow from investing activities		**(11.1)**	(16.0)
Financing activities			
Dividends paid	7	**(15.1)**	(13.3)
Proceeds on issue of shares		**0.9**	0.6
Purchase of own shares		**(0.1)**	—
Net cash outflow from financing activities		**(14.3)**	(12.7)
Net increase in cash and cash equivalents		**7.5**	6.7
Cash and cash equivalents at beginning of period		**84.8**	68.9
Effect of foreign exchange rates		**(0.7)**	0.8
Cash and cash equivalents at end of period		**91.6**	76.4
Free Cash Flow	(i)	**21.7**	24.9

(i) Free Cash Flow comprises those items marked * and comprises net cash generated from operating activities less net capital expenditure.

Notes to the interim financial information

For the six-month period ended 31 December 2017

1. General information

This condensed consolidated interim financial information for the six months ended 31 December 2017 is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006, but has been reviewed by the auditor. The financial information for the year ended 30 June 2017 does not constitute the Company's statutory accounts for that period, but has been extracted from those accounts, which were approved by the Board of Directors on 8 September 2017 and have been delivered to the Registrar of Companies. The auditor has reported on those accounts, their opinion was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

Further copies of the interim financial statements are available from the Company's registered office, 330 Cambridge Science Park, Milton Road, Cambridge CB4 0FL, and can be accessed on the Abcam plc investor relations website, www.abcamplc.com.

2. Basis of preparation

The condensed set of financial statements for the six months ended 31 December 2017 included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and has been prepared on a going concern basis as described further below.

a Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are those as set out in the Group's financial statements for the year ended 30 June 2017. In addition, tax on income in the interim period is calculated as described in note 5.

New accounting standards and interpretations

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the period were either not relevant or had no impact on the Group's net results or net assets.

b Going concern

The directors have prepared the interim financial information on a going concern basis. In considering the going concern basis, the directors have considered the principal risks and uncertainties set out at the end of this report. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and a period of not less than twelve months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the interim financial report.

c Adjusted financial measures

Adjusted financial measures are used by management in its review of the business and exclude certain cash and non-cash items which management believes are not reflective of the normal course of business of the Group. Management believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for fuller understanding of performance from year to year. A detailed reconciliation between reported and adjusted measures is presented in note 4.

3. Operating segments

The Directors consider that there are no identifiable business segments that are engaged in providing individual products or services or a group of related products and services that are subject to risks and returns that are different to the core business. The information reported to the Group's Chief Executive Officer, who is considered the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8 *Operating Segments*, which is 'sales of antibodies and related products'. The Group's revenue and assets for this one reportable segment can be determined by reference to the Group's income statement and balance sheet.

The Group has no individual product or customer which contributes more than 10% of its revenues.

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2017

4. Consolidated adjusted financial measures

The calculation of the Group's key adjusted measures is presented below:

	Note	(Unaudited) six months ended 31 Dec 2017 Adjusted £m	Adjusting items £m	Total £m	(Unaudited) six months ended 31 Dec 2016 Adjusted £m	Adjusting items £m	Total £m
EBITDA[1]		**42.7**	**(3.7)**	**39.0**	35.9	(0.4)	35.5
Margin%		*38.0%*		*34.7%*	*35.1%*		*34.5%*
Depreciation and amortisation		**(3.5)**	**(2.8)**	**(6.3)**	(3.9)	(3.3)	(7.2)
Operating profit		**39.2**	**(6.5)**	**32.7**	32.0	(3.7)	28.3
Margin%		*34.8%*		*29.1%*	*31.2%*		*27.6%*
Finance income		**0.1**	**—**	**0.1**	0.1	—	0.1
Finance costs		**—**	**—**	**—**	—	(3.3)	(3.3)
Profit before tax		**39.3**	**(6.5)**	**32.8**	32.1	(7.0)	25.1
Margin%		*34.9%*		*29.2%*	*31.4%*		*24.5%*
Tax	5	**(7.4)**	**6.9**	**(0.5)**	(5.9)	0.6	(5.3)
Profit for the period attributable to owners of the parent		**31.9**	**0.4**	**32.3**	26.2	(6.4)	19.8

1 EBITDA = Earnings before interest, tax, depreciation and amortisation

	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Analysis of adjusting items		
Affecting operating profit		
System and process improvement costs - Other	**(3.7)**	(1.5)
Contingent consideration fair value adjustment	**—**	1.0
Acquisition costs	**—**	0.1
Amortisation of acquisition related intangible assets	**(2.8)**	(3.0)
System and process improvement costs - Impairment	**—**	(0.3)
	(6.5)	(3.7)
Affecting finance costs		
Unwinding of discount factor on contingent consideration and fees	**—**	(3.3)
	(6.5)	(7.0)
Affecting tax		
Tax effect of adjusting items	**1.4**	0.6
One-off tax arising from new US tax legislation	**5.5**	—
Total adjusting items	**0.4**	(6.4)

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2017

5. Income tax

The major components of the income tax expense in the income statement are as follows:

	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Current tax	**7.0**	5.9
Deferred tax	**(6.5)**	(0.6)
	0.5	5.3

The UK corporation tax rate for the six months ended 31 December 2017 was 19.0% (six months ended 31 December 2016: 20.0%). Effective tax rates represent management's best estimate of the average annual effective tax rate on reported or adjusted profits with these rates being applied to half year results.

An effective rate of 1.5% is recorded in the half year results and is due mainly to one-off impacts of the US reform (in particular the revaluation of deferred tax balances as set out in note 4, which have been recognised in the period in order to reflect the period in which the rate change was enacted) and which fall discretely into the half year results.

The effective rate of tax on reported profits for the full year ending 30 June 2018 is approximately 12%, again affected mainly by the one-off impacts of the US tax reforms (year ended 30 June 2017 18.3%).

The effective rate on adjusted half year profits (which also excludes the one-off items in respect of US tax reform) is 18.8% and for the full year ending 30 June 2018 is approximately 19% (year ended 30 June 2017: 19.5%).

6. Earnings per share

The calculation of earnings per ordinary share (EPS) and adjusted earnings per ordinary share (adjusted EPS) are based on profit after tax, and adjusted profit after tax, attributable to owners of the parent and the weighted number of shares in issue during the six-month period.

Adjusted EPS figures have been calculated based on earnings before adjusting items which are considered significant in nature or value and which are described in note 4.

	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Profit attributable to equity shareholders of the parent - adjusted	**31.9**	26.2
Adjusting items	**0.4**	(6.4)
Profit attributable to equity shareholders of the parent – total reported	**32.3**	19.8
	Million	Million
Weighted average number of ordinary shares in issue	**204.7**	203.0
Less ordinary shares held by Equiniti Share Plan Trustees Limited	**(0.7)**	(0.8)
Weighted average number of ordinary shares for the purposes of basic EPS	**204.0**	202.2
Effect of potentially dilutive ordinary shares: – share options and awards	**1.6**	1.6
Weighted average number of ordinary shares for the purposes of diluted EPS	**205.6**	203.8

Diluted EPS and adjusted diluted EPS are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the reporting period.

	(Unaudited) six months ended 31 Dec 2017	(Unaudited) six months ended 31 Dec 2016
Basic EPS	**15.8p**	9.8p
Diluted EPS	**15.7p**	9.7p
Adjusted basic EPS	**15.6p**	13.0p
Adjusted diluted EPS	**15.5p**	12.9p

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2017

7. Dividends

	(Unaudited) six months ended 31 Dec 2017 £m	(Unaudited) six months ended 31 Dec 2016 £m
Amounts recognised as distributions to equity shareholders in the period:		
Final dividend for the year ended 30 June 2016 of 6.556 pence per share	—	13.3
Final dividend for the year ended 30 June 2017 of 7.355 pence per share	15.1	—
Total distributions to owners of the parent in the period	**15.1**	13.3
Proposed interim dividend of 3.42 pence (2017: 2.825 pence) per share	**7.0**	5.8

The proposed interim dividend was approved by the Board on 2 March 2018 and has not been recognised as a liability as at 31 December 2017, but will be recognised in equity attributable to owners of the parent in the year ending 30 June 2018.

8. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements as at 30 June 2017. There have been no changes to the risk management policies since the year ended 30 June 2017.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following table presents the Group's assets and liabilities carried at fair value by valuation method.

31 December 2017	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivative financial instruments	—	2.5	—	2.5
Available for sale asset	1.1	—	—	1.1
Total assets	1.1	2.5	—	3.6
Liabilities				
Derivative financial instruments	—	(0.5)	—	(0.5)
Total liabilities	—	(0.5)	—	(0.5)

30 June 2017	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivative financial instruments	—	1.5	—	1.5
Available-for-sale asset	1.0	—	—	1.0
Total assets	1.0	1.5	—	2.5
Liabilities				
Derivative financial instruments	—	(2.2)	—	(2.2)
Total liabilities	—	(2.2)	—	(2.2)

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2017

8. Financial instruments and risk management continued

There were no transfers between levels during the period.

The Group's Level 2 financial instruments consist of forward foreign exchange contracts fair valued using forward exchange rates that are quoted in an active market.

The Group continues to generate significant amounts of US Dollars, Euros, Japanese Yen and Chinese Yuan in excess of payments in these currencies and has hedging arrangements in place to reduce its exposure to currency fluctuations.

The following table details the forward exchange contracts outstanding as at the period end:

	US Dollars		Euros		Japanese Yen		Chinese Yuan	
Maturing in	Sell $'m	Average rate	Sell €'m	Average rate	Sell ¥'m	Average rate	Sell ¥'m	Average rate
Period ending 30 June 2018	16.7	1.28	20.8	1.14	981	138.6	26.7	8.95
Year ending 30 June 2019	18.8	1.32	28.5	1.11	1,167	144.3	—	—

9. Capital commitments

As at 31 December 2017, the Group had commitments of £6.8m (31 December 2016: £0.1m) relating to the acquisition of property, plant and equipment and intangible assets, most of which relates to the construction of the Group's new global headquarters at the Cambridge Biomedical campus.

10. Related party transactions

During the period, the Group made purchases of £0.1m (six months ended 31 December 2016: £0.1m) and sales of less than £0.1m (six months ended 31 December 2016: less than £0.1m) from companies of which Jonathan Milner is either a director or significant investor. The majority of transactions were with Horizon Discovery Group Plc, of which Jonathan Milner is a non-executive director.

11. Post balance sheet events

On 22 January 2018, the Group announced that it had entered into a definitive license agreement with Roche for consideration of $17.6m (approximately £13.0m).

Under the terms of the agreement, the Group will obtain the exclusive rights to the product portfolio of Spring Bioscience Corporation ("Spring"), in the research use only (RUO) field of use, as well as the exclusive RUO rights for all future products developed by Spring, that Roche requests to be commercialised in the RUO field of use for an initial period of 10 years. As part of the agreement existing amounts of inventory will also transfer to the Group.

Risks and uncertainties

The principal risks and uncertainties which the Group faces in the undertaking of its day-to-day operations and in pursuit of its longer-term objectives are set out in the Annual Report and Accounts 2017 on pages 15 to 19 and in note 4 to the consolidated financial statements. Information on financial risk management is set out on pages 87 to 91. A copy of the Annual Report and Accounts is available on the Group's website www.abcamplc.com/investors/reports-presentations/.

The principal risks and risk profile of the Group have not changed over the interim period and are not expected to change over the next six months. As noted in the Annual Report and Accounts 2017, the Group continues to monitor developments in respect of Brexit and the consequences of how these might affect the business.

The principal risks remain as:

Principal risk	**Causes and impacts**
Inadequate integration or leverage of acquired businesses	- If Abcam does not integrate acquisitions in an efficient and timely manner, this could affect existing operations. - If Abcam does not leverage acquired businesses effectively post-acquisition, this could reduce the return on investment.
Increased competition	- Strengthening of Abcam's competitors or the introduction of new technologies or workarounds could affect demand for Abcam products.
Identification, valuation and pursuit of acquisitions and investments	- Unidentified risks in acquired businesses could reduce the return on investment. - Abcam may miss opportunities to acquire businesses which could have added value.
Reputational risk	- Not meeting Abcam's own high standards of quality and ethical business practice could affect reputation and brand.
Cyber security risks including loss of data and website inaccessibility	- A security breach of internal systems by a third party could affect operations, reputation or financial performance.
Loss of output at any Group manufacturing or logistics facility	- An environmental or health and safety issue at a key facility, or interruption in service from key suppliers could disrupt operations.
Business growth is constrained by not having appropriate people, resources and infrastructure in place	- Lack of adequate facilities and infrastructure, or failure to retain key personnel and attract high calibre staff could impact Abcam's ability to grow.
ERP project/IT infrastructure	- A significant delay in delivery of Abcam's ERP project could lead to additional direct and indirect costs. - Difficulties in transition to the new system may slow down operations.
Significant exchange rate movements	- Unfavorable foreign exchange movements could affect profitability and ability to meet financial targets.
Availability of research funding	- A substantial reduction in funding for life sciences research in a significant territory could affect demand for Abcam products.
Non-compliance with laws and regulations	- Not fully evaluating and complying with legislation in the markets and countries in which Abcam operates could lead to fines or reputational damage.

abcam

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