

### Sustaining long-term profitable growth

Abcam started 20 years ago with one big idea: to provide research scientists faster access to antibodies that work.

Our company was a pioneer applying e-commerce tools to the life sciences. That disruptive innovation made it possible to offer an extensive antibody range, validation data, and rapid customer service to researchers worldwide.

The financial success of the company and support of our shareholders since then has enabled us to increase investment in long-term profitable growth.

#### **Doing more for customers, faster**

When I joined Abcam in 2013, I was inspired to accomplish two things: ensure Abcam is guided by the needs of our customers and build a business that will deliver long-term sustainable growth while influencing and accelerating life science discovery worldwide. In that first year, we started a transformation in leadership, scope of business, organisation, operations and purpose that, over time, would help to achieve those dual aims.

Five years later, we have made tremendous progress thanks to the loyalty of our customers and the hard work of our global team. We have roughly doubled the scale of Abcam since 2013 in terms of our revenue, profits and impact on science.

Today, Abcam is a global leader in providing antibodies to academic researchers, and research and development teams worldwide. Our customers have provided us with greater clarity about our role: we serve them to help them achieve their missions, faster than they might otherwise. Like a Sherpa for a mountaineer, we dedicate ourselves to the success of scientists, helping them select the right tools and navigate the best path in their ascent to the highest levels of discovery.

#### **Innovating beyond our antibody heritage**

Over the years we have learned a lot about what our customers want. In response, we have focused on innovating and expanding our product range, extending our customer influence beyond our original research antibody heritage. A relentless focus on our customers' needs has led us to acquire and integrate five companies and build new technology applications of our own, such as the use of rabbit monoclonal hybridomas, phage display, next generation sequencing and CRISPR-Cas9 technologies to enhance and accelerate antibody selection and validation. This focus on customer-led innovation continues. We are well on our way to creating a portfolio of complementary antibody pairs that enable novel, high-throughput screening techniques using our FirePlex® particles.

Because of these developments, we have an enviable and expanding portfolio of distinctive and proprietary life science innovation capabilities.

In the past year, there have been several notable examples of Abcam products influencing life sciences and patient outcomes including:

- the use of our ArV7 antibody (Ab198394) for the early diagnosis of metastatic prostate cancer
- the use of FirePlex® micro-RNA multiplex analysis to enhance identification of signals related to the rapid onset of cardiac arrest (S. Das research at Harvard Medical School, Boston)
- the development of novel RabMAb® recombinant antibodies to support research into the reduction of chemotherapy-related side-effects (F. Shao research at the National Institute of Biological Sciences, Beijing)

As noteworthy as these examples are, it is the recognition of the contributions to the work of the thousands of scientists we serve around the world every day that remain the foundation of our business. This includes:

- over 20% of global publications using antibodies cited Abcam in 2017
- #1 cited company for over 30% of protein targets studied in research in 2017, up from 22% in 2013
- customer awards via CiteAb recognising our work in China and cancer research
- customer satisfaction (measured by iNPS) of 64%, up two percentage points on 2017

My belief is commercial success follows from appropriate focus on our customers and team. Financial performance this year has been encouraging and in line with our ambitious targets, with growth once again well above the underlying market growth rate.



**If we aren't breaking things and occasionally falling short of our goals, we aren't being bold enough. We must keep pushing and investing to build this company to have a greater role in the markets we serve, and that work will continue for many years to come.**

**Alan Hirzel**  
Chief Executive Officer

	Reported revenue		Increase/ (decrease)	CER growth rate
	2018 £m	2017 £m		
<b>Catalogue revenue by product:</b>				
Primary and secondary antibodies	<b>174.5</b>	165.5	5.4%	8.4%
of which Recombinant antibodies	48.0	40.4	18.8%	22.3%
Other products <sup>1</sup>	<b>42.3</b>	36.9	14.6%	18.2%
of which Immunoassay products	15.0	12.4	21.0%	25.4%
<b>Catalogue revenue</b>	<b>216.8</b>	202.4	7.1%	10.2%
<b>Custom Products &amp; Licensing (CP&amp;L) revenue<sup>2</sup></b>	<b>16.4</b>	14.7	11.6%	17.6%
<b>Total reported revenue</b>	<b>233.2</b>	217.1	7.4%	10.7%

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

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

### Striving to continuously improve

As we examine our customers and markets, we remain confident that we still have many opportunities and ideas to create future sources of growth and value for all our stakeholders. Ideas are wonderful and easy to generate at Abcam. Implementing them well is tougher and comes with the typical challenges of change. Whilst we are moving quickly to grow and improve our business, we do not always get everything right.

As good as our customer relationships and net promoter scores are, there are still too many occasions when we fall short of their high expectations. One frustrating example is that customers must sometimes wait too long for a product. We have built a new supply chain team but it is fair to say that we are still not achieving the customer performance levels we aspire to in supply chain and manufacturing. We will be investing more in talent and automation to improve in these areas.

Upgrading our systems in order to efficiently and effectively scale our business is critical for our continued growth. We set out to improve effectiveness and efficiency in four major business areas with Oracle Cloud ERP: customer contact, human resources, finance, and supply chain. To date, we have successfully completed what we wanted to achieve in human resources and customer contact. As we have learned more about the system and its maturity, we have decided to phase the remainder of the programme to reduce the risk to our business and customers. As a consequence, the programme will take longer and cost more than we predicted when we defined our requirements in 2015. We have established a new approach for more frequent and lower risk deployment and in this coming year we will focus on implementing the finance modules. Once completed, we will have substantially concluded three of the four major objectives of the programme.

I know that if we are not breaking things and occasionally falling short of our goals, we are not being bold enough. We must keep pushing and investing to build this company to have a greater role for customers in the markets we serve, and that work will continue for many years to come.

### Investing in our future

We remain committed to our goal of building a company that will endure and play a growing role in the advances in science and medicine. Some of this investment is in the basic building blocks that should be in place to enable high growth, such as:

- strengthening our global team's skills and incentives – including broader equity participation
- automating our production and distribution processes
- enhancing our IT capabilities
- improving and consolidating our facilities including a move into our new headquarters in Cambridge, UK

Other investments, more closely linked to innovative development concepts for our future, include:

- further enhancing product validation
- developing new, high-value products using existing and emerging technologies such as gene editing
- strengthening our market leadership in China
- expanding our single and multiplex immunoassay portfolio
- extending and improving the application of machine learning across our business
- introducing more personalised and dynamic content to our e-commerce

As we continue to invest in our long-term success, we expect to sustain top line growth ahead of market growth. My commitment is to ensure our team is rigorously prioritising the areas that offer the greatest return to all our stakeholders.

### Recognition and thanks

I thank our customers for the trust they place in Abcam to help them scale the heights of scientific and clinical achievement.

I thank our team for being dedicated to our customers' success, for being audacious in our approach to growth, and agile in the way we work.

I thank our shareholders for their continued support of our team and long-term growth strategy.

I thank Jonathan Milner for having the courage and intelligence to start this company – none of us would be here without him.

I welcome Peter Allen to our board as Chairman. We have much to do together. I thank Louise Patten for standing in as interim Chairman and leading the search for Peter.

### Outlook

There is good momentum across the business and we believe the Group is in a strong position for a successful future. The organic and inorganic investments we have made and will continue to make are enabling Abcam to sustain its growth and achieve the stretching targets we have set for ourselves.

I am confident that these investments will generate long-term value for our shareholders whilst helping us serve life scientists around the world to achieve their missions faster.



**Alan Hirzel**  
Chief Executive Officer  
7 September 2018

### Our five strategic priorities

- 1 Sustain antibody and digital marketing leadership
- 2 Expand in related growth markets
- 3 Invest in operating capabilities for 2x 2016 scale by 2023
- 4 Sustain attractive economics
- 5 Supplement organic growth – acquisitions and partnerships

In 2017/18 we refined our five multi-year strategic priorities to reflect the ongoing development of our markets and our business. We have made further progress in each of these areas over the last year (see strategy section on pages 20 to 22 and, as we do so, we are identifying more growth opportunities.

Our performance against our strategic key performance indicators (KPIs), as listed below, reflects achievement within the range of our full year targets.

### Strategic KPIs

2017/18 targets and outcome<sup>1</sup>

Metric	Target range	Actual
Recombinant antibody product revenue growth	20–25%	<b>22%</b>
Immunoassay revenue growth <sup>2</sup>	20–25%	<b>25%</b>
Customer engagement: transactional NPS	55–65%	<b>64%</b>

- 1 A full list of KPIs are shown in 'Our KPIs' from pages 28 to 31.
- 2 Constant exchange rate.

### Related material

Strategy in action – pages 23 to 27

### Related content

Key performance indicators – pages 28 to 31