

abcam

**Annual
Report and
Accounts
2020**

Our key performance indicators

We measure our performance against a number of strategic and financial KPIs. Success against our strategic KPIs forms a component of the Executive Directors' and senior management's remuneration.

Strategic performance measures

2020 Performance

Description

Why this metric is important

How we performed

Alignment to strategic priorities

Link to management remuneration

Related material

Revenue growth from in-house products (CER)

6.2%

2020 Target: 12-15%

Constant currency revenue growth of our in-house (catalogue) products published.

There are approximately 24,000 in-house products published on our catalogue.

Innovating new, high quality products and growing our in-house product portfolio is fundamental to our long-term growth strategy.

Whilst our outturn was below our target of 12-15%, this was a resilient performance in view of the disruption caused by COVID-19 in the year.

1-6

Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.

Our strategy (pages 22 to 26)
Our impact (pages 27 to 38)

Transactional Net Promoter Score (tNPS)

+56

2020 Target: 54-60

Transactional (often referred to as 'touchpoint') Net Promoter Score (tNPS) is an industry standard benchmark used to gauge the loyalty of our customer relationships based on their interactions with us.

Allows us to monitor customer satisfaction on a timely basis, helping to determine the likelihood of consumers recommending Abcam to a colleague.

We achieved a 12-month tNPS score of 56% in the year, within the target range.

1-5

Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.

Our strategy (pages 22 to 26)
Our impact (pages 27 to 38)

Financial performance measures

2020 Performance

Description

Why this metric is important

How we performed

Alignment to strategic priorities

Link to management remuneration

Related material

Total CER revenue growth

(1.4)%

2018/19: 9.2%
2017/18: 10.7%

Total revenue growth of the business on a constant exchange rate basis (CER). CER is achieved by applying the prior year's actual exchange rates to the current year's results.

Total revenue growth is a key metric for monitoring the Group's performance and ability to drive growth.

Calculating growth on a CER basis allows management to identify the relative year-on-year performance by removing the impact of currency movements which are outside of management's control.

As a result of the impact of COVID-19, total revenues declined slightly on a constant currency basis.

1-6

Yes. Performance against the Group's strategic KPIs determines part of management's LTIP payout.

CEO's report
Our strategy
Our performance

Gross Margin

69.3%

2018/19: 70.5%
2017/18: 69.9%

Gross margin is calculated by dividing total gross profit achieved by total sales.

Gross margin is a key metric for monitoring the Group's earnings quality and potential.

As a result of the impact of COVID-19, gross margin declined modestly.

1-3, 5-6

No

Our performance

Our key performance indicators continued

Financial performance measures (cont'd)

2020 Performance

Description

Why this metric is important

How we performed

Alignment to strategic priorities

Link to management remuneration

Related material

Adjusted Operating Profit

£44.5m

2018/19: £83.6m
2017/18: £81.3m

Operating Profit based on the related IFRS measure but excluding adjusting items (see note 7 of the consolidated financial statements for more information).

The Board considers this measurement of profitability a viable alternative to underlying profit. It represents a key metric of overall business profitability.

As a result of the impact of COVID-19 and the Group's long-term investment plans, Adjusted Operating Profit declined in the year to £44.5m, representing an adjusted operating margin of 17.1%.

3-6

No

Our performance

Return on Capital Employed

6.8%

2018/19: 20.8%
2017/18: 22.2%

Return on Capital Employed (ROCE) is calculated by dividing adjusted operating profit by total capital employed at the end of the period.

Capital employed is calculated by subtracting the Group's current liabilities from its total assets.

The Board believes that ROCE is a key tool in measuring the Group's financial efficiency and ability to create future growth in value.

The Group attempts to maintain ROCE at a level well above the Group's estimated cost of capital.

ROCE reduced due to the impact of COVID-19, the Group's long-term investment plans, and increase in the asset base.

1-6

No

Our performance

Free Cash Flow

£19.0m

2018/19: £34.3m
2017/18: £26.8m

Free cash flow comprises net cash generated from operating activities less net capital expenditure and transfer of cash from/(to) escrow in respect of future capital expenditure.

The Board considers this measurement important for providing an indication of the amount of cash available for discretionary growth investment after removing capital related items.

Free cash flow declined from 2018/19 levels but remained positive, reflecting the lower operating profits and continued capital investment to support our growth plans.

3–6

No

Our performance

Adjusted diluted EPS

16.6p

2018/19: 32.9p
2017/18: 32.7p

Adjusted diluted earnings per share (EPS) is calculated by dividing the Group's profit after tax, after adjusting items, by the weighted average number of ordinary shares in issue, including those shares that may be awarded under future share option and awards.

The Board considers this measurement an important indicator of the underlying profits generated for shareholders.

Adjusted EPS declined from 2018/19 levels, reflecting the impact of COVID-19 and the Group's long-term investment plans which are suppressing short-term profitability.

3–6

Yes, Adjusted EPS performance determines part of management's LTIP payout.

Our performance



Further details can be found in our CFO's review, pages 40 to 55.

Our key performance indicators continued

Sustainability performance measures

Description

Why this metric is important to growing our impact

Customer tNPS

Products*

Transactional (often referred to as 'touchpoint') Net Promoter Score (tNPS) is an industry standard benchmark used to gauge the loyalty of our customer relationships based on their interactions with us.

Maintaining high customer satisfaction rates is fundamental to our ability to grow our customer base, our influence within the scientific community and our wider social impact.

In-house product revenue as % of total catalogue

Products*

The proportion of revenue generated by products developed and manufactured internally.

The success of our customers' work, from basic research to translational science, diagnostics and therapeutic clinical programmes, relies on rigorous product quality, performance and reliability.

Product satisfaction rate (12-month rolling)

Products*

The product satisfaction rate is calculated by subtracting the % of products on which issues are raised (the complaint rate), from 100%.

The quality of our products, reflected in the product satisfaction rate, is a critical aspect in our ability to support scientific research.

Days lost to H&S

People*

This is the number of days of lost work due to health and safety incidents globally.

Providing a safe and secure work environment is a foundational principle of our business.

Number of products validated for third-party platforms/diagnostic use ('Abcam Inside')

Partners*

The total number of our antibody clones used by our partner platforms, including research platforms, diagnostic and companion diagnostics.

Extending the use of our products through collaboration and partnership helps to increase our impact and supports faster scientific progress.

OEM Suppliers signed up to our Code of Conduct, %

Partners*

A measurement of the % of suppliers that have signed our code of conduct.

Upholding our ethical standards across our value chain is vital to maintaining sustainable business practices.

Carbon emissions, tCO₂e (Scope 1 & 2)

Planet*

Scope 1 and Scope 2 carbon emissions, covering global vehicle use and purchased electricity.

Taking climate action is vital in reducing our negative impact on the environment.

Waste to landfill, metric tonnes

Planet*

The amount of waste sent to landfill across our global operations in the year.

Reducing the amount of waste we send to landfill is important.

* Impact area

2019/20 Performance

How we performed

<p>+56</p> <p>2018/19: +59 2017/18: +65</p>	<p>We achieved a 12-month tNPS score of 56% in the year, within our target range of 54–60%.</p>
<p>42.4%</p> <p>2018/19: 44.2% 2017/18: 47.4%</p>	<p>The proportion of in-house product rose to over 47% of total catalogue sales, a new record.</p>
<p>98.68%</p> <p>2018/19: 98.41% 2017/18: 98.24%</p>	<p>Our product satisfaction rate increased to 98.68%, a new record high.</p>
<p>2</p> <p>2018/19: 5 2017/18: 3</p>	<p>The number of days lost to health and safety incidents remained low, at two.</p>
<p>459</p> <p>2018/19: 137</p>	<p>We grew the number of clones used by our partners significantly in the year.</p>
<p>98.30%</p> <p>2018/19: 60.20%</p>	<p>We made significant progress toward our goal of 100% compliance.</p> <p>In 2021 we plan to use a third party to undertake an assessment of all suppliers to evaluate their sustainability ratings.</p>
<p>4,752 tCO₂e</p>	<p>This was the first year reporting and forms the baseline from which we will compare our activity going forward, with an ambition to reduce our carbon footprint.</p>
<p>77.5 tonnes</p>	<p>This was the first year reporting and forms the baseline from which we will compare our activity going forward, with an ambition to eliminate waste sent to landfill over time.</p>



Further details can be found on pages 27 to 38.