

# A financial report on abcam plc



Abcam Plc is UK's largest producer and distributor of research grade antibodies and associated products. Abcam is one of the rapidly developing company in Biotechnology industry. The company was founded in 1998 by Jonathan Milner (CEO), David Cleevely (Chairman) and Prof. Tony Kouzarides (NED) (Beer, 2008). Abcam became a public company in November 2005 and listed on the London Stock Exchange's (Annual report 2008).

Abcam plc is chiefly focused on the study, improvement, production, promotion and distribution of antibodies and associated products. Abcam source other excellent antibodies from institutes, academic laboratories and primary manufacturers (Abcam, 2008).

In 2008 Abcam sales up 34% in its main North American market, by 50% in Europe and almost doubled in Japan. Research grade antibodies are advantage of Abcam, which can help create a new drug (Investors Chronicle, 2008)(ProQuest 2008).

In 2007 company signed three licensing dealing. Know the Abcam gave its exclusive distribution rights to almost 4, 000 existing products. In August 2006, Abcam signed with Triple Point Biologicl Inc. for the distribution of 350 antibodies and also the delivery of 360 antibodies in next three years.

Abcam 2nd agreement was with Assay Biotechnology Company Inc., the U. S. for 500 products and is also expecting to add 3, 000 products in next five years. (Global Market Direct, 2009).

## **Market/Customer**

Abcam primarily operates in UK, Europe, United States and Japan. Abcam sell its antibodies to academic and commercial users throughout the world with

an ordering facility available on company's website. Abcam also distributes third party produced antibodies. All antibodies are sold under Abcam brand name (Investegate, 2009).

Abcam has many subsidiaries all over the world, these subsidiaries are in India, Australia, Brazil, United State, Republic of Korea, Taiwan, China, Thailand, Hungary, Ukraine, and Israel, these subsidiaries are network of sales. Abcam divided its Geographic area into three parts, UK, USA, and Japan (Global market research).

Company spends big money on research and development, and offers easy access to products, high development e-commerce plat form etc. Pie chart (See Annex 1 Please) shows the average revenue of three years, in 2008 sales increased 49. 7% by average it was a 45. 54%. In 2007 average sale increased was 6. 4%. Pie Chart (See Annex 2 Please) show the average profit of three years. Company makes 90% sale in other currencies such as US dollar, Euro and Japanese Yen. Change in foreign currency in the recession is favourable for the company. In first interim European market contribute 39. 9% of sale, in Japan 6. 4% of group sale (Interim result 2008)

## **Products/Brand of Abcam Plc**

Abcam and its subsidiaries engage in developing, marketing, and selling research antibodies and related products worldwide. 60% of the antibodies are sold by Abcam are company produced, and it represent over 16% of the company sale. Company offer the following two types of products.

## **Products by research**

Cancer

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Cardiovascular

Cell Biology

Chromatin

Development Management

Immunology

Microbiology

Neuroscience

Nuclear Signaling

Signal Transduction

Stem Cells

## **Products by Type**

Primary Antibodies

Secondary Antibodies

Isotype Controls

Loading Controls

Tags and Cell Markets

Peptides

Proteins

Kits

Lysates

Slides

Tools and Reagents

Main products of Abcam are antibodies, but company sells associated products that bio-sciences researcher need to conduct in their research (Abcam 2008)

## **COMPETITION**

Abcam is leading player in antibodies market. Abcam provide all product information online and it is big advantage to all other companies. Abcam has a number of competitors. (Antibody source page Catalogue antibody supplier) Presently company is still growing without facing too much pressure from the direct competitor. Abcam competitors are

Santa Cruz Biotechnology,

Beckton Dickinson,

Promega,

Beckman-Coulter,

Sigma Aldrich,

Abbot Laboratories

Siemens Medical Solution

Serologicals Group (owning Upstate and Chemicon)

Invitrogen (having acquired Z ymed, Molecular Probes and Biosource),

US Biological,

Jackson Immuno-Research,

Techne,

Calbiochem (EMD Biosciences),

Cell Signalling Technology,

DakoCytomation.(Abcam 2008)

## **Unique selling proposition**

Abcam's business is online catalogue both information-rich and dynamic.

Abcam's large team of PhD scientists also have direct relationships with the users and provide real-time technical support. Abcam manages to assess the market through both its scientists' corroboration and a purpose-built system and get data from publications, conferences, and products sales. Any time Customers can, at contact other customers using the same antibody via Abcam unique AbreviewsSM system.

Customers can contact company expert team to ask for advice assistance; and if the product is faulty company will replace it or refund if reported within 120 days of purchase. Company provides product information online (Abcam 2008).

Company use many ways to collect the market and customer information such as Abcam use review, datasheet, related protocol and Q&A's. Top-Notch products are more important for the customer other than price, customer use the Abcam product because it is very high standard and quality (Financial Mail Extra 2009).

Another uniqueness and competitive advantages like less shipping time, access to new markets are main factor to increase the sale every year (Annual Report 2008).

### **Weakness, Threats, Risk**

Company is facing the risks such as lack of geographic diversity. Many factors such as changes in the economic conditions, political climate, tax structures, diplomatic and trade relationships in the countries where Abcam operates would affect payment terms and its ability to collect foreign receivables. As the company has little influence over these changing factors, it would have a material adverse impact on the company's business. (Global market direct)

Company is facing threat from the different factors e. g. introduction of innovation technological might affect the market company need to update its services and product, if the company ignores it the revenue may be affected in the future.

### **Ownership structure:**

The Company's issued share capital as at the date 30th June 2008 is 35, 066, 781 ordinary shares of which 35. 86% are owned by directors, 50. 52% by

financial institutions and 13. 62% retail. The % of shares not in public hands is 47. 73 %.( Abcam 2009)

The institutional holders with greater than 3% interest in the company are mentioned in Annex 3.

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IS Pharma formerly (Maelor plc) was incorporated in England and Wales in 1992 and it admitted AIM in November 1997. IS Pharma operates in UK and Ireland, its headquarter is in Chester, United Kingdom. IS Pharma health is pharmaceutical company supply medical and equipments, main operations include Critical care, Neurology and Oncology, pharmaceutical product and medical devices others operations are development of the products in specialist areas, such as anaesthesiology, urology, catheter maintenance, blood volume replacement and wound(Maelor Plc 2003). Company markets its product and technology through partnership with other companies. In 2008 Medical devices contribute the 37. 2% of total revenue and 62. 79% contributed by the pharmaceutical products (Global market products). Though its main focus is pharmaceutical product and devices in the UK market and International market (Business Week). This paper attempts to analyse the distribution channels, products, market competition, ownership structure, social issues and technological issues and financials of IS Pharma company.

## **Distribution**

IS Pharma has setup of different channel of distributors nationally and internationally.

IS Pharma already has network of International distribution which is helping increasing further sales growth.

Company has distributors in European markets and as well in developing markets.

Company`s strategy is to enter into US market through licensee (Preliminary Result 2008).

## **Products:**

IS Pharma operates in pharmaceutical product and medical devices, company have following subsidiaries:

Acrous Therapeutics Ltd.

Is Pharmaceuticals Ltd. (Homescott 2009)

Maelor Laboratories Ltd.

Maelor Pharmaceuticals Limited.

Speciality European Pharma International AG

Company spent big money on the research and development in 2008 which is 1. 6% of total revenue (Global market research). IS Pharma Products mainly focus hospital sector (Maelor plc 2008).

Company offer following products

## **Other Products**

Range of critical care infusion solutions

Anti bacterial

Oral / syrup oncology

Anti depressant products

Plasma substitute solution for intravenous infusion

Cryogestic Aerosol

Cryogestic Flacks

Optiflo

Brands

Volplex

Contisol

OptiFlo

Mysoline

Cryogestic (Global Market research)

The diversification of products and services provide a rationale for growth of company and thus able to compete in the market more efficiently.

## **Competitor**

In the pharmaceutical market following are the IS Pharma plc main competitors

GlaxoSmithKline

Shire

Valeant

Advanced medical solution group plc

Corin group plc

Tissue science Laboratories plc (Global market research)

SSL International plc

Future Medical plc(Datamonitor)

## **Market/ Customers**

IS Pharma divided its operational location in two parts: UK and other is rest of world. In 2008, the international market share was 71. 35% from the UK and 28. 56% was rest of world. On the basis of mention information IS pharma divided its market into 2 parts one is UK and other all other market (Global market research). Main markets of IS Pharma:-

United Kingdom

South Africa

United State

European Markets (Google Finance UK)

In 2008 company overall performance was good, first time in three years company earned the profit. In 2008 company sale was £7M compared to £2. 8 M in 2007 and £1. 8 M in 2006 which presents more performance of company. Company acquired the Acorus Therapeutics Ltd and Speciality European Pharma International AG (" SEPI AG") (Global market Direct).

These acquisitions increased the sale of company and market shares increased to 30%. (Annual report 2008)

In the Annex I (Pie Chart I) represent the company three year average sale every year it is more than previous year and in 2008 average sale is more than double of 2007.

Annex II (chart I) represent the three net profits and losses of 2006, 2007, 2008. It shows 2008 company earned profit and 2006, 2007 loss. It shows the good performance in recent year and the future prospects of company`s sale and profitability are bright. (Annual Report 2007, 2008).

IS Pharma has setup to supply product through distributors and agents.

Following are the customers of IS Pharma:-

Hospitals

Anaesthetists

Intensive care specialist

Pharmacist

Accident and Emergency physicians

Neurology physician (Maelor plc)

## **Principle Risks and Uncertainties**

There are many factors, risks and Uncertainties Company is facing in the national and international market. Some factors and risks company can be mitigated and some are difficult to mitigate. Some factors are material and

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some are not, some seem not material but actually these are material for the company such as negative feedback by customer about any product can have negative impact on the demand of products.

IS Pharma facing increase in Cost of good, when the cost goes increase, it effect on the price of product. In this situation the customer find the substitute of product low price. Company has risk from the supplier of raw material if they changed the price it affect the company revenue.

IS Pharma has many distribution channels, it needs to make sure that all the orders are executed on the right time and company should strive to strike the balance between demand and supply of products. In case of more demand and less supply or vice versa, could trigger a price hike or could lead to stocks expiry, which may affect the reputation of company.

In the past many lawsuit were issued against the IS Pharma by the court, reasons of these are quality of product and side effects of medicine. These penalties increased the financial burden of the company (IS Pharma 2009).

## **Ownership Structure**

According to company data Authorised share capital of Is Pharma is 40, 000, 000 shares @ of £. 70, (£28, 000, 000). The Company issued share as at above date 31st March 2008 is 124, 280, 833. 6. 9% shares are held by Acorus vendors and Directors of shares issue capital is not in public (IS Pharma 2009).

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