

Recommendation: **BUY** (BUY) Risk: **Medium** (Medium) Price Target: **EUR 3.60** (3.60)

11 January 2012

Milestone payment from Boehringer Ingelheim

- Evotec AG announced that its research alliance with Boehringer Ingelheim (BI) has achieved a milestone triggering a payment of EUR 2.5m to Evotec. The milestone was achieved for the identification and selection of a compound to be advanced into extended profiling prior to pre-clinical development within an oncology programme. This is the fourth milestone achieved in 2011 and represents a total of EUR 10.5m of milestones achieved within the year.
- The alliance with BI continues to be very productive in terms of milestone payments. In late 2009 this collaboration was expanded into the oncology therapeutic area, and it is already the fifth milestone achieved as part of this alliance against an oncology target (2 in 2010 and 3 in 2011). Overall, it is the 15th milestone payment achieved within the alliance with Boehringer Ingelheim, which Evotec entered in 2004.

Milestone payments from Boehringer Ingelheim

	Year	Number of milestone payments from BI
<i>Start of collaboration with BI</i>	2004	0
	2005	1
	2006	1
	2007	0
	2008	3
<i>Extension of the collaboration</i>	2009	2
	2010	4
	2011	4
Total		15

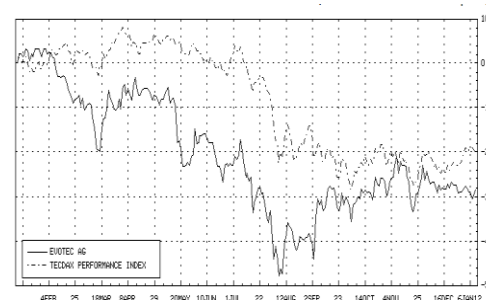
Source: Evotec AG; CBS Research AG

- We leave our price target at EUR 3.60 unchanged and retain BUY recommendation.

Y/E 31.12., EUR m	2008	2009	2010	2011E	2012E	2013E
Revenues	39.6	42.7	55.3	79.0	83.6	92.2
Gross profit	17.6	18.4	24.3	36.6	41.0	47.0
EBITDA	-68.4	-38.2	6.5	12.9	11.5	16.8
EBIT	-73.2	-42.3	1.7	7.2	6.6	11.8
Net income/loss	-78.3	-45.5	3.0	6.1	5.2	9.6
EPS	-0.82	-0.43	0.03	0.05	0.04	0.08
CPS	-0.43	-0.20	0.00	0.10	0.07	0.00
Gross margin	44.5%	43.2%	44.1%	46.3%	49.0%	51.0%
EBITDA margin	-172.7%	-89.6%	11.7%	16.3%	13.7%	18.2%
EBIT margin	-184.8%	-99.1%	3.1%	9.1%	7.9%	12.8%
EV/Sales	5.6	5.2	4.0	2.8	2.6	2.4

Source: Evotec AG; CBS Research AG;

Share price (dark) vs. TecDAX



Source: CBS Research AG, Bloomberg

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Revenue	-	79.0	-	83.6	-	92.2
EBIT	-	7.2	-	6.6	-	11.8
EPS	-	0.05	-	0.04	-	0.08

Internet: www.evotec.com Sector: Biotechnology
WKN: 566480 ISIN: DE0005664809
Reuters: EVTG.DE Bloomberg: EVT GY

Short company profile

Evotec is a drug discovery alliance and development partnership company focused on rapidly progressing innovative product approaches with leading pharmaceutical and biotechnology companies.

Share data:

Share price (last closing price, EUR):	2.32
Shares outstanding (m):	115.60
Market capitalisation (EURm):	267.61
Enterprise value (EURm):	220.00
Ø daily trading volume (3 m., no. of shares):	151,603

Performance data:

High 52 weeks (EUR):	3.48
Low 52 weeks (EUR):	1.58
Absolute performance (12 months)	-28.4%
Relative performance: (vs. TecDAX)	
1 month	-5.4%
3 months	-2.9%
6 months	15.3%
12 months	-11.5%

Shareholders:

Roland Oetker/ROI	13.5%
TVM V Life Science Ventures	10.5%
Free float	76.0%

Financial calendar:

2011 Figures 20 March 2012

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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
17 January 2011	BUY (Company Update)	EUR 3.33	EUR 3.70
11 February 2011	BUY (Company Update)	EUR 3.25	EUR 3.70
10 March 2011	BUY (Company Update)	EUR 3.00	EUR 3.70
24 March 2011	BUY (Company Update)	EUR 2.94	EUR 3.70
13 May 2011	BUY (Company Update)	EUR 3.00	EUR 3.70

14 June 2011	BUY (Company Update)	EUR 2.71	EUR 3.60
11 August 2011	BUY (Company Update)	EUR 1.74	EUR 3.60
12 September 2011	BUY (Company Update)	EUR 2.28	EUR 3.60
27 October 2011	BUY (Company Update)	EUR 2.38	EUR 3.60
11 November 2011	BUY (Company Update)	EUR 2.59	EUR 3.60
11 January 2012	BUY (Company Update)	EUR 2.32	EUR 3.60

Risk-scaling System:

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LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

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