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## **Evotec Reports First Half 2007 Results and Business Update**

**Hamburg, Germany | Oxford, UK** – Evotec AG (Frankfurt Stock Exchange: EVT) reported today results for the first half of 2007.

### **Highlights:**

- Revenues in-line with Evotec's full year expectations
- First proof-of-concept trial with insomnia drug candidate EVT 201 successfully completed
- Accelerated progress of EVT 201 study with elderly patients
- Dynamic execution of corporate strategy through transfer of library synthesis business into joint venture with Indian RSIL (after period end)
- Sustained strong cash position of EUR 72.4 million

Revenues were EUR 28.5 million (2006: EUR 31.0 million). The 8% year-on-year decline is primarily due to a milestone payment from the collaboration with Boehringer Ingelheim recorded in the prior year as well as foreign exchange effects. At constant 2006 currencies and adjusted for the milestone effect revenues would have been approximately on last year's level. Revenues are in-line with Evotec's full year expectations which include sizeable milestone payments in the fourth quarter.

The Group operating result for the first half of 2007 amounted to EUR (22.3) million (2006: EUR (16.6) million). The decline is a result of the reduced revenue and gross profit levels, increasing investments into Evotec's proprietary pipeline (R&D expenses: +9%) and a 15% increase in SG&A expenses. Net loss for the first half of 2007 improved to EUR 9.8 million (2006: EUR 16.1 million) as a result of a non-operating profit from the divestment of Evotec Technologies to PerkinElmer.

In total, cash and cash equivalents at 30 June 2007 amounted to EUR 72.4 million (end of 2006: EUR 78.7 million), now including the cash balances held by Neuro3d.

**Corporate Events:**

- First proof-of-concept trial with insomnia drug candidate EVT 201 successfully completed
  - EVT 201 showed robust and competitive effects on sleep onset and sleep maintenance and was free of any subjective evidence of hang-over
  - Full data set to be presented at the worldsleep07 congress in Cairns, Australia, in September 2007
  - Results of a second differentiation Phase II study in elderly insomniacs expected for October 2007
- First proof-of-concept study in cognition started with Alzheimer/pain candidate EVT 101
- Phase I studies for EVT 302 (smoking cessation) progressing as planned and without significant adverse effect findings
- Acquisition of Neuro3d completed effective 1 April 2007

“Achieving first Phase II proof-of-concept with our insomnia drug candidate EVT 201 is a tremendous milestone for the Company. The highly competitive results to date provide us with an excellent basis to progress partnering discussions for further clinical development. A second Phase II study in elderly insomniacs will deliver headline results shortly which we expect will further strengthen EVT 201’s differentiating profile and competitive position”, **said Jörn Aldag, President & Chief Executive Officer of Evotec AG.** „Our financial results are in-line with our expectations for the year. We continued to effectively manage our financial resources while advancing our CNS development pipeline and ended the first half of 2007 with a strong cash balance of EUR 72 million.”

**2007 financial targets confirmed and adjusted for separation of library business into Indian joint venture and currency effects**

Evotec confirms its financial targets given in March and May 2007. However, these need to be adjusted for the contribution of the library synthesis business, which will be transferred into a joint venture with RSIL (consolidated at equity), and currency effects. 2006 revenues without library sales amounted to EUR 60.8 million (2006 revenues reported: EUR 67.4 million). Hence, 2007 revenues adjusted for chemical library sales (six months) and currency effects are now expected to be in the range of EUR 62 million to EUR 67 million. This number includes success-based milestone payments which are planned for the end of the year. Including the above revenue effects and the investments in the joint venture and the Combinature assets the revised targeted year-end cash position is between EUR 50 million and EUR 55 million.

**Conference Call**

Evotec will hold a conference call today at 02.00 p.m. CET (01.00 p.m. GMT/08.00 a.m. US time East Coast) to discuss the financial results as well as progress in first half of 2007. Jörn Aldag, President & CEO, Dr Dirk Ehlers, CFO, Dr John Kemp, Chief Research & Development Officer, and Dr Klaus Maleck, EVP Finance, will lead the call.

**Conference Call Numbers** (listen only):

Europe: +49.(0)69.5007 1305 (Germany)  
+44.(0)20.7806 1950 (UK)  
US: +1.718.354 1385  
Webcast: [www.evotec.com](http://www.evotec.com)

A replay of the conference call will be available for 24 hours and can be accessed in Europe by dialing +49.(0)69.22222 0418 (Germany) or +44.(0)20.7806 1970 (UK) and in the US by +1.718.354 1112. The access code is 5418480#. The on-demand version of the webcast will be available on our website: [www.evotec.com](http://www.evotec.com) - Investors – Financial Reports.

**About Evotec AG**

Evotec is a leader in the discovery and development of novel small molecule drugs. Both through its own discovery programmes and through research collaborations, the Company is generating the highest quality research results to its partners in the pharmaceutical and biotechnology industries.

In proprietary projects, Evotec specialises in finding new treatments for diseases of the Central Nervous System. Evotec has three programmes in clinical development: EVT 201, a partial positive allosteric modulator (pPAM) of the GABA<sub>A</sub> receptor complex for the treatment of insomnia, EVT 101, a subtype selective NMDA receptor antagonist for the treatment of Alzheimer's disease and/or pain, and EVT 302, a MAO-B inhibitor in development for smoking cessation.

In research collaborations, Evotec has established itself as the partner of choice for pharmaceutical and biotechnology companies worldwide. The Company provides innovative and often integrated solutions from drug target to clinic through an unmatched range of capabilities, including early stage assay development and screening through to medicinal chemistry and drug manufacturing.

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