

EVOTEC ANNOUNCES FIRST HALF YEAR 2017 RESULTS AND CORPORATE UPDATE

- ▶ *VERY STRONG OPERATIONAL AND FINANCIAL PERFORMANCE IN H1 2017*
- ▶ *IMPORTANT MILESTONE ACHIEVEMENTS*
- ▶ *EXPANSION OF CUSTOMER BASE AND SIGNIFICANT NEW PARTNERSHIPS*
- ▶ *ACQUISITION OF APTUIT TO EXPAND LEADERSHIP IN EXTERNAL INNOVATION (AFTER PERIOD-END)*

Hamburg, Germany, 10 August 2017:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first half of 2017.

FINANCIAL PERFORMANCE REFLECTING A STRONG BUSINESS

- ▶ Group revenues: 37% increase to € 103.4 m (H1 2016: € 75.5 m);
EVT Execute revenues up 26% to € 100.4 m (H1 2016: € 79.8 m);
EVT Innovate revenues up 78% to € 21.1 m (H1 2016: € 11.8 m)
- ▶ Adjusted Group EBITDA increased by 64% to € 26.0 m (H1 2016: € 15.8 m);
Adjusted EBITDA for EVT Execute up 26% to € 28.4 m (H1 2016: € 22.5 m);
Adjusted EBITDA for EVT Innovate of € (2.4) m (H1 2016: € (6.6) m)
- ▶ R&D expenses slightly decreased by 5% to € 8.5 m (H1 2016: € 9.0 m)
- ▶ Strong strategic liquidity position of € 187.0 m (prior to Aptuit acquisition)

EVT EXECUTE – CONTINUING HIGH-QUALITY STRATEGY & GROWTH

- ▶ Multiple new and extended integrated drug discovery agreements, e.g. with Dermira, Asahi Kasei Pharma, Blackthorn Therapeutics and STORM Therapeutics (after period-end)
- ▶ Significant progress within ongoing alliances (e.g. Bayer alliance in endometriosis)
- ▶ Cyprotex contributing positively and integration on track

EVT INNOVATE – MOMENTUM AND MILESTONES

- ▶ Important milestone achievements (e.g. kidney disease alliance with Bayer, iPSC diabetes alliance with Sanofi)
- ▶ Strong focus on iPSC platform through new strategic collaborations with Censo Biotechnologies and Fraunhofer IME-SP (after period-end)

- ▶ Unique biobank approach through NURTuRE consortium in kidney diseases
- ▶ BRIDGE model gaining momentum (e.g. two funding rounds in LAB282 projects)
- ▶ Grant from IFB Hamburg in immunotherapy/immuno-oncology

CORPORATE

- ▶ Novo Holdings A/S new strategic investor in Evotec holding >10%
- ▶ Change in Evotec's Supervisory Board: Michael Shalmi joined Supervisory Board
- ▶ Continued strategic investments and company formation activities (e.g. Eternigen, Forge Therapeutics, Facio Therapies)
- ▶ Acquisition of Aptuit (after period-end)

GUIDANCE 2017 CONFIRMED

- ▶ All elements of the financial guidance comfortably confirmed

1. FINANCIAL PERFORMANCE REFLECTING A STRONG BUSINESS

Key figures of consolidated income statement & segment information

Evotec AG & subsidiaries – First six months of 2017

<i>In T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Evotec Group H1 2017</i>	<i>Evotec Group H1 2016</i>
External revenues	82,317	21,079	103,396	75,454
Intersegment revenues	18,042	–	–	–
Gross margin in %	29.4	46.1	35.8	34.5
R&D expenses	(342)	(10,368)	(8,542)	(9,033)
SG&A expenses	(12,365)	(3,425)	(15,790)	(11,757)
Impairment of intangible assets	–	–	–	(1,417)
Other operating income (expenses), net	4,420	1,133	5,553	4,592
Operating result	21,173	(2,939)	18,243	8,389
Adjusted EBITDA*	28,413	(2,403)	26,010	15,833

** Before contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result*

In the first half of 2017, Evotec's Group revenues grew to € 103.4 m, an increase of 37% compared to the same period of the previous year (H1 2016: € 75.5 m). This increase resulted primarily from three factors: the strong performance in the base business, the Cyprotex DMPK business contribution (€ 12.3 m) and increased milestone payments. Revenues from milestones, upfronts and licences increased significantly to € 13.3 m compared to the same period of the previous year (H1 2016: € 6.9 m) including predominantly milestones from the collaborations with Bayer in endometriosis and

kidney diseases and Sanofi in diabetes. The higher milestone achievements also positively affected the gross margin, which increased to 35.8% in the first six months of 2017 (H1 2016: 34.5%).

The slight decrease of Evotec's R&D expenses to € 8.5 m (H1 2016: € 9.0 m) results from the reallocation of projects to the Celgene collaboration portfolio, which is recognised in costs of revenue. Evotec's selling, general and administrative (SG&A) expenses increased by 34% in the first half of 2017 to € 15.8 m (H1 2016: € 11.8 m) and were mainly impacted by Cyprotex administration as well as an increased SG&A headcount (Business development and administrative functions) in response to company growth and transaction expenses, e.g. Aptuit.

Adjusted Group EBITDA in the first half of 2017 increased by 64% to € 26.0 m (H1 2016: € 15.8 m). Evotec's operating income in the first half of 2017 amounted to € 18.2 m (H1 2016: € 8.4 m).

Liquidity, which includes cash and cash equivalents (€ 87.9 m) and investments (€ 99.1 m) amounted to € 187.0 m at the end of June 2017 (31 December 2016: € 126.3 m). This strong increase is mainly due to the capital increase with Novo Holdings A/S announced in February 2017, whereas floating loan facilities have been reduced significantly.

Revenues from the EVT Execute segment amounted to € 100.4 m in the first six months of 2017 and significantly increased compared to the prior-year period (H1 2016: € 79.8 m). Included in this amount are € 18.1 m of intersegment revenues (H1 2016: € 16.2 m). This increase is primarily attributable to a strong performance of the base business and the Cyprotex contribution. The EVT Innovate segment generated revenues of € 21.1 m (H1 2016: € 11.8 m), which consisted entirely of third-party revenues. This increase compared to the prior-year period mainly results from milestone payments from Bayer and Sanofi as well as revenues from the Celgene collaboration. Gross margin for EVT Execute amounted to 29.4% while EVT Innovate generated a gross margin of 46.1%. R&D expenses for the EVT Innovate segment amounted to € 10.4 m in the first half of 2017 (H1 2016: € 11.9 m). In the first half of 2017, the adjusted EBITDA of the EVT Execute segment was strong at € 28.4 m and significantly improved compared to the prior-year period (H1 2016: € 22.5 m). The EVT Innovate segment reported an adjusted EBITDA of € (2.4) m (H1 2016: € (6.6) m).

2. EVT EXECUTE & EVT INNOVATE

EVT EXECUTE – CONTINUING HIGH-QUALITY STRATEGY & GROWTH

The strong operational performance of the first quarter 2017 successfully continued into the second quarter 2017 in the EVT Execute segment. With € 12.3 m revenue contribution in the first half of 2017, Cyprotex had a very strong start and its integration into the Evotec Group is proceeding ahead of plan. Furthermore, Evotec has been consolidating its US footprint in the first half of 2017 to streamline processes and services.

In addition and amongst other highlights, Evotec entered multiple new integrated drug discovery alliances. In its new multi-year, integrated drug discovery collaboration with Blackthorn Therapeutics, the focus is on delivering best-in-class small molecules that modulate novel targets expressed in key brain regions for the regulation of behavioural disorders and on ultimately selecting a pre-clinical development candidate. Furthermore, Evotec extended its existing agreement with STORM Therapeutics shortly after period-end into an integrated alliance to focus on new small molecule epigenetic drugs for oncology and other diseases.

Furthermore, strong progress was achieved in Evotec's existing alliances. In the first six months of 2017, a significant pre-clinical milestone was reached in its alliance with Bayer in the field of endometriosis. Furthermore, a clinical milestone was reached in this collaboration shortly after period-end for the progression of the second programme from the alliance portfolio into Phase I clinical development. This alliance has been extended year until 2018.

EVT INNOVATE – MOMENTUM AND MILESTONES

The first half of 2017 in EVT Innovate was characterised by important achievements in strategic alliances (e.g. milestones in kidney alliance with Bayer and iPSC diabetes alliance with Sanofi) and an acceleration of innovation across various ventures.

Strong progress was made within the strategic iPSC-based alliance with Celgene in neurodegeneration. Evotec continues to invest into the further development and expansion of its iPSC platform and entered into new strategic collaborations with Censo Biotechnologies and Fraunhofer IME-SP (shortly after period-end) to strengthen its comprehensive iPSC network. Furthermore, Evotec joined the NURTuRE (National Unified Renal Translational Research Enterprise) consortium in kidney diseases, which provides Evotec with access to patient samples including kidney biopsies, blood, serum and urine for an in-depth histological and molecular analysis to identify and validate targets and biomarkers. In addition, Evotec's BRIDGE model is also gaining momentum.

This was demonstrated by the successful presentation of two rounds of awards in 2017 in its LAB282 BRIDGE alliance with Oxford University.

3. CORPORATE

CONTINUED STRATEGIC INVESTMENTS AND COMPANY FORMATION ACTIVITIES

Alongside its EVT Innovate strategy, Evotec continues to participate in strategic investments and company formations. By doing so, Evotec demonstrates its willingness to accelerate innovation also by taking equity stakes in companies to ideally balance risks and rewards. Along these lines, Evotec further expanded its relationship with Forge Therapeutics by participating in Forge's latest funding round (Series A) and participated in Facio Therapies' 2017 funding round.

ACQUISITION OF APTUIT (AFTER PERIOD-END)

After period-end on 30 July 2017, Evotec announced a definitive agreement under which Evotec will acquire Aptuit, a partner research organisation for integrated outsourced drug discovery and development solutions for \$ 300 m (approx. € 256 m; €/ \$ fx rate of 1.17) in cash. This acquisition is financed through a mix of existing cash reserves and an additional new € 140 m senior debt facility. This transaction will strengthen Evotec's position as the leading global player in the external innovation marketplace. Furthermore, it grows Evotec's business substantially and extends the value chain offering through to Investigational New Drug ("IND") submission and beyond to integrated drug substance and drug product and commercial manufacture. The acquisition will be accretive to Evotec's revenues, make a significant contribution to Evotec's EBITDA and is expected to close in Q3 2017.

4. GUIDANCE 2017 CONFIRMED

All elements of the financial guidance are comfortably confirmed.

	Guidance 2017	Actual 2016
Group revenues	More than 15% growth	€ 164.5 m
Adjusted Group EBITDA ¹⁾	Significantly improved compared to 2016	€ 36.2 m
R&D expenses	Approx. € 20 m	€ 18.1 m

¹⁾ EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. EBITDA excludes contingent considerations, income from bargain purchase and impairments on goodwill, other intangible and tangible assets as well as the total non-operating result.

Webcast/Conference Call

The Company is going to hold a conference call to discuss the results as well as to provide an update on its performance. The conference call will be held in English.

Conference call details

Date: **Thursday, 10 August 2017**

Time: **02.00 pm CEST (01.00 pm BST/08.00 am EDT)**

From Germany: +49 69 22 22 29 043

From UK: +44 20 3009 2452

From USA: +1 855 402 7766

From France: +33 170 750 705

Access Code: 37969784#

A simultaneous slide presentation for participants dialling in *via phone* is available at <http://www.audio-webcast.com/>, password: evotec0817.

Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our home page www.evotec.com shortly before the event.

A replay of the conference call will be available for 24 hours and can be accessed in Europe by dialling +49 69 22 22 33 985 (Germany) or +44 20 3426 2807 (UK) and in the USA by dialling +1 866 535 8030. The access code is 654573#. The on-demand version of the webcast will be available on our website:

<https://www.evotec.com/article/en/Investors/Finance/Financial-Reports-2015-2017/188/6/26>.

NOTE

The 2016 and 2017 results are not fully comparable. The difference stems from the acquisition of Cyprotex PLC ("Cyprotex"), effective 14 December 2016. The results from Cyprotex are only included from 14 December 2016 onwards. The accounting policies used to prepare the half-year report are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2016.

ABOUT EVOTEC AG

Evotec is a drug discovery alliance and development partnership company focused on rapidly progressing innovative product approaches with leading pharmaceutical and biotechnology companies, academics, patient advocacy groups and venture capitalists. We operate worldwide providing the highest quality stand-alone and integrated drug discovery solutions, covering all activities from target-to-clinic to meet the industry's need for innovation and efficiency in drug discovery (EVT Execute). The Company has established a unique position by assembling top-class scientific experts and integrating state-of-the-art technologies as well as substantial experience and expertise in key therapeutic areas including neuroscience, diabetes and complications of diabetes, pain and inflammation, oncology and infectious diseases. On this basis, Evotec has built a broad and deep pipeline of more than 80 partnered product opportunities at clinical, pre-clinical and discovery stages (EVT Innovate). Evotec has established multiple long-term discovery alliances with partners including Bayer, CHDI, Sanofi or UCB and development partnerships with Sanofi in the field of diabetes, with

Pfizer in the field of tissue fibrosis and with Celgene in the field of neurodegenerative diseases. For additional information please go to www.evotec.com and follow us on Twitter [@EvotecAG](https://twitter.com/EvotecAG).

FORWARD LOOKING STATEMENTS

Information set forth in this press release contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this press release. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.