

1 June 2011

'RESEARCH NEVER STOPS'

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## Evotec acquires compound management business from Galapagos

- **EVOTEC TO FURTHER STRENGTHEN ITS INTEGRATED INNOVATION OFFERING WITH WORLD-CLASS COMPOUND MANAGEMENT**
- **SYNERGIES WITH EVOTEC'S DRUG DISCOVERY ALLIANCE BUSINESS EXPECTED**
- **€12.5 MIO TOTAL PURCHASE PRICE FOR PROFITABLE BUSINESS WILL BE PAID IN CASH TO GALAPAGOS**
- **EVOTEC REVENUE GUIDANCE 2011 WILL INCREASE, STRATEGIC CASH POSITION REMAINS STRONG**

**Hamburg, Germany; Mechelen, Belgium – 1 June 2011:** Evotec AG (Frankfurt Stock Exchange: EVT; TecDAX) and Galapagos NV (Euronext: GLPG) today announced that Evotec has acquired Compound Focus, Inc., the compound management business of BioFocus, a Galapagos Company.

### *Strengthen Evotec's leadership role in drug discovery*

This acquisition allows Evotec to augment its early drug discovery offering substantially, provides critical mass to its existing compound management offering, and adds profitable revenues. Compound Focus, Inc. is based in South San Francisco, US and is the world leader in small molecule compound management services. The company's technologies are focused on automated storage and custom design solutions for small molecule drugs. The current key customer base includes US federal institutes and pharma companies such as Elan, Lundbeck, Sepracor or Procter & Gamble. In 2010, Compound Focus had revenues of €7.8M with an operating profit of €2.6 m.

### *Transaction structure reflects value potential*

For the acquisition of all shares in Compound Focus Inc. Evotec will pay Galapagos an immediate cash upfront of €10.25 m and an additional €2.25 m in potential earn out payments upon performance of the business in 2012/2013 depending on revenues and certain corporate milestones.

**Dr Werner Lanthaler, Chief Executive Officer of Evotec, commented:** "This acquisition will substantially improve our ability to support our alliance partners in developing and managing their

compound libraries. The link to our industry leading screening platform further strengthens our hit identification capabilities. In addition, the profitable revenues shown by Compound Focus over the last years will further enhance our earnings profile going forward."

**Onno van de Stolpe, Chief Executive Officer of Galapagos, commented:** "Today's transaction enables us to concentrate on what we do best in BioFocus and Argenta, providing top class drug discovery solutions needed to deliver molecules for our customers. Compound management is not strategic to our offering. We are pleased to have found a good home for Compound Focus and wish them continued success as part of Evotec."

Following this transaction, Evotec changes its revenue guidance for 2011 from €64-66 m to €68-70 m, and Galapagos changes its revenue guidance for 2011 from €150 m to €146 m.

With comfortably more than €55 m liquidity by the end of 2011, despite the recently closed acquisition of Compound Focus, the strategic cash position of Evotec remains very strong.

Burrill Merchant Banking acted as financial adviser to Galapagos.

Evotec invites you to join a conference call announcing the acquisition of Compound Focus, Inc.

#### **Details of the Conference Call:**

Wednesday 1 June 2011 at  
2.30 p.m. CET  
1.30 p.m. GMT  
5.30 a.m. PDT / 8.30 a.m. EDT

#### **Dial-in Numbers:**

Europe:  
+49 (0) 6103 485 3001 (Germany)  
+44-207-153-2027 (UK)  
US: +1-480-629-9673

Pass Code: 4444097

A simultaneous slide presentation for participants dialing in via phone is available at [www.equitystory.com](http://www.equitystory.com), password: evotec 0611. You can also listen to the conference call via audio webcast including presentation slides at [www.evotec.com](http://www.evotec.com).

If you are unable to attend, a recording will be available for 24 hours after the call at the following phone numbers: +49 69 58 99 90 568 (Germany), +44 207 154 2833 (UK), +1 303 590 3030 (US). The access code is 4444097#. The on-demand version of the webcast will be available on our website: <http://www.evotec.com> - Investors/Events/Financial Calendar.

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#### **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. The Company operates worldwide providing the highest quality stand-alone and integrated drug discovery solutions, covering all activities from target-to-clinic. Evotec has established a unique position by assembling top-class scientific experts and

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integrating state-of-the-art technologies as well as substantial experience and expertise in key therapeutic areas including neuroscience, pain, metabolic diseases, oncology and inflammation. Evotec has established long-term discovery alliances with partners including Boehringer Ingelheim, CHDI, Genentech, Medimmune/Astra Zeneca, Novartis and Ono Pharmaceutical. In addition, the Company has existing development partnerships and product candidates both in clinical and preclinical development. These include partnerships with Boehringer Ingelheim, MedImmune and with Andromeda (Teva) in the field of diabetes. For additional information please go to [www.evotec.com](http://www.evotec.com).

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#### **ABOUT COMPOUND FOCUS, INC.**

Compound Focus, Inc. is a service division of BioFocus and provides a range of compound management services. It is home to sample collections owned by government, academic and commercial organizations and to the National Institutes of Health Molecular Libraries Small Molecule Repository. The company was incorporated in 2006 and currently employs 28 employees. Following the transaction, Compound Focus will be fully integrated into Evotec's operations.

#### **ABOUT GALAPAGOS NV**

Galapagos (Euronext: GLPG; OTC: GLPYY) is a mid-size biotechnology company specialized in the discovery and development of small molecule and antibody therapies with novel modes-of-action. The Company is progressing one of the largest pipelines in biotech, with six programs in development and over 50 discovery programs. Through risk/reward-sharing alliances with GlaxoSmithKline, Eli Lilly, Janssen Pharmaceutica, Roche and Servier, Galapagos is eligible to receive up to €2.5 billion in downstream milestones, plus royalties. The Galapagos Group has about 800 employees and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More info at: [www.glp.com](http://www.glp.com)

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#### **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 report. 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.*