

EVOTEC AG REPORTS RESULTS OF FIRST NINE MONTHS OF 2016

- ▶ *STRONG FINANCIALS REFLECT CONTINUED GROWTH TREND*
- ▶ *EXTENSION OF COLLABORATIONS, START OF NEW ALLIANCES AND ACHIEVEMENT OF MILESTONES*
- ▶ *NEW WAYS OF ACCELERATING INNOVATION EFFICIENCY*

Hamburg, Germany, 10 November 2016:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first nine months of 2016.

FINANCIAL PERFORMANCE – PROFITABLE AND STRONG GROWTH

- ▶ Strong revenue growth in both operating segments:
 - EVT Execute revenues up 36% to € 126.6 m;
 - EVT Innovate revenues up 26% to € 17.9 m
- ▶ Consolidated Group revenues up 37% to € 120.6 m (9M 2015: € 88.2 m); base revenues up 30% to € 105.0 m
- ▶ Adjusted Group EBITDA increased to € 30.6 m (9M 2015: € 3.4 m)
- ▶ R&D expenses of € 12.8 m
- ▶ Strong liquidity position of € 120.0 m despite loan repayments

EVT EXECUTE – STRONG OPERATIONAL PERFORMANCE

- ▶ Significant milestone achievements in Bayer, Boehringer Ingelheim and Padlock collaborations
- ▶ Phase I clinical start for the treatment of endometriosis with Bayer
- ▶ Extensions of ongoing collaboration, e.g. with Genentech and Janssen Pharmaceutica NV
- ▶ New long-term strategic drug discovery alliances, e.g. with C4X Discovery, Antibiotic Research UK, UCB

- ▶ New compound management partnerships, e.g. with Pierre Fabre and UCB
- ▶ New licences enhancing existing drug discovery platform, e.g. with CRISPR/Cas9 and Trianni
- ▶ Proposed acquisition of ADME-Tox and DMPK specialist company Cyprotex PLC (after period-end)

EVT INNOVATE – NEW PATHS OF ACCELERATING FIRST-IN-CLASS DRUG DISCOVERY

- ▶ New multi-target alliance with Bayer in kidney diseases
- ▶ First research collaboration under French Academic Bridge with Inserm in oncology
- ▶ Acceleration of TargetNASH programme with Ellersbrook GmbH & Co. KG
- ▶ Innovation partnership with *ex scientia* to develop bispecific small molecule immuno-oncology therapeutics
- ▶ Formation of spin-off company Topas Therapeutics GmbH in the field of nanoparticle-based therapeutics to treat immunological disorders
- ▶ Participation in Series A funding of Carrick Therapeutics
- ▶ Establishing of EVT BRIDGE LAB282 partnership with Oxford University, OSI and OUI (after period-end)

ALL ELEMENTS OF GUIDANCE CONFIRMED – PROFITABILITY GUIDANCE RAISED IN JULY 2016

- ▶ Adjusted Group EBITDA (before changes in contingent consideration) expected to more than double compared to 2015
- ▶ All other elements of financial guidance as of 22 March 2016 and positive outlook confirmed
- ▶ Strong initial outlook for 2017

1. FINANCIAL PERFORMANCE

PROFITABLE AND STRONG GROWTH

Key figures of interim consolidated income statement & Segment information

Evotec AG & Subsidiaries – First nine months of 2016

| <i>In T€</i> | EVT Execute | EVT Innovate | Evotec Group | Evotec Group 9M 2015 |
|--|------------------------|-------------------------|-------------------------|-------------------------------------|
| Revenues | 126,567 | 17,971 | 120,627 | 88,198 |
| Gross margin in % | 32.9 | 45.6 | 38.5 | 27.2 |
| R&D expenses | (53) | (16,250) | (12,798) | (13,501) |
| SG&A expenses | (13,855) | (3,908) | (17,763) | (19,047) |
| Impairment of intangible assets | – | (1,417) | (1,417) | (69) |
| Income from bargain purchase | – | – | – | 18,476 |
| Other operating income (expenses), net | 5,324 | 637 | 5,961 | 2,430 |
| Operating result | 33,112 | (12,736) | 20,376 | 12,285 |
| Adjusted EBITDA* | 41,300 | (10,661) | 30,639 | 3,410 |

* EBITDA was adjusted for changes in contingent considerations as well as for one-time effects with regards to the bargain purchase resulting from the acquisition of Evotec (France) SAS in 2015.

Evotec's Group revenues for the first nine months of 2016 grew to € 120.6 m, an increase of 37% compared to the same period of the previous year (9M 2015: € 88.2 m). This increase is due to growth in the core EVT Execute business, a full nine month contribution of the Sanofi collaboration as well as significant milestone payments. Excluding milestones, upfronts and licences, Evotec's base revenues for the first nine months of 2016 were € 105.0 m and increased by 30% over the same period of the previous year (9M 2015: € 80.7 m). The gross margin in the first nine months of 2016 was strong at 38.5% and improved over the first nine months of 2015 (9M 2015: 27.2%). The margin increase over 2015 is attributable to the same drivers as the trend in revenue growth as well as capacity utilisation and favourable foreign exchange rate effects.

R&D expenses for the first nine months of 2016 decreased by 5% to € 12.8 m (9M 2015: € 13.5 m) due to successful partnering of EVT Innovate projects in 2015. Total SG&A expenses for the first nine months of 2016 decreased by 7% to € 17.8 m (9M 2015: € 19.0 m). SG&A expenses in 2015 included one-time M&A and related costs. Adjusted Group EBITDA in the first nine months of 2016 increased significantly to € 30.6 m (9M 2015: € 3.4 m). Evotec's operating result for the first nine months of 2016 amounted to € 20.4 m (9M 2015: € 12.3 m).

Liquidity, which includes cash and cash equivalents (€ 62.4 m) and investments (€ 57.6 m) amounted to € 120.0 m at the end of September 2016 (31 December 2015:

€ 133.9 m). In Q2 2016, Evotec initiated the repayment of loans, which was continued in Q3 2016.

Revenues from the EVT Execute segment amounted to € 126.6 m in the first nine months of 2016, an increase of 36% compared to the prior-year period (9M 2015: € 93.4 m). Included in this amount are € 23.9 m of intersegment revenues (9M 2015: € 19.5 m). The EVT Innovate segment generated revenues in the amount of € 17.9 m consisting entirely of third-party revenues (9M 2015: € 14.3 m). The increase in revenues resulted from EVT Innovate projects which were partnered in 2015. Gross margin for EVT Execute amounted to 32.9% while EVT Innovate generated a gross margin of 45.6%. R&D expenses for the EVT Innovate segment at € 16.3 m in the first nine months of 2016 remained largely unchanged (9M 2015: € 16.6 m). Due to growth in the base business, milestone achievements and three full quarters of the Sanofi contribution, the adjusted EBITDA of the EVT Execute segment amounted to € 41.3 m in the first nine months of 2016 and increased significantly compared to € 16.1 m in the prior-year period. The EVT Innovate segment reported an improved adjusted EBITDA of € (10.7) m (9M 2015: € (12.7) m).

2. EVT EXECUTE & EVT INNOVATE

EVT EXECUTE – STRONG OPERATIONAL PERFORMANCE

During the first nine months of 2016, EVT Execute demonstrated a strong operational performance, shown also by important milestones achievements in its collaborations with Bayer, Boehringer Ingelheim and Padlock. Furthermore, Evotec was able to announce the progression of a first programme from its strategic alliance with Bayer in the field of endometriosis into Phase I clinical development. In addition, the compound management business is gaining momentum, underlined by new alliances with UCB and Pierre Fabre. Various collaborations were extended in the first nine months of 2016, such as the drug discovery alliances with Genentech and Janssen Pharmaceutica NV. Additionally, Evotec was able to enter new drug discovery alliances with C4X Discovery, UCB and Antibiotic Research UK, the latter underlining the recent trend of an increasing number of non-governmental organisations and foundations accessing Evotec's drug discovery platforms.

Consistent with the Company's strategy to offer its clients the most advanced technological platforms, Evotec continued to expand its drug discovery platforms, e.g. with a non-exclusive licence to the leading technology on the market for gene editing (CRISPR-Cas9 licence) and Trianni's next-generation transgenic technology. Along these lines, Evotec announced the proposed acquisition of Cyprotex PLC after period-end,

which would add world-leading high-quality ADME-Tox services and strengthen Evotec's leadership in drug discovery. This proposed acquisition, which has been unanimously recommended by the board of Cyprotex, is expected to close before year-end 2016.

EVT INNOVATE – NEW PATHS OF ACCELERATING FIRST-IN-CLASS DRUG DISCOVERY

The EVT Innovate portfolio continued to make very good scientific and commercial progress in the third quarter of 2016, resulting in a very strong performance of the segment. EVT Innovate again demonstrated its ability to partner promising early-stage scientific approaches with Pharma companies with the start of a five-year, multi-target alliance with Bayer in the field of kidney diseases based on assets from its *CureNephron* portfolio. Furthermore, the Company entered into its first research collaboration under its French Academic Bridge with Inserm in the field of oncology. In addition, EVT Innovate is accelerating its *TargetNASH* programme together with Ellersbrook GmbH & Co. KG, with both partners committed to investing up to € 5 m over an initial three-year period. An innovation partnership with *ex scientia* (UK) to develop bispecific small molecule immuno-oncology therapeutics was formed.

In March 2016, Evotec announced the formation of a spin-off company called Topas Therapeutics GmbH, focused in the field of nanoparticle-based therapeutics to treat autoimmune diseases. The establishment of Topas is the first example of the acceleration of Evotec's business model to take advantage of carving out or investing in promising programmes with additional upside potential. In addition, Evotec announced an investment of up to \$ 6 m towards Carrick Therapeutics' latest \$ 95 m funding round, thereby deepening its already existing relationship with Carrick.

EVT Innovate is also pursuing new approaches in scouting new innovations and accelerating them along the drug discovery value chain. After period-end, Evotec announced a highly innovative strategic partnership called "LAB282" with the University of Oxford, Oxford University Innovation Ltd and Oxford Sciences Innovation aimed at accelerating the translation of basic biomedical research from Oxford into new clinical therapeutics. These efforts, referred to as "EVT BRIDGE", are focused on highly capital efficient translation of academic science into potentially transformative pharmaceutical projects.

3. ALL ELEMENTS OF GUIDANCE CONFIRMED

PROFITABILITY GUIDANCE RAISED IN JULY 2016

Evotec's financial guidance was last updated in July 2016 due to an increased margin contribution and a positive outlook for the remainder of the year.

| | Guidance July 2016 | Original Guidance 2016 | Actual 2015 |
|-------------------------------------|--------------------------------|--|--------------------|
| Group revenues ¹⁾ | More than 15% growth | More than 15% growth | € 115.4 m |
| Adjusted Group EBITDA ²⁾ | More than double | Positive and significantly improved compared to prior year | € 8.7 m |
| R&D expenses | Approx. € 20 m | Approx. € 20 m | € 18.3 m |
| Liquidity ³⁾ | Similar level compared to 2015 | Similar level compared to 2015 | € 134.5 m |
| Capex investments | Up to € 10 m | Up to € 10 m | € 11.2 m |

¹⁾ Excluding milestones, upfronts and licences

²⁾ 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

³⁾ Excluding any potential cash outflow for M&A or similar transactions

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 November 2016**

Time: **02.00 pm CET (01.00 pm GMT/08.00 am EST)**

From Germany: +49 (0) 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: evotec1116.

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 (0) 69 22 22 33 985 (Germany) or +44 20 3426 2807 (UK) and in the US 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/Financial-Reports-2014-2016/188/6>.

NOTE

Due to two acquisitions in 2015, the interim condensed consolidated financial statements for the first six months of 2015 and 2016 are not fully comparable. The difference stems from the acquisition of Evotec (France) SAS, effective 01 April 2015, and from the 51% acquired shares in Panion Ltd., London, UK, effective 09 December 2015. While the result of Evotec (France) SAS is fully included in the accompanying consolidated income statement for the first nine months of 2016, it was only partially included in the comparable period of the previous year. Panion Ltd. was not included in the comparable period of the previous year.

CHANGE IN PRESENTATION

The presented financial statements include a change in presentation in the first nine months of 2015 and 2016. From 01 January 2016 onwards, amortisation of intangible assets are no longer presented in a separate line in the consolidated income statement but are allocated to the relating cost lines in the income statement. The prior-year period was changed accordingly resulting in higher costs of revenue (€ 2.2 m).

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 70 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 e.g. Janssen Pharmaceuticals in the field of Alzheimer's disease, with Sanofi in the field of diabetes and with Pfizer in the field of tissue fibrosis. For additional information please go to www.evotec.com.

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.