

EVOTEC AG REPORTS RESULTS OF FIRST HALF OF 2016

- ▶ *STRONG FINANCIAL PERFORMANCE IN H1 2016*
- ▶ *NEW AND EXTENDED COLLABORATIONS, MILESTONE ACHIEVEMENTS AND CLINICAL START IN ENDOMETRIOSIS*
- ▶ *PROFITABILITY GUIDANCE RAISED AND POSITIVE OUTLOOK CONFIRMED*

Hamburg, Germany, 10 August 2016:

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

FINANCIAL PERFORMANCE –STRONG GROWTH TREND CONTINUES

- ▶ Significant revenue growth in both operating segments:
 - EVT Execute revenues up 35% to € 79.8 m;
 - EVT Innovate revenues up 44% to € 11.8 m
- ▶ Consolidated Group revenues grew by 37% to € 75.5 m (H1 2015: € 55.0 m); base revenues up 35% to € 68.5 m
- ▶ Adjusted Group EBITDA increased to € 15.8 m (H1 2015: € 0.8 m); adjusted EBITDA of € 22.5 m for EVT Execute (H1 2015: € 9.8 m)
- ▶ Increase in R&D expenses of 6% to € 9.0 m
- ▶ Strong liquidity position of € 118.3 m despite initiation of loan repayments in Q2 2016

EVT EXECUTE – STRONG AND PROFITABLE GROWTH

- ▶ Milestone achievements in Bayer, Boehringer Ingelheim and Padlock collaborations
- ▶ Collaboration extensions e.g. with Genentech and Janssen Pharmaceutica NV
- ▶ Multi-year compound management agreement with Pierre Fabre
- ▶ Antibiotic Research UK's first research contract awarded to Evotec
- ▶ Continued strengthening of existing drug discovery platforms with e.g. Trianni's next-generation transgenic technology and CRISPR/Cas9 licences
- ▶ Phase I clinical start for the treatment of endometriosis with Bayer (after period-end)

EVT INNOVATE – ACCELERATION OF FIRST-IN-CLASS TARGETS AND PLATFORMS

- ▶ Acceleration of TargetNASH programme funded by Ellersbrook GmbH & Co. KG
- ▶ Innovation partnership with *ex scientia* to develop bispecific small molecule immunology therapeutics
- ▶ Formation of spin-off company Topas Therapeutics GmbH in the field of nanoparticle-based therapeutics to treat immunological disorders; Series A funding of € 14 m completed

PROFITABILITY GUIDANCE RAISED (AFTER PERIOD-END)

- ▶ 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

1. FINANCIAL PERFORMANCE

STRONG GROWTH TREND CONTINUES

Key figures of consolidated income statement & Segment information

Evotec AG & Subsidiaries – First six months of 2016

<i>In T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Evotec Group</i>	<i>Evotec Group H1 2015</i>
Revenues	79,812	11,831	75,454	54,958
Gross margin in %	28.8	50.0	34.5	26.0
R&D expenses	(46)	(11,921)	(9,033)	(8,506)
SG&A expenses	(9,345)	(2,412)	(11,757)	(12,386)
Impairment of intangible assets	–	(1,417)	(1,417)	(69)
Income from bargain purchase	–	–	–	18,476
Other operating income (expenses), net	3,256	1,336	4,592	1,105
Operating income (loss)	16,882	(8,493)	8,389	12,922
<i>EBITDA adjusted*</i>	22,473	(6,640)	15,833	795

** EBITDA was adjusted for changes in contingent considerations.*

Evotec's Group revenues for the first half of 2016 grew to € 75.5 m, an increase of 37% compared to the same period of the previous year (H1 2015: € 55.0 m). This increase is due to growth in the core EVT Execute business, the contribution of the Sanofi

collaboration as well as milestone achievements. Excluding milestones, upfronts and licences, Evotec's base revenues for the first half of 2016 were € 68.5 m and increased by 35% over the same period of the previous year (H1 2015: € 50.7 m). The gross margin amounted to 34.5% in the first six months of 2016 and improved over the first half of 2015 (H1 2015: 26.0%). The margin increase over 2015 is attributable to the same drivers as the trend in revenue growth.

R&D expenses for the first half of 2016 increased by 6% to € 9.0 m (H1 2015: € 8.5 m) due to an increase in the number of projects progressed in the portfolio. SG&A expenses for the first half of 2016 decreased by 5% to € 11.8 m (H1 2015: € 12.4 m). SG&A expenses in 2015 included one-time M&A and related costs. Adjusted Group EBITDA in the first six months of 2016 increased significantly to € 15.8 m (H1 2015: € 0.8 m). The EBITDA 2015 was adjusted by € 1.0 m for changes in contingent consideration. Evotec's operating income for the first half of 2016 amounted to € 8.4 m (H1 2015: € 12.9 m).

Liquidity, which includes cash and cash equivalents (€ 57.9 m) and investments (€ 60.4 m) amounted to € 118.3 m at the end of June 2016 (31 December 2015: € 133.9 m). In Q2 2016, Evotec initiated the repayment of loans.

Revenues from the EVT Execute segment amounted to € 79.8 m in the first half of 2016, an increase of 35% compared to the same period of the previous year (H1 2015: € 59.2 m). Included in this amount are € 16.2 m of intersegment revenues (H1 2015: € 12.4 m). The EVT Innovate segment generated revenues in the amount of € 11.8 m consisting entirely of third-party revenues (H1 2015: € 8.2 m). The increase in revenues resulted from EVT Innovate projects which were partnered in H2 2015. Gross margin for EVT Execute amounted to 28.8% while EVT Innovate generated a gross margin of 50.0%. In line with Evotec's strategy, R&D expenses for the EVT Innovate segment increased from € 10.4 m in the first six months of 2015 to € 11.9 m in the first six months of 2016 due to an increase in the number of projects progressed in the portfolio. In the first six months of 2016, the adjusted EBITDA of the EVT Execute segment of € 22.5 m significantly improved compared to the same period of the previous year (H1 2015: € 9.8 m). The EVT Innovate segment reported an adjusted EBITDA of € (6.6) m (H1 2015: € (9.0) m).

2. EVT EXECUTE & EVT INNOVATE

EVT EXECUTE – STRONG AND PROFITABLE GROWTH

The strong operational performance in the first quarter of 2016 successfully continued into the second quarter of 2016. In the first half 2016, important milestones were

achieved in collaborations with Bayer, Boehringer Ingelheim and Padlock. Furthermore, a new multi-year compound management agreement with Pierre Fabre was signed. In addition, various collaborations were extended, such as the drug discovery alliance with Genentech for a further three years. Additionally, Janssen Pharmaceutica NV extended its proteomics collaboration with Evotec, now entering its tenth year. Evotec also continues to benefit from the recent trend of an increasing number of foundations requesting Evotec's drug discovery platforms, e.g. Antibiotic Research UK awarded its first research contract to Evotec. The Company continued to expand its drug discovery platforms. Evotec acquired a non-exclusive licence to the leading technology on the market for gene editing (CRISPR-Cas9 licence). Trianni's next-generation transgenic technology was also integrated into the offering of Evotec's drug discovery platforms. After period-end, Evotec was able to announce that the first programme from the strategic alliance between Bayer and Evotec in the field of endometriosis was progressed into Phase I clinical development.

EVT INNOVATE – ACCELERATION OF FIRST-IN-CLASS TARGETS AND PLATFORMS

EVT Innovate showed a strong H1 2016 with very good scientific and commercial progress in the portfolio. EVT Innovate is accelerating its TargetNASH programme together with Ellersbrook GmbH & Co. KG. Ellersbrook and Evotec are 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. This highly innovative research project is mainly performed on Evotec's oncology drug discovery platform in Toulouse.

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 immunological disorders. 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.

Furthermore, good progress was reported in existing partnerships and development projects: The clinical studies for EVT201 and EVT401 in China are recruiting according to plan. The partnered pre-clinical oncology projects with Sanofi (e.g. EVT801) are progressing well towards clinical initiation in 2017.

3. PROFITABILITY GUIDANCE RAISED

Evotec's financial guidance was 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: **Wednesday, 10 August 2016**

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

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: evotec0816.

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 six 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 half of 2015 and 2016. From 01 January 2016 onwards, amortisation of intangible assets is no longer presented in a separate line in the consolidated income statement but is allocated to the relating cost lines in the income statement. The prior-year period was changed accordingly resulting in additional costs of revenue in the amount of € 1.5 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.