

## **EVOTEC TO ACQUIRE APTUIT, EXPANDING LEADERSHIP IN EXTERNAL INNOVATION**

- ▶ *ACQUISITION GROWS BUSINESS SUBSTANTIALLY, EXPANDING POSITION AS LEADING PLAYER IN INTEGRATED OUTSOURCED DRUG DISCOVERY AND DEVELOPMENT SOLUTIONS (EXTERNAL INNOVATION)*
- ▶ *VALUE CHAIN EXTENSION THROUGH UNIQUE SOLUTIONS IN INTEGRATED DRUG DISCOVERY AND DEVELOPMENT (E.G. INDIGO®, AN INTEGRATED AND HIGHLY EFFICIENT PROCESS TO IND SUBMISSION, COMPLEMENTED BY HIGH-END INTEGRATED CMC)*
- ▶ *ENHANCEMENT OF VALUE PROPOSITION FOR EVOTEC'S PARTNERS BY BROADENING THERAPEUTIC AREA EXPERTISE, FURTHER INTEGRATED SERVICE OFFERINGS AND CAPACITY FOR BOTH EVT INNOVATE AND EVT EXECUTE*
- ▶ *STRONG FINANCIAL PROFILE WITH ABOVE MARKET REVENUE GROWTH AND SIGNIFICANT CONTRIBUTION TO ADJUSTED EBITDA*
- ▶ *CONSIDERATION OF \$ 300 M (APPROX. € 256 M) TO BE PAID IN CASH FROM EVOTEC'S BALANCE SHEET AND THROUGH DEBT FINANCING AT HIGHLY ATTRACTIVE TERMS*
- ▶ *CONFERENCE CALL SCHEDULED FOR MONDAY, 31 JULY 2017, AT 2.00 PM (CEST) TO DISCUSS TRANSACTION*

### **Hamburg, Germany, 30 July 2017:**

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) and Aptuit announced today that they have entered into a definitive agreement under which Evotec will acquire Aptuit for \$ 300 m. This transaction will strengthen Evotec's position as the leading global player in the external innovation marketplace. As a partner research organisation for integrated outsourced drug discovery and development solutions, Aptuit offers highly synergistic scientific expertise across drug discovery, pre-clinical testing and both drug substance and drug product manufacturing to its Biopharma partners. The acquisition will add considerable business opportunities to further accelerate Evotec's long-term strategy to be the industry partner of choice for external innovation.

### **Combination provides a more comprehensive and efficient offering**

Aptuit provides a complete set of integrated early discovery to mid-phase drug development services in the biotech and pharmaceutical industry with a proven track record over many years. As a partner, it is defined by its excellence in science, defined

outcomes, highly efficient solutions and accelerated timeframes to progress drugs to clinical testing. Aptuit has approx. 750 employees, mainly scientists, working across three state-of-the-art discovery, development and manufacturing facilities in Europe (Verona, Italy; Basel, Switzerland; and Oxford, United Kingdom). Completing more than 1,000 projects in 2016 (for over 400 customers), Aptuit has a very strong network in small, medium and large Biopharma and a high level of repeat business.

**All of Evotec's offerings benefit from extended capabilities**

Evotec's drug discovery value proposition today is to offer integrated services up to delivering pre-clinical development candidates ("PDC"). The acquisition of Aptuit 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. Evotec's business model increasingly relies on the progression of pre-clinical candidates through to the clinic and beyond. With Aptuit's IND enabling capabilities, especially through the INDiGO® platform, Evotec will increasingly control and accelerate the IND submission of its partnered products. The ability to move seamlessly from target to IND and beyond will position Evotec as the true innovation efficiency leader in the market.

Furthermore, Aptuit's customer base is highly complementary to that of Evotec. Significant cross-selling opportunities exist between the businesses with the ability to offer Evotec's existing partners pre-clinical and development services through Aptuit (while adding complementary high-quality capacity in early-stage drug discovery). Aptuit's customers will also benefit from EVT Execute's focus on innovation in drug discovery.

The acquisition also provides the opportunity for EVT Innovate to access additional capacity and industry-proven expertise for its growing portfolio of projects. Aptuit's exceptional team of scientists and managers represents a unique asset for Evotec, with the strong cultural fit between Aptuit and Evotec expected to help achieve a smooth and successful integration into the global footprint of Evotec.

**Strong financials**

Aptuit has a strong growing financial profile, with reported 2016 revenues of about € 88 m, expected 2017 revenues of approx. € 100-110 m and an adjusted EBITDA of € 11 m for 2016 (€/ \$ fx rate of 1.17). Current growth rates of Aptuit are above the general market growth. Certain central costs that are not required on an ongoing basis will be retained by the seller and wound down. These costs represent approx. € 4.5 m and enable Evotec to achieve these synergies from closing and reduce implementation costs and execution risk.

Evotec will pay a total consideration of \$ 300 m (approx. € 256 m; €/ \$ fx rate of 1.17) in cash for the acquisition of Aptuit from Welsh, Carson, Anderson & Stowe (“WCAS”), a leading private equity firm focused exclusively on the technology and healthcare industries. The acquisition of 100% of the issued and outstanding equity interests of Aptuit Global LLC, Aptuit (Potters Bar) Limited and Aptuit (Switzerland) AG and the funding of all (albeit limited) existing company debt is financed through a mix of existing cash reserves and an additional new € 140 m senior debt facility. The acquisition will be accretive to Evotec’s revenues and make a significant contribution to Evotec’s EBITDA. The transaction furthermore strengthens Evotec’s overall strategic plan. The acquisition is expected to close in Q3 2017.

Full guidance update will be given upon closure of the transaction, which is expected in Q3 2017.

**Dr Werner Lanthaler, Chief Executive Officer of Evotec, said:** “Bringing together two major players in the drug discovery industry is a big step forward for Evotec to expand our unique focus in external innovation for Pharma, biotech and foundations. We are very much looking forward to welcoming the employees of Aptuit within the Evotec Group after closing of the transaction.”

**Dr Mario Polywka, Chief Operating Officer of Evotec, commented:** “Our strategy is to continuously increase the value of the Company by expanding our leadership position in high-quality drug discovery and development solutions. The ability to provide a proven IND enabling platform and expertise will benefit our partners and customers in discovery as well as expedite progress of projects into Phase I and II. We look forward to welcoming our new colleagues to Evotec in what is an exciting time in the Company’s strategic growth.”

**Jonathan Goldman, CEO of Aptuit, added:** “I am delighted that Aptuit’s unique value proposition of world-class scientists have combined with the Evotec team to create a best-in-class company. The operational management team and I look forward to continuing to offer customers an expanded set of solutions in discovery as part of the Evotec family as well as providing an end-to-end solution in candidate to IND (INDiGO) and Phase I to commercial integrated CMC needs. Our customers and staff can be reassured by the continuity of leadership and commitment by Evotec to invest in planned growth.”

**Henning Steinhagen, President of R & D at Aptuit, stated:** “Today’s announcement reinforces the value that scientific excellence combined with operational efficiency can provide. Our team is very excited to offer an even broader

range of end-to-end solutions of the highest quality as part of Evotec. We look forward to continued success of customer projects and execution of our growth plan.”

**Brian Regan, General Partner at WCAS and Aptuit Board member, added:**

“WCAS is incredibly proud of its long partnership with Aptuit in building a preeminent service provider to leading Biopharma organisations. The company’s outstanding science and integrated approach to drug discovery and development have contributed to numerous medical advances, including life-saving pharmaceuticals used by patients globally. We are deeply indebted to Jonathan, the Aptuit leadership team and all the employees for their dedication and hard work building a truly unique Partner Research Organisation. We believe this transaction represents a great outcome for customers, employees and shareholders of both Aptuit and Evotec.”

**Webcast/Conference Call**

Evotec invites you to join a conference call to provide information regarding the acquisition of Aptuit. The conference will be held in English.

**Conference call details**

Date: **Monday, 31 July 2017**

Time: **2.00 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: evotec0717.

**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](http://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/Financial-Reports-2015-2017/188/6>.

**ABOUT APTUIT**

*Aptuit provides the most complete set of integrated early discovery to mid-phase drug development services in the pharmaceutical industry including Drug Design & Discovery, API Development and Manufacture, Solid State Chemistry, CMC, Preclinical and IND enabling GLP/GMP programs. Fully integrated drug discovery & development services are available from our facilities in the UK, Italy, and Switzerland. Aptuit is partnered with Welsh, Carson, Anderson & Stowe, one of the world's leading private equity investors focused exclusively on the healthcare and technology industries.*

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

**ABOUT WELSH, CARSON, ANDERSON & STOWE**

*WCAS focuses its investment activity in two target industries: technology and healthcare. Since its founding in 1979, WCAS has organized 16 limited partnerships with total capital of over \$22 billion. WCAS has a current portfolio of approximately twenty-five companies. WCAS's strategy is to partner with outstanding management teams and build value for its investors through a combination of operational improvements, internal growth initiatives and strategic acquisitions. The Firm is currently investing an equity fund, Welsh, Carson, Anderson and Stowe XII, L.P., which closed on over \$3.3 billion in commitments. See [www.wcas.com](http://www.wcas.com) to learn more.*

**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.*