

## **EVOTEC SE REPORTS FIRST NINE-MONTH 2019 RESULTS AND CORPORATE UPDATES**

- ▶ *INITIATION OF MULTIPLE NEW PARTNERSHIPS AND IMPORTANT EXTENSIONS; VERY GOOD PROGRESS IN CO-OWNED PIPELINE*
- ▶ *16% INCREASE IN GROUP REVENUES, 36% GROWTH IN ADJUSTED GROUP EBITDA*
- ▶ *REVENUE GUIDANCE FOR FULL-YEAR 2019 CONFIRMED; EBITDA GUIDANCE INCREASED TO APPROXIMATELY 15%; PROMISING INITIAL OUTLOOK FOR 2020*
- ▶ *WEBCAST AND CONFERENCE CALL TODAY AT 02.00 PM CET*

### **Hamburg, Germany, 12 November 2019:**

Evotec SE (Frankfurt Stock Exchange: EVT, MDAX/TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first nine months ended 30 September 2019.

### **VERY STRONG FINANCIAL PERFORMANCE**

- ▶ Group revenues: 16% increase to € 321.4 m (9M 2018: € 278.1 m)
- ▶ Adjusted Group EBITDA up 36% to € 93.2 m (9M 2018: € 68.7 m)
- ▶ Unpartnered R&D expenses of € 25.7 m (9M 2018: € 16.0 m)
- ▶ Strong liquidity position of € 282.6 m (31 December 2018: € 149.5 m)

### **OPERATIONAL PERFORMANCE - DRIVING DRUG DISCOVERY AND DEVELOPMENT FAST FORWARD**

- ▶ Multiple new alliances in EVT Innovate and EVT Execute
- ▶ Just – Evotec Biologics off to a very good start
- ▶ Achievement of multiple important milestones (e.g. Bayer, Boehringer Ingelheim, Celgene, Indivumed)
- ▶ Co-owned pipeline projects progressing very well, e.g. with positive Phase II POC results in chronic cough with Bayer
- ▶ Extension of iPSC-based neurodegeneration partnership with Celgene into 2023; triggering additional \$ 30 m payment
- ▶ Joint venture created with Vifor Pharma focused on novel nephrology therapeutics (after period-end)

- ▶ Expansion of BRIDGE roll-out with new BRIDGES LAB10x and LAB555 (after period-end)
- ▶ Continued company formations and equity participation e.g. in Aeovian, Eternigen, Facio, Immunitas; and spin-off formation Breakpoint Therapeutics GmbH focused on DNA damage response
- ▶ Building a leading position in anti-infectives discovery and development (e.g. alliances with GARDP, GNA Now, Helmholtz, and the Bill & Melinda Gates Foundation)

### **INCREASE IN EBITDA GUIDANCE FOR FULL-YEAR 2019**

Full-year 2019 guidance for revenue and unpartnered R&D costs confirmed; EBITDA guidance increased to approximately 15% (previously: >10%)

### **FINANCIAL PERFORMANCE**

#### **Key figures of consolidated income statement & segment information**

Evotec SE & subsidiaries – First nine months of 2019

<i>In T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Not allocated</i>	<b>Evotec Group 9M 2019</b>	<b>Evotec Group 9M 2018<sup>1)</sup></b>
External revenues <sup>2)</sup>	248,946	61,807	10,609	321,362	278,088
Intersegment revenues	59,126	–	–	–	–
Gross margin in %	28.3	29.7	–	30.8	30.1
R&D expenses <sup>3)</sup>	(841)	(47,093)	–	(41,285)	(20,943)
SG&A expenses	(35,889)	(10,341)	–	(46,230)	(40,753)
Impairment of intangible assets	–	(10,272)	–	(10,272)	(4,167)
Income from bargain purchase	–	–	–	–	15,400
Other operating income (expenses), net	14,562	32,488	–	47,050	26,289
<b>Operating result</b>	<b>64,964</b>	<b>(18,539)</b>	<b>–</b>	<b>46,425</b>	<b>59,518</b>
<b>Adjusted EBITDA<sup>4), 5)</sup></b>	<b>97,412</b>	<b>(4,196)</b>	<b>–</b>	<b>93,216</b>	<b>68,717</b>

<sup>1)</sup> 2018 data including reclasses of recharges according to IFRS 15

<sup>2)</sup> Revenues in the segments consist of revenues from contracts with customers without revenues from recharges as those are not of importance for the management to assess the economic situation of the segments.

<sup>3)</sup> Thereof unpartnered R&D expenses of € 25.7 m in 9M 2019

<sup>4)</sup> 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.

<sup>5)</sup> Including first-time application of IFRS 16, positively affecting adjusted EBITDA by € 10.1 m

In the first nine months of 2019, Evotec's Group revenues continued their strong performance and increased by 16% to € 321.4 m (9M 2018: € 278.1 m). This positive development is mainly due to the very strong performance in the base business across all business lines, solid milestone payments, and first revenue contributions by Just – Evotec Biologics (€ 10.4 m). Revenues from milestones upfronts and licences, which can vary significantly from quarter to quarter, decreased to € 22.3 m in comparison to the previous

year (9M 2018: € 27.2 m) and included, amongst others, payments from Bayer, Boehringer Ingelheim, and Celgene.

The gross margin in the first nine months of 2019 amounted to 30.7% (9M 2018: 30.1%). This increase in margin compared to 2018 is based on very good capacity utilisation and favourable FX.

In the first nine months of 2019, Evotec focused its unpartnered R&D expenses of € 25.7 m primarily on initiatives in the fields of metabolic diseases, oncology, and platform projects. Its partnered R&D expenses of € 15.6 m on its infectious disease portfolio were shown under R&D while the expenses fully reimbursed by its partner Sanofi were recognised under other operating income. This split into unpartnered and partnered R&D expenses had not been applied in the first nine months of 2018, where total R&D expenses of € 16.0 m were recorded compared to total € 41.3 m in the reporting period.

The Group's selling, general and administrative ("SG&A") expenses increased by 13% to € 46.2 m (9M 2018: € 40.8 m) in the first nine months of 2019. This increase is mainly due to overall company growth including staff increases, upgrading of systems, consultancy fees, plus expenses from acquired companies, equity and financing transactions.

Impairments of intangible assets and goodwill of € 11.9 m were recorded (9M 2018: impairment of intangible assets of € 4.2 m). This one-off impairment was mainly due to the termination of the SGM-1019 agreement by our partner Second Genome, the programme was fully impaired (€ 10.3 m). This impairment of intangible assets in addition triggered a goodwill impairment of € 1.6 m of the cash-generating unit Evotec (US) Innovate. All rights of the underlying asset were returned to Evotec.

The strong increase in the adjusted Group EBITDA to € 93.2 m (9M 2018: € 68.7 m), resulted mainly from the very strong performance in the base business, solid milestones and licence contributions, a positive EBITDA contribution by Just – Evotec Biologics and effects from the first-time application of the new accounting standard IFRS 16 (+€ 10.1 m).

In the first nine months of 2019, Evotec's operating result was € 46.4 m (9M 2018: € 59.5 m). A year on year comparison is not meaningful, as 2018 was significantly positively affected by a one-off impact from the bargain purchase ID Lyon in 2018 (€ 15.4 m). The Company's net result for the first nine months of 2019 amounted to € 29.7 m (9M 2018: € 52.3 m) and also cannot be compared like for like as it was affected by the one-off effect of the impairments on intangible assets and goodwill.

Evotec ended the third quarter of 2019 with a strong liquidity position of € 282.6 m (31 December 2018: € 149.5 m), which was composed of cash and cash equivalents

(€ 249.6 m) and investments (€ 33.0 m). In the first nine months of 2019, liquidity was primarily affected by the completion of the repayment of the remainder of the € 140 m debt bridge facility drawn down in context of the acquisition of Aptuit in August 2017 as well as the repayment of flexible bank loan agreements, the successful issue of a promissory note (Schuldschein) worth € 250 m, gross, at very attractive interest rates of below 1.5%, as well as the draw-down of another tranche of the European Investment Bank R&D loan and the acquisition of Just – Evotec Biologics.

### ***OPERATIONAL PERFORMANCE***

Overall, the EVT Execute segment continued its strong progress in existing alliances and signed new or extended established partnerships. The strong performance was highlighted through the signing of a strategic multi-year drug discovery collaboration across multiple therapeutic areas with Takeda. Evotec will use its leading integrated drug discovery platform to deliver clinical candidates for Takeda to pursue into clinical development. Evotec is eligible to receive pre-clinical, clinical, and commercial milestones that can total in excess of \$ 170 m per programme as well as tiered royalties on future sales.

The Just – Evotec Biologics integration into the Evotec Group is fully on track. In the first three months since the acquisition, Just – Evotec Biologics signed new agreements e.g. with Teva and Biocon Biologics.

EVT Innovate continued to deliver strong progress within its collaborations, signed important new contracts and extensions plus achieved major advances in Evotec's co-owned pipeline. Bayer achieved positive Phase II POC results with its P2X<sub>3</sub> antagonist in chronic cough showing good efficacy and safety.

Evotec's academic BRIDGE portfolio has been expanded through LAB555 (after period-end), the first BRIDGE built in Israel. The partnership aims to expedite drug discovery and development by providing efficient translation of early stage Hebrew University research.

Evotec continues to invest in promising companies with operational synergies. Evotec was participating in Aeovian's series A financing after successfully delivering Aeovian's first candidate drug, and formed its second spin-off Breakpoint Therapeutics, a virtual company focusing on the development of Evotec's DNA damage response portfolio. Furthermore, Evotec invested in the NewCo Immunitas Therapeutics, a Boston-based monoclonal antibody company.

Furthermore, Evotec expanded its position, being at the forefront of women's health and anti-infective drug discovery. Evotec entered an alliance with Celmatix, a partnership to

develop pre-clinical programmes in prevalent but underserved conditions affecting women's reproductive health, including polycystic ovary syndrome, endometriosis, and infertility.

In the field of anti-infectives, Evotec closed additional collaborations, e.g. kicking off "GNA Now", a new initiative for the development of novel antibacterial agents. The increasing recognition of antibiotic resistance as growing threat to public healthcare systems enabled Evotec to receive grants for projects to further accelerate drug discovery efforts in this area of high medical need.

After period-end, Evotec and Vifor Pharma launched a joint venture focused on the discovery and development of novel nephrology therapeutics. Both companies will hold a 50% share, with Vifor Pharma benefiting from access to an external R&D capability for the development of a Nephrology pipeline, while Evotec will gain access to a commercial partner for assets developed through the Joint Venture. The initial funding of € 25 m for pre-clinical development will be covered by Vifor Pharma, while Evotec contributes its PanHunter bioinformatics platform and high-quality data sets from thousands of human kidney disease patients to the Joint Venture.

### **INCREASE IN EBITDA GUIDANCE FOR FULL-YEAR 2019**

*Full-year 2019 guidance for revenue and unpartnered R&D costs confirmed; EBITDA guidance increased to approximately 15% (previously: >10%)*

	<b>Guidance 2019</b>	<b>Actual 2018</b>
<b>Group revenues from contracts with customers without revenues from recharges</b>	Approx. 15% growth <sup>1)</sup>	€ 364.0 m <sup>2)</sup>
<b>Unpartnered R&amp;D expenses</b>	Approx. € 30-40 m	€ 22.9 m
<b>Adjusted Group EBITDA<sup>3)</sup></b>	Improve by approx. 15% compared to 2018	€ 92.0 m <sup>4)</sup>

<sup>1)</sup> Based on current/updated FX rates

<sup>2)</sup> 2018 total revenues excluding revenues from recharges according to IFRS 15

<sup>3)</sup> EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. Adjusted 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

<sup>4)</sup> 2018 total adjusted Group EBITDA excluding € 3.5 m one-off effects in 2018

### **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: **Tuesday, 12 November 2019**

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

From Germany: +49 69 20 17 44 220  
From France: +33 170 709 502  
From Italy: +39 023 600 6663  
From UK: +44 20 3009 2470  
From USA: +1 877 423 0830  
Access Code: 25877742#

A simultaneous slide presentation for participants dialling in *via phone* is available at <https://webcasts.eqs.com/evotec20191112/no-audio>.

### Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our homepage [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 from Germany by dialling +49 69 201744221, from UK by dialling +44 20 3364 5150 and from USA by dialling +1 (844) 307-9362.

The access code is 315534326#. The on-demand version of the webcast will be available on our website: <https://www.evotec.com/financial-reports>.

### Note

*The 2018 and 2019 results are not fully comparable. The difference stems from the acquisition of Evotec ID (Lyon) SAS, effective 01 July 2018. The results from Evotec ID (Lyon) SAS are only included from 01 July 2018 onwards. Furthermore, Just - Evotec Biologics (former Just Biotherapeutics) was acquired effective 02 July 2019. The results from Just - Evotec Biologics are included from 02 July 2019 onwards.*

*The accounting policies used to prepare this interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16 which is applied at Evotec as of 01 January 2019.*

### ABOUT EVOTEC SE

*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 and our more than 2,900 employees provide the highest quality stand-alone and integrated drug discovery and development solutions. We cover all activities from target-to-clinic to meet the industry's need for innovation and efficiency in drug discovery and development (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 neuronal diseases, diabetes and complications of diabetes, pain and inflammation, oncology, infectious diseases, respiratory diseases and fibrosis. On this basis, Evotec has built a broad and deep pipeline of approx. 100 co-owned product opportunities at clinical, pre-clinical and discovery stages (EVT Innovate). Evotec has established multiple long-term alliances with partners including, Bayer, Boehringer Ingelheim, Celgene, CHDI, Novartis, Novo Nordisk, Pfizer, Sanofi, Takeda, UCB and others. For additional information please go to [www.evotec.com](http://www.evotec.com) and follow us on Twitter @Evotec.*

### 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.*