

12 May 2015

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## Evotec AG reports results of first quarter 2015

- **VERY STRONG START TO 2015: 22% GROWTH OF GROUP REVENUES, MAINLY DRIVEN BY EVT EXECUTE**
- **MAJOR MULTI-COMPONENT STRATEGIC ALLIANCE WITH SANOFI CLOSED**
- **FULL-YEAR REVENUE GUIDANCE RAISED**

**Hamburg, Germany – 12 May 2015:** Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first quarter of 2015.

### **Strong EVT Execute, clear investment strategy within EVT Innovate**

- Group revenues +22% to € 21.5 m (2014: € 17.6 m); EVT Execute revenues up 21% compared to the prior year period; EVT Innovate increased R&D investments by 41%
- Group EBITDA before contingent considerations at € (0.3) m significantly improved compared to the same period of the previous year (2014: € (1.3) m); positive EBITDA before contingent considerations of € 3.5 m for EVT Execute
- Very strong liquidity position at € 95.8 m (before cash received from the Sanofi transaction)
- High and stable equity ratio at 71.6%

### **EVT Execute**

#### **Expanding project portfolio leads to significant growth in revenues**

- New CNS alliance with C4X Discovery in stress-related addictive disorder programme
- Evotec and New York University Office of Therapeutic Alliances initiate multiple programmes
- Signing of various screening projects with Japanese Pharma companies
- Opening of new protein production facility in Princeton (USA)
- Initial success and extension with Padlock Therapeutics
- Evotec Hamburg receives AAALAC accreditation
- Long-term collaboration for multiple drug discovery services signed as part of Sanofi alliance (effective 01 April 2015)

### **EVT Innovate**

#### **Research investments and partnering strategy to drive biotech upside**

- Strategic discovery and development collaboration with Second Genome (USA)
- Significant expansion of oncology portfolio planned through Sanofi alliance including four advanced, pre-clinical projects and further discovery-stage assets

- Product development alliance with Roche for EVT302 in Alzheimer's disease on track to deliver results from Phase IIb study in the first half of 2015
- Further product development alliances on track (EVT100, EVT201, EVT401)

**Acceleration of EVT Execute and EVT Innovate through major strategic collaboration with Sanofi**

- Closing of multi-component transaction between Sanofi and Evotec on 31 March 2015 (effective 01 April 2015)

**Revenue guidance for 2015 raised due to Sanofi alliance**

- Group revenues excluding milestones, upfronts and licences now expected to increase by more than 35% (from more than 20%)
- Adjusted EBITDA positive
- R&D expenditure is expected to grow to € 15 m – € 20 m
- Liquidity is expected to be well in excess of € 100 m
- Capacity and capability building continued with up to € 10 m

**1. Operational performance**

**Strong EVT Execute, clear investment strategy within EVT Innovate**

Revenues from the EVT Execute segment amounted to € 23.1 m in the first quarter of 2015, an increase of 21% compared to the same period of the previous year (2014: € 19.2 m). Included in this amount are € 5.4 m of intersegment revenues. The EVT Innovate segment generated revenues of € 3.8 m. Gross margin at EVT Execute was 24.8% while EVT Innovate generated a gross margin of 46.2%. R&D expenses of EVT Innovate were € 4.6 m in the first quarter 2015 and increased by 41% compared to the same period of the previous year (2014: € 3.2 m). The EVT Execute segment's adjusted EBITDA before changes in contingent consideration was positive at € 3.5 m in the first three months of 2015 and significantly improved compared to the same period of the previous year (2014: € 2.3 m). The EVT Innovate segment reported an EBITDA before changes in contingent consideration of € (3.8) m. This was unchanged compared to the same period of the previous year.

Evotec's Group revenues for the first quarter of 2015 amounted to € 21.5 m, an increase of 22% compared to the same period of the previous year (2014: € 17.6 m). This increase includes a favourable currency impact. Excluding milestones, upfronts and licences, Evotec's revenues for the first quarter of 2015 amounted to € 18.5 m and increased by 14% over the same period of the previous year (2014: € 16.3 m). Excluding revenues from the acquired business of Euprotec, the increase would have been 7% compared to the same period of the previous year (2014: € 16.3 m). This growth was driven by an increase in revenues within the Company's existing drug discovery alliances and new collaborations. Milestone and upfront revenues for the first three months of 2015 included predominantly revenues from the collaboration with Second Genome.

Adjusted Group EBITDA for the first three months of 2015 amounted to € (0.3) m (first three months of 2014: € (1.3) m). Consistent with previous quarters, EBITDA was adjusted for changes in contingent consideration. As it has often been stated previously, it is important to highlight that the EBITDA of Evotec may vary significantly between quarters as a result of the timing of performance-based milestone payments and partnering events. EBITDA for the first quarter also

included remaining acquisition costs associated with the Sanofi alliance.

Overall, the Company is on track to achieve a positive EBITDA (before changes in contingent consideration, if any) at the end of 2015.

Liquidity including cash, cash equivalents and investments at the end of March 2015 was strong at € 95.8 m. This liquidity position does not include the cash from the Sanofi transaction of more than € 40 m which was received in April 2015.

## **2. EVT Execute and EVT Innovate**

### **EVT Execute**

#### **Expanding project portfolio leads to significant growth in revenues**

##### **New CNS alliance with C4X Discovery in stress-related addictive disorder programme**

In January 2015, Evotec announced a research collaboration with C4X Discovery Holdings plc ("C4XD") to optimise Orexin-1 selective inhibitors discovered through C4XD's unique NMR technology. In this collaboration, Evotec applies its drug discovery platform and its expertise in computational chemistry, medicinal chemistry and pharmacology to further develop several series of Orexin-1 selective inhibitors.

##### **Evotec and New York University Office of Therapeutic Alliances initiate multiple programmes**

In the first quarter of 2015, Evotec and The Office of Therapeutic Alliances at New York University ("NYU") initiated multiple programmes with the goal of accelerating the next generation of innovative therapeutics to come out of NYU's academic labs. The collaboration leverages synergistic strengths from both organisations to advance programmes for further investment by biopharma, venture capital, and/or not-for-profit foundations.

##### **Signing of various screening projects with Japanese Pharma companies**

In March 2015, Evotec initiated a multi-target screening collaboration on several ion channel targets, with Asahi Kasei Pharma Corporation, a wholly owned subsidiary of Asahi Kasei Corporation, Tokyo, Japan. In addition, Evotec's activity in the Asian market gained momentum, resulting in various new drug discovery alliances with large Japanese pharmaceutical companies, which provide a solid foundation for future growth in this area.

##### **Opening of new protein production facility in Princeton (USA)**

Evotec's new facility in Princeton, NJ, USA, became operational in the first quarter of 2015. Having been converted into a functioning drug discovery facility, it will support protein production and other discovery services for East Coast-based Pharma clients. The new facility is modular in approach, meaning that it is scalable to accommodate future business growth. This addition complements the expansion of such services at the Abingdon facility and meets an increasing need to deliver services to major US partners.

##### **Initial success and extension with Padlock Therapeutics**

In January 2015, Evotec and Padlock Therapeutics, Inc. announced the successful completion of the initial goal in a programme focused on developing inhibitors of protein-arginine deiminases (PADs) enzymes with an important role in the generation of autoantigens, inflammation

and immune complex formation in autoimmune diseases, and have further extended the collaboration that was first signed in January 2014. The collaboration now extends through March 2017.

#### **Evotec Hamburg receives AAALAC accreditation**

In the first quarter of 2015, Evotec's *in vivo* pharmacology facility in Hamburg, Germany, received full accreditation from the Association for the Assessment and Accreditation of Laboratory Animal Care ("AAALAC") International. AAALAC International is a private, non-profit organisation that promotes the humane treatment of animals in science through voluntary accreditation and assessment programmes. Participation in this accreditation programme includes a very thorough examination and assessment of facilities and processes.

#### **Long-term collaboration for multiple drug discovery services signed as part of Sanofi alliance (effective 01 April 2015)**

Evotec will provide a broad range of long-term drug discovery services to Sanofi. This agreement is centred on the core small-molecule discovery platforms in Toulouse for the period of the contract over the next five years.

#### **EVT Innovate**

#### **Research investments and partnering strategy to drive biotech upside**

#### **Strategic discovery and development collaboration with Second Genome (USA)**

In March 2015, Evotec and Second Genome, Inc. announced a small molecule-based discovery and development collaboration aimed at the treatment of microbiome-mediated diseases. The agreement between Evotec and Second Genome triggered an undisclosed upfront payment. Furthermore, Evotec is eligible for pre-clinical, clinical and regulatory milestones as well as royalty payments relating to the commercialisation of any product.

#### **Significant expansion of oncology portfolio planned through Sanofi alliance including four advanced, pre-clinical projects and further discovery-stage assets**

Evotec has been active in oncology for several years constantly building its portfolio drug discovery alliances and drug product opportunities. Through the Sanofi alliance, Evotec intends to significantly expand its portfolio of proprietary oncology projects by more than 15 projects. Four of these projects include compounds in pre-clinical development covering mechanisms such as targeting of growth factor receptors, cancer metabolism and cancer immunity.

#### **Product development alliance with Roche for EVT302 in Alzheimer's disease on track to deliver results from Phase IIb study in the first half of 2015**

The patient recruitment for the Phase IIb multicentre, randomised, double-blind, parallel-group, placebo-controlled study to evaluate the efficacy and safety of RO4602522 (RG1577/EVT302) in patients with moderate severity Alzheimer's disease was completed in the first quarter of 2014 (544 patients). Roche and its subsidiary Chugai (Japan) have also initiated and completed several Phase I safety trials during 2014. This clinical trial is one of very few late-stage trials in this AD patient population. Results from the Phase IIb study are expected in the first half of 2015.

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**Further product development alliances on track (EVT100, EVT201, EVT401)**

In 2014, Janssen decided to focus on another compound from the EVT100 series in CNS. This alliance with Janssen on the EVT100 series is ongoing.

In 2014, JingXin Pharmaceutical Co., Ltd. (China) initiated a Phase II study alongside the Phase I multiple dose study with EVT201. Patient recruitment and drug preparation for the Phase II study are ongoing.

In the first half of 2014, CONBA (China) completed *in vivo* efficacy studies for EVT401 which demonstrated that EVT401 is effective against experimental arthritis in non-human primates. Development of a clinical formulation is ongoing for use in clinical trials.

**3. Acceleration of EVT Execute and EVT Innovate through major strategic collaboration with Sanofi****Closing of multi-component transaction between Sanofi and Evotec on 31 March 2015 (effective 01 April 2015)**

On 31 March 2015, Evotec closed the five-year, major multi-component strategic alliance with Sanofi. The major cornerstones of the alliance are: Acquisition of Sanofi's research site in Toulouse, France, including more than 200 highly experienced employees; the planned licensing of a portfolio of oncology-related projects, including four advanced, pre-clinical projects and further discovery-stage assets; a major outsourcing alliance supplying various discovery services to Sanofi over a five-year period; management of Sanofi's global screening library; and a ground-breaking industry initiative whereby Evotec will combine its own and Sanofi's compound libraries and make them available for screening projects to Evotec's partners. The collaboration results in a minimum guaranteed commitment from Sanofi to Evotec of € 250 m over the next five years, including more than € 40 m upfront cash payment.

**4. Revenue guidance for 2015 raised due to Sanofi alliance**

With the exception of the revenue guidance, all of the financial targets published on 24 March 2015 remain unchanged. The adjusted revenue target for 2015 is described below. *Note:* The financial guidance announced on 24 March 2015 differs from the guidance provided in the Annual Report 2014 as a result of the financial impact of the Sanofi transaction.

In 2015, total Group revenues excluding milestones, upfronts and licences are now expected to increase more than 35% (up from more than 20%) This increase is due to the refinement of the accounting treatment of the Sanofi transaction and has no impact on the profitability.

Evotec's Group EBITDA before changes in contingent considerations is expected to be positive. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation of intangibles. EBITDA excludes impairments on intangible, tangible assets and goodwill as well as the total non-operating result.

Evotec expects research and development (R&D) expenses to grow to € 15 m – € 20 m in 2015.

In 2015, Evotec will continue to invest in its technology platforms and capacities in order to drive its long-term growth strategy. It is therefore planned that up to € 10 m will be invested in further capacity increases and the upgrade of Evotec's technological capabilities.

Liquidity is expected to be well in excess of € 100 m at 31 December 2015. This forecast excludes any potential cash outflow from M&A or similar transactions.

The Company's mid-term financial plan does not envisage the need for any additional external financing for Evotec's operating business. However, all strategically desirable moves such as potential company or product acquisitions will need to be considered on a case by case basis.

The statements on **business direction and strategy, expected research and development, business opportunities** and **dividends** continue to be valid as published in Evotec's Annual Report 2014 on pages 68 to 70.

### **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 will be held in English.

### **Conference call details**

Date: **Tuesday, 12 May 2015**  
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 20 300 92452  
From USA: +1 855 402 7766  
From France: +33 170750705  
Access Code: 37969784#

A simultaneous slide presentation for participants dialling in *via phone* is available at <http://www.audio-webcast.com/> password: evotec0515.

### **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 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:

<http://www.evotec.com/article/en/Investors/Finance/Financial-Reports-2013-2015/188/6/26>.

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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, 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. 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, pain, metabolic diseases as well as oncology,

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inflammation and infectious diseases. Evotec has long-term discovery alliances with partners including Bayer, Boehringer Ingelheim, CHDI, Genentech, Janssen Pharmaceuticals, MedImmune/AstraZeneca, Roche and UCB. In addition, the Company has existing development partnerships and product candidates both in clinical and pre-clinical development. These include partnerships with Boehringer Ingelheim and MedImmune in the field of diabetes, with Janssen Pharmaceuticals in the field of depression and with Roche in the field of Alzheimer's disease. For additional information please go to [www.evotec.com](http://www.evotec.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 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.*