

EVOTEC SE REPORTS FIRST HALF-YEAR 2019 RESULTS AND CORPORATE UPDATES

- ▶ *STRONG FIRST HALF YEAR WITH 16% INCREASE IN GROUP REVENUES, 51% EBITDA INCREASE; STRONG OUTLOOK FOR THE YEAR – GUIDANCE INCREASED*
- ▶ *SIGNIFICANT PROGRESS IN ALL SERVICES, ALLIANCES & CO-OWNED PIPELINE*
- ▶ *IMPORTANT EXPANSION INTO BIOLOGICS WITH ACQUISITION OF JUST.BIO – EVOTEC BIOLOGICS*
- ▶ *WEBCAST AND CONFERENCE CALL TODAY AT 02.00 PM CEST*

Hamburg, Germany, 14 August 2019:

Evotec SE (Frankfurt Stock Exchange: EVT, MDAX/TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first half of 2019.

STRONG FINANCIAL PERFORMANCE

- ▶ Group revenues up 16% to € 207.1 m (H1 2018: € 178.9 m)
- ▶ Adjusted Group EBITDA up 51% to € 58.2 m (H1 2018: € 38.6 m)
- ▶ Unpartnered R&D expenses of € 18.7 m (H1 2018: € 10.0 m)
- ▶ Strong liquidity position of € 341.8 m (31 December 2018: € 149.4 m) following issue of € 250 m promissory note (Schuldschein) and final repayment of € 140 m acquisition bridge facility

STRONG OPERATIONAL PERFORMANCE

- ▶ Strong performance across all business lines and important milestone achievements; multiple new and extended drug discovery and development agreements with Pharma, biotech, and foundations
- ▶ Very important progress in co-owned clinical pipeline; P2x3 antagonist shows positive proof-of-concept results in Phase II Bayer trial in chronic cough (after period-end); very good progress in multiple other co-owned clinical, pre-clinical and discovery projects; termination of SGM-1019 programme by partner Second Genome and full impairment – all rights returned back to Evotec
- ▶ Good progress and multiple new partnership agreements in EVT Innovate, and good progress in building infectious diseases footprint
- ▶ Continued focus on expansion of iPSC platform: Acquisition of IP portfolio, iPSC-based products and experienced stem cell team from Ncardia AG (after period-end)

- ▶ New academic BRIDGE LAB10x and progress in existing BRIDGE initiatives; equity participation (Eternygen); formation of spin-off company Breakpoint Therapeutics GmbH focused on DNA damage response (after period-end)

IMPORTANT STRATEGIC BUSINESS EXPANSION

- ▶ Strategic expansion into biologics space through closing of the acquisition of Seattle-based Just.Bio – Evotec Biologics effective 02 July 2019

CORPORATE

- ▶ Extension of Management Board contracts, election of new Supervisory Board
- ▶ Conversion of the Company into European Company (SE)

FINANCIAL GUIDANCE 2019 INCREASED

- ▶ Strong underlying business outlook and integration of Just.Bio – Evotec Biologics revenues support the increase of revenue and EBITDA guidance
 - Group revenues from contracts with customers without revenues from recharges are expected to increase by approx. 15% (previously: approx. 10%) (2018: € 364.0 m)
 - Adjusted Group EBITDA is expected to increase by >10% (previously: approx. 10%) (2018: € 92.0 m)
 - Guidance on unpartnered R&D expenses remains unchanged at € 30-40 m (2018: € 22.9 m)

1. STRONG FINANCIAL PERFORMANCE

Key figures of consolidated income statement & segment information

Evotec SE & subsidiaries – First six months of 2019

In T€	<i>EVT Execute</i>	<i>EVT Innovate</i>	Evotec Group H1 2019	Evotec Group H1 2018¹⁾
External revenues ²⁾	158,872	41,174	207,088	178,875
Intersegment revenues	37,901	–	–	–
Gross margin in %	27.7	33.3	30.8	28.1
R&D expenses ³⁾	(373)	(33,298)	(29,288)	(10,015)
SG&A expenses	(23,835)	(6,070)	(29,905)	(27,117)
Impairment of intangible assets and goodwill	–	(11,919)	(11,919)	(4,167)
Other operating income (expenses), net	9,332	22,016	31,348	12,697
Operating result	39,614	(15,578)	24,036	21,690
Adjusted EBITDA^{4), 5)}	60,095	(1,885)	58,210	38,599

¹⁾ 2018 data including reclasses of recharges according to IFRS 15

²⁾ 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.

³⁾ Thereof unpartnered R&D expenses of € 18.7 m in H1 2019

⁴⁾ 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

⁵⁾ Including first-time application of IFRS 16, positively affecting adjusted EBITDA by € 6.4 m

In H1 2019, Evotec's Group revenues significantly increased by 16% to € 207.1 m (H1 2018: € 178.9 m). This increase was driven primarily by the very strong performance in the base business across all business lines as well as higher milestone and licence revenues, also supported by favourable FX rates. Total revenues from milestones, upfronts and licences significantly increased to € 19.1 m in comparison to the previous year (H1 2018: € 15.5 m) and included, amongst others, payments from Bayer, Boehringer Ingelheim, and Celgene.

The gross margin in the first half of 2019 amounted to 30.8% (H1 2018: 28.1%). This increase in margin compared to 2018 reflects significant milestone and licence contributions and good margins in the base business.

Evotec focused its unpartnered R&D expenses of € 18.7 m primarily on internal initiatives in the fields of metabolic diseases, oncology, and neurology as well as academic BRIDGE initiatives in the first half of 2019. Its partnered R&D expenses of € 10.6 m on its infectious disease portfolio were fully reimbursed under other operating income by its partner Sanofi. This split into unpartnered and partnered R&D expenses had not been applied in H1 2018, where total R&D expenses of € 10.0 m were recorded compared to € 29.3 m in the reporting period.

The Group's selling, general and administrative ("SG&A") expenses increased subproportionately by 10% to € 29.9 m (H1 2018: € 27.1 m) in the first half of 2019. This increase primarily reflects expenses of Evotec ID (Lyon) for six months as well as an increase in headcount in response to overall Company growth and transaction-related expenses.

In the first six months of 2019, impairments of intangible assets and goodwill of € 11.9 m were recorded (H1 2018: impairment of intangible assets of € 4.2 m). The SGM-1019 programme was fully impaired (€ 10.3 m) as the project was discontinued by Evotec's partner Second Genome. This impairment of intangible assets in addition triggered a goodwill impairment of € 1.3 m of the cash-generating unit Evotec (US) Innovate. All rights of the underlying asset will be returned to Evotec.

The significant increase in the adjusted Group EBITDA in H1 2019 to € 58.2 m (H1 2018: € 38.6 m) resulted mainly from the very strong performance in the base business, considerably higher milestone and licence contributions, and effects from the first-time application of the new accounting standard IFRS 16 (+€ 6.4 m), yielding an adjusted EBITDA margin of 28.1% (H1 2018: 21.6%).

Evotec's operating result increased to € 24.0 m in H1 2019 (H1 2018: € 21.7 m) being positively impacted by reimbursed R&D expenses from Sanofi and R&D tax credits. The Company's net result in H1 2019 amounted to € 10.7 m (H1 2018: € 17.9 m) and was affected by the one-off effect of the impairments on intangible assets and goodwill as well as tax expenses in the first half of 2019.

Evotec ended H1 2019 with a strong liquidity of € 341.8 m (31 December 2018: € 149.4 m), which was composed of cash and cash equivalents (€ 322.3 m) and investments (€ 19.5 m). In the first half of 2019, liquidity was primarily affected by the completion of the repayment of the € 140 m debt bridge facility drawn down in context of the acquisition of Aptuit in August 2017, the successful issue of the Company's debut promissory note (Schuldschein) worth € 249.1 m, net, at very attractive interest rates of below 1.5%, as well as new bank loan agreements and the draw-down of another tranche of the European Investment Bank R&D loan.

2. STRONG OPERATIONAL PERFORMANCE – EVT EXECUTE & EVT INNOVATE

The EVT Execute segment continued its strong progress of previous quarters in the first half of 2019. Evotec signed multiple new (e.g. Astex, Exscientia, Yale) and extended (e.g. Dermira, Enterprise Therapeutics, Fibrocor, STORM Therapeutics) drug discovery and development agreements and recorded milestone achievements in the first half of 2019, such as in the chronic cough alliance with Bayer and the pain alliance with Boehringer Ingelheim, contributing to the strong performance of this segment. All business lines recorded a very strong performance in the first half of 2019 and efficiency and quality improvement initiatives continued to be undertaken at various sites.

EVT Innovate again recorded the acceleration of first-in-class science across various ventures in H1 2019. Existing co-owned clinical, pre-clinical and discovery pipeline projects continued to record strong progress in the first half of 2019 (e.g. Phase II start in Carrick alliance, initiation of toxicology testing with lead compound in Evotec/Exscientia alliance). After period-end, Evotec was notified by its partner Bayer about positive Phase II proof-of-concept results with a P2X₃ antagonist for the treatment of chronic cough. However, the SGM-1019 programme with Second Genome was terminated in H1 2019, triggering a full impairment of this programme and all rights of the underlying asset will be returned to Evotec. New agreements were signed in the first half of 2019, e.g. with Galapagos, Indivumed, and The Mark Foundation. In addition, Evotec continued to broaden its infectious disease footprint and entered into new alliances with GARDP, GNA NOW (after period-end), Helmholtz Centre for Infection Research, and The Bill & Melinda Gates Foundation.

Regarding its strong focus on its iPSC research, Evotec continued to invest in the further development of its iPSC platform to prepare internal projects for future partnering and achieved further important progress in its iPSC-based Celgene alliance. Furthermore, after period-end and effective 01 July 2019, Evotec acquired certain assets from the stem cell company Ncardia AG to advance its iPSC platform, including intellectual property relevant for iPSC-based phenotypic drug discovery, an existing cellular product business around iPSC-derived cells, as well as a strong team of 15 stem cell biology experts operating from laboratories at the BioCampus Cologne.

Furthermore, Evotec's BRIDGE model gained even more momentum in H1 2019 with the initiation of the Digital BRIDGE LAB10x with Sensyne Health plc, the University of Oxford, Oxford University Innovation Ltd, and Oxford Sciences Innovation and further projects being selected in its existing BRIDGE initiative LAB150. Following its strategy of spinning-off promising assets into virtual biotech companies, Evotec spun off Breakpoint Therapeutics GmbH with a VC consortium (total volume of € 30 m in series A funding round) shortly after period-end. This new company focuses on the further development of Evotec's DNA damage response portfolio, comprising discovery-stage assets and drug targets that promise broad therapeutic application in a variety of cancers. Evotec holds below 50% of the company. In the first half of 2019, Evotec also participated in a further financing round of its portfolio company Eternygen.

3. IMPORTANT STRATEGIC BUSINESS EXPANSION

Effective 02 July 2019 (after period-end), Evotec closed the transaction to acquire Just Biotherapeutics (Just.Bio – Evotec Biologics), which had been signed on 20 May 2019. The Seattle site is currently being integrated into Evotec's global offering, strengthening Evotec's multimodality approach to R&D by adding biologics to its current offering in small molecules and cell therapy.

4. CORPORATE

EXTENSION OF MANAGEMENT BOARD CONTRACTS, ELECTION OF NEW SUPERVISORY BOARD

In the first half of 2019, the Supervisory Board extended the existing contracts with the Management Board members Dr Cord Dohrmann (CSO) for a term of five years and Enno Spillner (CFO) for a term of three years. Furthermore, Evotec's shareholders at the Annual General Meeting 2019 elected a new Supervisory Board for a term of five years. The existing members Prof. Dr Wolfgang Plischke (Chairman), Prof. Dr Iris Löw-Friedrich (Vice Chairman), Dr Michael Shalmi and Dr Elaine Sullivan were re-elected. Dr Mario Polywka,

Evotec's COO until 31 December 2018, and Roland Sackers, CFO and Managing Director of QIAGEN N.V., were elected as new members of the Supervisory Board.

CONVERSION OF THE COMPANY INTO EUROPEAN COMPANY (SE)

Effective 29 March 2019, Evotec completed its conversion into a company under European law (Societas Europaea, "SE") with its registration in the commercial register.

5. FINANCIAL GUIDANCE 2019 INCREASED

The strong underlying business outlook and the integration of Just.Bio – Evotec Biologics revenues support the increase of revenue and EBITDA guidance as depicted in the table below.

	Guidance 2019	Actual 2018
Group revenues from contracts with customers without revenues from recharges	Approx. 15% growth (<i>Previously: approx. 10%</i>) ¹⁾	€ 364.0 m ²⁾
Unpartnered R&D expenses	Approx. € 30-40 m (<i>unchanged</i>)	€ 22.9 m
Adjusted Group EBITDA³⁾	Improve >10% compared to 2018 (<i>Previously: approx. 10%</i>)	€ 92.0 m ⁴⁾

¹⁾ Based on current/updated FX rates

²⁾ 2018 total revenues excluding revenues from recharges according to IFRS 15

³⁾ 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

⁴⁾ 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: **Wednesday, 14 August 2019**

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

From Germany: +49 69 201 744 220

From France: +33 170 709 502

From Italy: +39 02 3600 6663

From the UK: +44 20 3009 2470

From the USA: +1 877 423 0830

Access Code: 37215683#

A simultaneous slide presentation for participants dialling in *via phone* is available at <https://webcasts.eqg.com/evotec20190814/no-audio>.

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 69 20 17 44 222 (Germany) or +44 20 3364 5150 (UK) and in the USA by dialling +1 844 307 9362. The access code is 315534324#. 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. 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 "Leases" as of 01 January 2019. From 01 January 2019 onwards, Evotec applies IFRS 16.

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 2,800 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 and follow us on Twitter [@Evotec](https://twitter.com/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.