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'RESEARCH NEVER STOPS'

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Evotec AG reports first nine months 2013 results

- **DRIVING INNOVATION AND CAPITAL EFFICIENCY WITH STRONG LIQUIDITY POSITION**
- **POSITIVE NEWS FLOW CHARACTERISES THIRD QUARTER 2013**

Hamburg, Germany – 12 November 2013: Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the third quarter and first nine months of 2013 ending 30 September 2013.

Significant milestones achieved

- Nine-months revenues for 2013 amounted to € 60.3 m (2012: € 64.2 m)
- Operating loss for the first nine months of 2013 at € 4.2 m mainly due to impairment charges as a consequence of the closure of Evotec's Indian operations
- Significant improvement of gross margin excluding milestones, upfronts and licences compared to the same period of the previous year
- Strong liquidity position at € 84.7 m
- High and increased equity ratio at 72.2%

Extension agreement in EVT Execute business; Good pipeline progress with the transition of an oncology molecule into Phase I clinical trials; Cure X and Target X partnerships deliver first-in-class assets to EVT Innovate

- Extension and expansion of research collaboration with the Jain Foundation in skeletal muscular dystrophy diseases
- Evotec and The Leukemia & Lymphoma Society enter into a strategic research collaboration (after period-end)
- Important pre-clinical and clinical milestones achieved in Boehringer Ingelheim alliance
- Evotec achieves first milestones in multi-target deal with UCB
- Evotec and Harvard Stem Cell Institute form **CureMN** collaboration to advance ALS research
- Evotec enters into second research collaboration, **TargetEEM** (*Enteroendocrine Mechanisms*), with the laboratory of Doug Melton
- Evotec enters into integrated alliance with AstraZeneca in kidney diseases (after period-end)
- Evotec and Johnson & Johnson Innovation form **TargetAD** alliance to identify and develop novel Alzheimer's disease therapies (after period-end)
- Significant clinical data points ahead

Indian operations closed

Financial guidance for 2013 confirmed and cash guidance adopted

- Revenues are expected to grow to a level between € 90-100 m
- Operating result before impairment and changes in contingent consideration is expected to improve over 2012
- R&D expenditure is expected to be around € 10 m
- Given the cash inflow following a capital increase, Evotec increased its cash guidance to >€ 90 m at the end of 2013

Others

- Evotec raises € 30 m from Biotechnology Value Fund ("BVF") in a capital increase
- Evotec intends to report two segments from 01 January 2014 onwards
- Evotec strengthens its management team with the appointment of Dr Thomas Hanke as Head of Immunology & Inflammation (after period-end)
- Dr Hubert Birner decided to resign from his position as member of the Supervisory Board (after period-end)

1. OPERATIONAL PERFORMANCE

Significant milestones achieved

Reported revenues for the first nine months of 2013 decreased by 6% to € 60.3 m (2012: € 64.2 m). Revenues for the first nine months of 2013 included milestones from Boehringer Ingelheim of € 7.5 m in total and a first milestone from UCB. The third quarter 2013 reported revenues of € 23.6 m, an increase of 7% compared to the same period of the previous year (2012: € 22.2 m). The operating loss for the first nine months of 2013 amounted to € 4.2 m, mainly resulting from the impairment of tangible assets (€ 1.1 m) and the impairment of goodwill (€ 1.9 m) as a consequence of the decision to cease operations at Evotec (India) Private Ltd. However, despite this significant one-time impact the operating result for the third quarter 2013 was positive at € 0.2 m. As stated before, Evotec's operating result may vary significantly between quarters as a result of the timing of performance-based milestone payments and partnering events. Liquidity including cash, cash equivalents and investments at the end of September 2013 amounted to € 84.7 m.

Overall, the Company is expected to achieve increased full-year profitability over 2012 (before impairment and changes in contingent considerations).

2. EVOTEC ACTION PLAN 2016 – INNOVATION EFFICIENCY

Extension agreement in EVT Execute business; Good pipeline progress with the transition of an oncology molecule into Phase I clinical trials; Cure X and Target X partnerships deliver first-in-class assets to EVT Innovate

Action Plan 2016 – Innovation Efficiency is the strategic framework that was initiated in March 2012. EVT Execute aims to deliver cost-efficient and industrialised services for drug discovery on a fee-for-service basis. EVT Integrate and EVT Innovate involve accelerating promising drug discovery ideas and assets to partnerships with potential upfront payments, premium research fees, milestone payments and royalties.

A. EVT Execute

Extension and expansion of research collaboration with the Jain Foundation in skeletal muscular dystrophy diseases

In 2012, Evotec and the Jain Foundation initiated a research project to develop a cell-based high-throughput screening assay using dysferlin deficient cells. The aim of this project was to develop a simple test for the well-being of muscle cells in the absence of dysferlin so that compounds that improve the well-being of dysferlin deficient muscle cells can be identified. In August 2013, the Jain Foundation extended and expanded this research collaboration with Evotec.

Evotec and The Leukemia & Lymphoma Society enter into a strategic research collaboration (after period-end)

In November 2013, Evotec entered into an integrated research collaboration with The Leukemia & Lymphoma Society ("LLS"). Evotec will support one of LLS's *Screen-to-Lead Programs*. In this collaboration, Evotec partners with LLS to support selected programmes and principal investigators with resources for high-throughput screening and optimisation of small molecules into drug-like compounds. Evotec delivers an industrialised, cutting-edge, comprehensive and unbiased drug discovery infrastructure to support innovation efficiency as part of a fully integrated solution.

B. EVT Integrate

Important pre-clinical and clinical milestones achieved in Boehringer Ingelheim alliance

In September 2013, Evotec reached two milestones in its alliance with Boehringer Ingelheim. The first milestone (€ 2.0 m) was for the transition of an oncology molecule into Phase I clinical trials. The second milestone, which is the 20th milestone as part of the alliance with Boehringer Ingelheim, recognises a second oncology compound transitioning into pre-clinical development and triggered revenues of € 4.0 m for Evotec.

Evotec achieves first milestones in multi-target deal with UCB

In September 2013, Evotec achieved its first milestone in its multi-year, multi-target integrated drug discovery collaboration with UCB in the field of immunology. This first milestone was achieved upon the progression of a project into the hit-to-lead phase. The second milestone was reached after period-end upon the progression of a project into lead optimisation.

C. EVT Innovate

Evotec and Harvard Stem Cell Institute form CureMN collaboration to advance ALS research

In September 2013, Evotec announced a strategic partnership with the Harvard Stem Cell Institute ("HSCI") to identify compounds that prevent or slow down the loss of motor neurons, which is characteristic of the human disease amyotrophic lateral sclerosis ("ALS"). The **CureMN** (*CureMotorNeuron*) collaboration leverages human motor neuron assays based on ALS patient-derived induced pluripotent stem ("iPS") cells. Prototypes of these assays were originally developed by Dr Lee Rubin, HSCI Principal Faculty member and professor in the Department of Stem Cell and Regenerative Biology at Harvard, and Dr Kevin Egan, Early Career Scientist at the Howard Hughes Medical Institute, HSCI Principal Faculty member and professor in the Department of Stem Cell and Regenerative Biology at Harvard.

This agreement marks the third collaboration between Evotec and

leading Harvard Stem Cell Institute scientists – and the fourth with Harvard scientists – and significantly expands a partnership model which combines cutting-edge academic research from Harvard with Evotec's leading drug platform and expertise.

Evotec enters into second research collaboration, TargetEEM (Enteroendocrine Mechanisms), with the laboratory of Doug Melton

In September 2013, Evotec started a second research collaboration, **TargetEEM**, with the laboratory of Doug Melton. The objective of this collaboration is to identify novel enteroendocrine mechanisms, pathways and signals regulating key metabolic processes that have disease-modifying potential in diabetic patients. Evotec's first collaboration with the Melton laboratory was focused on beta cell replication.

TargetEEM is a comprehensive screening effort by Harvard and Evotec designed to systematically search for novel pathways and targets that have the potential to address key pathophysiological mechanisms involved in insulin resistance and energy handling. The basis of this effort is disease-relevant animal models as well as unbiased transcriptional and proteomic profiling platforms contributed by both collaboration partners. Harvard and Evotec are collaborating in a highly integrated and fashion and will share potential commercial rewards.

Evotec enters into integrated alliance with AstraZeneca in kidney diseases (after period-end)

In October 2013, Evotec signed an agreement with AstraZeneca in the field of kidney diseases. The focus of this alliance is to explore compounds and targets with novel mechanisms that have disease-modifying potential for the treatment of chronic kidney diseases.

Under the terms of this licence and collaboration agreement, AstraZeneca receives access to a selected series of molecules identified in a screening effort, which is part of Evotec's systematic kidney disease initiative. This particular programme has been designed to explore a key mechanism in the field of chronic kidney disease. AstraZeneca will provide industrial scope and scale as well as pharmaceutical development expertise and marketing capabilities.

The agreement between Evotec and AstraZeneca triggered an undisclosed upfront payment as well as pre-clinical, clinical and regulatory milestones. Evotec is also eligible for additional milestone and royalty payments related to commercialisation. Evotec will receive research funding for work that will be conducted in collaboration with AstraZeneca.

Evotec and Johnson & Johnson Innovation form TargetAD alliance to identify and develop novel Alzheimer's disease therapies (after period-end)

In November 2013, Evotec entered into a collaboration with the Johnson & Johnson Innovation Center in California to identify new targets for Alzheimer's disease drug discovery and development. Under the terms of the agreement, Janssen Pharmaceuticals, Inc., a member of the Johnson & Johnson family of companies, and Evotec will work together to discover and develop novel treatments for Alzheimer's disease.

Termed **TargetAD** (*Alzheimer's disease*), the collaboration will seek to

identify new drug targets for discovery of novel treatment approaches to Alzheimer's disease. Janssen will fund target discovery research via a combination of defined research payments and progress-related milestones over the next three years.

Janssen will have the opportunity to internalise selected targets and therapeutic candidates from the **TargetAD** database and progress them into pre-clinical and clinical development. Janssen will reimburse up to \$ 10 m in FTE-based research costs and make pre-clinical, clinical, regulatory and commercial payments up to a maximum of between approximately \$ 125 m to \$ 145 m per programme upon achieving agreed-upon milestones. In addition, Evotec will receive royalties on future sales of any products that may result from the alliance.

Evotec's proprietary **TargetAD** database provides a unique source of potentially novel Alzheimer's disease drug targets derived from the analysis of dysregulated genes in high-quality and well-characterised human brain tissues representing all stages of disease progression as well as control tissues from non-demented subjects. Identifying new targets for drug development based on disease pathology may have the potential to impact the disease at its earliest stages, resulting in greater therapeutic benefit to patients.

Significant clinical data points ahead

The first Phase III clinical trial on DiaPep277[®] demonstrated the achievement of both its primary and secondary endpoints. Moreover, results from an extension study to its Phase III clinical trial in type 1 diabetes patients demonstrating that DiaPep277[®] was well-tolerated and had a good safety profile were announced by Andromeda in June 2013. Results of a second pivotal trial are expected towards the end of 2014.

At the end of 2012, Roche started a substantial Phase IIb trial with EVT302 that aimed to recruit 495 patients in more than 140 centres worldwide to assess the efficacy and safety of this compound in patients with moderate-severity Alzheimer's disease. This clinical trial is one of very few late-stage trials in this AD patient population. Results are expected early 2015.

In December 2012, Evotec entered into a licence agreement with Janssen for its NR2B subtype selective NMDA-antagonist portfolio for development against diseases in the field of depression. Based on certain pre-clinical validation tests, which are expected to read out in 2013, Evotec forecasts to receive a significant milestone before year-end. The Company expects that Janssen will initiate Phase II clinical trials for the treatment of depression early in 2014.

In September 2013, the FDA granted Orphan Drug Designation for Aspireo's Somatoprim, a novel somatostatin analogue (SSA), for the treatment of acromegaly. Orphan drug designation is granted for novel drugs that aim to treat rare diseases and provides seven years of market exclusivity for the drug upon approval. In September 2012, Evotec and Aspireo entered into a strategic advisory agreement for support in the development and partnering of Aspireo's Somatoprim.

3. RESTRUCTURING

Indian operations closed

In July 2013, Evotec announced that it would close its Chemistry Operations in Thane, India. All project work in Thane was completed by the end of September 2013 and Evotec (India) Private Ltd is now in the process of being wound down. As a consequence, approximately 100 Thane-based employees left the Company as of 30 September 2013 and Evotec took a one-time impairment charge in the third quarter of 2013.

4. GUIDANCE

Evotec confirms operating financial targets for the financial year 2013

Given the cash inflow of € 30 m from the increase of its share capital against cash contribution from Biotechnology Value Fund, L.P. in September this year, the guidance of the Company's liquidity position increased to above € 90 m by end of the year 2013. All other financial targets published on 26 March 2013 in Evotec's Annual Report 2012 (page 78) remain unchanged.

In 2013, total Group revenues are expected to grow to a level between € 90 m and € 100 m. This assumption is based on the current order book, expected new contracts and contract extensions, as well as the achievement of certain milestone revenues. Milestones are difficult to predict, but they remain a fundamental part of the business model of Evotec.

On this basis, gross margins in 2013 are expected to improve slightly on those achieved in 2012. However, quarterly margins will continue to be volatile, as they are dependent upon the timing of milestone payments.

Evotec expects research and development (R&D) expenses in 2013 to increase above the levels of 2012. This is primarily due to additional investments in the strategic Cure X franchise primarily in the fields of metabolic diseases and regenerative medicine. In total, R&D expenditure is expected to be around € 10 m in 2013.

Evotec's Group operating result before impairment and changes in contingent consideration is expected to improve from its 2012 level for the year 2013.

At constant year-end 2012 currencies, the Company increases its cash guidance to above € 90 m by the end of 2013, excluding any potential cash outflow for M&A or similar transactions due to the capital inflow to Evotec of € 30 m from the increase of its share capital against cash contribution.

5. OTHERS

Evotec raises € 30 m from Biotechnology Value Fund in a capital increase

In August 2013, Evotec resolved on a capital increase from its authorised capital against cash contribution by issuing 11,818,613 new shares to Biotechnology Value Fund and other affiliates of the US biotech specialist investment firm BVF Partners L.P.

In a direct placement capital increase, BVF invested € 30 m to subscribe for 11,818,613 new shares of Evotec at a share price of

€ 2.55 per share.

In a simultaneous transaction, BVF also purchased an option from TVM V Life Science Ventures GmbH & Co. KG ("TVM") granting BVF the right to acquire an additional 11,818,612 shares of Evotec at € 4.00 per share within the next 30 months. 50% of the options provided by TVM to BVF are subject to an option granted by ROI Verwaltungsgesellschaft mbH ("ROI") to TVM with similar conditions as in the option agreement between BVF and TVM.

Evotec intends to report two segments from 01 January 2014 onwards

From 01 January 2014 onwards, the Company intends to operate and manage the business under two segments. In preparation for this the Company is currently in the course of reorganising responsibilities in the organisation, revising compensation schemes and redesigning the internal and external reporting structure. Those preparations are planned to be finalised by beginning of 2014. The planned segment reporting should further increase internal and external transparency of the business.

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:

Conference call details

Date: **Tuesday, 12 November 2013**
Time: **09.30 am CET (08.30 am GMT, 03.30 am EST)**

From Germany: +49 (0) 6103 485 3001
From UK: +44 207 153 2027
From USA: +1 888 457 4228
Access Code: 4645643

A simultaneous slide presentation for participants dialling in *via phone* is available at www.eqs.com, password: evotec1113.

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 58 99 90 568 (Germany) or +44 207 154 2833 (UK) and in the US by dialling +1 303 590 3030. The access code is 4645643#. The on-demand version of the webcast will be available on our website:

<http://www.evotec.com/article/en/Investors/Finance/Financial-Reports-2011-2013/188/6/26>.

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. 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 and inflammation. Evotec has long-term discovery alliances with partners including Bayer, Boehringer Ingelheim, CHDI, Genentech, Janssen Pharmaceuticals, MedImmune/AstraZeneca and Ono Pharmaceutical. In

addition, the Company has existing development partnerships and product candidates both in clinical and pre-clinical development. These include partnerships with Boehringer Ingelheim, MedImmune and Andromeda (Teva) 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.

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 report. 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.*