

EVOTEC ANNOUNCES FIRST QUARTER 2017 RESULTS AND CORPORATE UPDATE

- ▶ *VERY POSITIVE START 2017 WITH STRONG REVENUES AND PROFITS*
- ▶ *MILESTONES ACHIEVED WITH BAYER AND SANOFI*
- ▶ *CONTINUED PORTFOLIO EXPANSION AND STRATEGIC INVESTMENTS*
- ▶ *SUCCESSFUL INTEGRATION OF CYPROTEX*
- ▶ *NOVO A/S NEW STRATEGIC INVESTOR IN EVOTEC*

Hamburg, Germany, 10 May 2017:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first quarter of 2017.

FINANCIAL PERFORMANCE: STRONG START – EXCEPTIONAL GROWTH IN REVENUES AND ADJUSTED EBITDA

- ▶ Group revenues: 34% increase to € 50.2 m (2016: € 37.5 m);
 - EVT Execute revenues up 24% to € 47.9 m (2016: € 38.6 m);
 - EVT Innovate revenues up 96% to € 12.6 m (2016: € 6.4 m)
- ▶ Adjusted Group EBITDA increased to € 13.2 m (2016: € 7.2 m);
 - Adjusted EBITDA for EVT Execute increased to € 12.2 m (2016: € 9.6 m);
 - Adjusted EBITDA for EVT Innovate increased to € 1.0 m (2016: € (2.4) m)
- ▶ R&D expenses up 6% to € 4.7 m (2016: € 4.4 m);
- ▶ Strong strategic liquidity position of € 185.0 m

EVT EXECUTE – STRONG OPERATIONAL PERFORMANCE

- ▶ Significant progress within ongoing alliances
- ▶ New integrated drug discovery agreements, e.g. with Dermira (USA) and Asahi Kasei Pharma (Japan)
- ▶ Strong start for Cyprotex PLC with positive contribution to revenue and adjusted EBITDA

EVT INNOVATE – LEADING DRUG DISCOVERY INNOVATION

- ▶ Significant first milestone demonstrating pre-clinical proof of concept within diabetes alliance with Sanofi (TargetBCD)
- ▶ Initial milestone achievement in multi-target alliance with Bayer in kidney diseases (CureNephron)

- ▶ Continuing equity financing activities (e.g. Forge Therapeutics and Eternigen)

CORPORATE

- ▶ NOVO A/S new strategic investor in Evotec holding >10%; Nomination for election to Supervisory Board at the AGM (Michael Shalmi, Novo A/S; after period-end)

GUIDANCE 2017 CONFIRMED

1. FINANCIAL PERFORMANCE

STRONG START – EXCEPTIONAL GROWTH IN REVENUES AND ADJUSTED EBITDA

The 2016 and 2017 results are not fully comparable. The difference stems from the acquisition of Cyprotex PLC (“Cyprotex”), effective 14 December 2016. The results from Cyprotex are only included from 14 December 2016 onwards.

Key figures of consolidated income statement & segment information

Evotec AG & subsidiaries – First quarter 2017

<i>In T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Evotec Group</i>	<i>Evotec Group Q1 2016</i>
External revenues	37,637	12,547	50,184	37,479
Intersegment revenues	10,270	–	–	–
Gross margin in %	27.1	56.9	37.4	33.3
R&D expenses	(222)	(5,789)	(4,651)	(4,386)
SG&A expenses	(5,816)	(1,498)	(7,314)	(5,367)
Impairment of intangible assets	–	–	–	(1,417)
Other operating income (expenses), net	1,987	906	2,893	1,443
Operating result	8,946	764	9,710	2,744
Adjusted EBITDA*	12,185	1,048	13,233	7,234

* 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

In the first quarter of 2017, Evotec’s Group revenues grew to € 50.2 m, an increase of 34% compared to the same period of the previous year (2016: € 37.5 m). This increase resulted primarily from an increase in base revenues, the contribution from Cyprotex (€ 6.0 m) and milestone payments. Evotec’s base revenues for the first quarter of 2017 were € 44.0 m, an increase of 30% over the same period of the previous year (2016: € 33.9 m). Revenues from milestones, upfronts and licences increased to € 6.2 m compared to the same period of the previous year (€ 3.6 m) including predominantly milestones from the collaboration with Bayer and Sanofi. The gross margin amounted to 37.4% in the first three months of 2017 (2016: 33.3%). This significant margin increase over 2016 primarily reflects growth in base revenues, high milestone achievements, improved capacity utilisation as well as favourable foreign exchange rate effects.

In the first quarter of 2017, Evotec's R&D expenses amounted to € 4.7 m (2016: € 4.4 m). This increase is in-line with the Company's strategic plans and primarily results from focused investments in oncology and metabolic projects. Selling, general and administrative (SG&A) expenses increased as expected by 36% in the first quarter of 2017 to € 7.3 m (2016: € 5.4 m). This increase mainly results from expenses of Cyprotex including moving costs as well as an increased SG&A headcount in response to Company growth.

Adjusted Group EBITDA in the first quarter of 2017 increased significantly and amounted to € 13.2 m (2016: € 7.2 m). Group EBITDA was adjusted for changes in contingent consideration. Evotec's operating income in the first quarter of 2017 amounted to € 9.7 m (2016: € 2.7 m).

Liquidity, which includes cash and cash equivalents (€ 77.6 m) and investments (€ 107.4 m) amounted to € 185.0 m as of 31 March 2017 (31 December 2016: € 126.3 m). This strong increase is mainly due to the capital increase with Novo A/S announced in February 2017.

Revenues from the EVT Execute segment amounted to € 47.9 m in the first quarter of 2017 (2016: € 38.6 m) and included € 10.3 m of intersegment revenues (2016: € 7.5 m). This increase was mainly driven by the strong performance of the base business and three months revenue contribution from Cyprotex. The EVT Innovate segment generated revenues of € 12.6 m (2016: € 6.4 m) consisting entirely of third-party revenues. This increase compared to the same period of the previous year results mainly from milestone payments from the Bayer and Sanofi partnerships. Gross margin for EVT Execute amounted to 27.1% while EVT Innovate generated a gross margin of 56.9%. R&D expenses for the EVT Innovate segment amounted to € 5.8 m in the first quarter of 2017 (2016: € 4.9 m). In the first quarter of 2017, the adjusted EBITDA of the EVT Execute segment was positive at € 12.2 m and improved compared to the same period of the previous year (2016: € 9.6 m). The EVT Innovate segment reported a positive adjusted EBITDA of € 1.0 m (2016: € (2.4) m).

2. EVT EXECUTE & EVT INNOVATE

EVT EXECUTE – STRONG OPERATIONAL PERFORMANCE

The first quarter of 2017 saw a strong operational performance in the EVT Execute segment. Cyprotex had a strong start and its integration into the Evotec Group is proceeding according to plan. At the beginning of the year 2017, the UK operations of

Cyprotex moved from Macclesfield to Alderley Park which allows for future expansion and consolidation of Cyprotex' UK operations into a first-class scientific facility.

In addition and amongst other highlights, Evotec entered into a new integrated lead discovery collaboration with Dermira to identify inhibitors of a novel target for treatment of itch and neuro-inflammation. Under the terms of the agreement, Dermira takes advantage of Evotec's expertise and proprietary, industry-leading capabilities for rational design of molecules and integrated drug discovery capabilities.

EVT INNOVATE – LEADING DRUG DISCOVERY INNOVATION

EVT Innovate started strongly in 2017 with multiple important milestones achieved in its alliances with Bayer in kidney diseases and with Sanofi in diabetes.

Alongside its EVT Innovate strategy, Evotec continues to participate in equity financings with the aim of developing assets to next value inflection points. Along these lines, Evotec further expanded its relationship with Forge Therapeutics by participating in Forge's latest funding round (Series A).

3. CORPORATE

NOVO A/S NEW STRATEGIC INVESTOR IN EVOTEC

On 09 February 2017, Evotec announced that through a private placement capital increase, Novo A/S invested € 90.3 m against shares of Evotec. Subsequent to this initial investment, Novo A/S increased its shareholdings in Evotec to above 10% by acquisition of additional shares through public markets.

4. GUIDANCE 2017 CONFIRMED

	Guidance 2017	Actual 2016
Group revenues	More than 15% growth	€ 164.5 m
Adjusted Group EBITDA ¹⁾	Significantly improved compared to 2016	€ 36.2 m
R&D expenses	Approx. € 20 m	€ 18.1 m

¹⁾ EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. EBITDA excludes impairments on goodwill, other intangible and tangible assets as well as the total non-operating result. EBITDA is adjusted for changes in contingent consideration as well as for the income from bargain purchase.

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. Furthermore, the Management Board will present an outlook for the fiscal year 2017. The conference call will be held in English

Conference call details

Date: **Wednesday, 10 May 2017**

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

From Germany: +49 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 www.audio-webcast.com, password: evotec0517.

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 22 22 33 985 (Germany) or +44 20 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/Finance/Financial-Reports-2015-2017/188/6/26>.

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

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.