



Report as of
First Quarter
2013

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I. Management Report of the First Quarter 2013

**STRONG STRATEGIC POSITION SUPPORTS ACTION PLAN 2016
INNOVATION EFFICIENCY; EVOTEC'S DRUG DISCOVERY
PLATFORM GENERATES GROWTH; NEW HORMONE IDENTIFIED
AS PART OF THE CUREBETA INITIATIVE; GUIDANCE 2013
CONFIRMED**

RECENT HIGHLIGHTS

- **Revenues without milestones increased in the first quarter of 2013 by 5% compared to the first quarter of 2012**
 - Q1 2013 revenues amounted to € 17.1 m (2012: € 20.1 m); up 5% compared to Q1 2012 revenues of € 16.2 m on a like-for-like basis
 - Operating loss at € 2.7 m due to absence of milestone revenues
 - Strong liquidity position at € 60.4 m
 - High and stable equity ratio at 67.3%
- **Good progress in EVT Execute business and EVT Integrate/EVT Innovate alliances**
 - Extension of alliance with Genentech validates Evotec's technology platform and broad expertise in drug discovery (after period-end)

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- Important strategic expansion of EVT Execute compound management capability (after-period end)
- Increase in revenues driven by integrated alliances
- New alliances with Yale University (December 2012) and Belfer Institute (after period-end) accelerate innovation strategy
- New projects to fuel future EVT Innovate collaborations: Co-development agreement with Apeiron Biologics AG
- Significant clinical datapoints ahead in 2013 /2014
- New hormone identified to treat diabetes as part of Evotec's CureBeta initiative (after period-end)
- **Start of integration of CCS Cell Culture Service GmbH – Strengthening Evotec's screening capabilities**
- **Financial guidance for 2013 confirmed**
 - Revenues are expected to grow to a level between € 90 -100 m
 - Operating result before impairment and changes in contingent consideration, if any, is expected to improve over 2012
 - R&D expenditure is expected to be around € 10 m in 2013
 - Strong liquidity position above € 60 m

1. OPERATIONAL PERFORMANCE

Revenues without milestones increased in the first quarter of 2013 by 5% compared to the first quarter of 2012

Reported Group revenues for the first three months of 2013 decreased by 15% to € 17.1 m (2012: € 20.1 m). Revenues for the first three months of the previous year included a milestone earned in Evotec's development partnership with Andromeda/Teva with DiaPep277[®] (€ 3.9 m). Excluding milestones, Evotec's revenues for the first quarter 2013 would have increased by 5% over the same period of the previous year. This growth was driven by an increase in revenues within the Company's drug discovery alliances and from new integrated collaborations such as the CureBeta partnership with Janssen Pharmaceuticals ("Janssen") and the multi-target alliance with Bayer entered into in the second half of 2012. As anticipated, the absence of milestones resulted in an operating loss for the first quarter of 2013 of € 2.7 m. As stated before, the operating result of Evotec may vary significantly between quarters as a result of the timing of performance-based milestone payments and partnering events.

Overall, the Company is on track to achieve increased full-year profitability over 2012 (before impairment and changes in contingent consideration, if any). Liquidity including cash, cash equivalents and investments at the end of March remained strong at € 60.4 m.

2. EVOTEC ACTION PLAN 2016 – STEP BY STEP FORWARD FOR INCREASED INNOVATION EFFICIENCY

Good progress in EVT Execute business and EVT Integrate/EVT Innovate alliances

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 is the systematic approach to progress targets through the pre-clinic, on a research payments, milestone payments and royalties success basis. EVT Innovate involves accelerating promising drug discovery ideas and assets to partnerships with upfront payments, premium research fees, milestone payments and royalties.

A. EVT Execute**Extension of alliance with Genentech validates Evotec's technology platform and broad expertise in drug discovery (after period-end)**

In April 2013, Evotec extended its drug discovery alliance with Genentech, a member of the Roche Group, for three additional years. The collaboration was initiated in May 2010.

Important strategic expansion of EVT Execute compound management capability (after-period end)

Evotec (US), Inc. has signed a multi-year lease on a facility located in Branford, Connecticut that is specifically designed to expand the offering of its compound management services on the US East Coast. The facility is expected to be fully operational in early Q3 2013 and will complement the existing facility in South San Francisco which will continue to be fully operational and serve existing clients.

B. EVT Integrate**Increase in revenues driven by integrated alliances**

All integrated alliances achieved progress within their projects. Growth in revenues for the first quarter of 2013 was mainly driven by Evotec's integrated deals, e.g. the multi-target alliances with Bayer started in the second half of 2012 and UCB.

C. EVT Innovate**New alliances with Yale University (December 2012) and Belfer Institute (after period-end) accelerate innovation strategy**

An open innovation alliance was formed with Yale University in December 2012, starting in the first quarter of 2013. Under the agreement, Evotec and Yale will leverage first-rate science performed at Yale University together with Evotec's drug discovery infrastructure and expertise into highly innovative discovery approaches in diseases of high unmet medical need and prepare these for partnering.

A collaboration to discover new oncology therapies targeting epigenetic mechanisms was formed with the Belfer Institute for Applied Cancer Science at Dana-Farber Cancer Institute (DFCI). The goal of the collaboration is to validate emerging epigenetic targets for oncology indications and to demonstrate the drugability of the selected target families. Evotec, DFCI and DFCI's Belfer Institute will invest in enabling technologies, experimental target validation and the generation of chemical matter by leveraging existing expertise and platforms.

These new partnerships complement the already existing initiatives "CureBeta" and "CureNephron" with Harvard University.

New projects to fuel future EVT Innovate collaborations

In January 2013, Evotec and Apeiron Biologics entered into a research collaboration with the objective of developing immunomodulatory lead compounds for the treatment of cancer. Apeiron Biologics will contribute *in vitro* and *in vivo* pharmacology expertise to this collaboration while Evotec will be responsible for medicinal chemistry as well as chemical proteomics. The collaboration is based on the successful outcome of a phenotypic high throughput screen previously commissioned by Apeiron Biologics to Evotec.

Significant clinical datapoints ahead in 2013/2014

The first Phase III trial on DiaPep277[®] demonstrated the achievement of both its primary and secondary endpoints. Moreover, it was announced that the recruitment of the second Phase III trial was closed in September 2012. Results of this second pivotal trial are expected towards the end of 2014.

Roche started a substantial Phase II trial with EVT302 at the end of 2012 which aimed to recruit 450 patients in more than 120 centres worldwide to assess the efficacy and safety of this compound in patients with moderate severity Alzheimer's disease (AD). This clinical trial is one of the very few late-stage trials in this AD patient population. Results are expected in 2015.

Evotec entered into a license agreement in December 2012 with Janssen for its NR2B subtype selective NMDA-antagonist portfolio for development against diseases in the field of depression. The Company expects that Janssen will initiate Phase II clinical trials for the treatment of depression during the course of 2013/14.

After period end, JingXin Pharma received approval from the Chinese Center of Drug Evaluation (CDE) to commence clinical trials with EVT201. EVT201 is a GABA_A receptor partial positive allosteric modulator developed for the treatment of insomnia. Evotec had previously concluded two Phase II studies, providing safety and efficacy results. In October 2010, Evotec entered into a license and collaboration agreement with JingXin for EVT201. The agreement grants JingXin exclusive rights to develop and market the drug candidate in China.

New hormone identified to treat diabetes as part of Evotec's CureBeta initiative (after period-end)

Evotec AG announced the publication of a scientific article by Prof. Doug Melton and his post doc Peng Yi in the journal "Cell". Doug Melton is a University professor at Harvard University and a Howard Hughes Medical Institute (HHMI) investigator. In addition he is the co-director of the Harvard Stem Cell Institute and a key collaborator of CureBeta, a strategic alliance between Harvard University, Evotec and Janssen in the field of beta cell regeneration.

The "Cell" paper published in April 2013, describes the discovery of the new hormone betatrophin that controls beta cell proliferation. All intellectual property associated with these findings were licensed to Evotec in March 2011 and subsequently sublicensed to Janssen within the CureBeta collaboration announced in July 2012.

3. ACQUISITION UPDATE

Start of CCS integration – Strengthening Evotec's screening capabilities

Signed in December 2012 and effective 01 January 2013, Evotec acquired CCS Cell Culture Service GmbH ("CCS"), a Hamburg-based company which supports the cell culture needs of biotech and pharmaceutical companies on a worldwide basis. CCS' large-scale processes for cell production, freezing and storage, including the entire team of specialised cell culture scientists and technicians, are being fully integrated into Evotec's Hamburg operations to realise cost synergies and efficiency improvements.

The purchase price consisted of a cash consideration of € 1.15 m and an earn-out component which could reach up to € 1.4 m in cash. The earn-out component will become due one year after the acquisition and depends on the achievement of certain revenue targets.

Through the acquisition of CCS, Evotec confirms its leading position as a fully integrated drug discovery and early development partner for pharmaceutical and biotechnology companies. Integration of CCS' unique capabilities, such as frozen cell preparations and bulk cell transfection for cell-based screening will enable Evotec's partners to access the latest science and the best-in-class technology infrastructure to increase efficiency in the drug discovery process. With respect to the impact of this transaction on Evotec's financial statements, we refer to pages 18 to 19 of this quarterly report.

4. GUIDANCE

Financial guidance for 2013 confirmed

All financial targets published on 26 March 2013 in Evotec's Annual Report 2012 (page 78) remain unchanged. In 2013, Evotec expects revenues 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 and on the achievement of certain 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 expenses are expected to be around € 10 m in 2013.

On this basis the Evotec Group operating result before impairment and changes in contingent consideration, if any, for the year 2013 is expected to improve over 2012.

At constant year-end 2012 currencies, the Company expects to maintain its liquidity position above € 60 m at the end of 2013, excluding any potential cash outflow for M&A or similar transactions.

A. OPERATIONS

CHANGES IN GROUP STRUCTURE, CORPORATE STRATEGY AND OBJECTIVES, PRODUCT OFFERING AND BUSINESS ACTIVITIES

During the first quarter 2013, Evotec's Group **structure** changed compared to the first quarter of 2012 through the acquisition of CCS. The Company continues to be managed in line with the **corporate objectives and strategy** described in Evotec's Annual Report 2012 on pages 41 and 42. Evotec's Action Plan 2016 – Innovation Efficiency is fully on track and updates to the building blocks (EVT Execute, EVT Integrate, and EVT Innovate) are described in detail in the highlights section on pages 2 to 4 of this quarterly report.

For updates on the **research and development activities**, please refer to the highlights section (EVT Innovate) on page 3 of this report.

B. REPORT ON THE FINANCIAL SITUATION AND RESULTS

Note: The 2012 and 2013 results are not fully comparable. The difference results from the acquisition of CCS effective 01 January 2013. While the results of CCS are fully included in the accompanying consolidated interim statements of operation for the first three months of 2013, they were not included in the comparable period of the previous year.

COMPARISON OF THE FIRST QUARTER OF 2013 FINANCIAL RESULTS WITH FORECAST

Evotec does not provide forecasts on a quarterly basis.

1. RESULTS

Revenues

Evotec's **revenues** for the first quarter of 2013 amounted to € 17.1 m, a decrease of 15% compared to the same period of the previous year (2012: € 20.1 m). In the first quarter of 2013, no milestones were achieved. Revenues for the first quarter of the previous year included milestone revenues earned in Evotec's development partnership with Andromeda/Teva with DiaPep277[®] (€ 3.9 m). Without this milestone in the first quarter of 2012, Evotec's revenues for the first quarter 2013 would have increased by 5% (2012: € 16.2 m) over the same period of the previous year. The growth excluding milestones was driven by an increase in revenues within the Company's drug discovery alliances and from new collaborations such as the CureBeta partnership with Janssen and the multi-target alliance with Bayer entered into in the second half of 2012. Revenue contributions from the newly acquired business of CCS amounted to € 0.3 m.

Geographically, 44% of Evotec's revenues were generated with customers in Europe, 52% from the USA and 4% from Japan and the rest of the World. This compares to 31%, 36% and 33%, respectively, in the same period of the previous year. Growth came from the USA and from Europe due to an increase of the EVT Execute and EVT Integrate business. The difference in revenue contributions of Japan and the rest of the World to Group revenues primarily resulted from the contributions from the DiaPep277[®] milestone from Andromeda/Teva in the first quarter of 2012.

Operating cost structure

Costs of revenue for the first quarter of 2013 amounted to € 12.6 m (2012: € 13.6 m), yielding a **gross margin** of 26.1% (2012: 32.5%). This margin was higher in the first quarter of 2012 as a result of a € 3.9 m milestone from Andromeda/Teva.

Gross margins in the future may be volatile and the receipt of potential milestone or out-licensing payments may affect Evotec's financial results.

R&D expenses for the first quarter 2013 increased by 22% to € 2.3 m (2012: € 1.9 m). The increase primarily resulted from strengthening R&D in the field of GPCR and kinases.

SG&A expenses for the first quarter 2013 decreased by 11% to € 3.9 m (2012: € 4.4 m). This was the result of lower recruitment costs, costs related to the move to the Manfred Eigen Campus in the first quarter of 2012, lower sales commissions in Japan and the timing

between several senior employees leaving the company and their successors arriving. However, on a full year basis SG&A expenses are forecast to grow over the 2012 level.

In the first three months of 2013, **amortisation** increased to € 0.9 m from € 0.5 m in the same period of the previous year. This is primarily due to the amortisation of the customer list of CCS and of the 4-Antibody license.

Other operating income and expenses, net in the first three months of 2013 amounted to € 0.0 m (2012: € (0.9) m). The previous year period was extraordinarily affected by parallel rental for the old facility and the new Manfred Eigen Campus in Hamburg and the resulting planned underutilisation of parts of those buildings amounting to € 0.6 m in expenses.

Financial results

Evotec's **operating loss** for the first quarter of 2013 increased to € 2.7 m (2012: € 1.3 m). The operating result before changes in contingent consideration amounted to € (2.7) m in the first three months 2013 (2012: € (1.0) m). The increased loss was due to the previously mentioned milestone of € 3.9 m for DiaPep277[®] that was recorded in Q1 2012.

Net result amounted to € (2.9) m (2012: € (2.0) m).

Earnings per share for the first quarter of 2013 were € (0.02) (2012: € (0.02)).

2. FINANCING AND FINANCIAL POSITION

Cash flow and liquidity

Cash provided by operating activities for the first three months of 2013 was positive at € 0.1 m (First three months 2012: € (4.7) m) despite payments for bonuses and high advances paid in the first quarter of 2013. This mainly resulted from payments received in the context of the licence and collaboration agreement with Janssen. The line item in the cash flow statement "Adjustments to reconcile net loss to net cash provided by operating activities" amounted to € 3.7 m and mainly consisted of depreciation of property, plant and equipment (€ 1.4 m), amortisation (€ 0.9 m), non-cash foreign exchange losses (€ 0.8 m) and compensation expenses (€ 0.4 m).

Cash provided by investing activities for the first three months of 2013 was € 3.1 m. This is a result mainly from the net proceeds from the sale of current investments amounting to € 5.2 m (proceeds of € 8.3 m and purchase of € 3.1 m). Capital expenditures decreased to € 1.3 m from € 2.5 m in the same period of the previous year. This difference is mainly due to the cash outflow for the move into the new facility in Hamburg in the first quarter of 2012. Purchase of long-term investments in the amount of € 0.9 m is attributable to the initial purchase price for the acquisition of CCS in the first quarter of 2013.

Cash used in financing activities for the first three months 2013 was € (0.1) m mainly as a result of the purchase of treasury shares.

Liquidity, which includes cash and cash equivalents (€ 40.6 m) and investments (€ 19.8 m) amounted to € 60.4 m at the end of March 2013 (31 December 2012: € 64.2 m). The decrease in liquidity is mainly driven by advances paid, bonus payments and payments related to the acquisition of CCS.

3. ASSETS AND LIABILITIES

There were only a few material changes to assets and liabilities during the first quarter of 2013. Most notably, trade accounts receivables decreased to € 13.3 m (31 December 2012: € 15.1 m) in the first quarter of 2013. This is primarily due to the receipt of payments due from the license and collaboration agreement for EVT100 series signed with Janssen in December 2012.

The acquisition of CCS resulted in a customer list amounting to € 2.0 m. Consequently, intangible assets excluding goodwill increased, partly off-set by foreign exchange rate variances, to € 64.5 m (31 December 2012: € 63.3 m). The increase of goodwill to € 42.7 m (31 December 2012: € 42.3 m) is attributable to the acquisition of CCS (€ 0.4 m). According to IFRS 3 the initial accounting of the customer list and goodwill is still provisional.

The decrease of short-term provisions to € 6.6 m (31 December 2012: € 6.9 m) mainly reflects an increase due to the earn-out of CCS (€ 1.1 m) being more than offset by the payment of annual Management Board and employee bonuses in March 2013.

The decrease of non-current deferred revenues to € 11.1 m (31 December 2012: € 12.5 m) relates to revenues recognised from the upfront payments from Janssen and Bayer.

More details are described in the Notes to the unaudited consolidated interim financial statements.

Changes in **liquidity** are explained in "Financing and financial position" above.

The Company is not involved in any off-balance sheet financing transactions.

As of 31 March 2013, Evotec's **capital structure** remained unchanged compared to the end of 2012. The total number of ordinary shares outstanding amounted to 118,546,839. Included in this amount are as of 31 March 2013, 772,171 treasury shares which were generated in the course of the acquisition of Renovis, Inc. by Evotec AG.

Evotec's equity ratio as of 31 March 2013 continued to be high and solid 67.3% (31 December 2012: 67.7%).

4. HUMAN RESOURCES

Employees

At the end of March 2013, 658 people were employed within the Evotec Group (31 December 2012: 637 employees). The main effect of the headcount increase in the first quarter of 2013 was related to the acquisition of CCS. As announced on 18 March 2013, Dr Werner Lanthaler, Chief Executive Officer of Evotec, returned to the operational business of the Company.

Stock-based compensation

In the first three months of 2013, no stock options were granted to Evotec employees and a total of 26,100 options were exercised, all of which were serviced from treasury shares. As of 31 March 2013, the total number of options available for future exercise amounted to 5,583,875 (approximately 4.7% of shares in issue).

In 2012, the Company implemented a share performance plan. During the first quarter of 2013, no share performance awards were granted to members of the Management Board and other key employees and no share performance awards were exercised. As of 31 March 2013, the total number of share performance awards available for future exercise amounted to 909,693 (approximately 0.8% of shares in issue).

Options and share performance awards have been accounted for under IFRS 2 using the fair value at the measurement date. In the first three months of 2013, options and share performance awards in the amount of 225,521 held by employees of the Company continued to be valid after termination of the relating employment. Those transactions were recognised as accelerated vesting.

Shareholdings of the Boards of Evotec AG

Number of shares

	1 Jan 13	Additions	Sales	31 March 13
Management Board				
Dr Werner Lanthaler	516,494	-	-	516,494
Colin Bond	-	-	-	-
Dr Cord Dohrmann	27,226	14,161*	-	41,387
Dr Mario Polywka	60,000	-	-	60,000
Supervisory Board				
Dr Flemming Ørnskov	41,738	7,801	-	49,539
Dr Walter Wenninger	27,126	11,412	-	38,538
Dr Hubert Birner	50,278	7,608	-	57,886
Roland Oetker	17,429,685	3,804	-	17,433,489
Prof Dr Andreas Pinkwart	2,330	3,804	-	6,134
Mary Tanner	70,933	2,601	-	73,534

* Dr Cord Dohrmann received his shares in Evotec through a transfer from an escrow account according to the share purchase agreement signed in July 2010 in exchange for his share in DeveloGen.

Number of stock options

	1 Jan 13	Additions	Exercise	31 March 13
Management Board				
Dr Werner Lanthaler	1,340,000	-	-	1,340,000
Colin Bond	390,000	-	-	390,000
Dr Cord Dohrmann	390,000	-	-	390,000
Dr Mario Polywka	815,000	-	-	815,000
Supervisory Board				
Dr Flemming Ørnskov	-	-	-	-
Dr Walter Wenninger	-	-	-	-
Dr Hubert Birner	-	-	-	-
Roland Oetker	-	-	-	-
Prof Dr Andreas Pinkwart	-	-	-	-
Mary Tanner	-	-	-	-

Number of Share Performance Awards

	1 Jan 13	Additions	Exercise	31 March 13
Management Board				
Dr Werner Lanthaler	209,877	-	-	209,877
Colin Bond	76,190	-	-	76,190
Dr Cord Dohrmann	76,190	-	-	76,190
Dr Mario Polywka	83,036	-	-	83,036
Supervisory Board				
Dr Flemming Ørnskov	-	-	-	-
Dr Walter Wenninger	-	-	-	-
Dr Hubert Birner	-	-	-	-
Roland Oetker	-	-	-	-
Prof Dr Andreas Pinkwart	-	-	-	-
Mary Tanner	-	-	-	-

Pursuant to §15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above tables lists separately for each member of our Management and Supervisory Board, the number of Company shares held, and rights for such shares granted to each board member as of 31 March 2013.

C. RISKS AND OPPORTUNITIES REPORT

The risks and opportunities described in Evotec's Annual Report 2012 on pages 69 to 75 remain unchanged. At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec AG.

D. IMPORTANT EVENTS AFTER THE END OF THE FIRST QUARTER 2013

In May 2013, Evotec received a fine notice amounting to € 0.17 m from the Federal Financial Supervisory Authority (BaFin) regarding the timing of an ad hoc publication. The Company intends to appeal against this fine notice. For a detailed description of the circumstances as of 31 December 2012 see also Annual Report 2012 on page 74.

E. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions described in the 2012 Annual Report on page 113, no other material transactions with related parties have been entered into in the first quarter of 2013.

F. BUSINESS ENVIRONMENT

Global economy and outlook

Growth in the global economy is expected to increase in 2013. The International Monetary Fund (IMF) forecasts an increase in global economic output of 3.5%. However, substantial downward risks remain such as the continuing debt crisis in the Eurozone, the discussion on an upper limit for the public deficit in the USA and the disoriented situation on the financial markets. While the economies of the industrialised nations only expanded by 1.4%, economic growth in the emerging markets is expected to reach 5.5% for the year 2013. In the Eurozone GDP (Gross Domestic Products) is forecasted to decline by 0.2% due to the challenging situation in the Southern European

countries. However the German economy is expected to grow by approximately 0.7% year-on-year. For the USA, economic growth of about 2.0% is forecasted, supported by higher private consumption.

Healthcare environment and outlook

The pharmaceutical industry has suffered from decreasing efficiency in new product introductions in the past decade. As a consequence, the pharmaceutical industry is increasingly looking to external innovative biotech companies that offer services in drug research to deliver high-quality leads and development candidates. At the same time the whole pharmaceutical value chain is undergoing a process of division of work and industrialisation of biotech. Academia identifies and evaluates targets. Innovative biotech companies translate academic ideas into hit and lead products, develop technical and commercial solutions and finally license-out patents to the pharmaceutical industry. This may speed up the process of the development of new life science products significantly.

G. FINANCIAL OUTLOOK

Evotec confirms financial targets for the financial year 2013.

All 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 payments. 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.

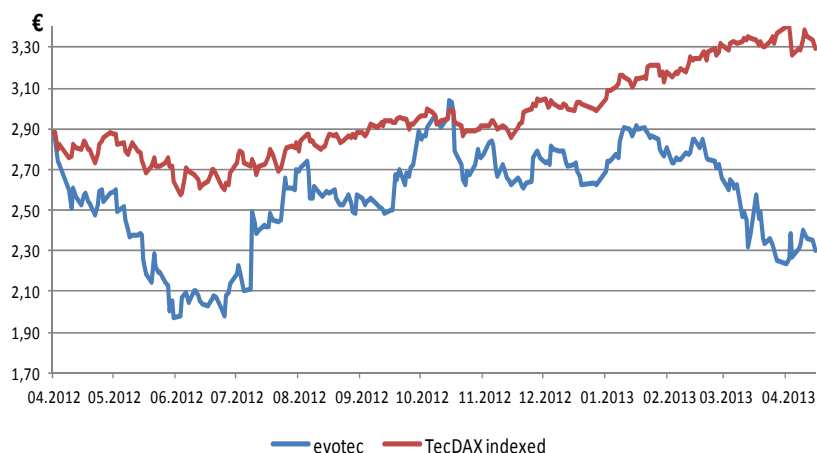
Evotec's Group operating result before impairment and changes in contingent consideration, if any, is expected to improve from its 2012 level for the year 2013.

At constant year-end 2012 currencies, the Company expects to maintain its liquidity position above € 60 m at the end of 2013, excluding any potential cash outflow for M&A or similar transactions.

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 2012 on pages 76 to 78.

H. SHARE PRICE PERFORMANCE AND FINANCIAL CALENDAR

PERFORMANCE OF EVOTEC SHARES OVER THE PAST TWELVE MONTHS



In the first three months of 2013 the DAX Index closed the quarter up 2.4 %. After a positive start for the year 2013 the major European stock markets underwent a correction at the end of the first quarter. The European sovereign debt crisis gained momentum again with the collapse of the Cypriot banking sector. In addition, lower growth prospects, especially for the German economy, turned out to be a stress factor for the stock market.

Evotec's share price ended the first quarter of 2013 at € 2.25, down 14.4 % in the period under review. This compares with an increase of 12.5 % for the German technology stock index TecDAX in a moderately positive capital market environment.

Financial Calendar 2013

Q1 2013 Interim Report:	14 May 2013
Annual General Meeting 2013:	12 June 2013
Q2 2013 Interim Report:	08 August 2013
Q3 2013 Interim Report:	12 November 2013

II. Consolidated Interim Financial Statements

Evotec AG and Subsidiaries -

Consolidated interim income statement for the period from 1 January to 31 March 2013

<i>in T€ except share and per share data</i>	<i>Three months ended 31 March 2013</i>	<i>Three months ended 31 March 2012</i>
Revenues	17,064	20,110
Costs of revenue	(12,611)	(13,580)
Gross profit	4,453	6,530
Operating income and expense		
Research and development expenses	(2,328)	(1,912)
Selling, general and administrative expenses	(3,925)	(4,432)
Amortisation of intangible assets	(900)	(526)
Other operating income	110	234
Other operating expenses	(126)	(1,183)
Total operating expenses	(7,169)	(7,819)
Operating loss	(2,716)	(1,289)
Other non-operating income (expense)		
Interest income	75	42
Interest expense	(286)	(514)
Other income from financial assets	3	-
Foreign currency exchange gain (loss), net	(1)	(271)
Other non-operating income	17	43
Total non-operating expense	(192)	(700)
Loss before taxes	(2,908)	(1,989)
Current tax income (expense)	9	(84)
Deferred tax income	48	78
Net loss	(2,851)	(1,995)
Weighted average shares outstanding	117,760,945	116,987,597
Net loss per share (basic and diluted)	(0.02)	(0.02)

Evotec AG and Subsidiaries -

Consolidated statement of comprehensive income for the period from 1 January to 31 March 2013

<i>in T€</i>	<i>Three months ended 31 March 2013</i>	<i>Three months ended 31 March 2012</i>
Net loss	(2,851)	(1,995)
Other comprehensive loss		
Foreign currency translation	(566)	(369)
Revaluation and disposal of available-for-sale securities	(64)	(7)
Other comprehensive loss	(630)	(376)
Total comprehensive loss	(3,481)	(2,371)

Evotec AG and Subsidiaries -
Consolidated interim statement of financial position as of 31 March 2013

<i>in T€ except share data</i>	<i>footnote reference</i>	<i>as of 31 March 2013</i>	<i>as of 31 Dec. 2012</i>
ASSETS			
Current assets:			
Cash and cash equivalents		40,609	39,065
Investments		19,750	25,094
Trade accounts receivables	6	13,329	15,053
Inventories		2,808	2,445
Current tax receivables		474	480
Other current financial assets		1,434	1,478
Prepaid expenses and other current assets	7	5,011	4,489
Total current assets		83,415	88,104
Non-current assets:			
Long-term investments		10	10
Property, plant and equipment		27,042	27,181
Intangible assets, excluding goodwill	8	64,500	63,266
Goodwill	9	42,655	42,342
Deferred tax asset		2,815	2,815
Other non-current financial assets		75	75
Other non-current assets		1,449	1,634
Total non-current assets		138,546	137,323
Total assets		221,961	225,427
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current loan liabilities		13,223	13,223
Current portion of finance lease obligations		5	1
Trade accounts payable		5,708	6,363
Advanced payments received		312	232
Provisions	10	6,557	6,914
Deferred revenues		6,114	5,548
Current income tax payables		504	502
Other current financial liabilities	11	926	234
Other current liabilities		1,109	865
Total current liabilities		34,458	33,882
Non-current liabilities:			
Non-current loan liabilities		4,131	4,178
Long-term finance lease obligations		18	-
Deferred tax liabilities		2,308	2,099
Provisions	10	19,012	18,817
Deferred revenues	12	11,103	12,516
Other non-current financial liabilities		1,492	1,388
Total non-current liabilities		38,064	38,998
Stockholders' equity:			
Share capital		118,547	118,547
Additional paid-in capital		666,291	665,918
Accumulated other comprehensive income		(26,131)	(25,501)
Accumulated deficit		(609,268)	(606,417)
Total stockholders' equity		149,439	152,547
Total liabilities and stockholders' equity		221,961	225,427

**Evotec AG and Subsidiaries -
Condensed consolidated interim statement of cash flows for the three months ended 31 March 2013**

<i>in T€</i>	<i>Three months ended 31 March 2013</i>	<i>Three months ended 31 March 2012</i>
Cash flows from operating activities:		
Net loss	(2,851)	(1,995)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	3,713	2,339
Change in assets and liabilities	(733)	(5,028)
Net cash provided by (used in) operating activities	129	(4,684)
Cash flows from investing activities:		
Purchase of current investments	(3,128)	(28,049)
Purchase of investments in affiliated companies	(900)	-
Purchase of property, plant and equipment	(1,305)	(2,497)
Cash acquired in connection with acquisition	118	-
Proceeds from sale of current investments	8,328	25,425
Net cash provided by (used in) investing activities	3,113	(5,121)
Cash flows from financing activities:		
Proceeds from option exercise	18	52
Proceeds from issuance of loans	-	2,000
Purchase of treasury shares	(109)	-
Repayment of loans	(45)	(48)
Net cash provided by (used in) financing activities	(136)	2,004
Net increase (decrease) in cash and cash equivalents	3,106	(7,801)
Exchange rate difference	(1,562)	(136)
Cash and cash equivalents at beginning of year	39,065	17,777
Cash and cash equivalents at end of the period	40,609	9,840

**Evotec AG and Subsidiaries -
Consolidated interim statement of changes in stockholders' equity
for the three months ended 31 March 2013**

	Share capital		Accumulated other comprehensive income					
<i>in T€ except share data</i>	Shares	Amount	Additional paid-in capital	Treasury shares purchased on stock exchange	Foreign currency translation	Revaluation reserve	Accumulated deficit	Total stockholders' equity
Balance at 1 January 2012	118,315,864	118,316	663,820	(1)	(33,350)	7,355	(608,895)	147,245
Exercised stock options	-	-	52	-	-	-	-	52
Stock option plan	-	-	286	-	-	-	-	286
Transfer of treasury shares	-	-	-	1	-	-	-	1
Total comprehensive income (loss)					(369)	(7)	(1,995)	(2,371)
Balance at 31 March 2012	118,315,864	118,316	664,158	-	(33,719)	7,348	(610,890)	145,213
Balance at 1 January 2013	118,546,839	118,547	665,918	-	(32,542)	7,041	(606,417)	152,547
Exercised stock options	-	-	18	-	-	-	-	18
Stock option plan	-	-	355	-	-	-	-	355
Purchase of treasury shares	-	-	-	109	-	-	-	109
Transfer of treasury shares	-	-	-	(109)	-	-	-	(109)
Total comprehensive income (loss)					(566)	(64)	(2,851)	(3,481)
Balance at 31 March 2013	118,546,839	118,547	666,291	-	(33,108)	6,977	(609,268)	149,439

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated interim financial statements of Evotec have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) in conjunction with IAS 34. The consolidated interim financial statements have been prepared on the cost basis except for derivative financial instruments as well as available-for-sale financial instruments, which are measured at fair value. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2012. Income tax expense is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The consolidated interim financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2012.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. BASIS OF CONSOLIDATION

Due to the acquisition of CCS Cell Culture Service GmbH effective 01 January 2013 the consolidated interim financial statements for the three-month periods 2012 and 2013 are not fully comparable.

3. BASIS OF ESTIMATION

In the consolidated interim financial statements for the three months ended 31 March 2013, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2012.

4. SEGMENT INFORMATION

Pursuant to IFRS 8 Evotec does not report segment information (see page 108 of Evotec's Annual Report 2012).

5. ACQUISITIONS

Effective 01 January 2013, the Company acquired 100% of the shares in CCS Cell Culture Service GmbH, Hamburg, a leading supplier of custom cells and cell-based reagents. This acquisition strengthens Evotec's cell-based screening and reagent platform. The purchase price of T€ 2,200 in cash includes a potential earn out as contingent consideration. In the first quarter 2013, T€ 900 from the purchase

price was paid and the remaining amount was recognised in provisions. The earn out was calculated based on estimated future revenues as of the date of acquisition with no discounting due to the short-term nature of this contingent consideration. The estimated maximum potential earn-out payment amounts to T€ 1,050.

The fair values of the acquired assets and liabilities were estimated based on the recognised amounts as of the date of the acquisition. A fair value adjustment has been recorded for a customer list in the amount of T€ 1,966 which has been estimated based on net present value modelling. Related deferred tax liabilities in the net amount of T€ 409 were also recorded. The resulting goodwill from the acquisition amounts to T€ 436. The factors which make up this goodwill are the expected synergies resulting from the combination of Evotec's and CCS' product offerings.

According to IFRS 3, the initial accounting is provisional due to the preliminary assessment of the initial accounting until the date of preparation of those consolidated interim financial information. The fair values determined and the recognised amounts of the acquired assets and liabilities in the purchase price allocation as well as the fair values determined to identify the purchase price of the combination are provisional and may therefore be subject to changes.

The net income of Evotec for the three months ended 31 March 2013 included a net income of T€ 61 from CCS as well as revenues of T€ 336. Acquisition related costs occurred in the amount of T€ 13 are recognised through profit and loss.

The following is the breakdown of the carrying amount and the preliminary fair value of CCS at the date of acquisition:

	1 January 2013 carrying amount T€	1 January 2013 fair value T€
Cash and cash equivalents	118	118
Trade accounts receivable	158	158
Inventories	52	52
Other current assets	71	71
Property, plant and equipment	155	155
Customer list	-	1,966
Finance leases	(24)	(24)
Provisions	(284)	(284)
Trade accounts payables	(30)	(30)
Current liabilities	(9)	(9)
Deferred tax liabilities	-	(409)
Net assets acquired	207	1,764
Goodwill	-	436
Cost of acquisition	-	2,200
Less cash and cash equivalents acquired	-	(118)
Less deferred earn out component	-	(1,050)
Cash outflow from acquisition	-	1,032

6. TRADE ACCOUNTS RECEIVABLES

The decrease in trade accounts receivable from 31 December 2012 to 31 March 2013 primarily relate to payments in the context of the licence and collaboration agreement with Janssen.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of 31 March 2013 primarily consist of prepaid expenses in the amount of T€ 4,166 (31 December 2012: T€ 3,327). The prepaid expenses mainly relate to the collaboration with Harvard.

8. INTANGIBLE ASSETS

The main addition to the intangible assets in the first three months of 2013 relates to the customer list acquired in the business combination with CCS. This customer list is amortised from 01 January 2013 onwards.

9. GOODWILL

The addition to goodwill in 2013 relate to the acquisition of CCS Cell Culture Service GmbH which resulted in a goodwill in the amount of T€ 436. The amount is still provisional.

10. PROVISIONS

The change in provisions as of 31 March 2013 in comparison with 31 December 2012 primarily relate to two effects. The provisions increased compared to 31 December 2012 mainly due to the recognized earn out in the amount of T€ 1,050 relating to the acquisition of CCS Cell Culture Service GmbH. This effect is offset by the annual Management Board and employee bonuses recognised at 31 December 2012, which were paid in March 2013.

11. OTHER CURRENT FINANCIAL LIABILITIES

The increase in other current financial liabilities relate to the fair value accounting of foreign currency forward contracts.

12. NON-CURRENT DEFERRED REVENUES

The decrease in non-current deferred revenues relates to revenues recognised from the upfront payments received from Janssen Pharmaceuticals and Bayer Pharma AG.

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as of 31 March 2013, are as follows:

In T€	31 March 2013	
	Carrying amount	Fair value
Cash and cash equivalents	40,609	40,609
Available-for-sale financial assets		
Investments	19,750	19,750
Long-term investments	10	10
Total available-for-sale-financial assets	19,760	19,760
Financial assets measured at fair value		
Other non-current financial assets	75	75
Loans and receivables		
Trade accounts receivables	13,329	13,329
Other current financial assets	1,434	1,434
Total loans and receivables	14,763	14,763
Financial liabilities measured at cost		
Current loan liabilities	(13,223)	(13,223)
Non-current loan liabilities	(4,131)	(4,015)
Current portion of finance lease obligations	(5)	(5)
Long-term finance lease obligations	(18)	(18)
Trade accounts payable	(5,708)	(5,708)
Other current financial liabilities	(926)	(926)
Total financial liabilities measured at cost	(24,011)	(23,895)
Financial liabilities measured at fair value		
Derivative financial instruments	(269)	(269)
Contingent consideration	(19,990)	(19,990)
Total financial liabilities measured at fair value	(20,259)	(20,259)
	30,937	31,053
Unrecognised (gain)/loss		(116)

The following table allocates financial assets and financial liabilities as of 31 March 2013 to the three levels of the fair value hierarchy as defined in IFRS 7:

	31 March 2013			Total T€
	Level 1 T€	Level 2 T€	Level 3 T€	
Available-for-sale financial assets	19,750	-	10	19,760
Financial assets measured at fair value	-	75	-	75
Financial liabilities measured at fair value	-	(269)	(19,990)	(20,259)

The following table shows a reconciliation from the beginning balances to 31 March 2013 for fair value measurements in Level 3 of the fair value hierarchy:

In T€	January to March 2013	
	Available-for-sale financial assets	Financial liabilities measured at fair value
Balance at 1 January 2013	10	(18.689)
Total gains and losses recognised in profit and loss	-	(251)
Additions from business combination with CCS	-	(1.050)
Balance at 31 March 2013	10	(19.990)

The gains and losses recognised in profit and loss of the financial liabilities measured at fair value relate to the unwind of discount of the earn out provision and is included in interest expense.

The levels of the fair value hierarchy and its application to Evotec's financial assets and financial liabilities are described below:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

14. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions described in the Annual Report 2012 on page 113, no other material transactions with related parties were entered into in the first three months of 2013.

15. SUBSEQUENT EVENT

In May 2013, Evotec received a fine notice amounting to T€ 170 from the Federal Financial Supervisory Authority (BaFin) regarding the timing of an ad hoc publication. The Company intends to appeal against this fine notice. For a detailed description of the circumstances as of 31 December 2012 see also Annual Report 2012 on page 74.

FORWARD-LOOKING STATEMENTS

Information set forth in this report 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.