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'RESEARCH NEVER STOPS'

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## Evotec AG reports results of the first nine months of 2015

- **STRONG GROWTH IN REVENUES AND PROFITS**
- **THREE MAJOR EVT INNOVATE DEALS CONCLUDED**
- **REVENUE GUIDANCE RAISED ON 15 SEPTEMBER 2015**

**Hamburg, Germany – 10 November 2015:** Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first nine months of 2015.

### Strong key financial results

- Group revenues grew by 50% to € 88.2 m (2014: € 58.9 m)
- EVT Execute revenues up 52% to € 93.4 m compared to the prior-year period
- EVT Innovate up 34% to € 14.3 m compared to the prior-year period
- Adjusted Group EBITDA positive at € 3.4 m and significantly increased compared to the same period of the previous year (2014: € 0.3 m)
- Strong adjusted EBITDA of € 16.1 m for EVT Execute
- High and stable liquidity position at € 138.8 m

### EVT Execute

#### Globally leading drug discovery service business

- Important collaboration with CHDI extended
- New collaboration in the field of juvenile Batten Disease (after period-end)
- New multi-year compound management agreements closed (after period-end)

### EVT Innovate

#### Significant Cure X/Target X initiatives successfully partnered

- Target *Fibrosis* in tissue fibrosis with Pfizer
- Target *BCD* in diabetes with Sanofi
- Target *ImmuniT* in immuno-oncology with Sanofi/Apeiron Biologics

### Sanofi transaction update

- Successful ongoing integration of new Toulouse site
- One-time positive effect due to income from bargain purchase (€ 18.5 m, still preliminary)

### Revenue guidance 2015 raised, strong outlook

- Revenue guidance increased to approx. 45% growth excluding milestones, upfronts and licences in September 2015
- All other elements of financial guidance as of 12 May 2015 confirmed
- For the remainder of 2015 and already into 2016, strong core business is indicated

## 1. Operational performance

### Strong key financial results

Segment information for the **first nine months of 2015**:

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Not allocated</i>	<i>Evotec Group</i>
Revenues	93,384	14,269	(19,455)	-	88,198
Costs of revenue	(71,560)	(6,642)	16,173	-	(62,029)
<b>Gross profit</b>	<b>21,824</b>	<b>7,627</b>	<b>(3,282)</b>	-	<b>26,169</b>
<b>Operating income and (expenses)</b>					
Research and development expenses	(166)	(16,617)	3,282	-	(13,501)
Selling, general and administrative expenses	(14,322)	(4,725)	-	-	(19,047)
Amortisation of intangible assets	(1,890)	(283)	-	-	(2,173)
Impairment of intangible assets	-	(69)	-	-	(69)
Income from bargain purchase	-	-	-	18,476	18,476
Other operating income	7,263	705	-	-	7,968
Other operating expenses	(5,468)	(70)	-	-	(5,538)
<b>Total operating income and (expenses)</b>	<b>(14,583)</b>	<b>(21,059)</b>	<b>3,282</b>	<b>18,476</b>	<b>(13,884)</b>
<b>Operating income (loss)</b>	<b>7,241</b>	<b>(13,432)</b>	-	<b>18,476</b>	<b>12,285</b>
<b>EBITDA adjusted</b>	<b>16,129</b>	<b>(12,719)</b>	-	-	<b>3,410</b>

Segment information for the first **nine months of 2014**:

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Evotec Group</i>
Revenues	61,497	10,630	(13,194)	58,933
Costs of revenue	(46,243)	(7,232)	11,208	(42,267)
<b>Gross profit</b>	<b>15,254</b>	<b>3,398</b>	<b>(1,986)</b>	<b>16,666</b>
<b>Operating income and (expenses)</b>				
Research and development expenses	(745)	(10,422)	1,986	(9,181)
Selling, general and administrative expenses	(9,821)	(2,976)	-	(12,797)
Amortisation of intangible assets	(1,621)	(284)	-	(1,905)
Impairment of intangible assets	-	(8,735)	-	(8,735)
Income from bargain purchase	-	137	-	137
Other operating income	2,667	6,075	-	8,742
Other operating expenses	(1,652)	-	-	(1,652)
<b>Total operating expenses</b>	<b>(11,172)</b>	<b>(16,205)</b>	<b>1,986</b>	<b>(25,391)</b>
<b>Operating income (loss)</b>	<b>4,082</b>	<b>(12,807)</b>	-	<b>(8,725)</b>
<b>EBITDA adjusted</b>	<b>9,855</b>	<b>(9,520)</b>		<b>335</b>

Revenues from the EVT Execute segment amounted to € 93.4 m in the first nine months of 2015, an increase of 52% compared to the same period of the previous year (first nine months of 2014: € 61.5 m). This increase is primarily attributable to growth of the base business, supported by a positive development of the anti-infectives business unit, contributions from the Sanofi transaction as well as foreign exchange rate effects. Included in this amount are € 19.5 m of intersegment revenues (first nine months of 2014: € 13.2 m). The EVT Innovate segment generated revenues in the amount of € 14.3 m consisting entirely of third-party revenues (first nine months of 2014: € 10.6 m). The increase compared to the prior-year period mainly results from EVT Innovate projects which were partnered in 2015. Gross margin at EVT Execute amounted to 23.4% while EVT Innovate generated a gross margin of 53.5%. R&D expenses for the EVT Innovate segment increased from € 10.4 m in the first nine months of 2014 to € 16.6 m in the first nine months of 2015 due to significant investments in oncology projects at the Toulouse site as well as higher investments in existing Cure X and Target X initiatives. In the first nine months of 2015, the adjusted EBITDA (before changes in contingent consideration) of the EVT Execute segment was high at € 16.1 m and significantly improved compared to the same period of the previous year (first nine months of 2014: € 9.9 m) due to the strong increase in revenues. The EVT Innovate segment reported an EBITDA before changes in contingent consideration of € (12.7) m (first nine months of 2014: € (9.5) m).

Evotec's Group revenues for the first nine months of 2015 grew to € 88.2 m, an increase of 50% compared to the same period of the previous year (2014: € 58.9 m). This increase is due to growth in the core EVT Execute business, the contribution of the Sanofi collaboration, a strong contribution from the anti-infective business unit and favourable foreign exchange rate effects. Excluding milestones, upfronts and licences and revenue contributions from the acquired businesses of Bionamics, Euprotec and Sanofi, Evotec's revenues for the first nine months of 2015 were € 55.9 m, an increase of 9% over the same period of the previous year (2014: € 51.4 m).

Adjusted Group EBITDA in the first nine months of 2015 amounted to € 3.4 m (first nine months of 2014: € 0.3 m). EBITDA was adjusted for changes in contingent consideration as well as for one-time effects with regards to the bargain purchase resulting from the acquisition of Evotec (France) SAS in 2015 and Bionamics GmbH in 2014. Evotec's operating income for the first nine months of 2015 amounted to € 12.3 m (2014: operating loss of € 8.7 m) and is mainly due to the preliminary income from the bargain purchase resulting from the acquisition of Evotec (France) SAS.

Liquidity, which includes cash and cash equivalents (€ 49.4 m) and investments (€ 89.4 m) amounted to € 138.8 m at the end of September 2015 (31 December 2014: € 88.8 m). This increase in liquidity is mainly attributable to the cash inflow resulting from the Sanofi transaction and the receipt of milestone and upfront payments.

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

### **EVT Execute**

#### **Important collaboration with CHDI extended**

In September 2015, Evotec announced the extension of its collaboration with **CHDI Foundation, Inc.** ("CHDI") through to August 2018. The collaboration represents one of the largest drug discovery alliances within Evotec and will fund **55 full-time scientists**. Evotec has been providing innovation support to CHDI since 2006.

#### **New collaboration in the field of juvenile Batten Disease (after period-end)**

In October 2015, Evotec and **Beyond Batten Disease Foundation** ("BBDF") announced a collaboration aimed at discovering and developing new treatments for **juvenile Batten disease**, a rare, fatal autosomal recessive neurodegenerative disorder. The collaboration includes **substantial research funding** to Evotec and runs to the end of 2017, with an option to extend beyond this period.

#### **New multi-year compound management agreements closed (after period-end)**

In October 2015, Evotec entered into a multi-year compound management agreement with the **U.S. National Cancer Institute**, Department of Health and Human Services for a period of five years with total estimated **revenues of up to € 4.5 m (\$ 4.9 m)**.

Furthermore, Evotec will provide management services (compounds hosting and projects support) with regards to a five-year agreement Sanofi signed with the **Centre National de la Recherche Scientifique**.

## **EVT Innovate**

### **TargetFibrosis**

In September 2015, Evotec and Pfizer announced an agreement on a four-year research collaboration **to explore potential novel mechanisms as targeted anti-fibrotics** in the field of tissue fibrosis. Evotec leverages its drug discovery platform and Pfizer will provide key technologies and industrial scope as well as pharmaceutical development and marketing expertise. The financial terms of the collaboration include an upfront payment and potential milestone payments from Pfizer based on the achievement of specific development and sales milestones.

### **TargetBCD**

In August 2015, Evotec and Sanofi announced a strategic risk-shared collaboration in the **field of diabetes**. The goal of this collaboration is to develop a beta cell replacement therapy based on functional human beta cells derived from human stem cells. Sanofi and Evotec will use human beta cells for high-throughput drug screening to identify beta cell active small molecules or biologics. The agreement between Evotec and Sanofi includes an **upfront payment of € 3 m**, potential pre-clinical, clinical, regulatory and commercial milestones which could **total over € 300 m** as well as significant royalties and research payments.

### **TargetImmuniT**

In August 2015, Evotec, Apeiron Biologics and Sanofi entered into a strategic collaboration to **develop novel small molecule-based cancer immunotherapies**. This collaboration includes major research and development efforts to advance a first-in-class small molecule approach to treat solid and haematopoietic cancers by enhancing the anti-tumour activity of human lymphocytes. The agreement includes two years of substantial research payments for Evotec and Apeiron Biologics with the opportunity to receive pre-clinical, clinical, regulatory and commercial milestones which could **total over € 200 m** as well as royalties upon commercialisation.

## **3. Sanofi transaction update**

On 31 March 2015, Evotec closed a five-year, major multi-component strategic alliance with Sanofi effective 01 April 2015. One of the major cornerstones of this alliance is the acquisition of Sanofi's research site in Toulouse, France, including more than 200 highly experienced employees to support the expansion of Evotec's drug discovery capabilities and capacities. The integration of the new research site continues to proceed successfully.

The bargain purchase resulting from the acquisition was not allocated to segments. The initial accounting is provisional with regard to the fair values used to measure the assets and liabilities of the combination. It may therefore be subject to material changes.

#### 4. Revenue guidance 2015 raised

	Guidance Annual Report 2014	Guidance March 2015 <sup>1)</sup>	Guidance May 2015 <sup>2)</sup>	Guidance September 2015 <sup>3)</sup>
<b>Group revenues*</b>	Increase more than 10%	Increase more than 20%	Increase more than 35%	Increase by approx. 45%
<b>R&amp;D expenses</b>	Broadly in-line with 2014 levels	€ 15 m - € 20 m	€ 15 m - € 20 m	€ 15 m - € 20 m
<b>EBITDA**</b>	Positive and at a similar level to 2014	Positive	Positive	Positive
<b>Capex investments</b>	Up to € 7 m	Up to € 10 m	Up to € 10 m	Up to € 10 m
<b>Liquidity at year-end</b>	> € 90 m	Well in excess of € 100 m	Well in excess of € 100 m	Well in excess of € 100 m

<sup>1)</sup> Varies from the guidance provided in the Annual Report 2014 following the financial impact of the Sanofi transaction

<sup>2)</sup> Revenue guidance raised due to refinement of the accounting treatment of the Sanofi alliance

<sup>3)</sup> Revenue guidance raised due to Evotec's strong business performance of EVT Execute, accelerated growth in the EVT Innovate business and a positive outlook for the remainder of the year

\* Excluding milestones, upfronts and licences

\*\* Before changes in contingent considerations

#### Webcast/Conference Call

The Company is going to hold a conference call to discuss the results as well as to provide an update on its performance. The conference will be held in English.

#### Conference call details

Date: **Tuesday, 10 November 2015**  
Time: **02.00 pm CET (01.00 pm GMT, 08.00 am EST)**

From Germany: +49 (0) 69 22 22 29 043  
From UK: +44 20 3009 2452  
From USA: +1 855 402 7766  
From France: +33 170 750705  
Access Code: 37969784#

A simultaneous slide presentation for participants dialling in *via phone* is available at <http://www.audio-webcast.com/> password: evotec1115.

#### Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our home page [www.evotec.com](http://www.evotec.com) shortly before the event.

A replay of the conference call will be available for 24 hours and can be accessed in Europe by dialling +49 (0) 69 22 22 33 985 (Germany) or +44 20 3426 2807 (UK) and in the US by dialling +1 866 535 8030. The access code is 654573#. The on-demand version of the webcast will be available on our website:

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

#### 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

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

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**FORWARD LOOKING STATEMENTS** — *Information set forth in this press release contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this press release. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.*