News Release

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Evotec's 2009 Results: Significant Step towards Sustainability

Hamburg, Germany – 25 March 2010: Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX) today reported financial results and corporate updates for the year ended 31 December 2009.

Major Achievements:

- **Growth of business and execution of restructuring programme lead to strong 2009 performance with all financial targets achieved**
  - Revenues +8%; operating result before exceptional items +57%
  - Positive Q4 operating result before exceptional items
  - Liquidity position of > € 70 m; exceeding guidance
  - Impairment of higher risk programmes reflecting Evotec's strategy
- **Discovery collaborations provide stable basis for future growth**
  - Several new alliances and contract extensions including Biogen Idec, CHDI (after period-end) and Ono Pharmaceutical
  - Strategic capability and capacity expansion through acquisition of Indian RSIPL
- **Strong performance in innovative, risk-shared alliances combining high-end technologies and disease know-how**
  - New alliances with Boehringer Ingelheim, Vifor (after period-end)
  - Important milestones demonstrate progress achieved
- **Product development alliance with Roche with significant upside but no downside risk; 2011 $ 65 m milestone opportunity**
  - Successful completion of first-in-man study with EVT 103 (after period-end)
  - Positive feedback from the FDA to initiate Phase II with EVT 101 (after period-end)
- **Guidance 2010 - accelerated path to profitability and growth**
  - Revenue growth of at least 15%; strongest February order book ever
  - Significantly improved operating result before impairment with profitability no later than 2012
  - Liquidity of > € 64 m; cash consumption markedly reduced

1. Operational performance

Growth of business and execution of "Evotec 2012 - Action Plan to Focus and Grow" lead to strong 2009 financial performance

Based on the Action Plan 2012, Evotec decided in March 2009 to strengthen its discovery alliances, creating the central vehicle for growth, and to implement strict cost cutting and restructuring measures. The Company reduced headcount in administrative and clinical development functions, reprioritised its R&D activities, concentrated its operations in Europe and closed the former facility of Renovis, Inc. in South San Francisco.

These strategic measures are clearly reflected in the financial results for the 2009 fiscal year. Evotec's discovery alliances are growing significantly and the Company increased and delivered on all financial targets. Total Group **revenues** amounted to EUR 42.7 m, an increase of 8% compared to the same period of the previous year (2008: EUR 39.6 m). The increase is particularly pleasing because, in 2008, Evotec collected three milestones amounting to payments of EUR 8.5 m as part of its strategic alliance with Boehringer Ingelheim, while in 2009 milestone payments from this collaboration added up to EUR 4.0 m. Due to this strong top-line performance and significant reductions in operating expenses (R&D expenses –51%, SG&A cost -16%) Evotec's **operating loss before exceptional items** decreased by 57% to EUR 19.6 m (2008: EUR 45.5 m) for the fiscal year and was positive for the fourth quarter amounting to EUR 2.0 m (2008: EUR (10.4) m). The fourth quarter 2009 was the first one in which the impact of Evotec's strategic restructuring became fully visible. R&D expenses declined by 87% and SG&A cost adjusted for severance payments by 30% compared to the same period of the prior year, a strong basis to develop the Company to profitability.

The Company reduced its R&D cost base significantly through the partnering of the EVT 100 compound series to Roche, the discontinuation of EVT 302 due to its failure in smoking cessation, as well as the reduction of early-stage discovery projects. By only supporting the commercially most promising programmes and seeking to aggressively partner those with pharma partners, Evotec de-risked its pipeline substantially. Reflecting this strategy, higher risk programmes were impaired during the year, i.e. EVT 201, EVT 401 and the VR1 programme, leading to total impairment charges of EUR 18.2 m. Including all impairments and EUR 4.8 m of restructuring expenses, Evotec's 2009 **operating loss** decreased by 42% to EUR 42.3 m (2008: EUR 73.2 m).

With EUR 70.6 m Evotec ended the year 2009 above its **liquidity** target of > EUR 65 m.

2. Discovery alliances update

The productivity challenge facing the pharmaceutical industry is set to drive an increase in strategic outsourcing which will likely lead to larger outsourcing contracts favouring bigger partners. Since the industry is highly fragmented there is a leadership gap which Evotec may successfully fill. Due to its scale, attractive growth profile and its strong reputation in the industry Evotec is ideally positioned to take full advantage of these developments.

Discovery alliances provide stable basis for future growth

Several new alliances and contract extensions
Throughout the year Evotec won new deals with several customers, includ-

ing Cubist Pharmaceutical, Alios Biopharma and with Biogen Idec. The Company also extended an important collaboration with its strategic partner Ono Pharmaceutical, initiating a new discovery programme on an ion channel target, and a strategic alliance with CHDI (after period-end) to find new treatments for Huntington's disease. These important contracts clearly demonstrate the value Evotec brings to its alliance partners in the area of drug discovery.

Strategic capability and capacity expansion through acquisition of RSIPL
To best position the Company for growth in the discovery outsourcing market and optimise its cost structure for large alliances, Evotec has initiated an Asian capacity and capability expansion strategy with its purchase, in August 2009, of a 70% controlling stake in the Indian company Research Support International Private Limited (RSIPL). The company was fully integrated as Evotec (India) Private Ltd.

Strong performance in innovative, risk-shared alliances combining high-end technologies and disease know-how
The integration of high-end technologies and disease know-how represents the strategic 'sweet spot' in this industry. Evotec has carried on adding to and enhancing its technology platform (e.g. through the addition of the Summit zebrafish screening operations) and therapeutic area focused expertise to become the clear partner of choice for integrated alliances with pharmaceutical companies in which both parties share risk and reward of discovery programmes.

New alliances with Boehringer Ingelheim and Vifor
Based on the successful collaboration to date, Boehringer Ingelheim signed a new, minimum four-year extension of its discovery collaboration with Evotec. Jointly, both companies aim to identify novel therapeutics in innovative disease-focused programmes with a focus on oncology targets. Evotec receives research payments, payments for the achievement of preclinical milestones as well as long-term upside through potential clinical milestone achievements and royalties. In January 2010, Evotec also signed a significant integrated alliance with Vifor Pharma to jointly identify a preclinical candidate for the treatment of anaemia.

Important milestones demonstrate progress in disease focused alliances
In 2009, the Company achieved two research milestones in its multi-year drug discovery alliance with Boehringer Ingelheim, leading to payments of EUR 4.0 m. Evotec also achieved a milestone with Cardioxyl Pharmaceuticals for the compound, CXL-1020, that was successfully moved into clinical testing in heart failure, and with Ono for the progression of novel protease inhibitors into lead optimisation.

Product development alliance with Roche with significant upside but no downside risk
In March 2009, Evotec signed a significant alliance with Roche to unleash

the commercial upside of the EVT 100 compound family. This is a joint development programme where Evotec is responsible for conducting the clinical Phase II development of EVT 101 in patients with treatment-resistant depression. The costs of that study are fully borne by Roche and so are the development costs of the follow-on molecule EVT 103. Therefore the downside risk for Evotec is zero, while the upside may be significant.

Successful completion of first-in-man study with EVT 103
Early 2010, Evotec completed the clinical part of the first-in-human Phase I study with EVT 103. The compound was safe and very well tolerated after oral single and multiple dose administration, with excellent bioavailability and only a minimal effect of food on the kinetic profile.

Positive feedback from the FDA to initiate Phase II with EVT 101
For EVT 101, the lead compound in the strategic alliance with Roche, Evotec has received approval from the FDA to initiate the Proof-of-Concept study. The study will start recruiting patients in the second quarter of 2010.

If Roche exercises its buy-back option after completion of the Phase II study, Evotec will receive a $65 m payment in exchange for returning the compounds. The total potential value of the deal exceeds $300 m of development and sales performance commercial payments plus potential double-digit commercial payments.

3. Guidance 2010

Revenue growth of at least 15%, significantly improved operating result before impairment with profitability no later than 2012 and liquidity of > EUR 64 m
In 2010, total Group revenues before out-licensing income are expected to grow by at least 15%. These assumptions are based on the strong February 2010 order book of approximately EUR 28 m (2009: EUR 24 m), expected new contracts and contract extensions as well as the achievement of certain milestones.
With the restructuring measures taken in 2009, Evotec has significantly reduced its cost base going forward. The impact of Evotec's SG&A savings will be fully reflected in the Company's financial results for the years 2010 and beyond. In addition, Evotec expects research & development (R&D) expenses to decrease considerably from 2009 levels. The Company will focus on key programmes and targets to invest approximately EUR 10 m in R&D in 2010. As a result, Evotec’s Group operating result before impairment is expected to improve significantly over 2009.
The Evotec Group started the year with EUR 71 m of cash, investments and auction rate securities. In 2010, top-line growth and the adjusted cost base are expected to significantly reduce the cash requirements compared to the 2009 fiscal year. Consequently, at constant year-end 2009 currencies, the Company expects to end 2010 with a liquidity of more than EUR 64 m.

Webcast / Conference Call
Evotec is going to broadcast today's press & analyst conference in Frankfurt/Main starting at 10.00 am CET (09.00 am GMT/05.00 am EDT) live on the internet. The Management Board of Evotec will inform about the FY 2009 results as well as the status of its discovery alliances and the Company's development projects. Moreover, they will provide an update on the "Evotec 2012 – Action Plan to Focus and Grow" and the business outlook for 2010. The conference will be held in English.
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.

For those who prefer to listen to the presentation via phone, please dial:

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From the US:	+1.718.354 1358
Access Code:	9745589
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Access code:	evotec0310

The on-demand version of the webcast will be available on our website: www.evotec.com - Investors - Events - Financial Calendar.

About Evotec AG
Evotec is a leader in the discovery and development of novel small molecule drugs with operational sites in Europe and Asia. The Company has built substantial drug discovery expertise and an industrialised platform that can drive new innovative small molecule compounds into the clinic. In addition, Evotec has built a deep internal knowledge base in the treatment of diseases related to neuroscience, pain, and inflammation. Leveraging these skills and expertise the Company intends to develop best-in-class differentiated therapeutics and deliver superior science-driven discovery alliances with pharmaceutical and biotechnology companies. Evotec has long-term discovery alliances with partners including Boehringer Ingelheim, CHDI, Novartis, Ono Pharmaceutical and Roche. Evotec has product candidates in clinical development and a series of preclinical compounds and development partnerships, including for example a strategic alliance with Roche for the EVT 100 compound family, subtype selective NMDA receptor antagonists for use in treatment-resistant depression. 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. Such forward-looking statements include, but are not limited to, statements about our financial outlook for 2010 and beyond; our expectation that our current cash, cash equivalents, investments, and operating revenues will be sufficient to fund our planned activities beyond 2012, and our belief that we are on course to profitability and sustainability by 2012; our expectations regarding the growth of the pharmaceutical outsourcing drug discovery market, the opportunities such growth will provide us, and our ability to take advantage of such market developments and become a leader in this in-

dustry in the coming years; our expectations regarding the impacts, and anticipated timing of such impacts, of the "Evotec 2012 – Action Plan to Focus and Grow"; our expectation that our reentry into the German technology TecDAX in 2009 will increase liquidity for our shareholders and that our voluntary delisting from NASDAQ and anticipated de-registration with the SEC will streamline our activities and focus the liquidity of Evotec's stock on one trading platform; our expectations regarding the impact that the recent global financial crisis will have on our company; our expectations and assumptions concerning regulatory, clinical, and business strategies, the progress of our clinical development programmes and timing of the results of our clinical trials, strategic collaborations, and management's plans, objectives and strategies. These 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. In particular, the risks and uncertainties include, among other things: risks that we may be unable to achieve the anticipated benefits of our revised business focus, restructuring, and cost containment measures or recognise the results of such measures within the expected timeframes; risks that we will not achieve the anticipated benefits of our collaborations, partnerships and acquisitions in the timeframes expected, or at all; the risk that we will not achieve the anticipated benefits of our voluntarily delisting from NASDAQ and anticipated de-registration from the SEC; risks that product candidates may fail in the clinic or may not be successfully marketed or manufactured; risks relating to our ability to advance the development of product candidates currently in the pipeline or in clinical trials; our inability to further identify, develop and achieve commercial success for new products and technologies; the risk that competing products may be more successful; our inability to interest potential partners in our technologies and products; our inability to achieve commercial success for our products and technologies; our inability to protect our intellectual property and the cost of enforcing or defending our intellectual property rights; our failure to comply with regulations relating to our products and product candidates, including FDA requirements; the risk that the FDA may interpret the results of our studies differently than we have; the risk that clinical trials may not result in marketable products; the risk that we may be unable to successfully secure regulatory approval of and market our drug candidates; risks of new, changing and competitive technologies and regulations in the U.S. and internationally; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on our international operations. The list of risks above is not exhaustive. Our Annual Report on Form 20-F most recently filed with the Securities and Exchange Commission, and other filings and items furnished with the Securities and Exchange Commission, contain additional factors that could impact our businesses and financial performance. 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.