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'RESEARCH NEVER STOPS'

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Evotec H1 2012: Building innovation on the back of profitable growth

- EVOTEC REPORTS STRONG PROFITABLE GROWTH IN H1 2012 WITH REVENUES UP 26% AND A POSITIVE OPERATING RESULT OF €1.3 M
- NEW CUREBETA PHARMA COLLABORATION THROUGH EVT INNOVATE INITIATIVE (AFTER PERIOD-END)
- GUIDANCE CONFIRMED

Hamburg, Germany – 08 August 2012: Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX) today reported financial results and corporate updates for the second quarter and first half of 2012 ending 30 June 2012.

- **Strong growth trend continues; both Q2 and H1 profitable**
 - Group revenues +26% to €42.0 m
 - Positive operating result of €1.3 m in H1 and €2.6 m in Q2
 - Gross margin improving in Q2 after weak Q1
 - Continued strong liquidity position of €53.4 m excluding milestone payment from Andromeda/ Teva (€3.9 m) and upfront payment from Janssen Pharmaceuticals (US \$8 m)
- **EVT Execute: Continued double-digit growth through outsourcing services for Biotech, large and mid-size pharma**
 - Large technology upgrading initiative at all sites
 - Large counter screening initiative with large US pharma company picking-up in volume
 - Multi-year agreement with the United States Environmental Protection Agency (EPA) for Compound Management
 - Evotec and 4-Antibody form strategic alliance to innovate antibody identification and selection
- **EVT Integrate: Good progress in on-going discovery alliances highlighted by milestone achievements**
 - Evotec and Active Biotech extend and expand medicinal chemistry collaboration
 - €4 m milestone payment as part of the collaboration with Boehringer Ingelheim received
 - Good progress in other integrated alliances
- **EVT Innovate: Development partnerships and focused research investments in innovation provide upside potential**
 - DiaPep277 programme delivers final results of first Phase III study
 - EVT 401 partnered in China with Conba especially for inflammation
 - Very good progress achieved in other research initiatives; investments started for new EVT Innovate "CureX" initiatives (e.g. CureNephron)
 - CureBeta, a collaboration between Evotec and Harvard University enters strategic alliance with Janssen Pharmaceuticals (after

period-end)

— **Financial guidance for 2012 confirmed**

- Continued double-digit revenue growth to €88 to 90 m
- Further increase in operating result compared to 2011
- Strong liquidity position above €60 m, despite significant investments in upgrading capabilities and capacity

1. Operational performance

Total Group **revenues** for the first half of 2012 increased by 26% to €42.0 m (2011: €33.4 m) including milestones earned in Evotec's development partnership with Andromeda/Teva (€3.9 m) and in the collaboration with Boehringer Ingelheim (€4.0 m) as well as contributions from the acquisitions of Evotec Munich and Evotec San Francisco totalling €5.5 m (2011: €1.2 m). After a slight loss in the first quarter, both the second quarter and the first half of 2012 were again profitable. The **operating income** for the first half of 2012 amounted to €1.3 m (2011: €0.9 m). Operating income for the second quarter of 2012 increased to €2.6 m (2011: €1.7 m). Overall, the Company is on track to achieve increased full-year profitability over 2011 (before impairment and changes in contingent consideration, if any). **Liquidity** including cash, cash equivalents and investments at the end of June 2012 amounted to €53.4 m. The milestone payment for DiaPep277 from Andromeda/Teva (€3.9 m) and the upfront payment from Janssen Pharmaceuticals (US \$8 m) from the CureBeta alliance were not yet received and are therefore not included in liquidity as of 30 June 2012.

2. Evotec Action Plan 2016 – Innovation Efficiency

Update on discovery alliances, development partnerships and status of pre-clinical programmes

A. EVT Execute: Continued double-digit growth through outsourcing services for Biotech, large and mid-size pharma

The need to improve R&D productivity is increasing pressure on pharmaceutical companies to outsource drug discovery and development. There is a clear trend towards large, multi-year contracts. EVT Execute delivers an increasingly industrialised high-tech infrastructure to Evotec's partners in long-term relationships. The goal is to optimise the capital and innovation efficiency of the resources dedicated to each target that our partners are working on. Partners working with Evotec can access the latest science, and globally the best-in-class technology infrastructures.

Large technology upgrading initiative at all sites

In 2011, Evotec started a large technology upgrading programme at all of its sites, spent €8.1 m during the year and targets to invest more than €10 m in 2012. The goal is to expand into new areas of instrumentation to keep Evotec at the cutting edge of scientific innovation and to upgrade equipment to ensure that Evotec's customers have access to the best-in-class instrumentation. In this context, in 2011/2012, Evotec moved into a state-of-the-art 11,000 m² building in Hamburg, the Manfred Eigen Campus, and invested in the fit-out of this new laboratory building. The Manfred Eigen Campus was officially opened by the Nobel Prize Laureate Prof Manfred Eigen in June 2012.

In May, Evotec also announced the addition of Agilent Technologies' RapidFire Mass Spectrometry analysis capabilities to their facilities in Hamburg - thereby maintaining leadership in Evotec's best-in-class high-throughput screening platform. RapidFire enables ultrafast, direct

analysis of native compounds for a wide variety of biochemical assays including routine ADME and lead discovery applications across a range of therapeutic areas. Evotec is the first provider in Europe to offer these services.

Large counter screening initiative with large US pharma company picking up in volume

In 2011, Evotec started a large counter screening initiative with a large US pharmaceutical company in which Evotec is performing their assay development and screening projects according to the US company's standard operating procedures. The initial phase of this collaboration was running successfully and the project is now picking up in volume. This collaboration required an initial upfront investment to set up the infrastructure necessary to perform this long-term project.

Consequently, Evotec's operational performance for the first half of 2012 reflects those investments, which were started in the second half of 2011, through a temporary effect on gross margin. Although the Company's revenue mix (e.g. lower margin Compound Management revenues) will lead to a lower level of gross margin going forward compared to previous years, the margin clearly improved in Q2 over the low level in Q1 and this is expected to be maintained.

Multi-year agreement with the United States Environmental Protection Agency (EPA) for Compound Management

Evotec's Compound Management continues to grow. In April 2012, the Company entered into a multi-year agreement with the United States EPA. The contract covers a period of five years and has a total value of up to €7.7 m (approximately US \$10 m). Under the agreement Evotec, through its San Francisco operations, will provide chemical procurement, analysis, sample preparation, and management services in support of the EPA's National Computational Centre for Toxicology (NCCT).

Evotec and 4-Antibody form strategic alliance to innovate antibody identification and selection

In May 2012, Evotec and 4-Antibody entered into a strategic collaboration agreement under which Evotec will offer a fully integrated antibody discovery and development service expanding on its leading small molecule drug discovery and development expertise. Evotec's novel and unique high throughput and high content screening approach coupled with 4-Antibody's high throughput antibody selection approach will allow screening of large and diverse antibody populations for desired functionality and activity at a much earlier stage of selection. This unique combined approach is expected to substantially reduce attrition rates at later development stages. Evotec has paid an initial €2.0 m access fee to 4-Antibody, which is fully reimbursed from future returns. Going forward the parties will share profits from joint projects.

B. EVT Integrate: Good progress in on-going discovery alliances highlighted by milestone achievements

Evotec is one of the few drug discovery businesses that can execute a comprehensive outsourcing strategy. EVT Integrate represents the most comprehensive and systematic integrated drug discovery process for drug targets in Evotec's key areas of expertise. In this process, Evotec does not simply lower costs for its customers; most importantly, the Company significantly reduces the time to go no-go decision points for these projects. Evotec continues to expand its core business expertise around metabolic disease, pain, oncology, and CNS drug targets. In these integrated approaches, Evotec shares some discovery risks with its partners in exchange for future returns.

Evotec and Active Biotech extend and expand medicinal chemistry collaboration

In April 2012, Evotec extended and expanded its medicinal chemistry collaboration with Active Biotech to further advance an existing programme, which has entered the lead optimisation phase after successful hit identification activities. The programme aims to find novel small molecule modulators of a priority biological target, selected by Active Biotech, involved in immune disorders and cancer.

€4 m milestone payment as part of the collaboration with Boehringer Ingelheim received

In June, Evotec announced that its research alliance with Boehringer Ingelheim has reached a milestone triggering a payment of €4.0 m to Evotec. The milestone was for the transition of a respiratory programme into pre-clinical development. This is the sixteenth milestone achieved as part of this alliance.

C. EVT Innovate: Development partnerships and focused research investments in innovation provide upside potential

Evotec is committed to delivering solutions for some of the largest and most pressing global medical needs. With EVT Innovate the Company brings forward the most promising scientific ideas to make a difference in key medical areas. In its research initiatives, Evotec is progressing its pre-clinical assets to potential entry points for drug discovery alliances and partners those to pharmaceutical companies for upfront payments, on-going research fees and significant milestones and royalties. Through this strategy Evotec is building a pipeline without bearing the digital risk normally involved in such projects.

To reduce Evotec's risk profile further the Company also continues to seek strategic product development partnerships to fund the further development of its clinical assets. Evotec's current clinical stage portfolio comprises several development partnerships fully funded by its partners.

DiaPep277 programme delivers final results of first Phase III study

DiaPep277, a novel approach in diabetes treatment modulating natural pathways to slow insulin producing beta cell destruction, met its primary and secondary endpoints in a Phase III trial in type 1 diabetes conducted by Andromeda Biotech in collaboration with Teva Pharmaceuticals. Subjects in the treatment arm receiving DiaPep277 subcutaneously, on top of their regular insulin injections, maintained adequate diabetic control, reported reduced insulin requirements and reduced hypoglycemic events. The Phase III data included 457 newly diagnosed individuals followed over two years. The results of this trial were encouraging and Andromeda has a confirmatory Phase III study planned, which is currently in the recruiting phase. Results of this trial are expected in H2 2014. As the number of diabetes type 1 cases is on the rise, particularly in young children, the prevention or even the delay in the progression of this disease would be of high clinical importance, particularly for those age groups.

EVT 401 partnered in China with Conba especially for inflammation

In April 2012, Evotec granted Zhejiang Jinhua Conba Bio-pharm. Co., Ltd. (Conba Pharmaceutical) a development and marketing license for its P2X7 antagonist, EVT 401, in China for human indications with exception of ophthalmological, chronic obstructive pulmonary disease (COPD) and endometriosis pain. Evotec obtained a small upfront payment and is eligible for development and commercial milestone payments in excess of €60 m, and tiered double-digit royalties on net sales.

CureBeta, a collaboration between Evotec and Harvard University enters strategic alliance with Janssen Pharmaceuticals (after period-end)

In July 2012, Evotec announced that it has licensed to Janssen Pharmaceuticals, Inc. a portfolio of small molecules and biologics designed to trigger the regeneration of insulin-producing beta cells.

The small molecules and biologics were identified by scientists in the Harvard University laboratory of Douglas Melton, and further analysed in collaboration with scientists from Evotec, as part of the *CureBeta* research and development programme.

The agreement between Evotec and Janssen triggers an upfront payment of US \$8 m. Upon achievement of certain pre-clinical, clinical, regulatory and commercial goals, Janssen would make future milestone payments, of up to US \$300 m per product. In addition, Janssen will pay royalties on future sales of any products that result from this collaboration. The upfront, milestone and royalty payments will be shared by Evotec and Harvard according to pre-agreed terms. Evotec will receive additional research support for discovery and early development work that will be conducted in collaboration with Janssen. The *CureBeta* initiative was established by Harvard, the Howard Hughes Medical Institute (HHMI), and Evotec in 2011 to leverage the assets and expertise in industry and academia to identify and develop disease-state modifying therapeutic targets and to date has been extremely successful on multiple levels.

Janssen Pharmaceuticals perfectly complements this effort, providing industrial scope and scale as well as pharmaceutical development expertise and marketing capabilities. This new collaboration is a great example of joining forces across traditional academic and industrial boundaries to rapidly advance ground-breaking science into medicines.

Very good progress achieved in other research initiatives; investments started for new EVT Innovate 'CureX' initiatives (e.g. CureNephron)

With *CureBeta* now being fully funded by pharma, Evotec is able to accelerate other projects to further develop and expand the *CureX* portfolio. The Company will invest approximately €10 m per annum in unpartnered innovative research. In January 2012, Evotec announced a second strategic alliance with Harvard University, this time including Brigham and Women's Hospital aimed at discovering and developing new biomarkers and treatments in the field of kidney disease ('*CureNephron*').

3. Guidance 2012

Financial guidance for 2012 confirmed

All financial targets published on 20 March 2012 in Evotec's 2011 Annual Report (page 64) remain unchanged. In 2012, Evotec forecasts double-digit growth of Group revenues to reach €88 to 90 m. This assumption is based on a strong order book, expected new contracts and contract extensions as well as good milestone opportunities. R&D expenses in 2012 are expected to remain broadly in line with 2011 levels at approximately €10 m with the Company continuing to focus on first-in-class innovation. On that basis Evotec's Group operating result before impairment and changes in contingent consideration, if any, for the year 2012 is expected to further improve over 2011. However, operating result varies significantly between quarters as a result of the specific timing of performance-based milestones and partnering events having a major impact on specific quarterly reporting periods. Top-line growth is expected to generate a positive operating cash flow. However, more than €10 m are planned to be invested in the long-term upgrading of Evotec's capacities. As a significant proportion of the cash generated from operations is thus reinvested, the Company expects to maintain its liquidity above €60 m at the end of 2012, at constant year-end 2011 currencies, excluding

any potential cash outflow for M&A transactions and related payments.

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: Wednesday, 8 August 2012

Time:

09.30 a.m. CEST

08.30 a.m. BST

03.30 a.m. US time (East Coast)

+49-(0)-6958-999-0806 (Germany)

+44-207-153-2027 (UK)

+1-480-629-9673 (US)

Access Code: 4556854

A simultaneous slide presentation for participants dialing in *via* phone is available at www.equitystory.com; password: evotec0812.

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 dialing +49 69 58 99 90 567 (Germany) or +44 20 7959 6720 (UK) and in the US by dialing +1 303 590 3030. The access code is 4556854#. The on-demand version of the webcast will be available on our website:

<http://www.evotec.com/Investors/Financial-Reports-2010-2012>

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 Boehringer Ingelheim, CHDI, Genentech, Janssen Pharmaceuticals Inc., 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, 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 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.*