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EVOTEC AG FISCAL YEAR 2018 RESULTS: ACCELERATED GROWTH AND STRONG LONG-TERM OUTLOOK

- *EXCELLENCE IN SCIENCE, PARTNERED DRUG DISCOVERY & DEVELOPMENT, ACQUISITIONS, AND UNIQUE PLATFORM TECHNOLOGIES LEAD TO STRONG GROWTH MOMENTUM*
- *STRONG FINANCIAL RESULTS: 42% INCREASE IN GROUP REVENUES, ADJUSTED GROUP EBITDA UP 67%*
- *EXPANSION AND VERY GOOD PROGRESS IN CO-OWNED PORTFOLIO OF >100 ASSETS*
- *STRONG START AND OUTLOOK FOR FISCAL YEAR 2019*

Hamburg, Germany, 28 March 2019:

Evotec AG (Frankfurt Stock Exchange: EVT, MDAX/TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the fiscal year ended 31 December 2018.

STRONG FINANCIAL PERFORMANCE

- Group revenues up 42% to € 375.4 m (2017: € 263.8 m); € 364.0 m Revenues from customer contracts, excluding revenues from recharges according to IFRS 15
- Adjusted Group EBITDA up 67% to € 95.5 m (2017: € 57.2 m); € 92.0 m excluding one-off effects from tax credits and receivables
- Total R&D expenses of € 35.6 m (2017: € 17.6 m) including € 12.7 m of infectious diseases-related expenses fully reimbursed by Sanofi ("partnered R&D")
- Strong strategic liquidity position of € 149.4 m

OPERATIONAL AND SCIENTIFIC EXCELLENCE – "EXCELLENCE SQUARED"

- Multiple new and extended drug discovery and development alliances
- INDiGO roll-out and integration of high-end CMC offering
- Leading application of Artificial Intelligence ("AI") in drug discovery projects
- Continued strong performance of high-throughput ADME-tox testing (Cyprotex)
- Significant progress in partnered co-owned pipeline; Clinical Phase I & Phase II starts
- Multiple important milestone achievements, also in iPSC-based alliances
- Continued expansion of iPSC leadership and focus on patient-centric approaches
- Initiation of world-leading protein degradation platform
- Global roll-out and expansion of Academic BRIDGE model

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CORPORATE

- Creating important footprint in infectious disease through acquisition of Evotec ID (Lyon)
- Conversion into European Company (SE) expected to become effective by end of March 2019

FINANCIAL GUIDANCE 2019 – CONTINUED STRONG LONG-TERM GROWTH

- Group revenues expected to increase by approx. 10% (2018: € 364.0 m excluding revenues from recharges according to IFRS 15)
- Adjusted Group EBITDA expected to improve by approx. 10% (2018: € 92.0 m excluding one-off effects from tax credits and receivables)
- Unpartnered research and development expenses expected to be approximately € 30-40 m (2018: € 22.9 m)

1. STRONG FINANCIAL PERFORMANCE

Key figures of consolidated income statement & segment information

Evotec AG & subsidiaries

In T€	***EVT Execute***	***EVT Innovate***	***Evotec Group 2018***	***Evotec Group 2017****
External revenues**	295,087	68,893	375,405	263,756
Intersegment revenues	52,090	–	–	–
Gross margin in %	*25.0*	*44.3*	*29.8*	*31.0*
R&D expenses	(862)	(40,148)	(35,619)	(17,614)
SG&A expenses	(47,578)	(9,434)	(57,012)	(42,383)
Impairment result (net)	–	(4,364)	(4,364)	(1,180)
Income from bargain purchase***	–	–	15,400	–
Other operating income (expenses), net	18,772	28,270	47,042	16,104
Operating result	**57,219**	**4,844**	**77,463**	**36,727**
Adjusted EBITDA**	***87,186***	***8,271***	***95,457***	***57,222***

** 2017 restated for IFRS 15*
*** Revenues in the segments consist of revenues from contracts with customers without € 11.4 m revenues from recharges as those are not of importance for the management to assess the economic situation of the segments. Thus segment reporting is not considering Revenues from Recharges for IFRS 15.*
**** In context of the Evotec ID (Lyon) transaction. No impact on adjusted Group EBITDA*
***** Before contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result*

In 2018, Evotec's Group revenues increased by 42% to € 375.4 m (2017: € 263.8 m). This increase was driven primarily by the strong performance in the base business, increased milestone payments and a positive first full-year contribution from the acquired business of Aptuit (€ 117.7 m) while contributing only € 46.0 m in 2017 (mid-August to December 2017). Revenues from milestones, upfronts and licences amounted to € 29.5 m, an increase of 6% in comparison to the previous year (€ 27.8 m). Milestones in 2018 resulted mainly from the collaborations with Bayer in endometriosis/chronic cough and kidney diseases, and from Evotec's iPSC-based collaborations with Celgene in neurodegeneration as well as Sanofi in diabetes.

In 2018, Evotec focused its R&D expenses of € 35.6 m primarily on its iPSC research, projects in metabolic diseases, oncology and R&D platforms (2017: € 17.6 m). Furthermore, Evotec increased its R&D expenses significantly in infectious disease (ID)-related research following the acquisition of Evotec ID (Lyon) from Sanofi. These additional ID-related R&D expenses (€ 12.7 m) are fully reimbursed by Sanofi in context of the five-year agreement and are recognised under other operating income. Thus, they are not detrimental to the operating result and the adjusted EBITDA.

In 2018, the Group's selling, general and administrative ("SG&A") expenses increased as expected by 35% to € 57.0 m (2017: € 42.4 m). This increase resulted primarily from first full-year SG&A expenses of Aptuit, additional Evotec ID (Lyon) costs as well as M&A-related and increased business development and administrative expenses in response to overall Company growth. However, this increase remained sub-proportional to revenue and adjusted EBITDA growth rates.

Evotec recorded a significant step-up in the adjusted Group EBITDA for 2018 to € 95.5 m (2017: € 57.2 m), yielding an adjusted EBITDA margin of 25.4% (2017: 21.7%). This adjusted EBITDA contains positive one-off effects from receivables and tax credits relating to prior periods in the amount of € 3.5 m. Without this effect, the adjusted EBITDA would amount to € 92.0 m.

Evotec's operating result amounted to € 77.5 m in 2018 (2017: operating result of € 36.7 m) being positively impacted by the income from bargain purchase and higher R&D tax credits as well as positive one-off effects from receivables and tax credits. In 2018, an income from bargain purchase of € 15.4 m was recorded for the acquisition of Evotec ID (Lyon) as the purchase price was below the net assets acquired. The Company's net result in 2018 amounted to € 84.1 m (2017: net result of € 23.2 m), being impacted by most recent acquisitions and the strong performance of the base business.

Evotec ended 2018 with a liquidity of € 149.4 m (2017: € 91.2 m), which was composed of cash and cash equivalents (€ 109.0 m) and investments (€ 40.4 m). The strong increase in liquidity in 2018 resulted mainly from the prepayments received from Celgene and the upfront received from Sanofi for Evotec ID (Lyon) (€ 61 m), off-set by net loan repayments (€ 78.2 m).

2. OPERATIONAL AND SCIENTIFIC EXCELLENCE – "EXCELLENCE SQUARED" IN EVT EXECUTE & EVT INNOVATE

The EVT Execute segment demonstrated strong progress in 2018 with new and extended alliances (e.g. CHDI, C4X, Dermira, Ferring, Forge, LEO Pharma, Novo Nordisk). In 2018, Evotec was involved in more than 700 customer alliances and recorded a repeat business of 92%. Following the launch of its INDiGO services in early 2018, Evotec was able to sign multiple new INDiGO agreements with e.g. Ankar, Astex, Carna Biosciences, Inflazome, and Yumanity. The high-throughput ADME-tox testing business of Cyprotex continued its excellent performance.

In EVT Innovate, 2018 was characterised by important progress in its strategic partnerships (iPSC neurodegeneration alliance with Celgene; iPSC diabetes alliance with Sanofi; kidney disease alliance with Bayer) as well as the signing of new partnerships, e.g. two new partnerships with Celgene in oncology as well as a new partnership with Almirall in dermatological diseases. Furthermore, the Company is blending artificial intelligence ("AI") and machine-learning tools into many of its biology- and chemistry-driven platforms to further accelerate and increase effectiveness in the process and continues to place great emphasis on patient-centric approaches to drug discovery. The partnered clinical projects are progressing to plan.

In 2018, Evotec's academic BRIDGE model continued to attract significant interest from academia and industry partners.

3. CORPORATE

ACQUISITION OF EVOTEC ID (LYON)

Effective 01 July 2018, Evotec acquired 100% of the shares of Evotec ID (Lyon), the former Sanofi infectious disease unit in Lyon. The collaboration resulted in an upfront payment of € 61 m (€ 43 m in cash plus € 18 m cash of the acquired company) to Evotec. Evotec is eligible for significant further long-term funding from Sanofi in order to ensure the support and progression of a world-leading portfolio in this field.

4. FINANCIAL GUIDANCE 2019 – CONTINUED STRONG LONG-TERM GROWTH

Revenues, research and development expenses and adjusted EBITDA remain the financial key performance indicators of the Evotec Group.

For the financial year 2019, the Management Board expects Evotec to show Group revenue growth from contracts with customers without revenues from recharges of approx. 10%. This revenue growth is based on visibility of the current order book, expected new contracts, contract extensions and milestone opportunities. Projections are based on constant 2018 exchange rates.

Evotec's adjusted Group EBITDA from 2018 includes one-off effects associated to the business years 2016 and 2017 in the amount of € 3.5 m. Without these one-off effects, the adjusted Group EBITDA in 2018 would amount to € 92.0 m. Against this number, Evotec's adjusted Group EBITDA is expected to improve by approx. 10% in 2019 compared to 2018.

Evotec will continue to significantly invest in its own "unpartnered" research and development (R&D) efforts to create a long-term pipeline of first-in class assets and platforms. In addition, the Company will also continue to invest in its infectious disease-related efforts. ID-related R&D expenses of approx. € 35 m will be completely cost-covered by its partner Sanofi ("partnered R&D"). For better comparison against previous years, Evotec will focus its guidance and reporting during the course of 2019 on the "unpartnered R&D" part, estimated at approx. € 30-40 m.

	Guidance *2019*	***Actual 2018***
Group revenues from contracts with customers without revenues from recharges	Approx. 10% growth	€ 364.0 m[1)]
Unpartnered R&D expenses	Approx. € 30-40 m	€ 22.9 m
Adjusted Group EBITDA[2)]	Improve by approx. 10% compared to 2018	€ 92.0 m[3)]

[1)] 2018 total revenues excluding revenues from recharges according to IFRS 15
[2)] EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. Adjusted EBITDA excludes contingent considerations, income from bargain purchase and impairments on goodwill, other intangible and tangible assets as well as the total non-operating result
[3)] 2018 total adjusted Group EBITDA excluding € 3.5 m one-off effects in 2018

Webcast/Conference Call

The Company is going to hold a conference call to discuss the results as well as to provide an update on its performance. Furthermore, the Management Board will present an outlook for fiscal year 2019. The conference call will be held in English.

Conference call details

Date: **Thursday, 28 March 2019**

Time: **02.00 pm CET (09.00 am EDT, 01.00 pm GMT)**

From Germany:	+49 69 201 744 220
From France:	+33 170 709 502
From Italy:	+39 02 3600 6663
From the UK:	+44 20 3009 2470
From the USA:	+1 877 423 0830
Access Code:	75185877#

A simultaneous slide presentation for participants dialling in *via phone* is available at https://webcasts.eqs.com/evotec20190328/no-audio.

Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our home page www.evotec.com shortly before the event.

A replay of the conference call will be available for 24 hours and can be accessed in Europe by dialling +49 69 20 17 44 222 (Germany) or +44 20 3364 5150 (UK) and in the USA by dialling +1 844 307 9362. The access code is 315534320#. The on-demand version of the webcast will be available on our website: https://www.evotec.com/financial-reports.

NOTE
The 2017 and 2018 results are not fully comparable. The difference stems from the acquisitions of Aptuit (effective 11 August 2017) and Evotec ID (Lyon) SAS (effective 01 July 2018). The results from Aptuit are only included from 11 August 2017 onwards while the results from Evotec ID (Lyon) SAS are only included from 01 July 2018 onwards. From 01 January 2018 onwards, Evotec applies IFRS 15 and IFRS 9. The comparison period 2017 is adjusted for the first time application of IFRS 15, however, not for IFRS 9.

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 and our more than 2,600 employees provide the highest quality stand-alone and integrated drug discovery and development solutions. We cover all activities from target-to-clinic to meet the industry's need for innovation and efficiency in drug discovery and development (EVT Execute). The Company has established a unique position by assembling top-class scientific experts and integrating state-of-the-art technologies as well as substantial experience and expertise in key therapeutic areas including neuronal diseases, diabetes and complications of diabetes, pain and inflammation, oncology, infectious diseases, respiratory diseases and fibrosis. On this basis, Evotec has built a broad and deep pipeline of approx. 100 co-owned product opportunities at clinical, pre-clinical and discovery stages (EVT Innovate). Evotec has established multiple long-term alliances with partners including Bayer, Boehringer Ingelheim, Celgene, CHDI, Novartis, Novo Nordisk, Pfizer, Sanofi, Takeda, UCB and others. For additional information please go to www.evotec.com and follow us on Twitter @EvotecAG.

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

statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.