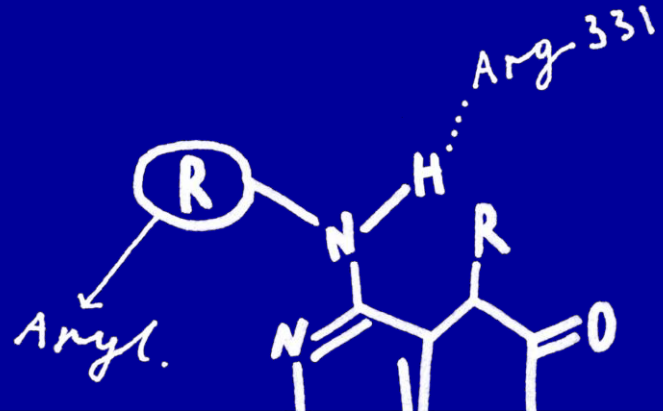


# Evotec – Leading external innovation



## Forward-looking statement

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Information set forth in this presentation 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 presentation. 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.

# Agenda

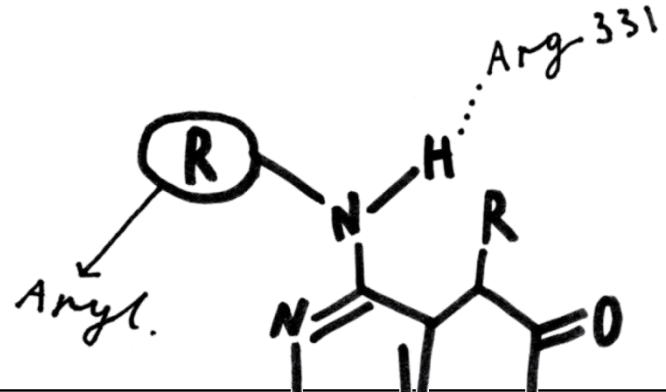
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## Overview

EVT Execute

EVT Innovate

Financials & Outlook



# Leading external innovation to accelerate new drugs

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## Evotec at a glance

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- Evotec delivers a **fast growing and profitable** drug discovery and development business to Pharma, biotech and foundations
- Evotec and its partners are progressing a pipeline of **approx. 100 co-owned first-in-class projects** in major indications
- With **>2,100 scientists**, Evotec is building a leading portfolio of drug discovery platforms and drug discovery projects

# The macro trend in R&D productivity is just starting

Market dynamics in external innovation

## Key growth drivers

### Capital efficiency

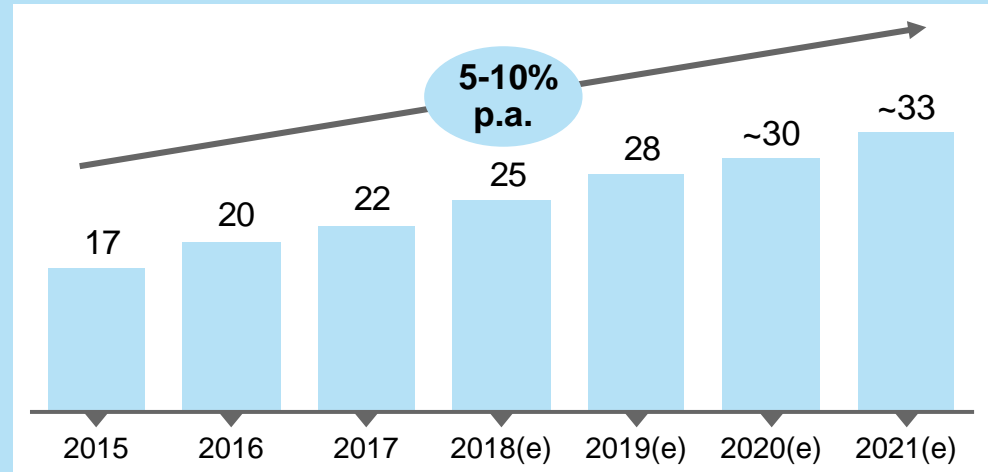
Switch from fixed costs to variable business models

### Capital elasticity

Ability to adjust investments proportional to portfolio needs & data points

## Macro trend in R&D outsourcing

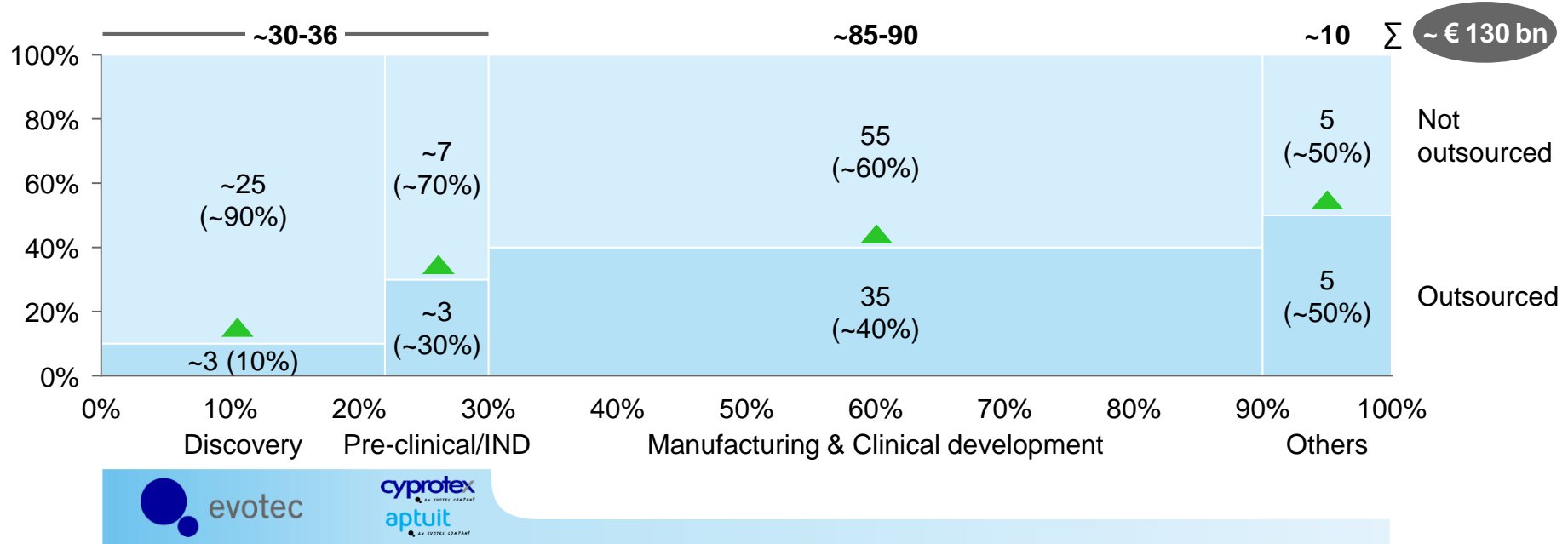
Market overview – Revenues, in € bn



# R&D holds great potential for further outsourcing

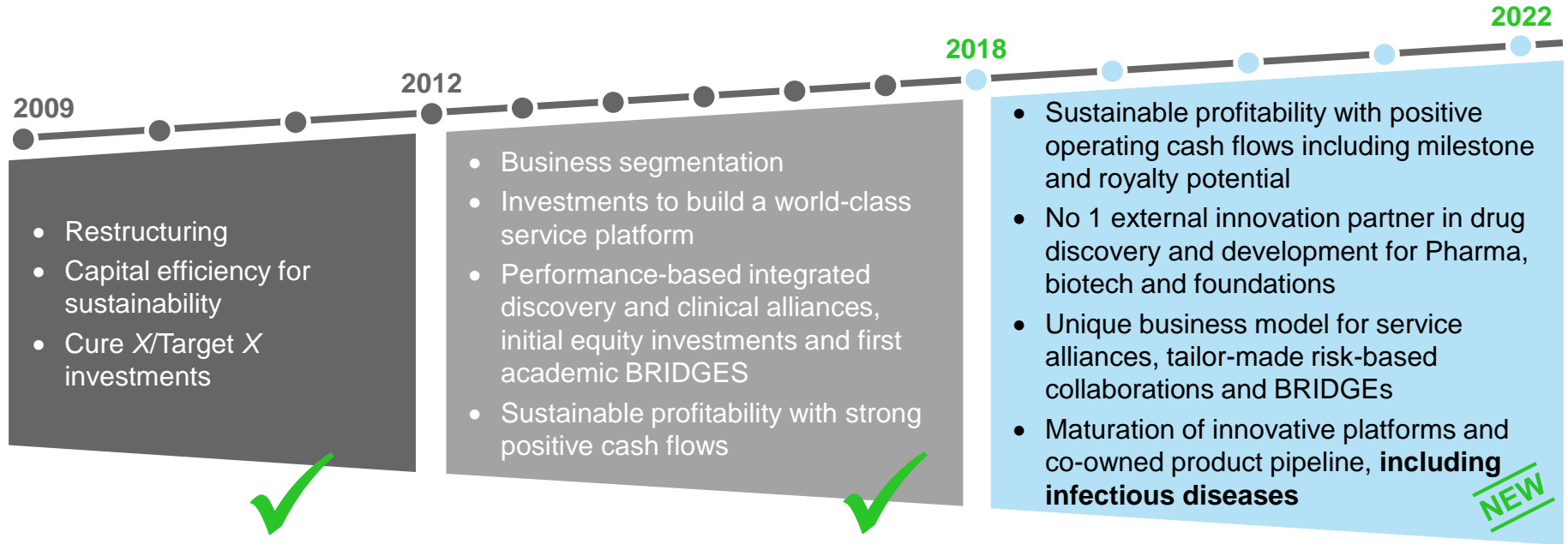
## R&D outsourcing market by stage

in € bn



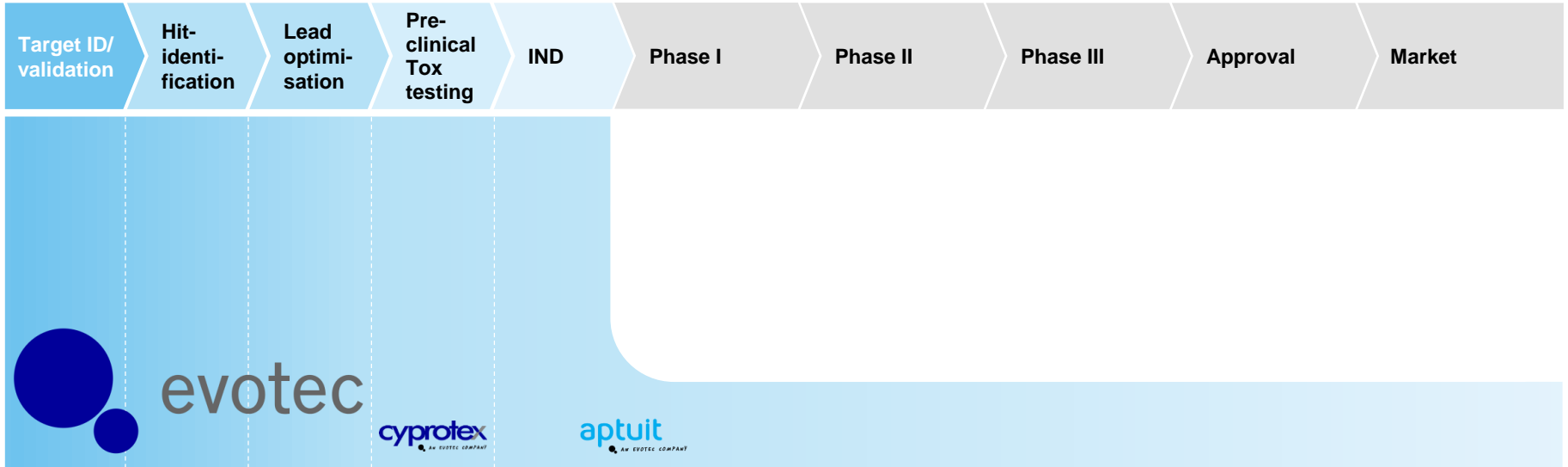
# Consequent and fast forward – AP 2022

“Action Plan 2022 – Leading External Innovation” – The strategic goals



# “One stop partner” for external innovation

Evotec’s integrated offering and core competences along the value chain



Evotec offers end-to-end platform solutions including **INDiGO** and high-end CMC manufacturing



# Unique business model for high value generation

Linking strategic goals with operational imperatives

## Value generation from three initiatives



**ACTION PLAN 2022**

### **EVT Execute**

- Expand critical mass, world-leading platforms, and maintain delivery culture
- Continued focus on operational excellence, innovation efficiency, long-term alliances
- Build most efficient translation into the clinic in the industry with INDiGO

### **EVT Innovate**

- Expand co-owned pipeline larger than to > 100 assets
- Bring first co-owned assets close to market launch and first royalty incomes
- Increase predictiveness in discovery through disruptive technologies (e.g. Artificial Intelligence in drug discovery, iPSC,...)

### **Corporate acceleration**

- Build portfolio of holdings with ~ 5-year value generation timeframe
- Expand BRIDGEs in USA and EU
- Successful integration of strategic measures and expand leadership positions through additional acquisitions or strategic alliances

# Unique disease expertise coming together

Global footprint – Evotec's centres of excellence

**Hamburg (HQ),  
Göttingen,  
Munich (Germany)**

~520 employees

- Hit identification
- *In vitro* & *in vivo* biology
- Chemical proteomics and Biomarker discovery and validation
- Cell & protein production
- Antibody discovery



**Abingdon,  
Alderley Park  
(UK)**

~650 employees

- Medicinal chemistry
- ADME-Tox, DMPK
- Structural biology
- *In vitro* & *in vivo* anti-infective platform/screening
- Process development
- CMC and Commercial manufacture
- Pre-formulation



**Toulouse + Lyon  
(France)**

~370 + ~100 employees

- Compound management
- Hit identification
- *In vitro* & *in vivo* oncology
- Medicinal chemistry
- ADME & PK
- Cell, protein & antibody production
- **Anti-infective platform**



**Verona (Italy),  
Basel (CH)**

~610 employees

- Hit identification
- *In vitro* & *in vivo* biology
- Medicinal Chemistry
- ADME-Tox, DMPK
- Biomarker discovery and validation
- INDiGO
- CMC
- *In vitro* & *in vivo* anti-infective platform



**Princeton,  
Watertown,  
Branford (USA)**

~110 employees

- Compound ID, selection and acquisition
- Compound QC, storage and distribution
- Cell & protein production
- ADME-Tox, DMPK



# ONE stop-shop for external innovation

The business model – EVT Execute & EVT Innovate



# Agenda

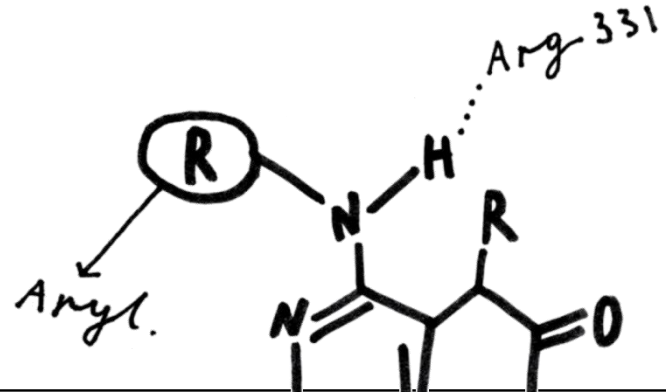
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Overview

**EVT Execute**

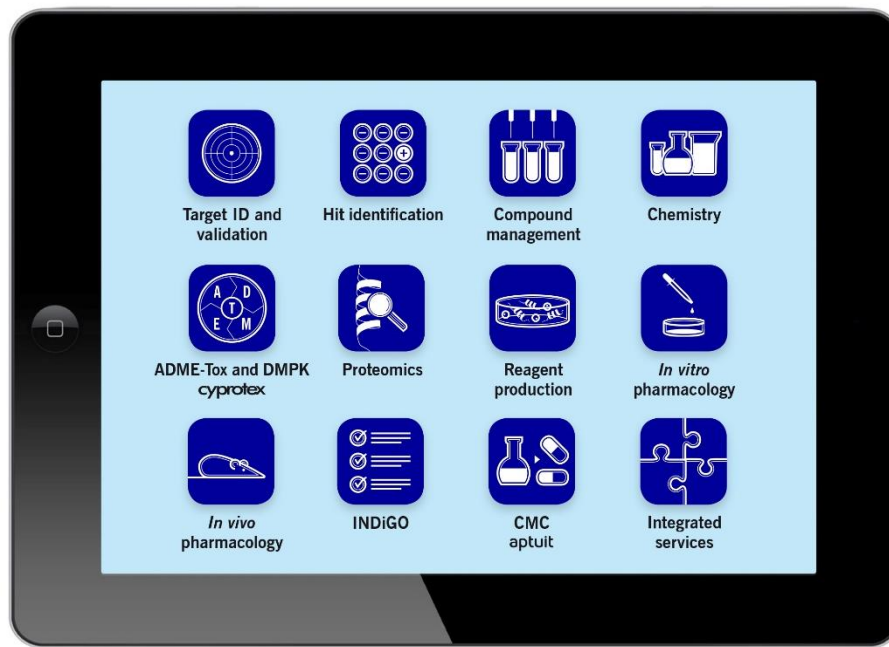
EVT Innovate

Financials & Outlook



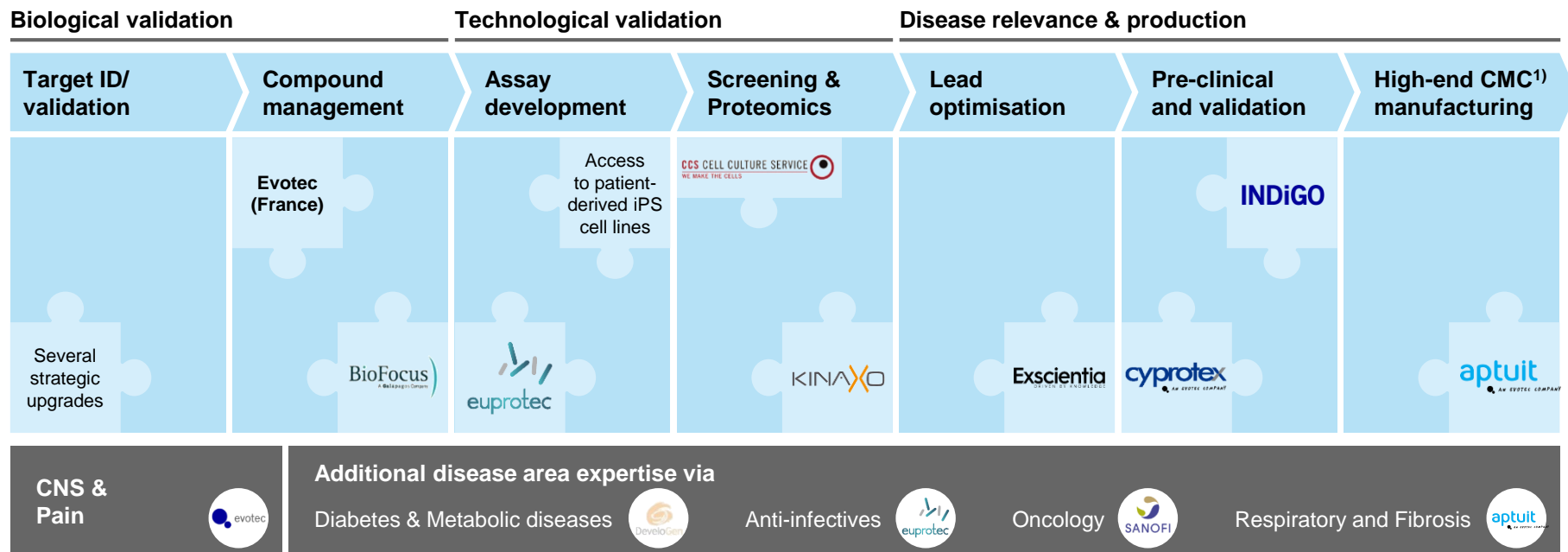
# No 1 in quality and R&D efficiency

EVT Execute – Comprehensive integrated service offering



# Integrated and systematic working on all modalities

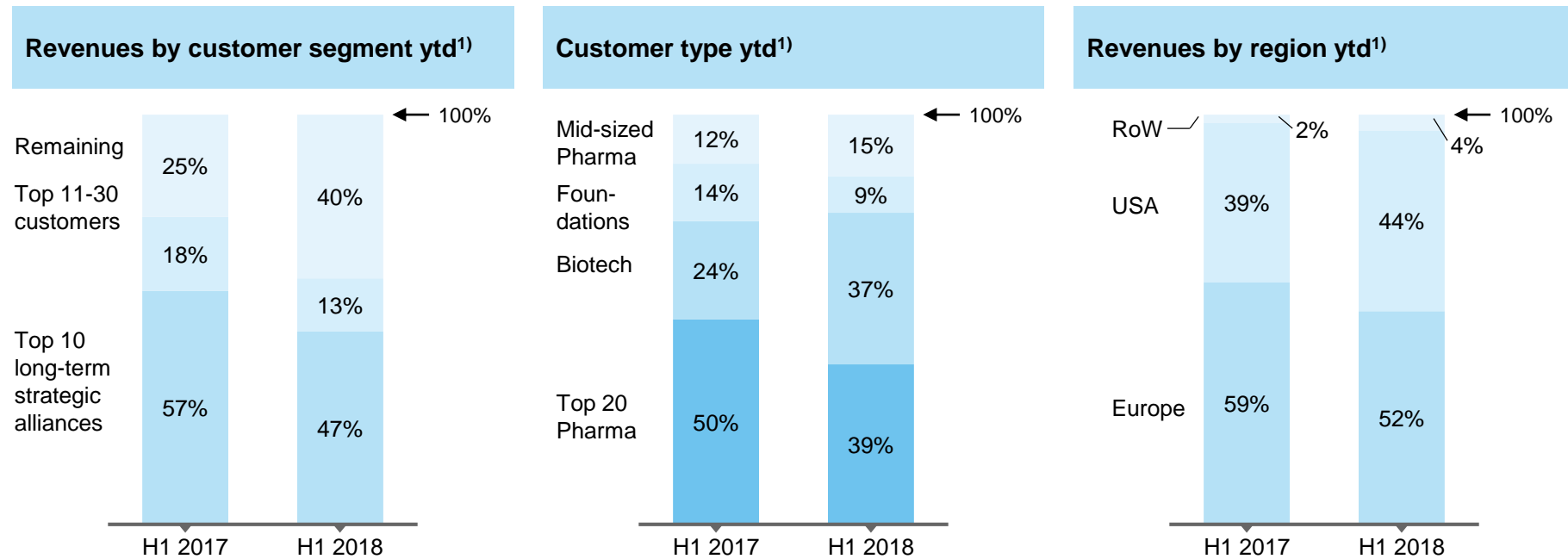
M&A/Capabilities upgrade along the value chain since 2010



# Balanced customer mix

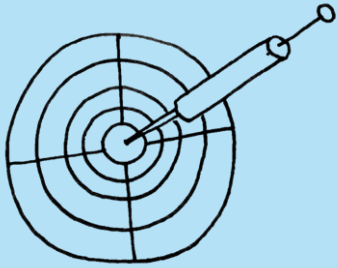
EVT Execute – Selected KPIs H1 2018

in %



# Clear targets, strong outlook for 2018

EVT Execute – Expected key milestones 2018



- New long-term alliances integrating the offering of Aptuit, strategic launch of INDiGO ✓

- New performance-based integrated technology/disease alliances

- Expansion of foundations and biotech network in USA/Europe ✓

- Milestones from existing alliances ✓



# Agenda

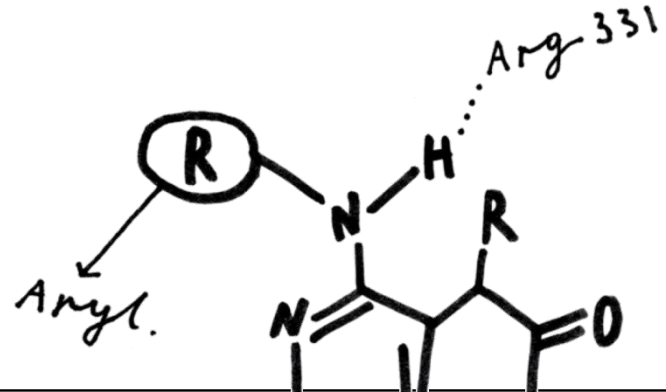
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Overview

EVT Execute

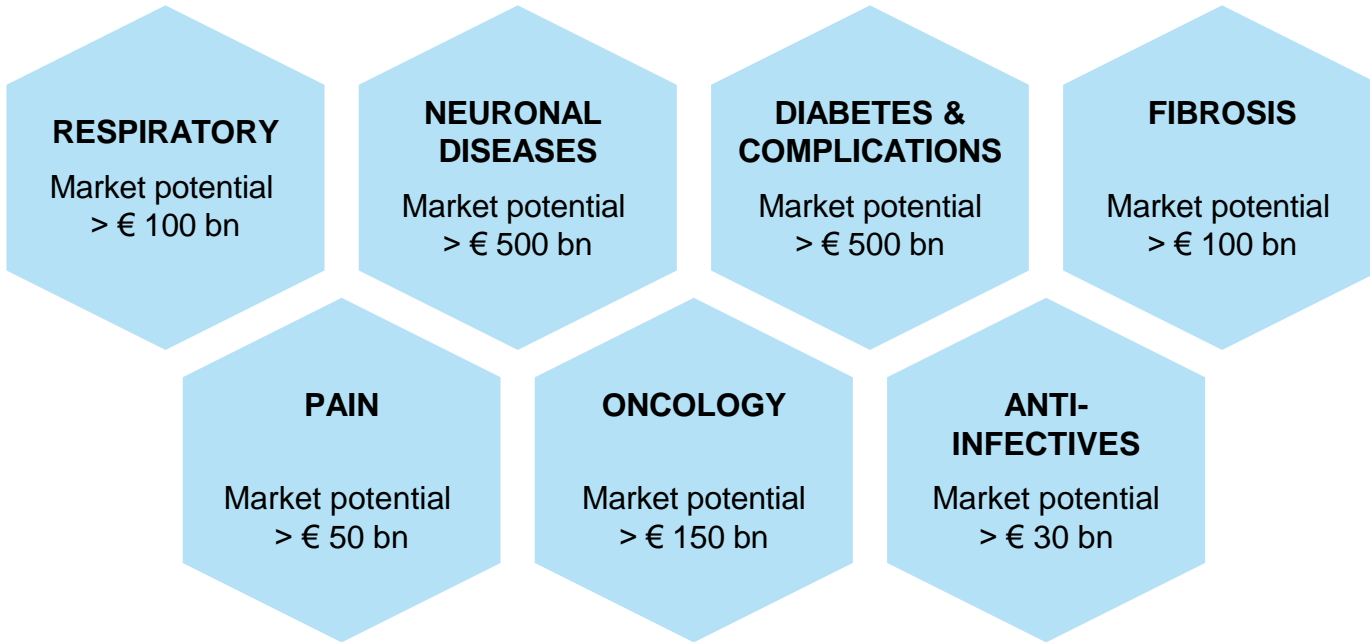
**EVT Innovate**

Financials & Outlook



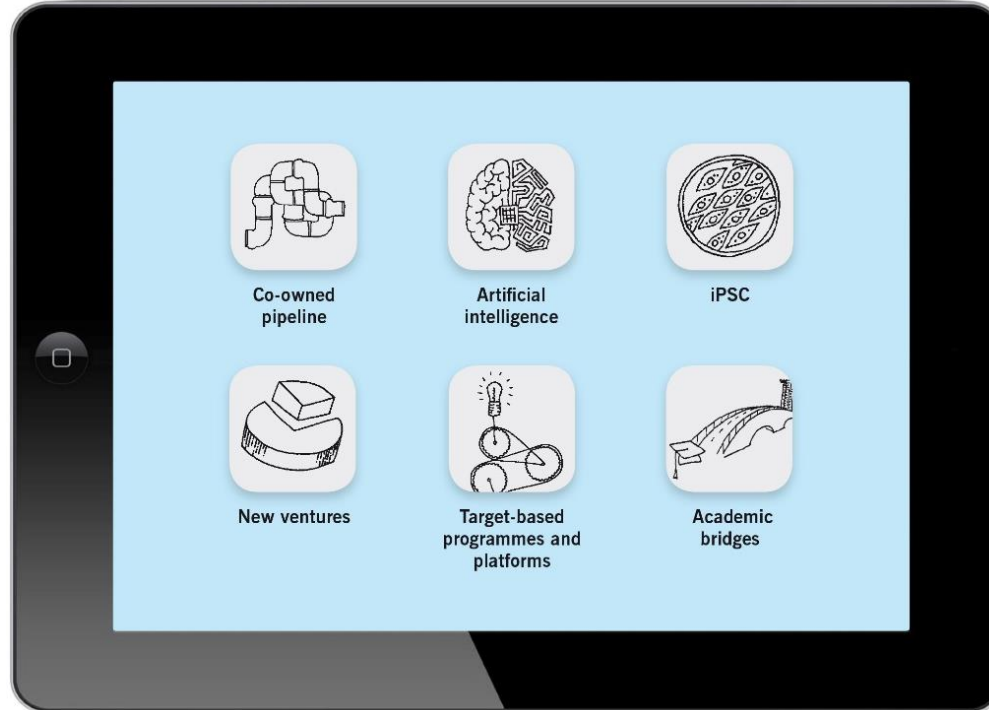
# Addressing major market needs

EVT Innovate – Fields of core expertise






# Building co-owned pipeline with superior platforms and first-in-class targets

EVT Innovate – Initiatives



# Approx. 100 co-owned projects across broad range of therapeutic areas

## Co-owned portfolio

Value chain	Co-owned Discovery > 60 projects	Co-owned Pre-clinical > 25 projects	Co-owned Clinical > 10 projects
Ø Commercials	<ul style="list-style-type: none"> <li>Ø € 1-10 m upfront and substantial research payments</li> </ul>	<ul style="list-style-type: none"> <li>Ø € 150 m milestones per project</li> </ul>	<ul style="list-style-type: none"> <li>Ø 8% royalties</li> </ul>
Partners			

# Fully invested co-owned pipeline with approx. 100 programmes

## Partnership portfolio

	Molecule	Therapeutic Area / Indication	Partner	Discovery	Pre-clinical	Phase I	Phase II
Clinical	EVT201	CNS – Insomnia	京都薬業				
	BAY-1817080	Chronic cough					
	EVT401	Immunology & Inflammation	Novartis				Phase II start
	ND <sup>1)</sup>	Oncology	Novartis				
	ND <sup>1)</sup>	Oncology	Novartis				
	Various	Women's health – Endometriosis					
	Various	Women's health – Endometriosis					Phase I start
	Various	Women's health – Endometriosis					
	ND <sup>1)</sup>	Immunology & Inflammation	Novartis				
	Various	Oncology	Novartis				
	ND <sup>1)</sup>	Respiratory	Novartis				
Pre-clinical	ND <sup>1)</sup>	CNS – Pain	Novartis				
	ND <sup>1)</sup>	Immunology & Inflammation	Novartis				
	ND <sup>1)</sup>	Oncology	Novartis				
	ND <sup>1)</sup>	Respiratory	Novartis				
	Various	Women's health – Endometriosis					
	EVT801	Oncology	Novartis				
	EVT701	Oncology	Novartis				
	EVT601	Oncology	Novartis				
	Various ND <sup>1)</sup>	Oncology – Immunotherapy	Novartis				
	Various	Anti-infectives	Novartis				
Discovery	Various	CNS, Metabolic, Pain & Inflammation	Novartis				NEW – From ID collaboration
	Various ND <sup>1)</sup>	Nephrology	Novartis				
	Various ND <sup>1)</sup>	Immunology & Inflammation	Novartis				
	Various ND <sup>1)</sup>	Metabolic – Diabetes (type 2/1)	Novartis				
	Various ND <sup>1)</sup>	Metabolic – Diabetes (type 2/1)	Novartis				
	Various ND <sup>1)</sup>	Nephrology	Novartis				
	Various ND <sup>1)</sup>	Metabolic – Diabetes	Novartis				NEW milestone achievement
	Various	Oncology	Novartis				NEW partnership
	Various	Immunology & Inflammation – Tissue fibrosis	Novartis				
	Various	Neurodegeneration	Novartis				
	LpxC inhibitor	Anti-bacterial	Novartis				NEW milestone achievement
	Various	All indications	Novartis				
	ND <sup>1)</sup>	Dermatological diseases	Novartis				NEW partnership
	INDY inhibitor	Metabolic	Novartis				
	Various	Fibrotic disease	Novartis				
	Various	Antiviral	Novartis				
	Various	Anti-infectives	Novartis				NEW – From ID collaboration
	Various	Internal: Oncology, CNS, Metabolic, Pain & Inflammation	Novartis				

# Strong progress in first-in-class alliances

## Progress overview (Examples)

### Chronic kidney disease (“CKD”)

Highly innovative therapeutics in diabetic complications (e.g. CKD)



#### **Commercials<sup>1)</sup>**

Undisclosed upfront payment, potential milestones  
> € 300 m, double-digit royalties

### Fibrosis

Novel mechanisms  
in multi-organ fibrosis



#### **Commercials<sup>1)</sup>**

Undisclosed upfront payment, potential milestones  
> € 100 m

### Immuno-oncology

Small molecule-based cancer immunotherapies to complement checkpoint inhibitors (together with APEIRON Biologics)



#### **Commercials<sup>1)</sup>**

Substantial research payments, potential milestones  
> € 200 m, double-digit royalties

### Endometriosis/Pain

Non-hormonal treatments  
in endometriosis



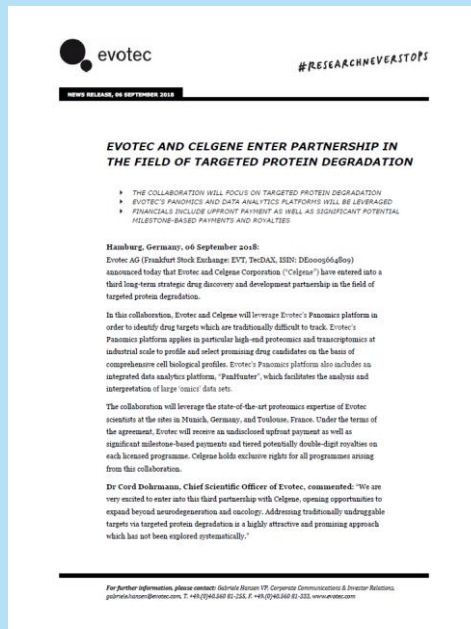
#### **Commercials<sup>2)</sup>**

€ 12 m upfront, potential milestones > € 500 m,  
double-digit royalties

# Partnership in targeted protein degradation

## Celgene & Evotec – Protein degradation

- Attractive and promising approach addressing “undruggable” targets via **targeted protein degradation**
- Leveraging Evotec’s proprietary Panomics platform, including data analytics platform ‘PanHunter’
- Activities mainly executed at Munich (Germany) and Toulouse (France) sites
- Commercial: Undisclosed upfront payment, significant milestone payments as well as tiered potentially double-digit royalties on each licensed programme to Evotec; Celgene holds exclusive opt-in rights

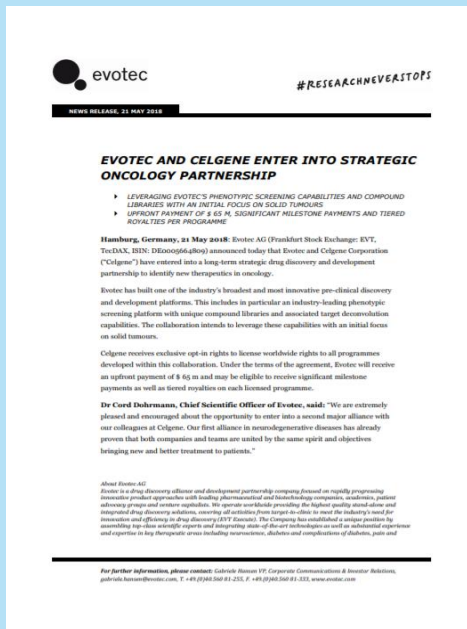


# Long-term strategic solid tumour partnership

Celgene & Evotec – Expansion of relationship into oncology

## Strategic oncology partnership with Celgene

- Long-term strategic drug discovery and development partnership to identify new therapeutics in oncology
- Initial focus on solid tumours, leveraging an industry-leading phenotypic screening platform with unique compound libraries and associated target deconvolution capabilities
- Activities to be mainly executed at Munich/Göttingen (Germany) and Toulouse (France) sites
- Commercial: \$ 65 m upfront payment from Celgene to Evotec, Evotec eligible to receive significant milestone payments as well as tiered royalties on each licensed programme
- Celgene holds exclusive opt-in rights to license worldwide rights to all programmes developed within this collaboration





# Ground-breaking initiative to combat ID

Sanofi & Evotec – Definitive agreement closed effective 01 July 2018

## Pipeline & Innovation

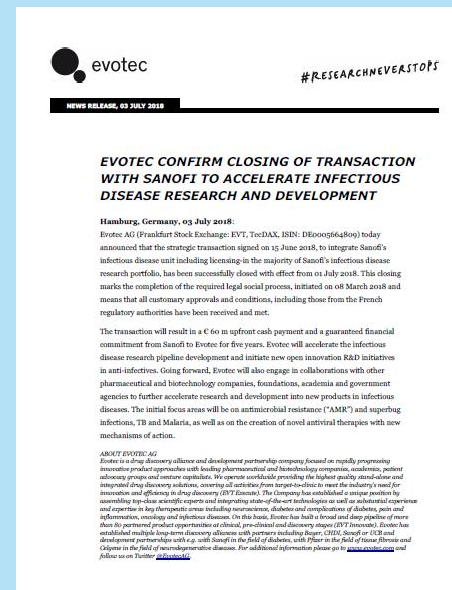
- Addition of > 100 scientists with significant expertise and capabilities in infectious diseases in Lyon
- Addition of a pipeline of > 10 research and early-stage development projects
- Open innovation R&D platform in infectious diseases

## Next steps

- Focus on pipeline acceleration
- Signing of future alliances with business partners

## Financials

- Initial, one-time upfront cash payment of € 60 m and significant further future funding from Sanofi
- Increased capacity for EVT Innovate in Lyon with minimal Capex investment and dilution to shareholders

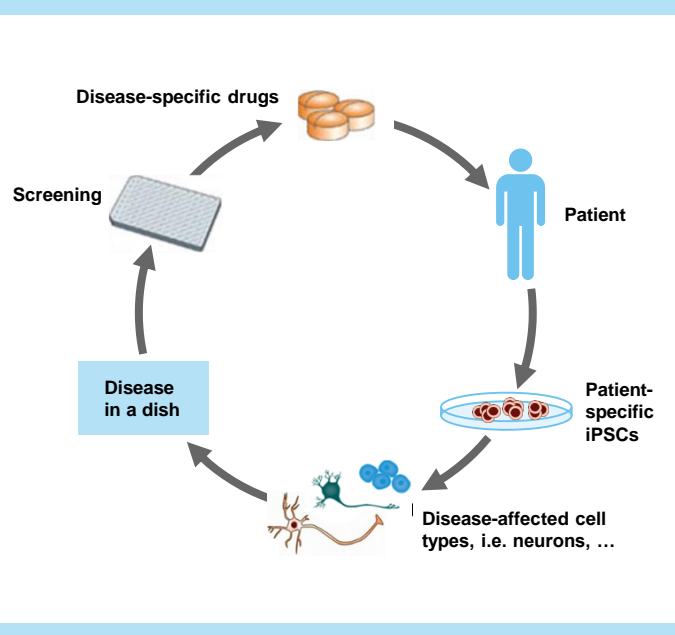


# Global leadership in iPSC

Strong focus on iPSC<sup>1)</sup> platform

*“IPS cells can become a powerful tool to develop new drugs to cure intractable diseases because they can be made from patients’ somatic cells.”*

**Shinya Yamanaka**



# Paradigm shifts in neurodegeneration and diabetes

iPSC – Alliances; Progress overview



## iPSC alliance in neurodegeneration

Development of novel therapies for a broad range of neurodegenerative diseases

### Focus on

- ALS Amyotrophic lateral sclerosis
- AD Alzheimer's disease
- HD Huntington's disease
- PD Parkinson's disease ...

NEW MILESTONE  
ACHIEVEMENT

### Commercials

Upfront \$ 45 m, potential milestones  
> \$ 250 m per project, low double-digit royalties



## iPSC alliance in diabetes

Development of beta cell replacement therapy and drug discovery based on functional human beta cells

### Focus on

- Beta cell replacement therapy
- Drug discovery – Small molecules

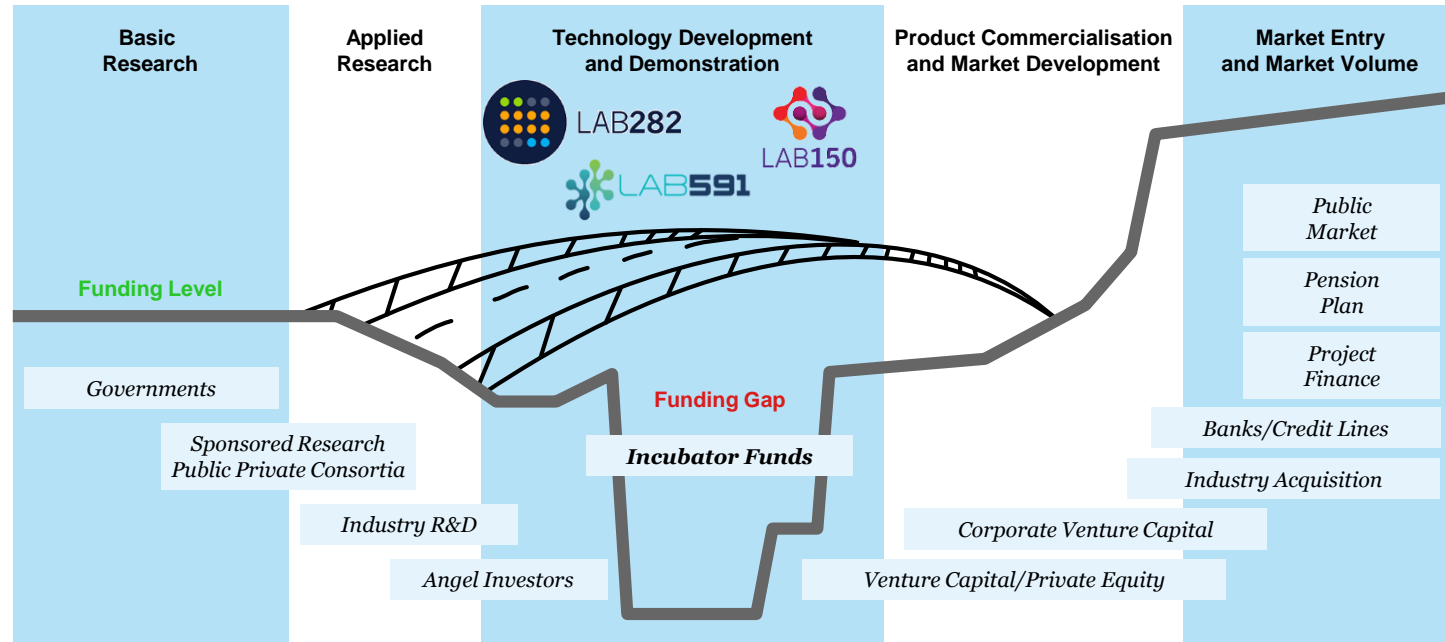
NEW MILESTONE  
ACHIEVEMENT

### Commercials

Upfront € 3 m, research payments, potential milestones  
> € 300 m, double-digit royalties

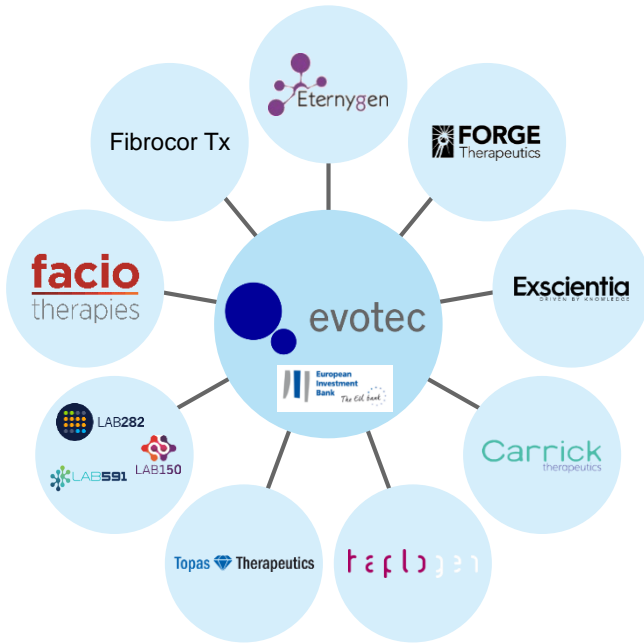
# Building BRIDGES over the “Valley of death”

## The funding gap



# First-in-class innovation via co-investment strategy

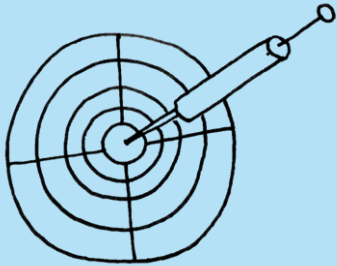
Innovative building & investing



- Participation in financing rounds, built on Evotec's platforms, via strategic investments
- Approx. € 22 m investments in 2017; long-term commitments with payback horizon > 5 years
- Attractive € 75 m loan facility available from EIB to also support R&D equity financing

# Just the beginning for EVT Innovate

EVT Innovate – Expected key milestones 2018



- New clinical initiations and good progress of clinical pipeline within existing partnerships ✓
- Expansion of academic BRIDGE network ✓
- Strong R&D progress within Cure X/Target X platforms and new Innovate partnerships ✓
- Strong expansion of iPSC (induced pluripotent stem cells) platform ✓

# Agenda

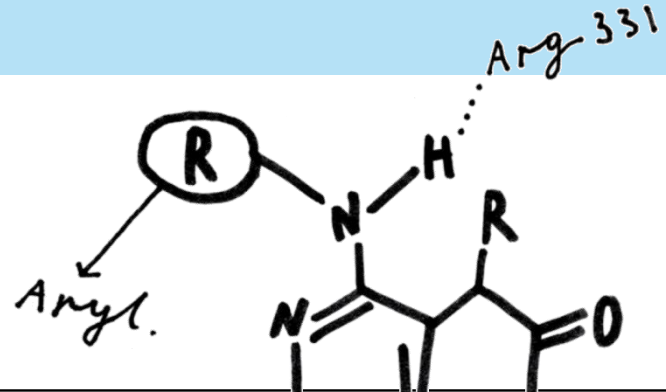
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Overview

EVT Execute

EVT Innovate

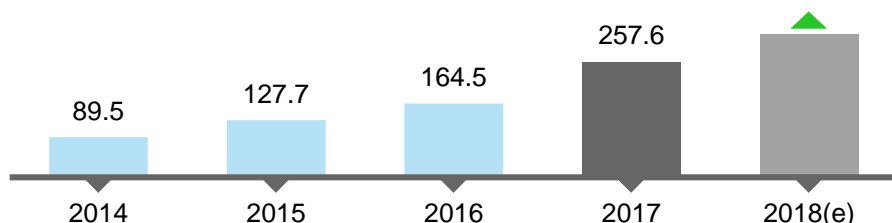
**Financials & Outlook**



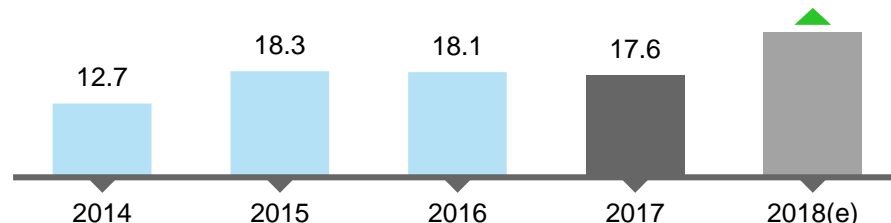
# Strong performance continues

## Financial history 2014-2018 (e) – Selected performance indicators

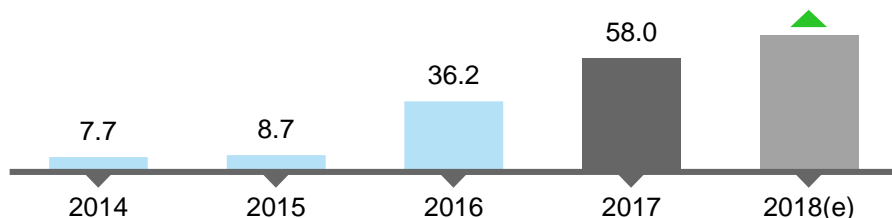
### Total Group revenues (in € m)



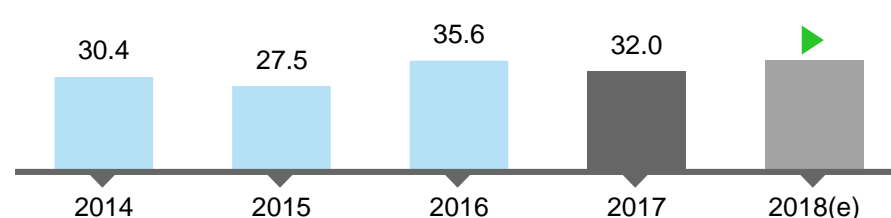
### R&D expenses (in € m)



### Adjusted Group EBITDA (in € m)



### Gross margin<sup>1)</sup> (in %)





# Strong financial performance with new business mix

## Condensed income statement H1 2018 – Evotec AG and subsidiaries

in € m<sup>1)</sup>

	H1 2018	H1 2017 <sup>4)</sup>	% vs. 2017
Revenues	<b>173.8</b>	104.3	67%
Gross margin <sup>2)</sup>	<b>28.9%</b>	35.7%	–
• R&D expenses	<b>(10.0)</b>	(8.5)	17%
• SG&A expenses	<b>(27.1)</b>	(15.8)	72%
• Impairment of intangible assets	<b>(4.2)</b>	–	–
• Other op. income (expenses), net	<b>12.7</b>	5.6	–
<b>Operating income</b>	<b>21.7</b>	<b>18.4</b>	18%
<b>Adjusted Group EBITDA<sup>3)</sup></b>	<b>38.6</b>	<b>26.2</b>	47%
<b>Net income</b>	<b>17.9</b>	<b>10.3</b>	73%

- New business mix and amortisation following acquisitions resulting in new gross margin setup
- Revenue growth due to strong performance in base business, Aptuit contribution (€ 53.6 m), and milestones
- Planned increase in SG&A expenses due to addition of Aptuit and strong Company growth
- Other operating income increased due to higher R&D tax credits and release of earn-out accruals following the impairment of EVT770

<sup>1)</sup> Differences may occur due to rounding

<sup>2)</sup> Gross margin in 2018 considers amortisation of acquisitions from Aptuit and Cyprotex. Gross margin in 2017 only considers amortisation from Cyprotex acquisition.

<sup>3)</sup> Before contingent considerations, income from bargain purchase and excl. impairments on goodwill, other intangible & tangible assets as well as the total non-operating result

<sup>4)</sup> 2017 figures adjusted from the first time application of IFRS 15

# Increased momentum in both segments

## Segment information H1 2018 – Evotec AG and subsidiaries

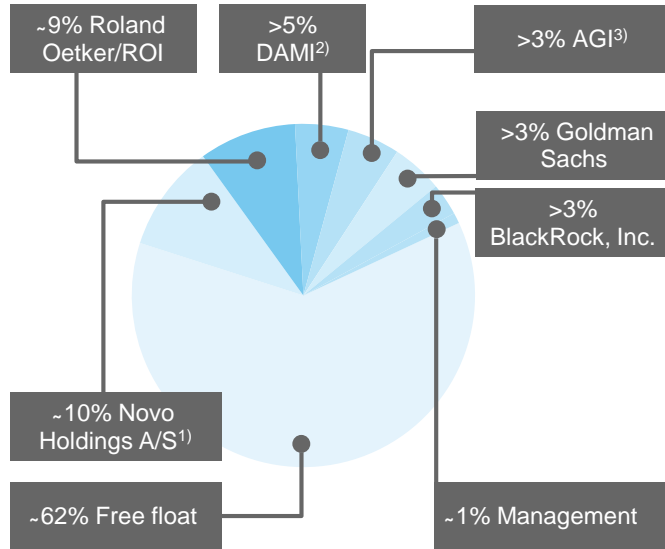
in € m<sup>1)</sup>

	<b>EVT Execute</b>	<b>EVT Innovate</b>	<b>Inter- segment elimination</b>	<b>Evotec Group</b>
Revenues	<b>163.3</b>	<b>32.0</b>	(21.5)	<b>173.8</b>
Gross margin	<b>22.4%</b>	<b>50.4%</b>		<b>28.9%</b>
• R&D expenses	<b>(0.4)</b>	<b>(12.0)</b>	2.4	<b>(10.0)</b>
• SG&A expenses	<b>(23.3)</b>	<b>(3.8)</b>	–	<b>(27.1)</b>
• Impairment of intangible assets	<b>–</b>	<b>(4.2)</b>	–	<b>(4.2)</b>
• Other op. income (expenses), net	<b>9.1</b>	<b>3.6</b>	–	<b>12.7</b>
<b>Operating income</b>	<b>21.9</b>	<b>(0.2)</b>	–	<b>21.7</b>
<b>Adjusted EBITDA<sup>2)</sup></b>	<b>36.3</b>	<b>2.3</b>		<b>38.6</b>

- New business mix with different margin since Aptuit acquisition
- Growth in EVT Execute driven by base business and contribution from Aptuit acquisition
- Gross margin in EVT Execute strong despite amortisation of intangible assets and adverse FX
- EVT Innovate boosted by milestones and positive base revenue growth
- Significantly higher R&D tax credits

# Strong team and shareholders for innovation

## Management & shareholder structure



**Number of shares:** 147.6 m

**Listing:** Frankfurt Stock Exchange (MDAX, TecDAX), OTCBB

**52 week high/low:** € 23.36/€ 11.52

### Management Board

- **Werner Lanthaler (CEO)**  
Long-time experience in Pharma & biotech
- **Enno Spillner (CFO)**  
Long-time experience in finance & biotech
- **Mario Polywka (COO)**  
Strong operational & commercial management track record
- **Cord Dohrmann (CSO)**  
Long-time experience in drug discovery and business development

### Supervisory Board

- **Wolfgang Plischke**  
Ex-Bayer
- **Bernd Hirsch**  
Bertelsmann
- **Claus Braestrup**  
Ex-Lundbeck
- **Iris Löw-Friedrich**  
UCB
- **Michael Shalmi**  
Novo Holdings A/S<sup>1)</sup>
- **Elaine Sullivan**  
Carrick Therapeutics

# “Guidance confirmed, R&D guidance updated following ID initiative<sup>1)</sup>”

Guidance 2018

1	Double-digit top-line growth	<ul style="list-style-type: none"> <li>More than 30% Group revenue growth</li> </ul>
2	Profitable and growing	<ul style="list-style-type: none"> <li>Adjusted Group EBITDA<sup>2)</sup> expected to improve by approx. 30%</li> </ul>
3	Focused investments	<ul style="list-style-type: none"> <li>Group R&amp;D expenses of € 35-45 m<sup>1)</sup> (previously: € 20-30 m)</li> </ul>

**UPDATED**

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