

# Evotec OAI AG

## Analyst Meeting, 26 March 2004

trust  
productivity  
commitment  
partnerships  
value  
innovation  
speed

value  
innovation  
speed  
partnerships  
commitment  
productivity  
trust

# We attribute our successful 2003 to reliable and long-term partnerships



Elixir



DeveloGen



Curis



Novartis



GSK



Celgene

# Agenda

- 01 Overview
- 02 Commercial Review
- 03 Discovery and Development Services  
Operations and Science Review
- 04 Discovery Programs Division
- 05 Tools and Technologies (Evotec Technologies)
- 06 Consolidated Financial Statements 2003
- 07 Outlook

## Defying market trends in 2003

### We delivered:

- Group revenue growth of 10% to EUR77.2m
- Positive Group-EBITDA
- Positive operating income before amortisation in Discovery and Development Services
- Tools and Technologies break-even
- Numerous new or extended customer programmes: Roche, Novartis, Oxford Bioscience Partners portfolio companies, etc.
- Implementation of Discovery Programs strategy:
  - Initiated strategic alliance with DeveloGen (Metabolic Diseases)
  - Signed € 20m contract with Takeda (Alzheimer's Disease)
  - In-licensed 5 pre-clinical compounds from Roche (CNS)



# We are bridging the gap between early discovery and clinical trials for our partners



“The joint venture with Evotec OAI allows us to develop and exploit our pipeline of validated targets on an industrial scale and to the highest possible standards. **With the collaboration, we bring our biology to the drug candidate stage which is where significant value is captured.**” Günter Karmann, DeveloGen AG

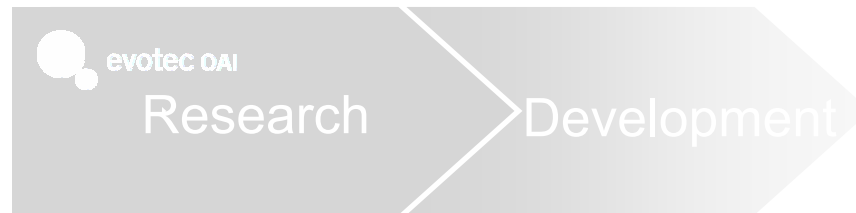
# Why do our partners need us?

Biotech

Disease biology

- extensive genetically derived disease knowledge
- sub-critical discovery process know how
- lack of chemical libraries

Need to partner



Need to partner

- growing focus on Phase II/III + marketing
- increasing early stage in-licensing
- concentration on fewer suppliers



# Ideally suited to bring what our partners need

Biotech

Disease biology

- extensive genetically derived disease knowledge
- sub-critical discovery process know how
- lack of chemical libraries

Need to partner

Evotec OAI

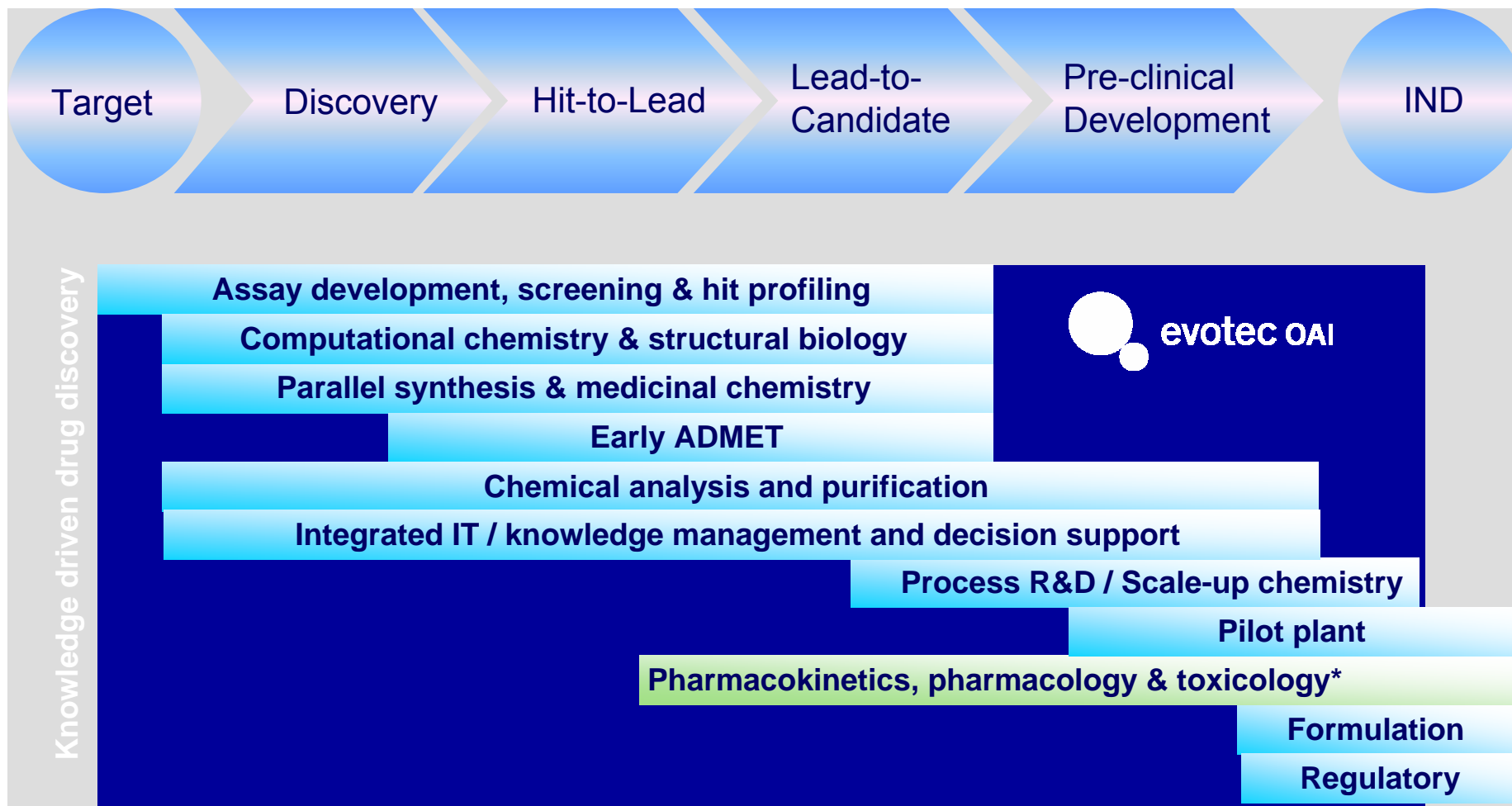


Need to partner

- growing focus on Phase II/III + marketing
- increasing early stage in-licensing
- concentration on fewer suppliers



# Critical success factor 1: Fully-integrated R&D solutions



\* typically done by customer or subcontracted



## Critical success factor 2: Critical mass in science skills and facilities



- 27 biology and 5 cell-culture labs;  
>35 chemistry labs; 8 analytical labs
  - World-class screening factory:  
3 uHTS platforms for biochemical and cellular assays
  - 2 cGMP kilo laboratories and 2 pilot plants (FDA and European quality standards)
- Cutting-edge analytical equipment
- World-class knowledge management system
- 500+ experienced scientific staff:
  - > 300 discovery, development and analytical chemists
- Strong emphasis on speed, quality and customer service with a proven ability to execute

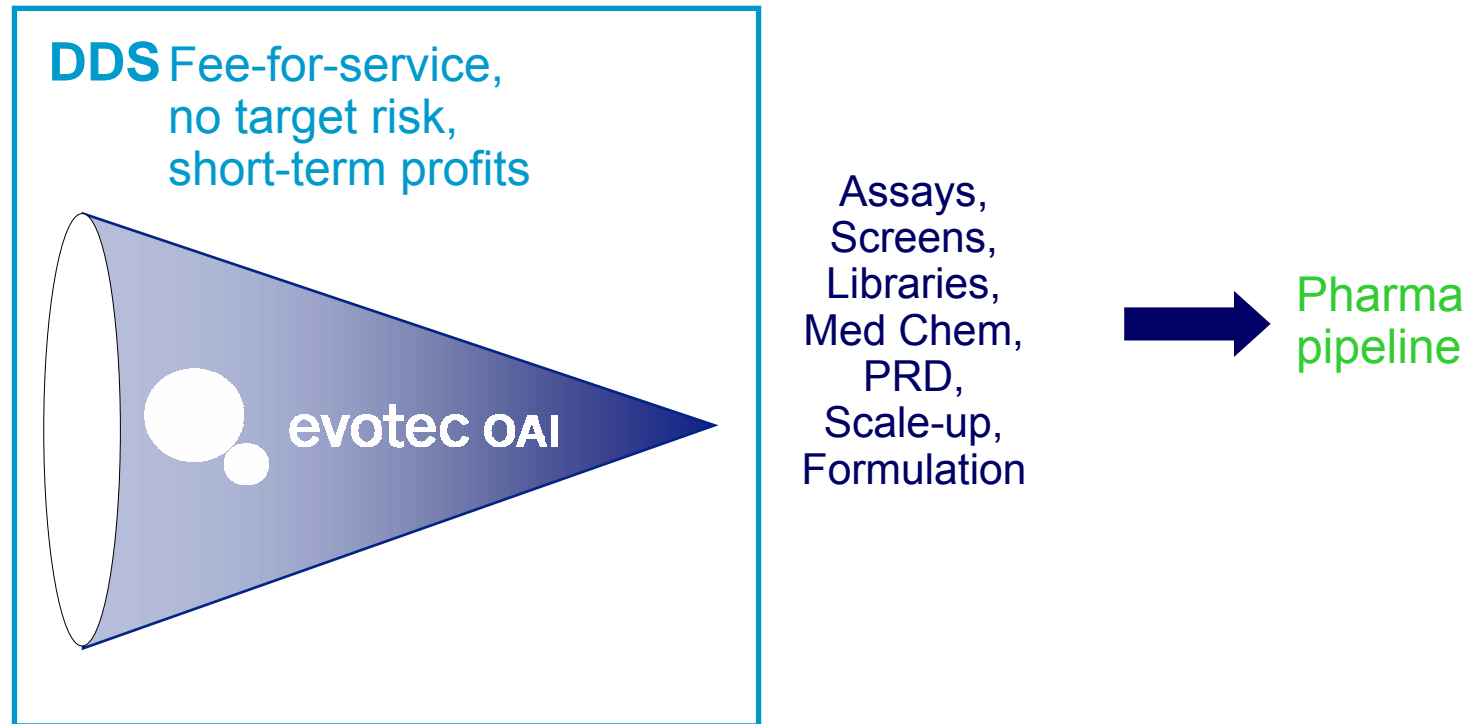
## Critical success factor 3: Outstanding customer references



So far, we have delivered to our clients:

- > 20 lead compounds
- > 10 pre-clinical development candidates
- 3 clinically approved compounds

# We offer fee-for-service projects (DDS) and run internal discovery programmes (DPD)



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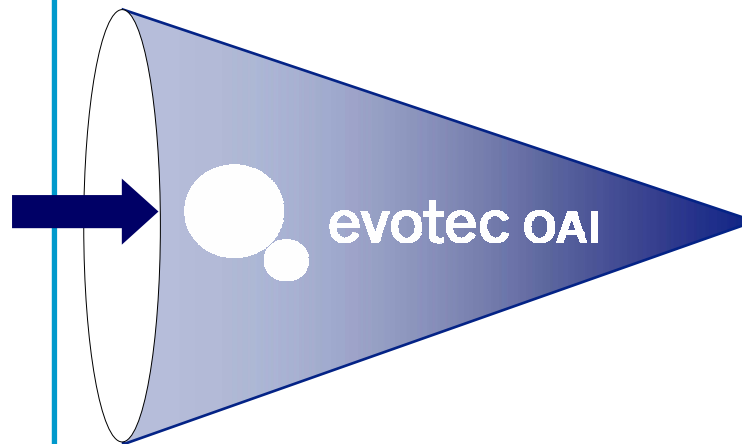
DPD Programmes for out-licensing;  
target risk, long-term upside



Targets



**DDS** Fee-for-service,  
no target risk,  
short-term profits



Drug  
candidates

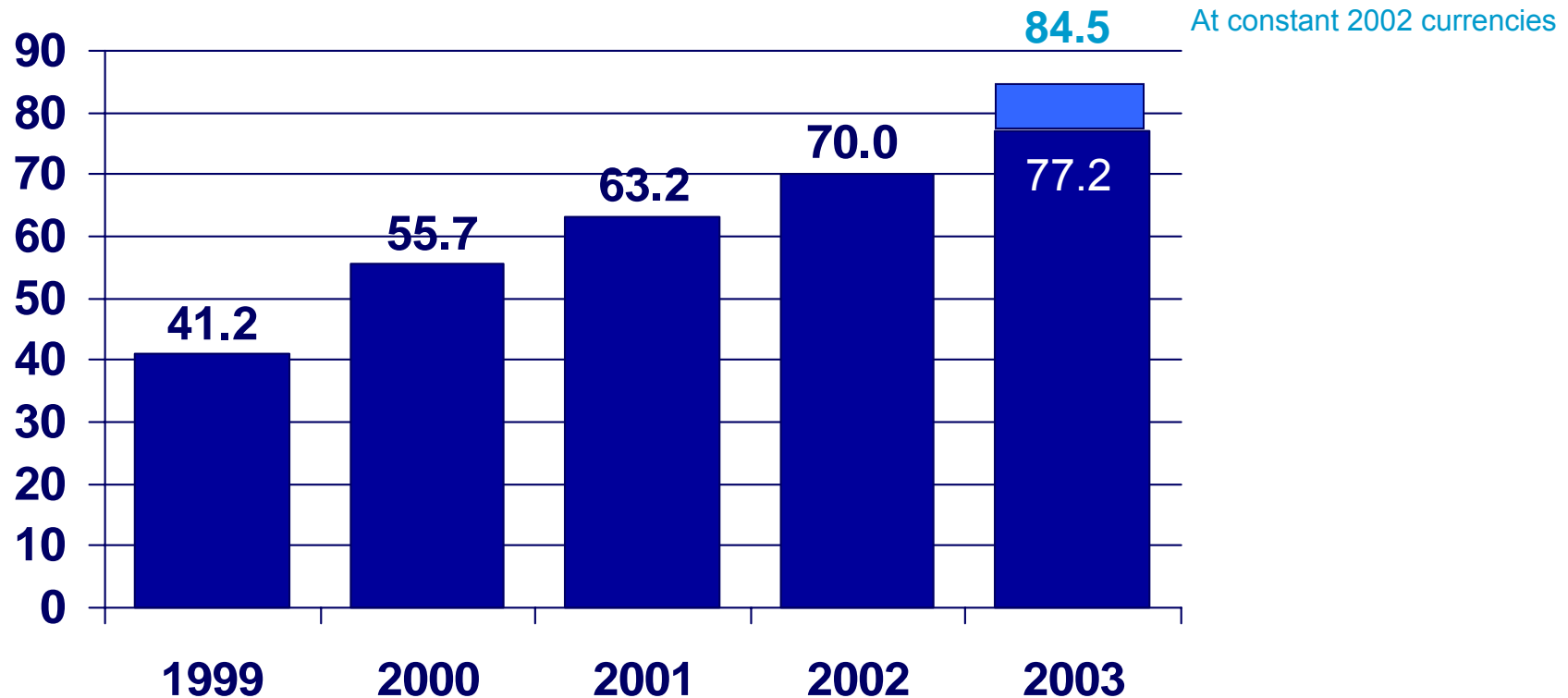
Leads,  
DevCand.,  
INDs,  
Phase I or IIa  
candidates

Pharma  
pipeline

# 17% proforma growth over past five years

## In constant €s: 21% growth 2003 / 2002

EUR million





## Financial highlights 2003: Strong growth, EBITDA profitability and stable cash position

|                         | 2003      | 2003<br>Constant 2002 currencies |
|-------------------------|-----------|----------------------------------|
| <b>Revenues</b>         | EUR 77.2m | EUR 84.5m                        |
| <b>Growth over 2002</b> | 10%       | 21%                              |
| <b>- DDS</b>            | EUR 61.2m | EUR 68.5m                        |
| <b>- DDS over 2002</b>  | 4%        | 17%                              |
| <b>Gross margin</b>     | 40%       | 42%                              |
| <b>EBITDA</b>           | EUR 4.1m  | EUR 6.6m                         |
| <b>Cash as of 31/12</b> | EUR 19.5m |                                  |

# Agenda

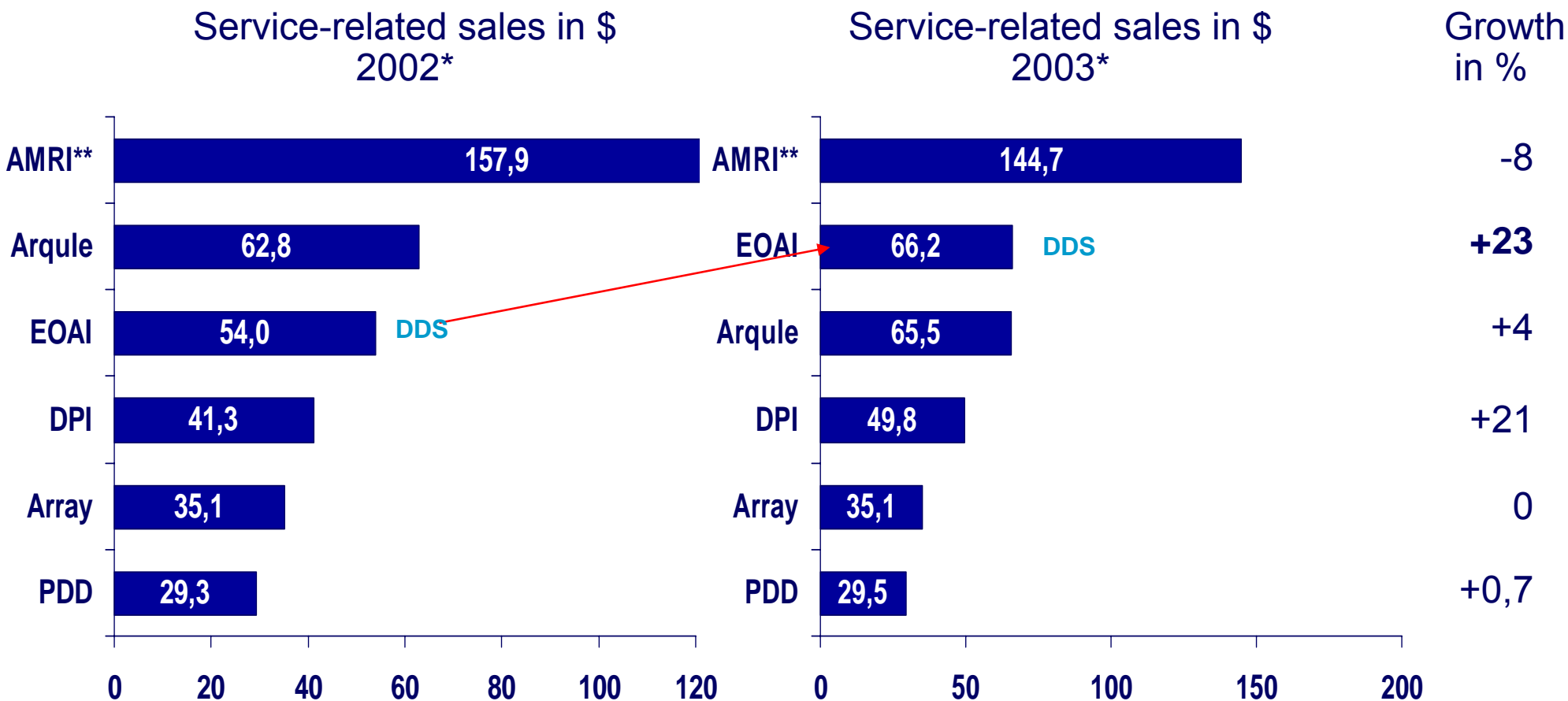
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## Commercial highlights

- Market share gain vs. main competitors in “Discovery and Development Services”
- Market share gains in “Tools and Technologies”
- Leading deal flow: within DDS > 30 new customers
- Long-standing customer base including most top pharma and biotech companies
- Repeat business growing by >10% (expansions of Roche, Novartis and >20 FTEs in OBP-related deals)

# Market share gains in a tight market

## 14% in 2002 to 17% in 2003 ...

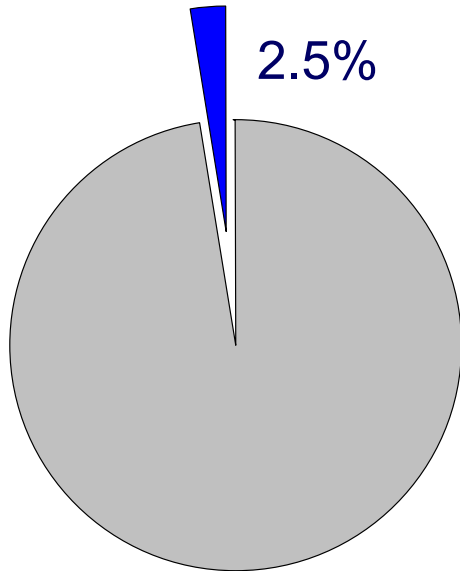


\*1 EUR = 0.93 \$ in 2002, 1 EUR = 1.13\$ in 2003

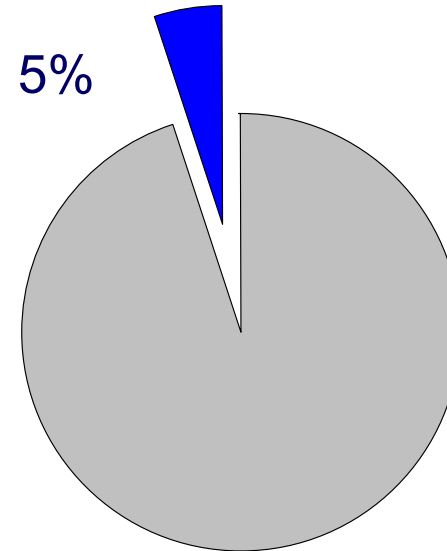
\*\* incl. Organichem pro forma, excl. Allegra royalties

# ... and Evotec Technologies doubled their market share

ET sales 2002: \$10.6m



ET sales 2003: \$19.4m



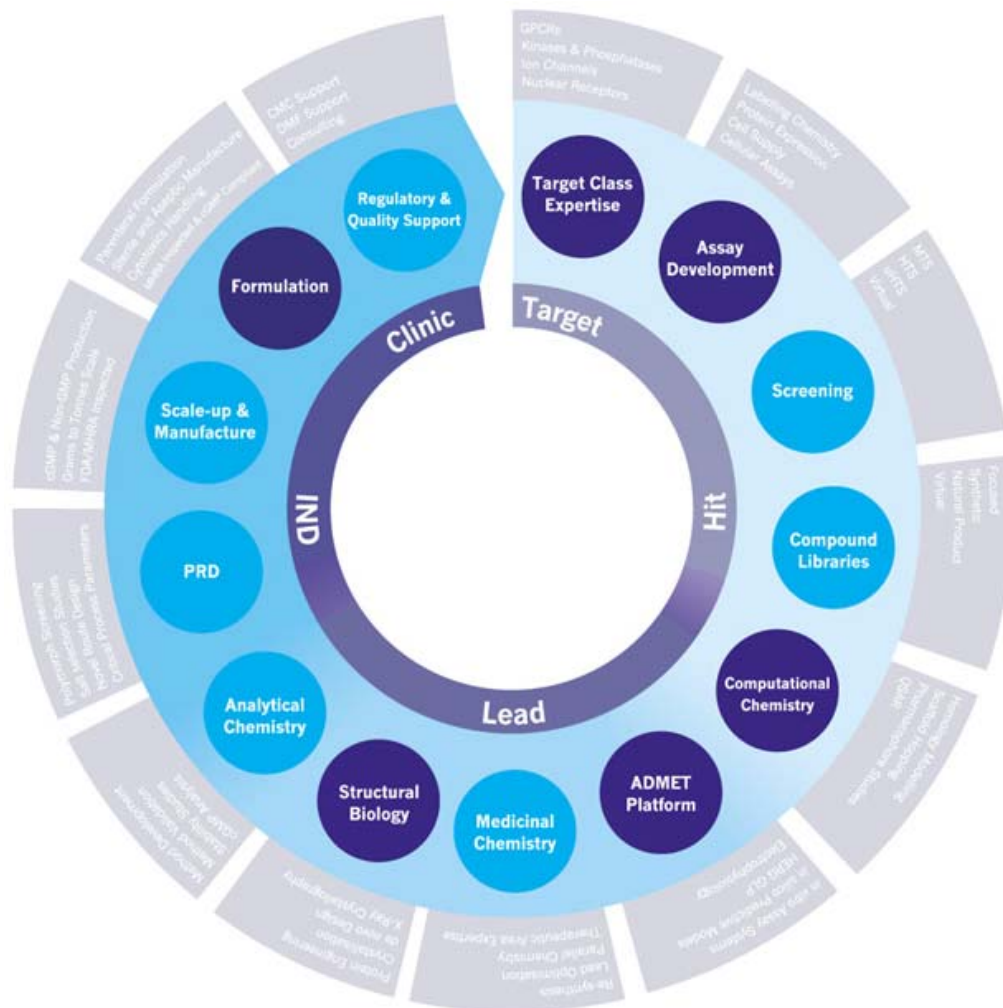
Total market\* size ~ 400m US\$

Source: HighTech Business Decisions, Dec. 2003

\*Total Market = High Throughput Screening for Detection Instruments, Liquid Handling and Automation Systems



# A full range of integrated drug discovery and development solutions ...



## Highlights 2003

- GPCR collaboration with Euroscreen
- Expansion of cellular assay capabilities
- Build-up of Structural Biology & Computational Chemistry
- Expansion of ADMET platform
- Natural product collaboration with Biofrontera
- Full integration of ProPharma formulation capabilities

# ... providing a significant competitive advantage

|                   | Assay development | Target class expertise | (u)HT-Screening | Compound libraries | Computational chemistry | Structural biology | Medicinal chemistry | Analytical chemistry | ADMET | PRD | Scale-Up & Manufacturing | Formulation | Regulatory & Quality support |
|-------------------|-------------------|------------------------|-----------------|--------------------|-------------------------|--------------------|---------------------|----------------------|-------|-----|--------------------------|-------------|------------------------------|
| Evotec OAI        | ✓                 | ✓                      | ✓               | ✓                  | ✓                       | ✓                  | ✓                   | ✓                    | ✓     | ✓   | ✓                        | ✓           | ✓                            |
| Albany Molecular  | ■                 | ■                      | ■               | ✓                  | ✓                       | ■                  | ✓                   | ✓                    | ✓     | ✓   | ✓                        | ■           | ✓                            |
| Argenta Discovery | ✓                 | ✓                      | ✓               | ✓                  | ✓                       | ✓                  | ✓                   | ✓                    | ✓     | ■   | ■                        | ■           | ■                            |
| Array BioPharma   | ✓                 | ■                      | ✓               | ✓                  | ✓                       | ✓                  | ✓                   | ✓                    | ✓     | ✓   | ✓                        | ■           | ✓                            |
| Arqule            | ✓                 | ✓                      | ✓               | ■                  | ✓                       | ■                  | ■                   | ■                    | ✓     | ■   | ■                        | ■           | ■                            |
| BioFocus          | ✓                 | ✓                      | ✓               | ✓                  | ✓                       | ■                  | ✓                   | ■                    | ✓     | ■   | ■                        | ■           | ■                            |
| DPI               | ✓                 | ✓                      | ✓               | ✓                  | ✓                       | ✓                  | ✓                   | ✓                    | ✓     | ■   | ■                        | ■           | ■                            |
| PCOP              | ✓                 | ✓                      | ✓               | ✓                  | ✓                       | ■                  | ✓                   | ✓                    | ✓     | ■   | ■                        | ■           | ■                            |
| Ricerca           | ■                 | ■                      | ■               | ✓                  | ✓                       | ■                  | ✓                   | ✓                    | ✓     | ✓   | ✓                        | ■           | ✓                            |

## We complement our customers' disease expertise



“Evotec OAI is much **more than an outsourcing partner** to us. Their understanding of drug discovery, biology processes and experienced consultancy complement our biology and understanding of the genetics of aging. In just over a year they have delivered a number of validated lead series and we firmly believe that **the partnership has saved us overall two years in our development.**” Peter DiStefano, Elixir Pharmaceuticals

# A long-standing customer base including most top pharma and biotech companies





## Major achievements (1)

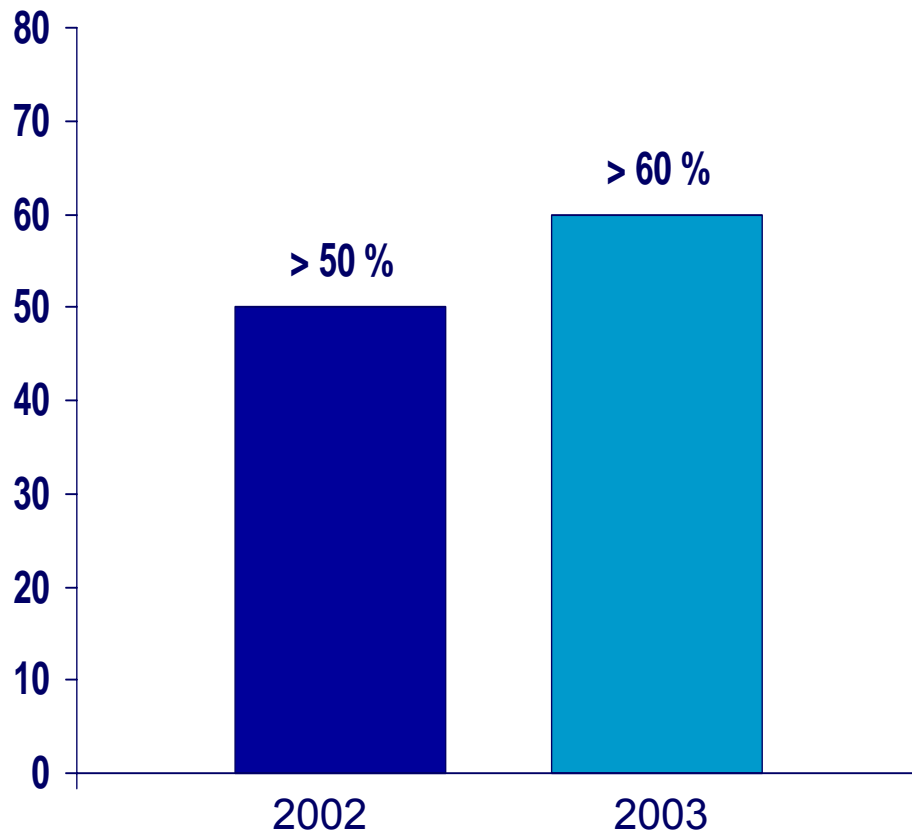
- > 250 projects completed
- Long-term relationships
  - Grew collaborations with emerging biotech companies such as **BioImage**, **Elixir**, **Infinity**, **Oxigene** and **Prolysis** in the areas of **assay development**, **screening** and **medicinal chemistry**
  - Strengthened relationships with **Alizyme**, **Celgene**, **DuPont** and **Serono** in **development chemistry**
- New customers
  - Secured > 30 new customers in 2003
  - Initiated collaborations with several pharmaceutical and biotechnology companies using our **full range of integrated capabilities**, e.g. **Dynogen**, **Oxagen** and **Toray**
  - Started new collaborations with **Anormed** and **Stiefel** in **development chemistry**
  - Build **CNS partnership** with **Takeda**



## Major achievements (2)

### Novartis & Roche agreements expanded

% of repeat business



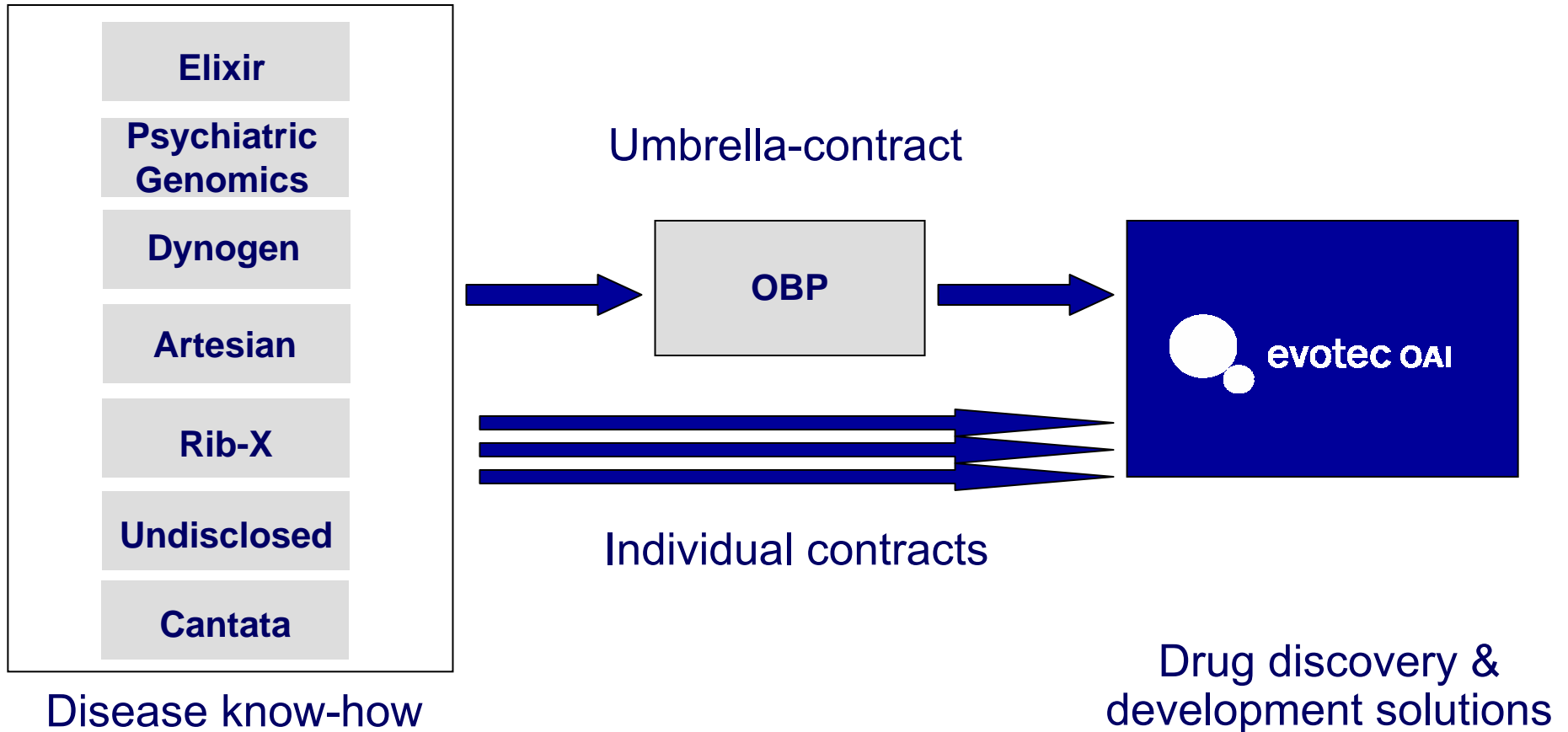
- Novartis

- Partnership started 1997 with joint development of EVOscreen® uHTS technology
- Recent deal extends into assay development and cellular assay screening

- Roche

- Partnership initiated in 2001 in high quality chemical library synthesis
- Recent expansion of relationship into medicinal chemistry on a high profile oncology compound

# VC firm OBP: 7 deals with portfolio companies > 20 FTEs involved



⇒ We recently closed a comparable deal with MPM Capital

# Agenda

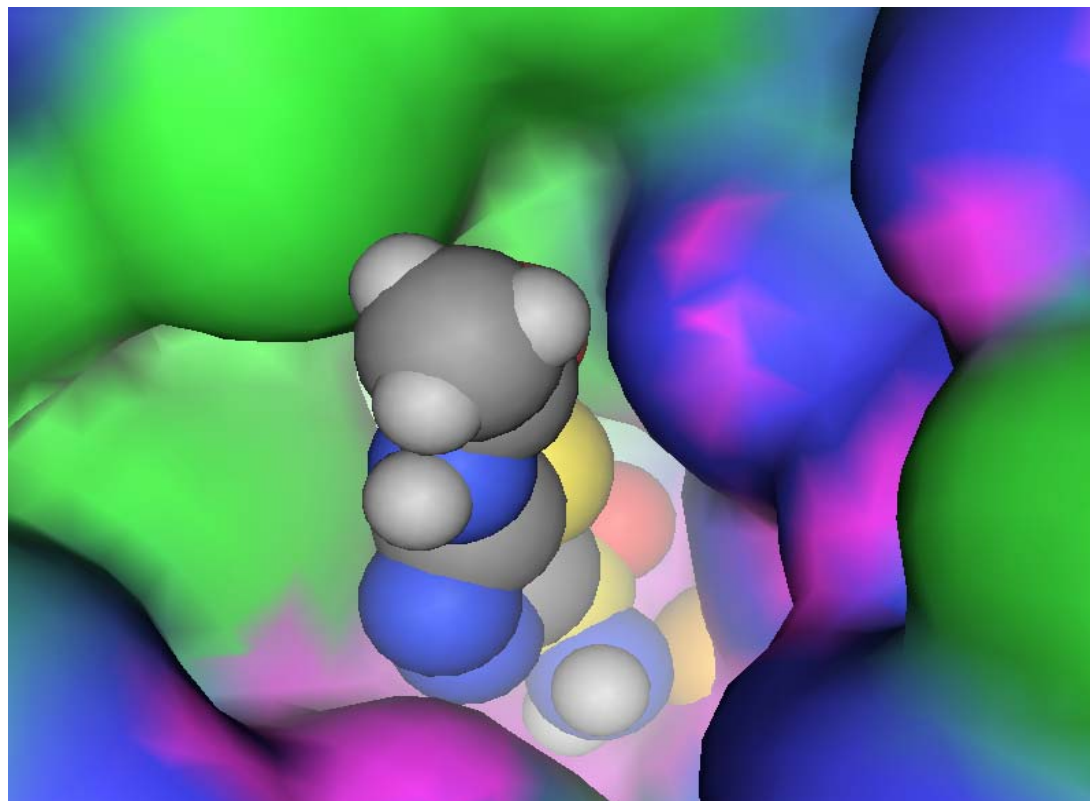
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## Summary of Discovery and Development Services (DDS)

- Revenues 2003: EUR 61.2m (+4%), Headcount: 440
- Product development
  - Integration of random and rational discovery progressed
  - X-ray crystallography group added
  - New ADMET assays handed over to operations
  - Informatics tools provide quick decisions
- Capacity expansion in Abingdon completed
- Improved integration of formulation capabilities at ProPharma

## Increased use of rational design approaches: Virtual screening

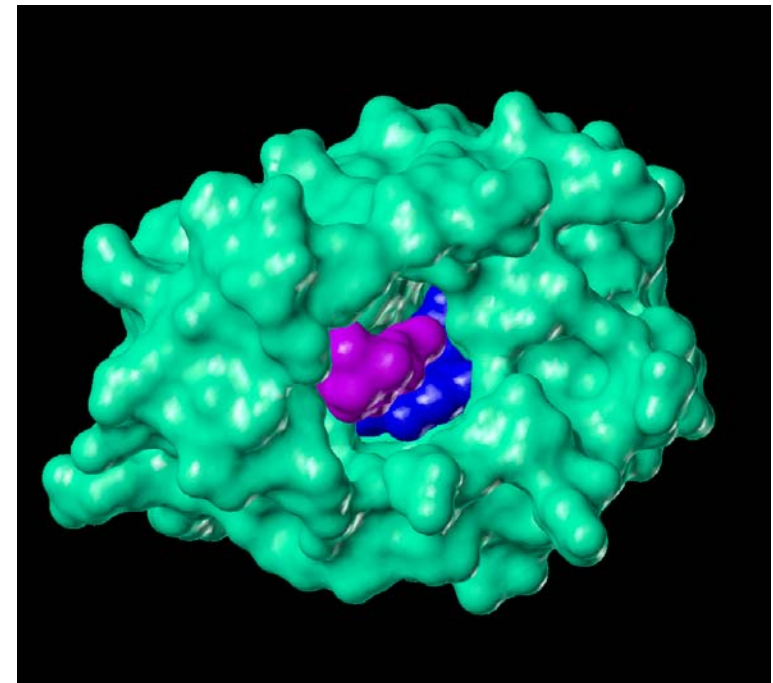
- Docking performed using GOLD
- Grid of up to 250 PCs and a Linux cluster
- Database of 5.5 million compounds
- Established success in finding hits for enzyme targets





## Increased use of rational design approaches: Structural biology

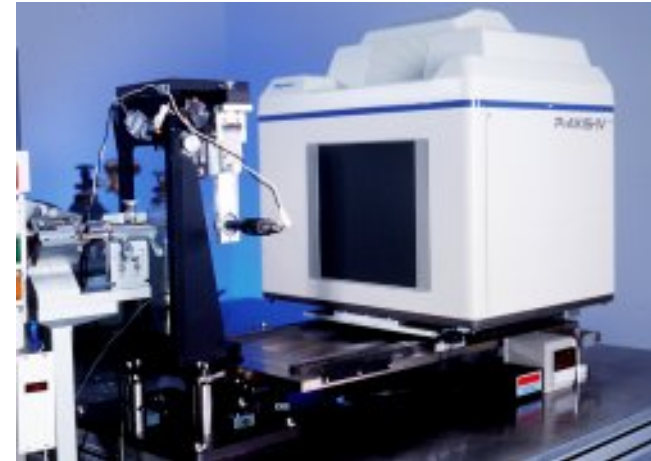
- Established capability in protein engineering and purification for crystallography studies
- Experienced X-ray crystallography team recruited
- Rapid crystallisation screening
- *De novo* protein structure determination
- Structure determination of ligand-protein complexes



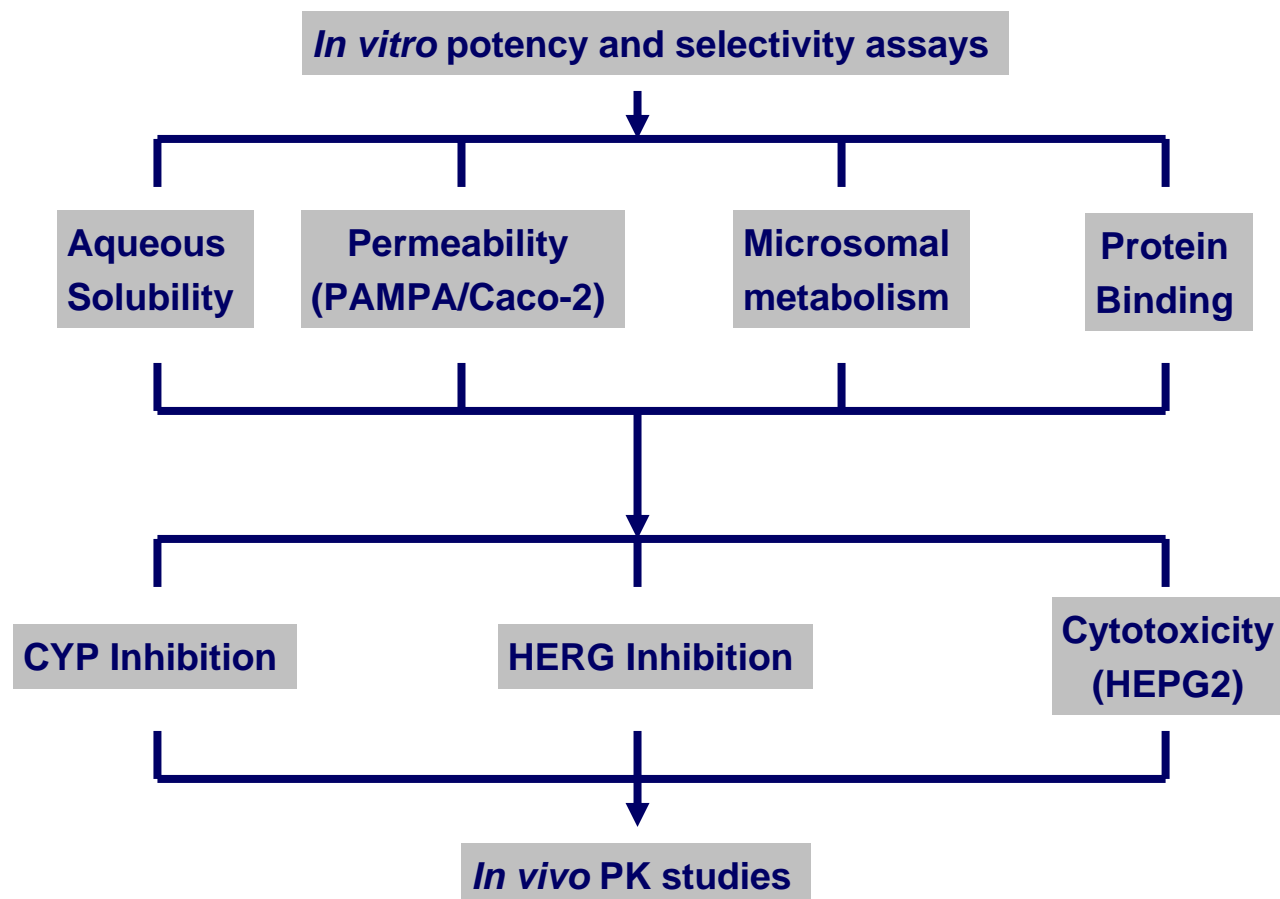
## Structural biology facilities



- Automated crystallisation facilities
- Fully equipped X-ray crystallography laboratory
- Access to synchrotron radiation sources for HT data collection
- Ideally placed to exploit Diamond, the third generation Synchrotron site in Oxford



# Full in vitro ADMET service now available



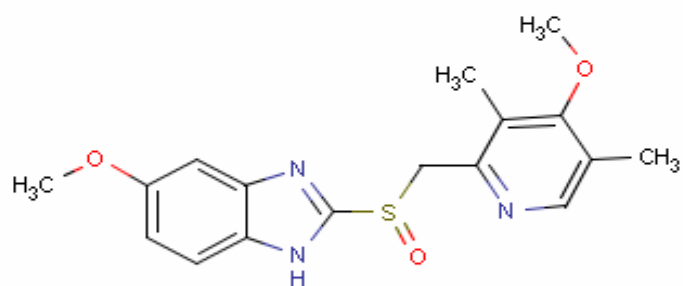
Early ADMET studies accelerate lead optimisation



## Molecule Investigator

Edit View Templates Tools Help

C N O F React Select Erase Paste Undo Redo Zoom ?  
 + P S Cl →   
 More Br I



|                               |  |
|-------------------------------|--|
| Number of Lipinski violations | 0  |
| Nature of Lipinski Violations |  |
| Number of H-Bond Donors       | 1  |
| Number of H-Bond Acceptors    | 5  |
| Molecular Weight              | 345.42   |
| ClogP                         | 2.565  |
| Veber Bioavailability Rule    | Passes   |
| Number of Rotatable Bonds     | 5  |
| TPSA (Å²)                     | 77.1   |
| BBB Distribution              | Rule 1: High chance of entering brain<br>Rule 2: No prediction<br>TPSA: Within range for BBB penetration |
| CMR                           | 9.36   |
| Undesirable Functional Groups | None   |
| AVERAGE Energy (kcal/mol)     | 0.7  |

# Discovery capacity extension in Oxford: Building 114 – space for 200 staff



# ProPharma: Sophisticated drug formulation development and manufacture

- Parenteral formulation development
  - Pre-formulation
  - Formulation
  - Freeze-drying
- Sterile / aseptic manufacture (including cytotoxics)
- Labelling for clinical trials
- Regulatory support



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## Discovery Programs Division (DPD): Tremendous progress

- Revenues 2003: EUR 1.5m, Headcount: 28
- Business model:
  - Create internal discovery of drug candidates for out-licensing
  - Long-term upside through more significant milestones and royalties
  - Leverage strong DDS discovery and development engine
- Launched research projects in CNS and Metabolic Diseases:
  - Strategic alliance with DeveloGen in Metabolic Diseases
  - € 20m contract with Takeda in Alzheimer's Disease
  - ENS licensed 5 CNS compounds from Roche
- ENS prepared for venture capital financing

# Evotec OAI / DeveloGen: Discovery programme in obesity/diabetes/metabolic syndrome



+



evotec OAI



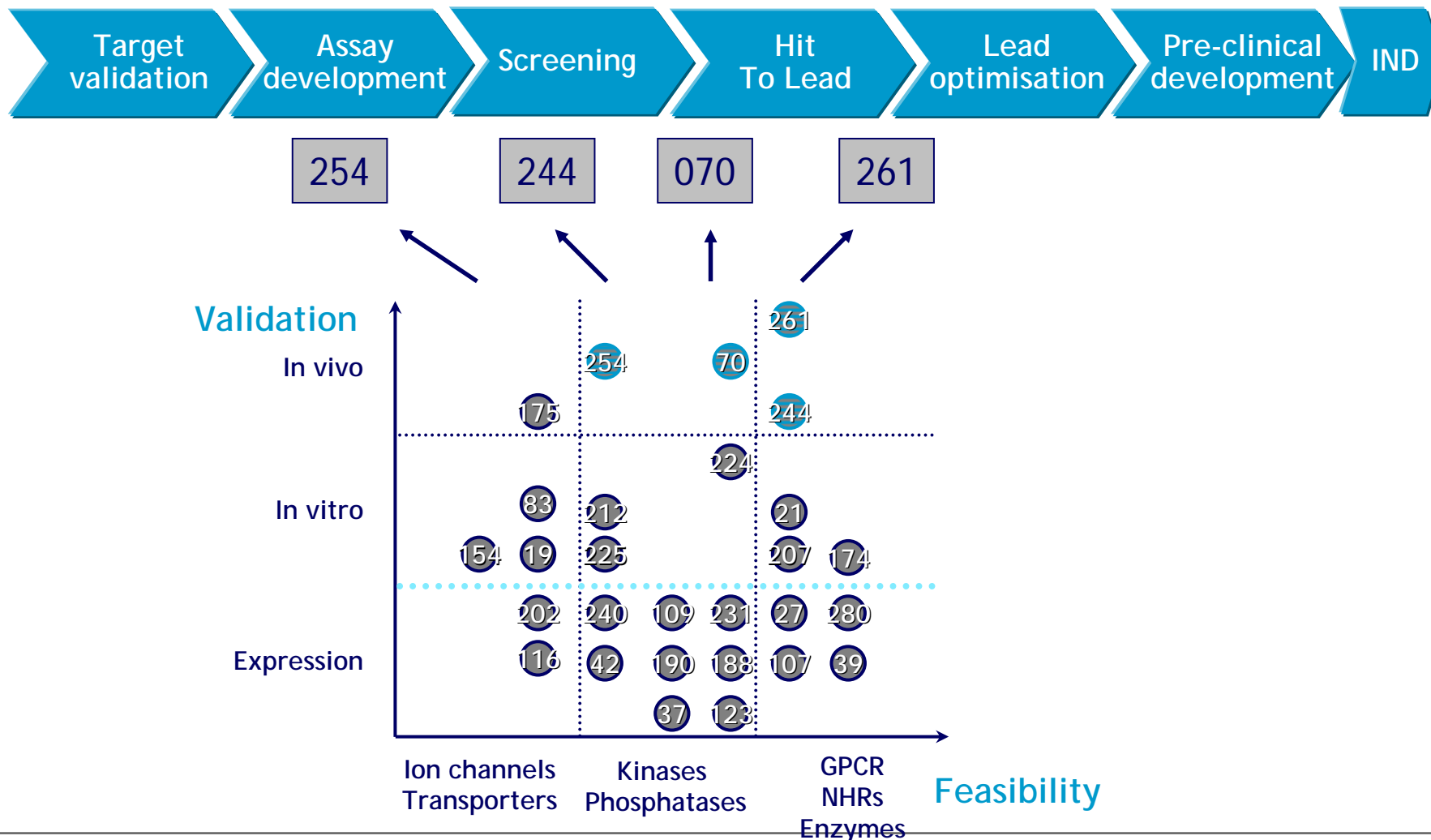
Disease know-how:  
200 primary,  
30 validated targets  
Pharmacology

Discovery and development:  
Assay development  
Screening  
Medicinal chemistry  
Drug manufacture

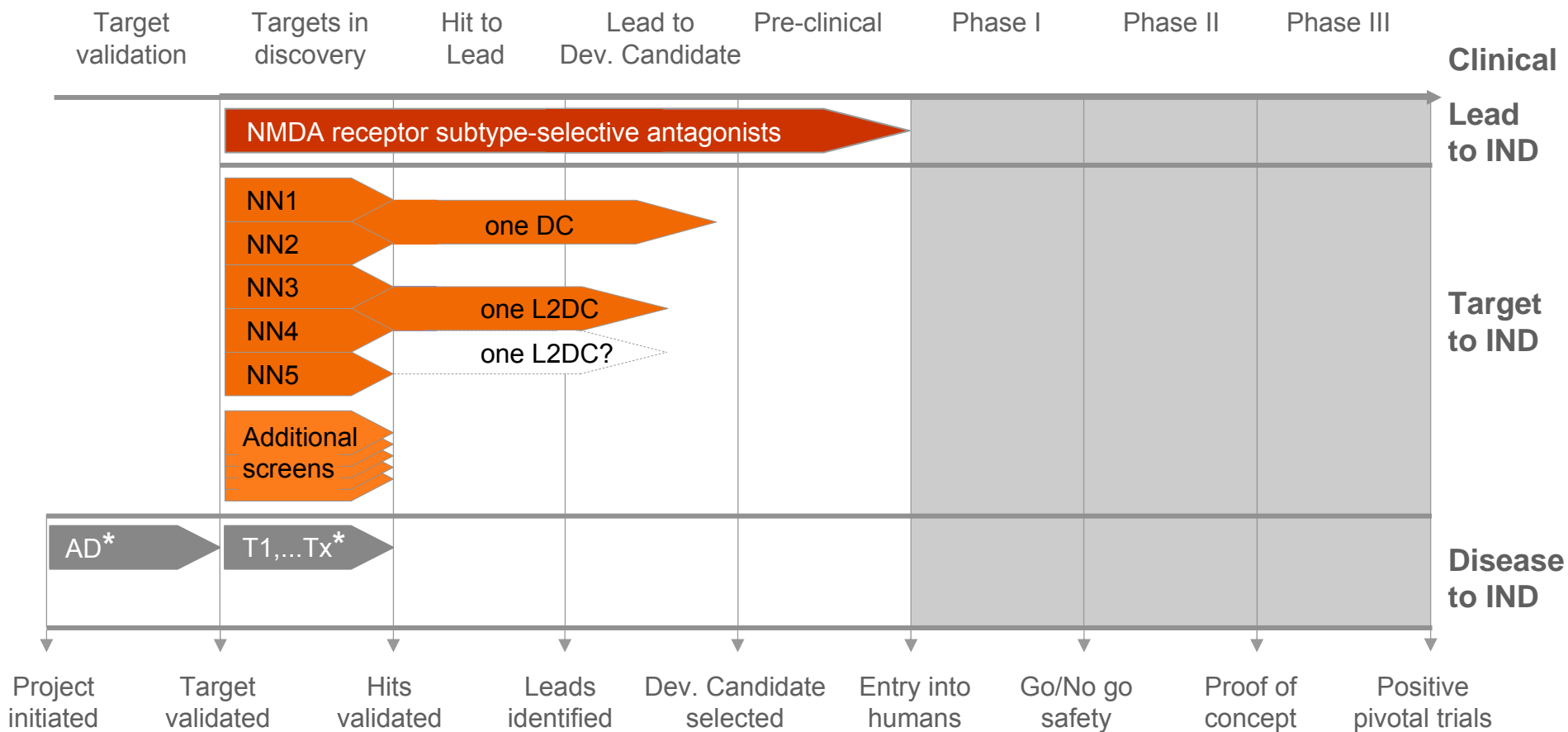
Leads, POCDs, INDs,  
Phase I / IIa candidates

- Top expertise and professional resources over the entire value chain
- Rewards and cost to be shared 50:50
- > 40 scientists
- Early alliance with pharma partner

# The DeveloGen / Evotec OAI JV's expanding project portfolio



# Projected ENS discovery portfolio 2004



# NMDA receptor NR2B subtype selective antagonists: Background

- Extensive studies over the last 15 years indicate a role for NMDA receptor antagonists in the treatment of neuropathic pain, Parkinson's disease, Alzheimer's disease, stroke and traumatic brain injury
- However, the clinical development of non-selective antagonists has been hampered by a low therapeutic window due to mechanism related, CNS side-effects
- Memantine, a low affinity, non-selective NMDA receptor antagonist recently approved in Europe and the US for treatment of moderate-to-severe AD
- NMDA receptor subtypes exist which contain different NR2(A-D) subunits
- Compounds highly selective for NR2B subunit-containing receptors have been identified that retain many of the beneficial effects of non-selective compounds but show much improved side effect profiles

# NMDA receptor NR2B subtype selective antagonists: Key features


- Portfolio of **six patents covering 5 lead compounds** plus further compounds protected by these patents
- **High affinity and selective** compounds with **good CNS bioavailability** and **high potency *in vivo***, including orally
- Lack HERG channel blocking activities (QT-prolongation) and activities at other known receptors and ion channels
- **Active in pre-clinical studies** of neuropathic pain and Parkinson's disease and neuroprotection (e.g. stroke) with large therapeutic window with respect to adverse side-effects

## Target-to-IND programme: Lead discovery status

|                 | <b>Status</b>                             |
|-----------------|---|
| <b>Target 1</b> | <b>uHTS completed, hits</b>               |
| <b>Target 2</b> | <b>uHTS completed,<br/>Hit2Lead phase</b> |
| <b>Target 3</b> | <b>uHTS assay</b>                         |
| <b>Target 4</b> | <b>Assay development</b>                  |
| <b>Target 5</b> | <b>Assay development</b>                  |



# Disease-to-IND programme: ENS Alzheimer's Disease programme

- Phase A: Identification of target and marker candidates for AD using differential gene expression analysis on human brain tissue samples and integration with clinical genetics data 
- Phase B: Validation of targets and markers in human primary tissues, cellular and animal disease models (ongoing)
- Phase C-E: Identification of leads, chemical validation in animal disease models, and development to drug candidates for AD

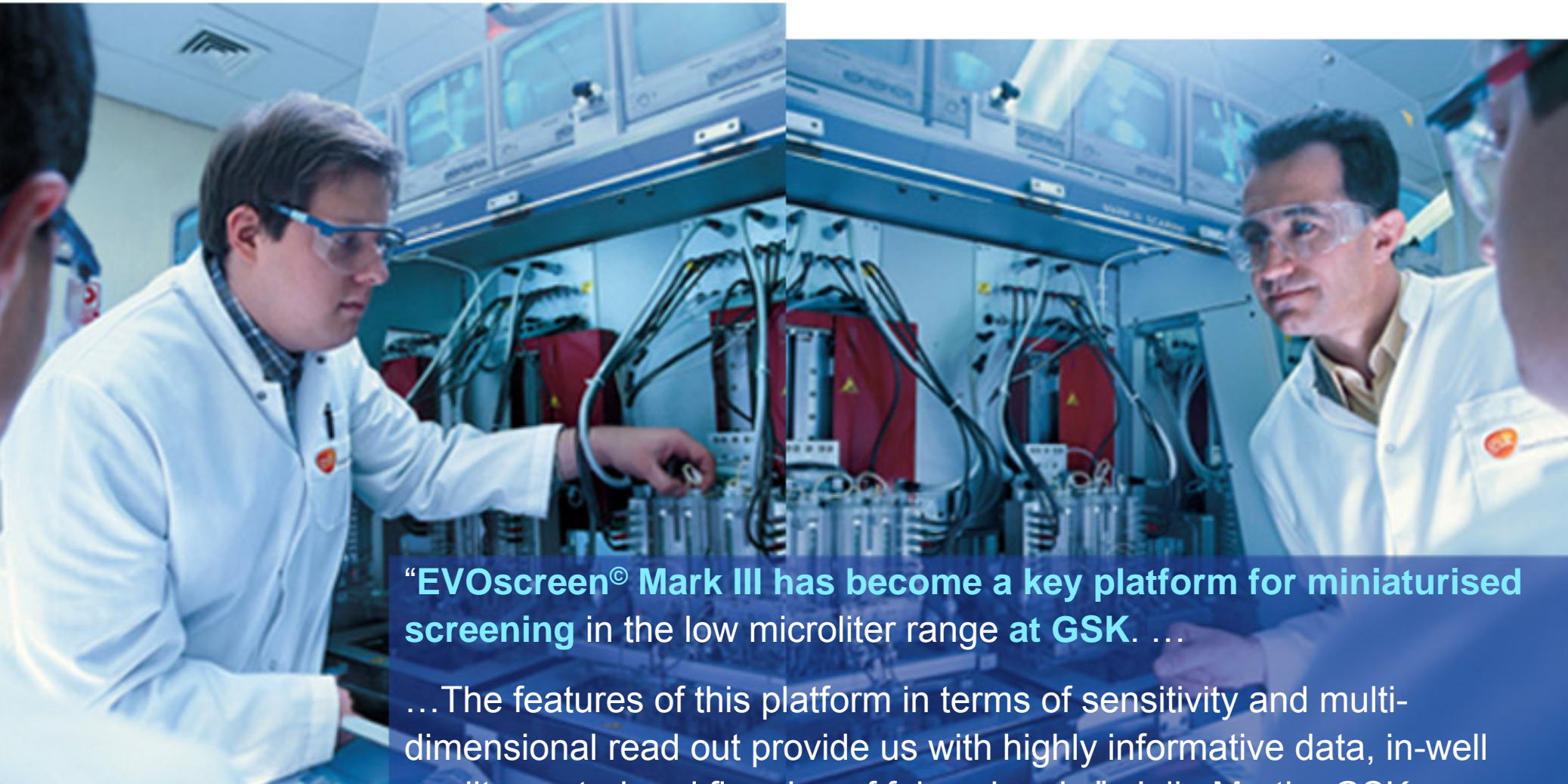
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## Tools and Technologies: Strong year for Evotec Technologies

- Revenues 2003: EUR 18.7m (+64.0%) , Headcount: 84
- Quality provider of life science tools and technologies
- First full year as stand alone company
- Products:
  - Two new bench-top devices launched: Elektra and Clarina II
  - Embargo for EVOscreen® is coming to an end
  - Successful collaborations with Pfizer and Olympus continued
- Large number of customer relationships secured
- Pfizer became 10% shareholder in Evotec Technologies
- US base established

## Evotec Technologies: A reliable technology partner for critical life science tools and applications



**“EVOscreen<sup>®</sup> Mark III has become a key platform for miniaturised screening in the low microliter range at GSK. ...**

**...The features of this platform in terms of sensitivity and multi-dimensional read out provide us with highly informative data, in-well quality control and flagging of false signals.” Julio Martin, GSK**

# EVOscreen®: An industry standard for uHTS

The embargo with its technology partners is coming to an end



## NanoScreening: Savings & Quality

|  | HTS<br>(50 µl, 384w-plate)           | NanoScreen<br>(1.2 µl, 2080w-plate) |
|--|--------------------------------------|-------------------------------------|
| # of plates                                    | 1421                                 | 284                                 |
| Reaction mix<br>(incl. setup; 'safety' factor) | 27.3 Liters<br>(40.9 Liters; f= 1.5) | 709 ml<br>(850 ml; f= 1.2)          |
| Compound<br>(MW 500, 10 µM)                    | 250 ng                               | 6 ng                                |
| Enzyme<br>(20 nM, 80 kDa)                      | 44 mg                                | 1.14 mg                             |
| Substrate amount<br>(100 µM, MW 1000)          | 2.73 g                               | 71 mg                               |
| Substrate cost<br>(1 mg 200 \$)                | 546'000 \$                           | 14'200 \$                           |

⇒ Time !

⇒ Costs !

⇒ Quality !

**Example: protease assay with fluorescence read-out.**

Library size 500'000 compounds, control wells on each plate, 352 compounds on 384w-plate, 1760 compounds on 2080w-plate. In addition, excellent sensitivity for the confocal detection setup with single-molecule detection in NanoScreening will allow even lower substrate concentrations.

**Additional Benefits:** - low-affinity protein-peptide interactions possible ( $K_D > 1 \mu\text{M}$ )  
- single turnover-enzymology possible (ultimate sensitivity)

DDT Boston, Aug. 4-9, 2002, Slide 29





# Clarina™ II workstation: uHTS Evoscreen® technology in bench-top format



- Same cutting-edge technology as in EVOScreen®
  - Data quality
  - Flexibility: 2080 to 96 well plates
  - Easy to use
- Seamless technology solution:
  - Assay development
  - uHTS
  - Secondary screening
- Valuable tool for:
  - Academia
  - Open access labs in pharma
  - Biotech companies
  - Current customer base

# Elektra: Addressing a critical bottleneck in cell biology

## Generation of positive clones

| Process Step         | Duration | Standard  | Elektra        |
|----------------------|----------|-----------|----------------|
| Transfection         |          | 1 h       | 1 h            |
| Transient expression |          | 2 d       | 2 d            |
| Selection            |          | 14 d      | 7 d            |
| <i>Cloning</i>       |          |           |                |
| Identify&pick clones |          | 1 d       | 1 d            |
| Amplify clones       |          | 14 d      |                |
| Test clones          |          | 2 d       |                |
| <i>Re-cloning</i>    |          |           |                |
| Identify&pick clones |          | 1 d       |                |
| Amplify clones       |          | 14 d      |                |
| Test clones          |          | 2 d       |                |
| ...                  |          |           |                |
|                      |          | > 7 weeks | <b>10 days</b> |





## Evotec Technologies in the US

Since 01/2003: Evotec Technologies  
into **Technology Center Hialeah**



08/2003: Foundation of  
**Evotec Technologies, Inc.**  
EIN 20-0078154  
(a Delaware Corporation)

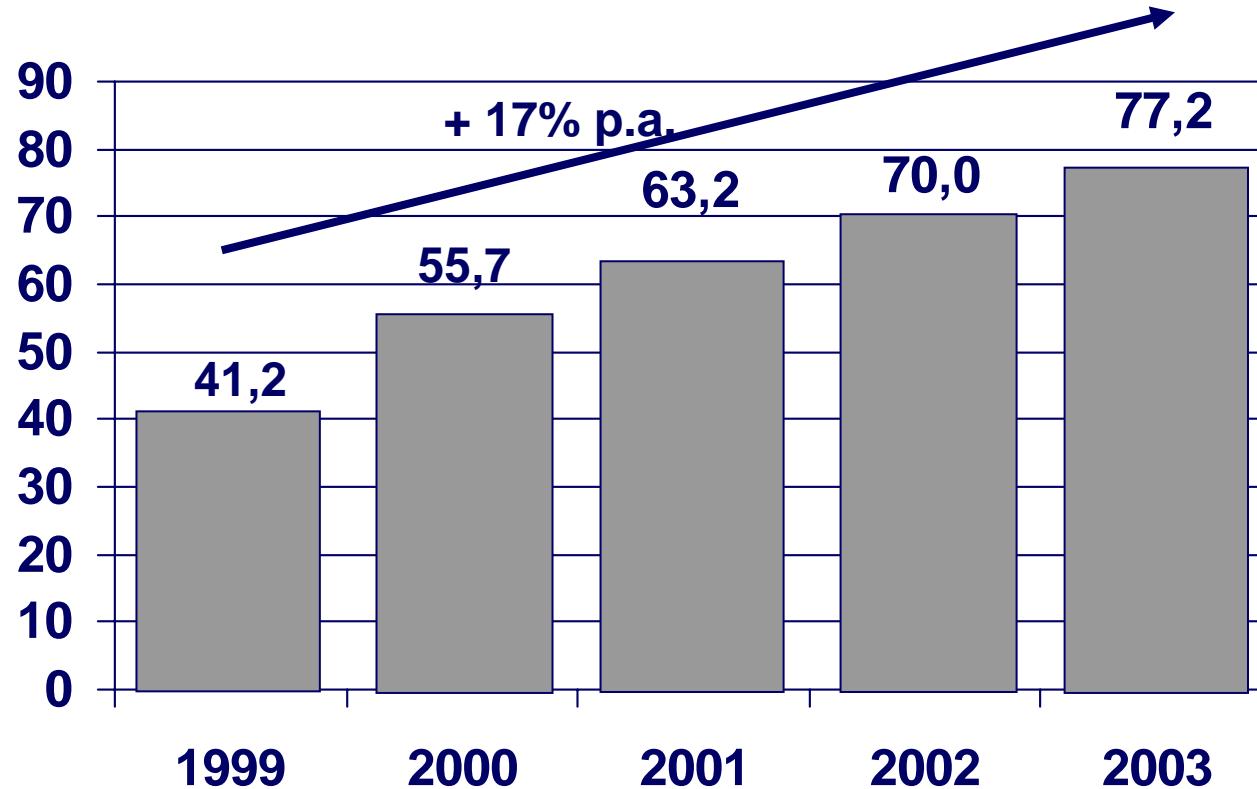
- ET's current US presence:
  - Sales managers on East Coast
  - Exclusive agent on West Coast
  - Application lab in Florida for training, demos and spare parts
  - Experienced German field service engineer to build up own service team
- Boston site to be in operations by mid 2004

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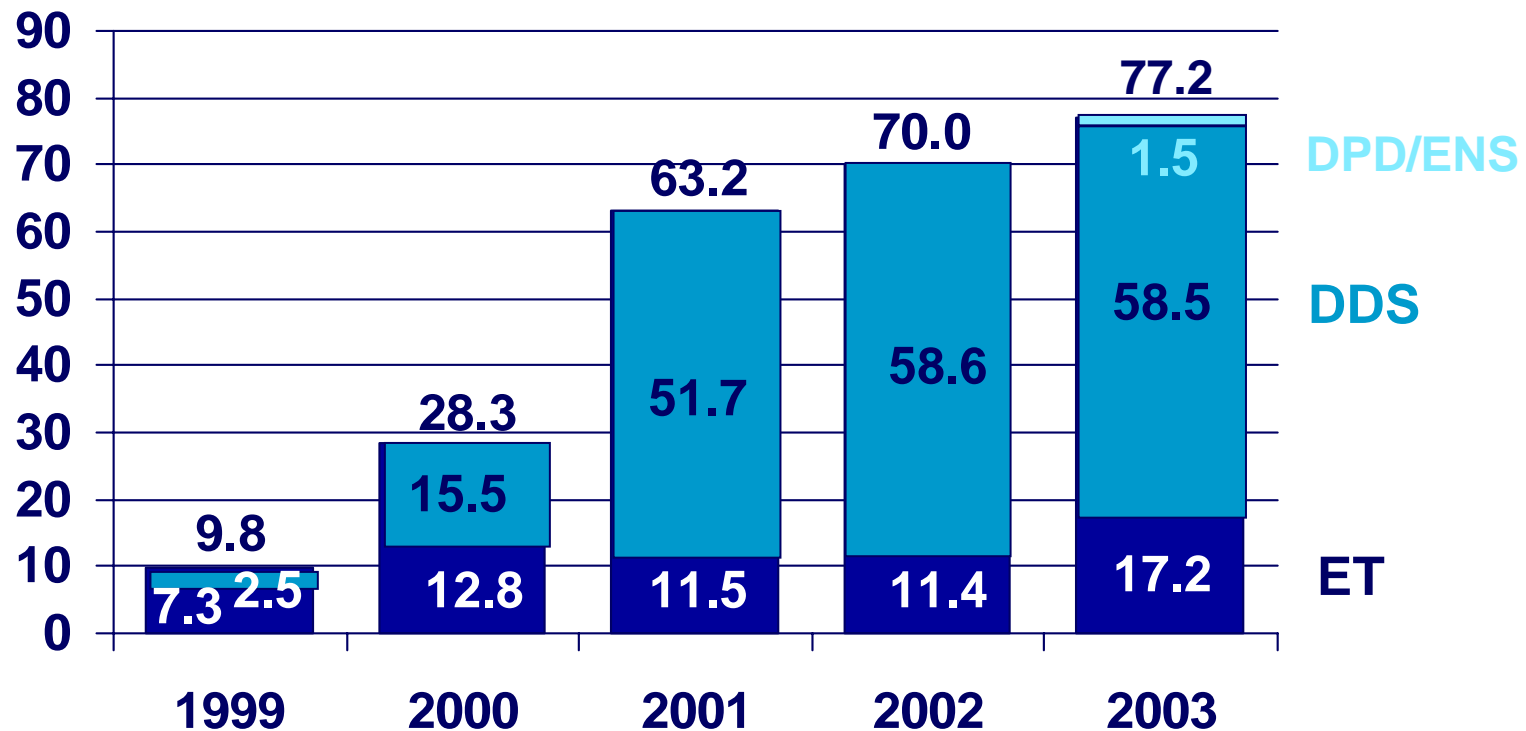
# Achieved revenue target, 4 year proforma CAGR of 17%

EUR million



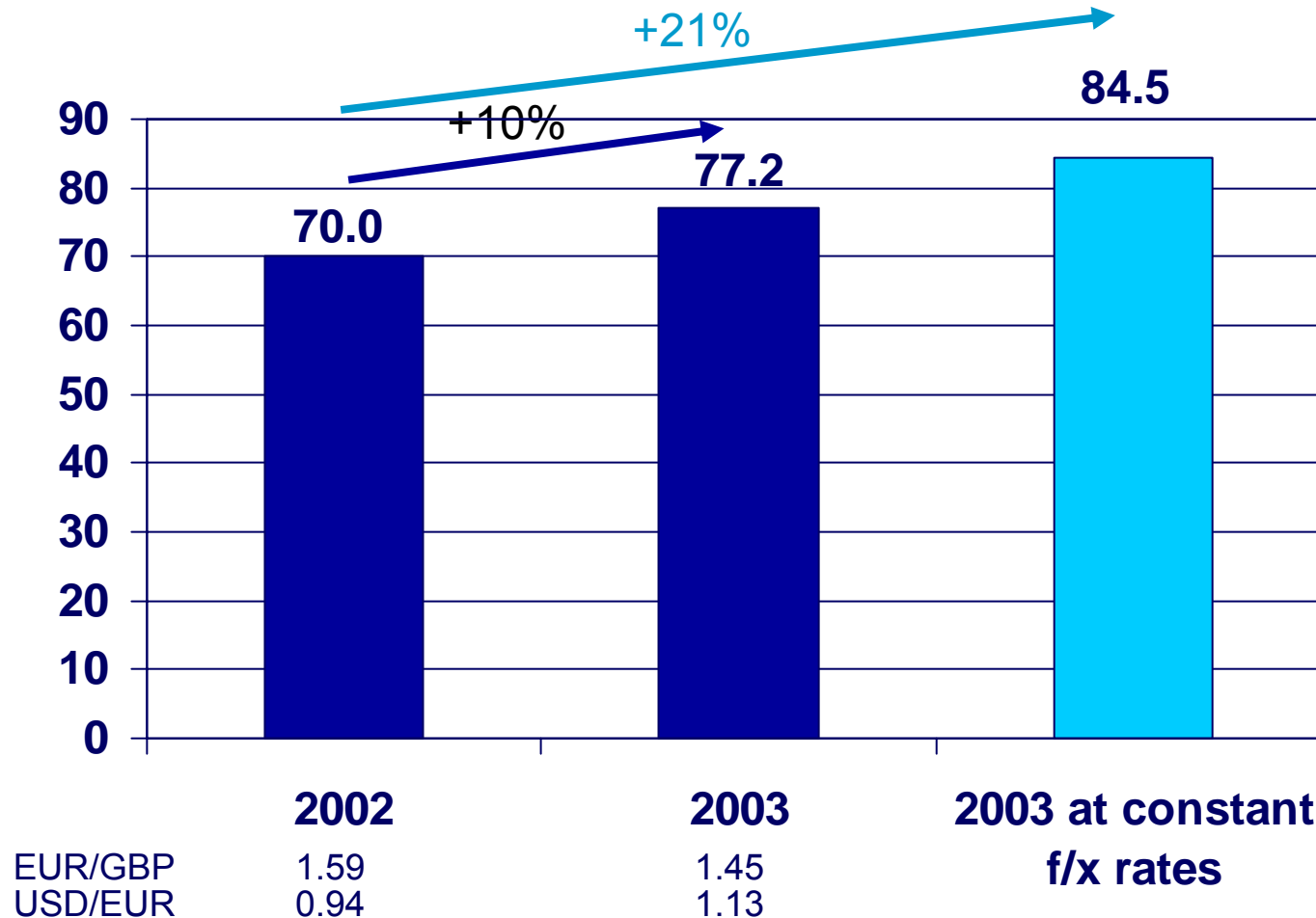
# Evotec Technologies contributed strongly to revenue growth

EUR million



# At constant currencies, we would have grown 21%

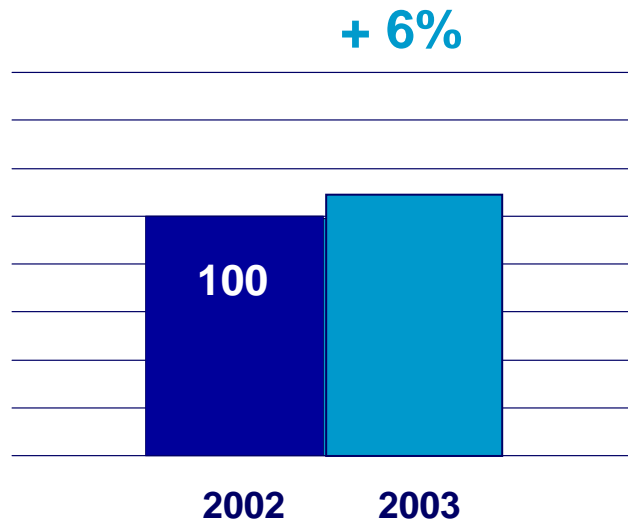
EUR million



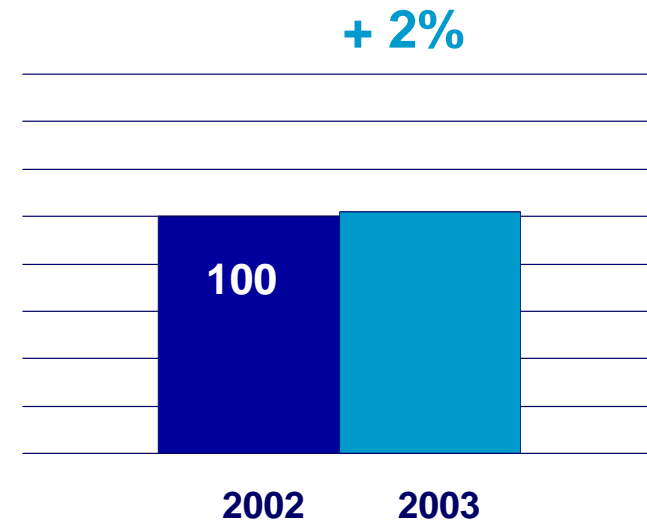
# Revenue by product group of DDS: Despite f/x effects, growth in both product lines

(indexed)

**Discovery**  
2003: 39.6\* EUR million



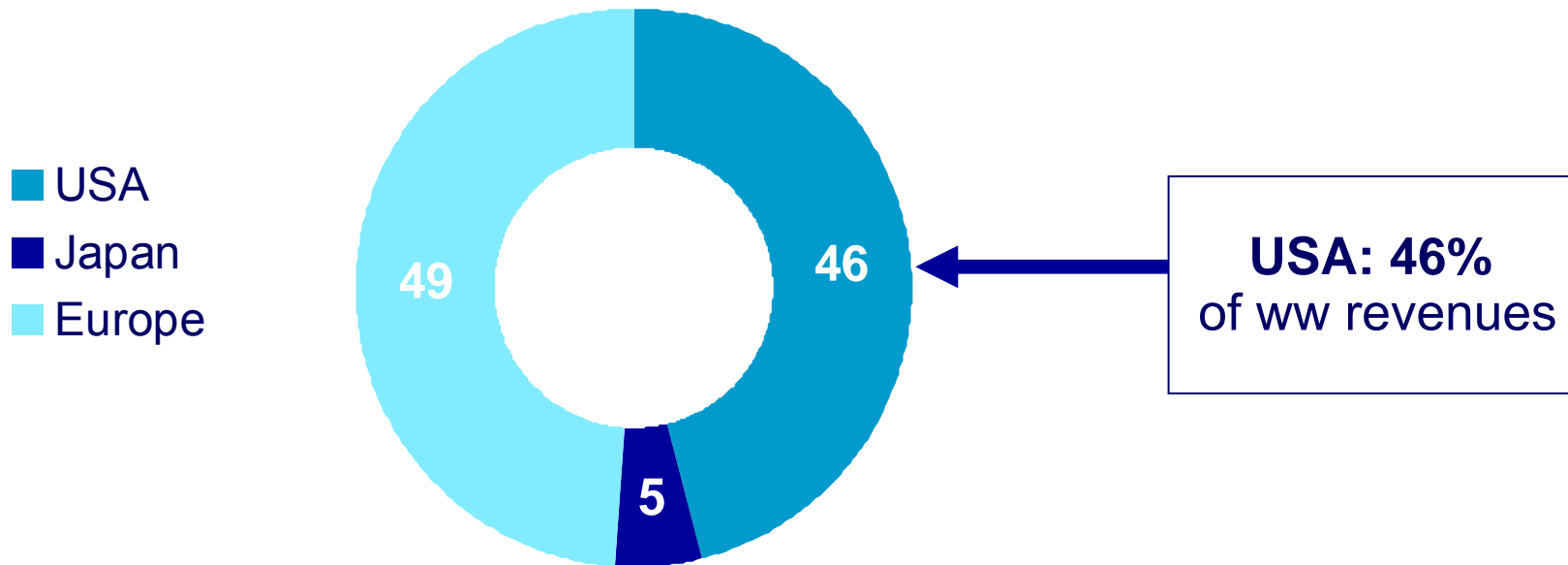
**Development**  
2003: 18.9 EUR million



\* incl. Intra-group revenues

# Revenue by regions: Continued high weight of US business, despite USD decline

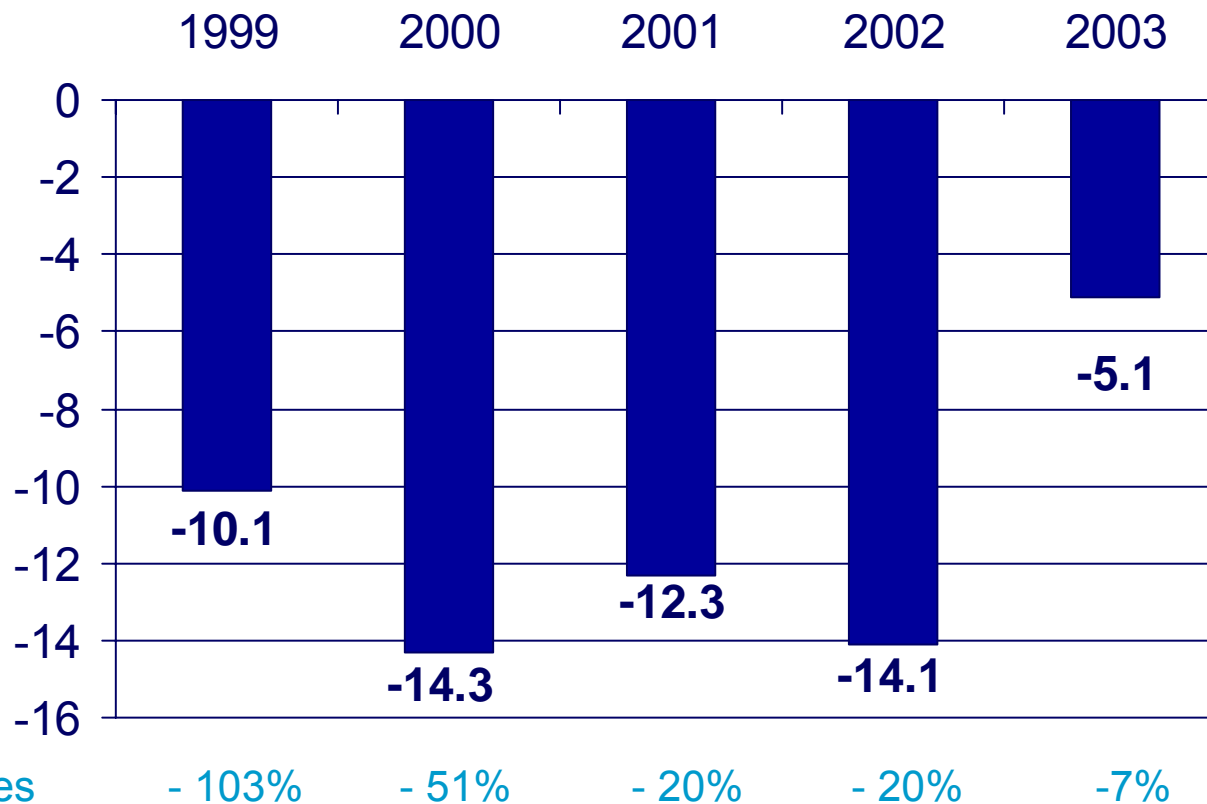
in % of revenues in EUR





## Operating result\*: Cost reductions resulted in significant improvement

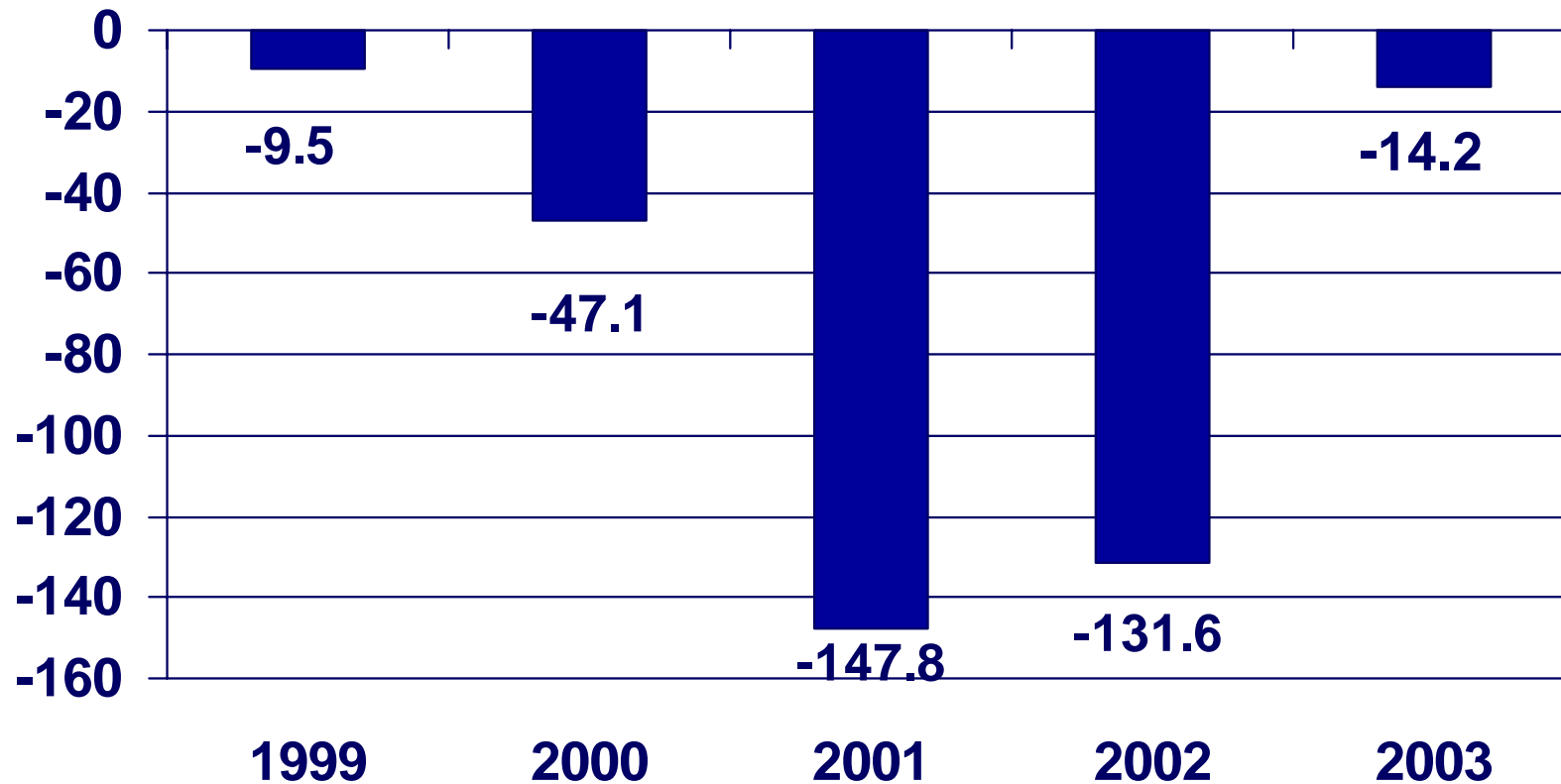
EUR million



\* before amortisation and impairment

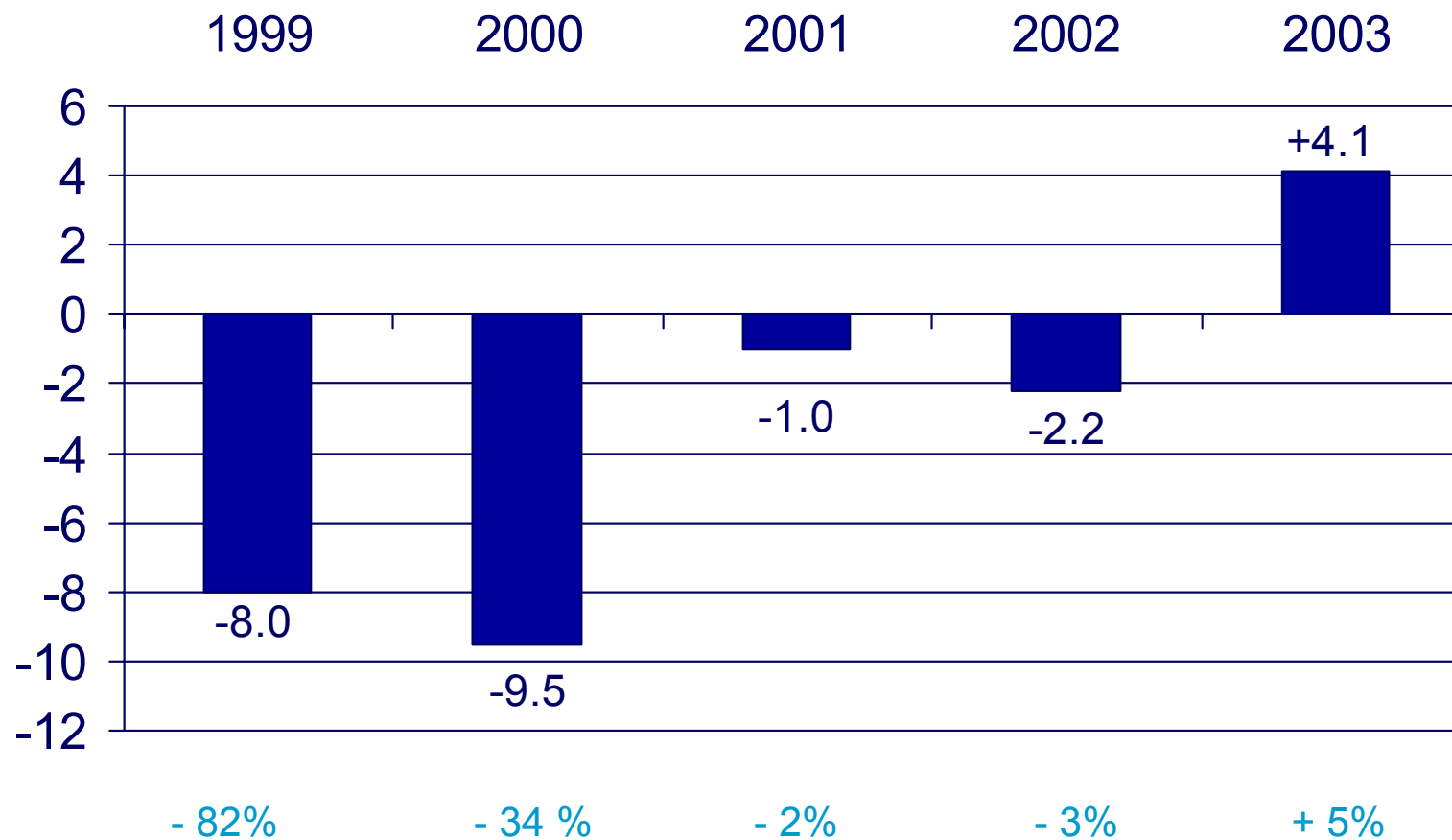
# Net income: Improvement supported by absence of goodwill impairment

EUR million



# EBITDA: Positive for the first time in company history

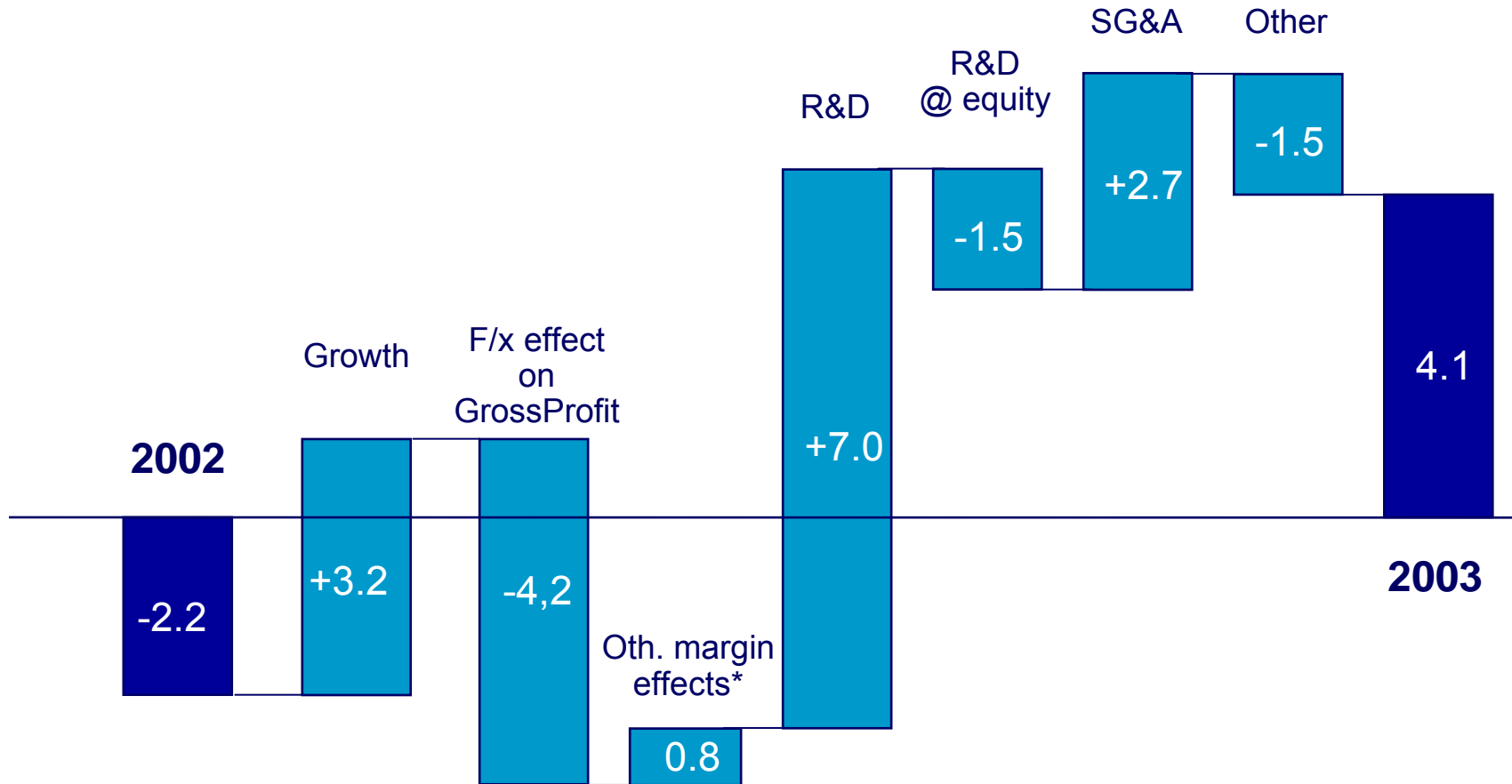
EUR million



% of revenues

# EBITDA effects: Improvement primarily from SG&A and R&D reduction

EUR million



\*Sales mix, utilisation/efficiency, pricing

## Group P & L

| <b>EURO million</b>                    | <b>2003<br/>Actual</b> | <b>2002<br/>Actual</b> | <b>% vs.<br/>Act 02</b> |
|--|------------------------|------------------------|-------------------------|
| <b>Revenues</b>                        | <b>77,2</b>            | <b>70,0</b>            | +10%                    |
| COGS                                   | -46,2                  | -38,5                  | -20%                    |
| <b>Gross Profit</b>                    | <b>31,0</b>            | <b>31,5</b>            | -2%                     |
| Gross Profit in % of Sales             | 40,2%                  | 45,0%                  |                         |
| R&D                                    | -15,5                  | -23,0                  | +33%                    |
| SG+A                                   | -17,9                  | -20,5                  | +13%                    |
| Other Operating Exp.                   | -2,7                   | -2,1                   | -29%                    |
| Amortization Intangibles               | -10,7                  | -121,4                 | +91%                    |
| <b>Operating Income</b>                | <b>-15,8</b>           | <b>-135,5</b>          | +88%                    |
| <b>Equity in net loss of affiliate</b> | <b>-1,6</b>            | <b>-0,1</b>            |                         |
| <b>EBIT</b>                            | <b>-16,9</b>           | <b>-134,7</b>          | +87%                    |
| <b>Net Income</b>                      | <b>-14,2</b>           | <b>-131,6</b>          | +89%                    |
| <b>EBITA</b>                           | <b>-6,2</b>            | <b>-13,3</b>           | +53%                    |
| Depreciation                           | -10,3                  | -11,1                  | +7%                     |
| <b>EBITDA</b>                          | <b>4,1</b>             | <b>-2,2</b>            | +286%                   |

Delivering on promises

US Dollar impact

Reduction of technology R&D

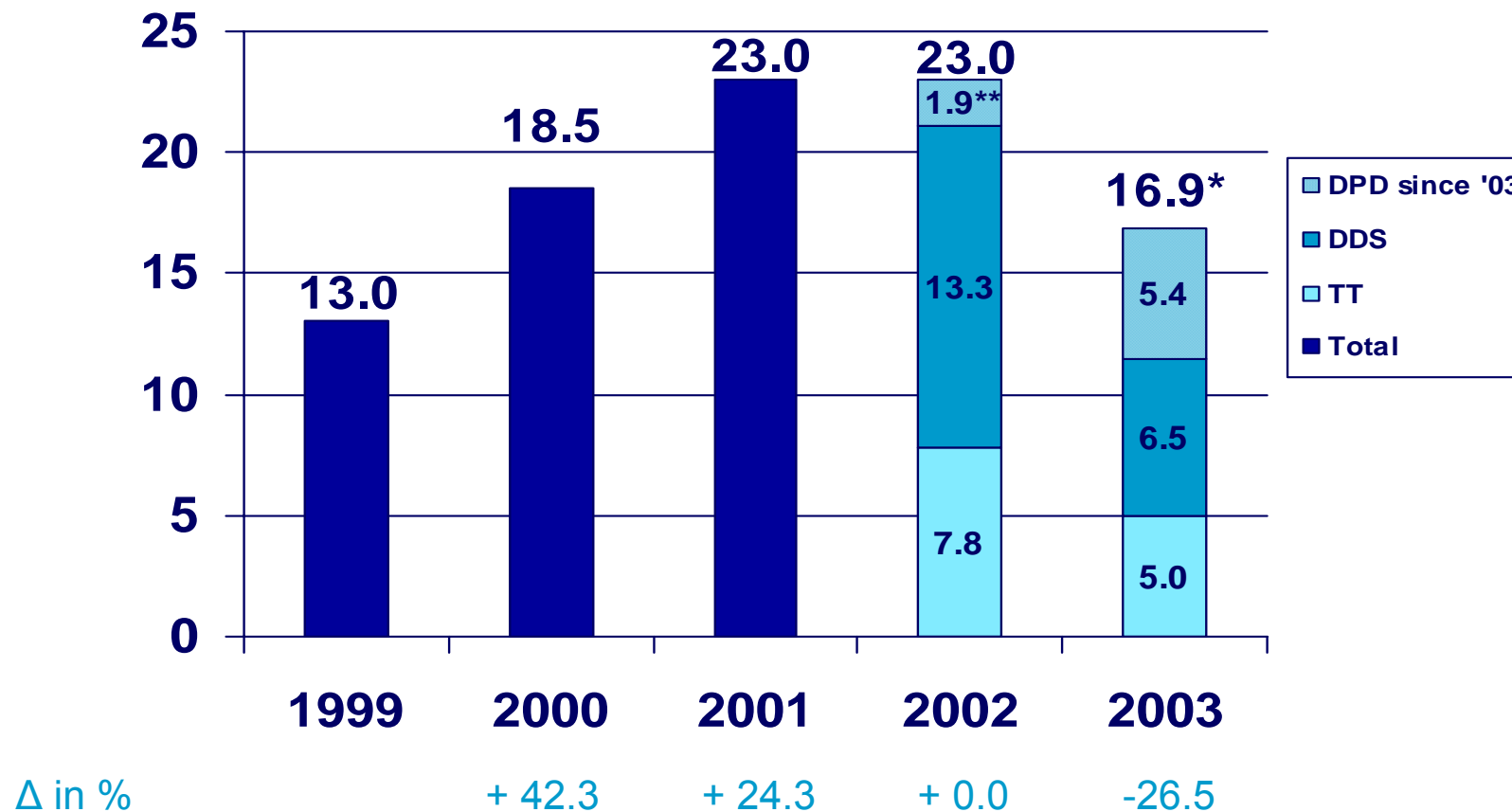
DeveloGen JV

Absence of goodwill impairment  
+ cost containment

Positive

# Reductions in platform R&D (DDS + TT), growing emphasis on discovery R&D (DPD)

EUR million

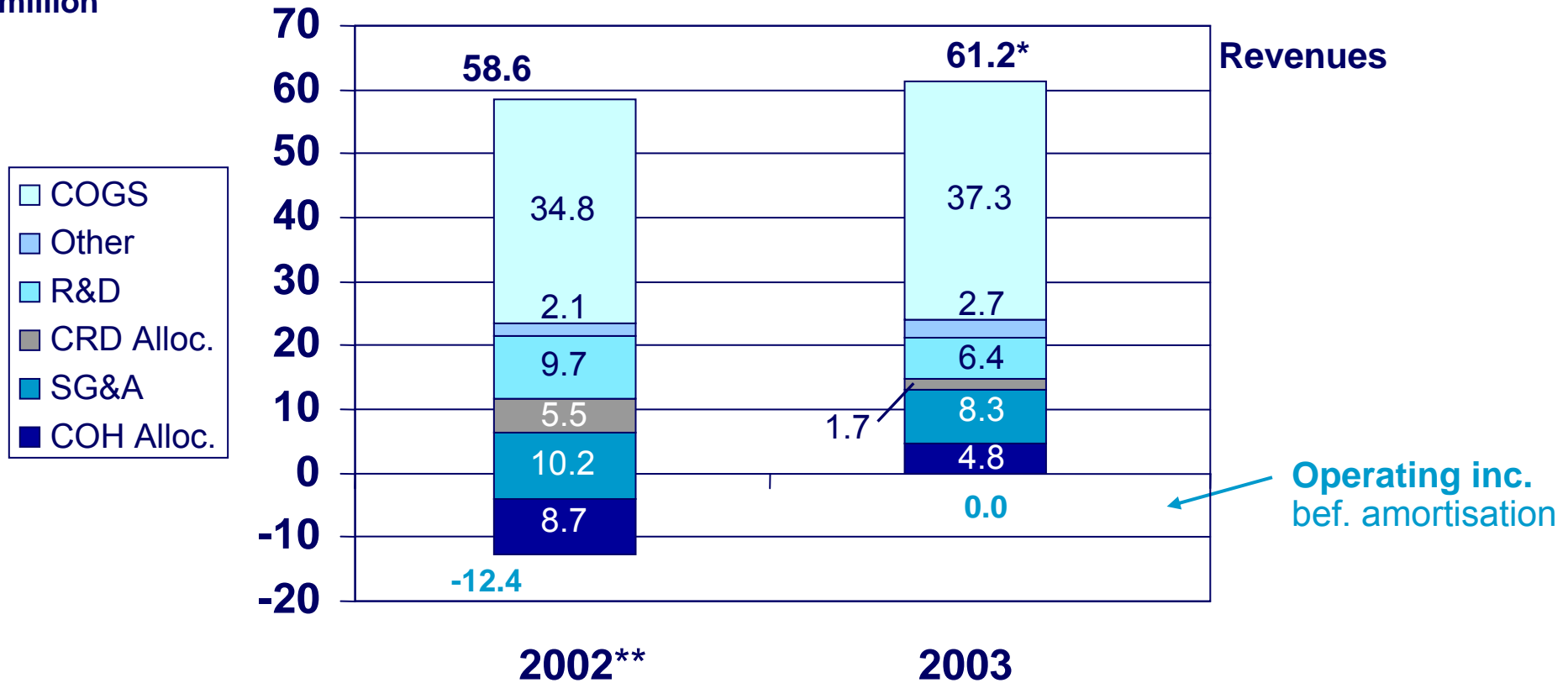


\* Incl. €m 1.4 R&D expenses shown at equity, \*\* ENS GmbH

# DDS has achieved positive operating income before amortisation

## P&L Discovery and Development Services (Segment)

EUR million



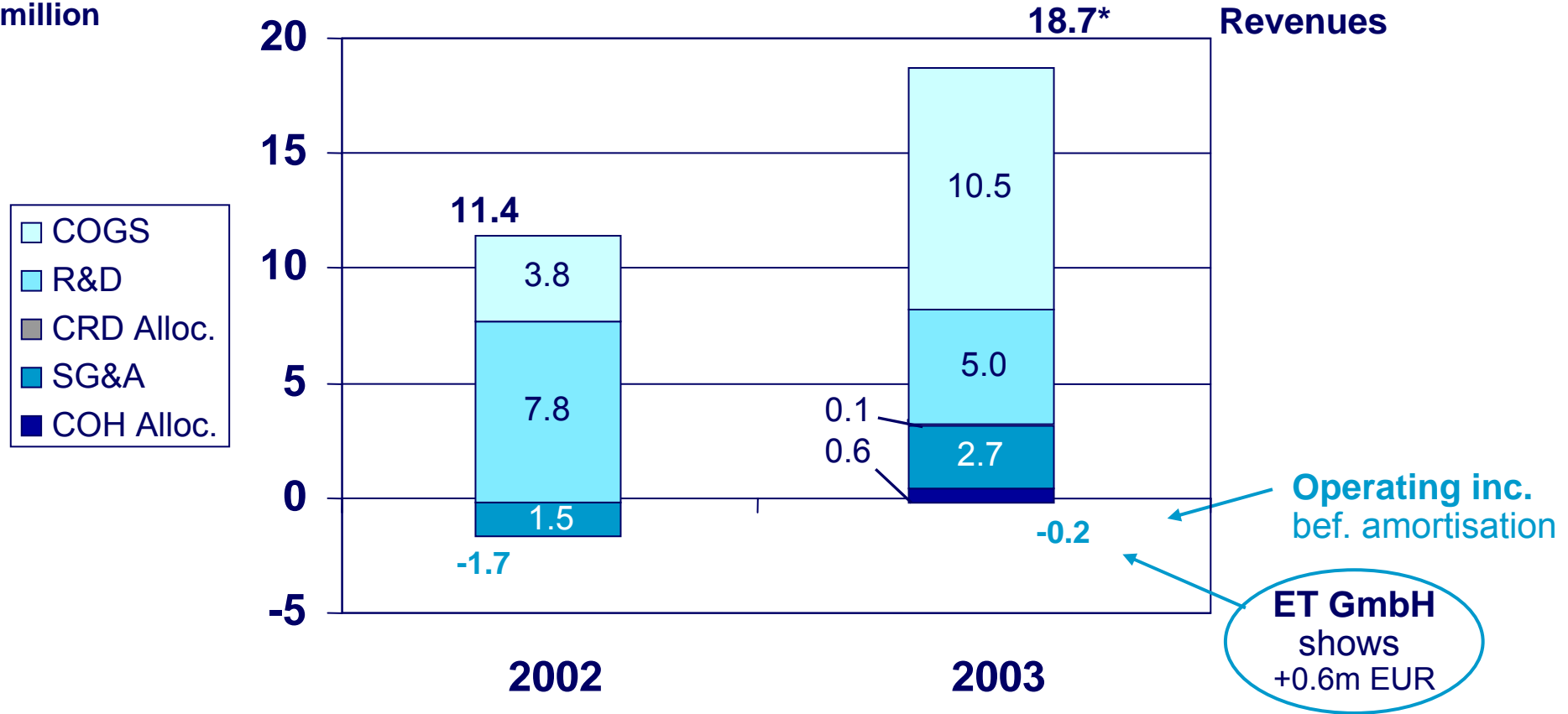
\* incl. intragroup revenues  
Actual '03: 2.6m  
\*\* incl. early DPD activities



# Evotec Technologies streamlined operations and came close to positive operating result before amortisation

## P&L Tools and Technologies (Segment)

EUR million



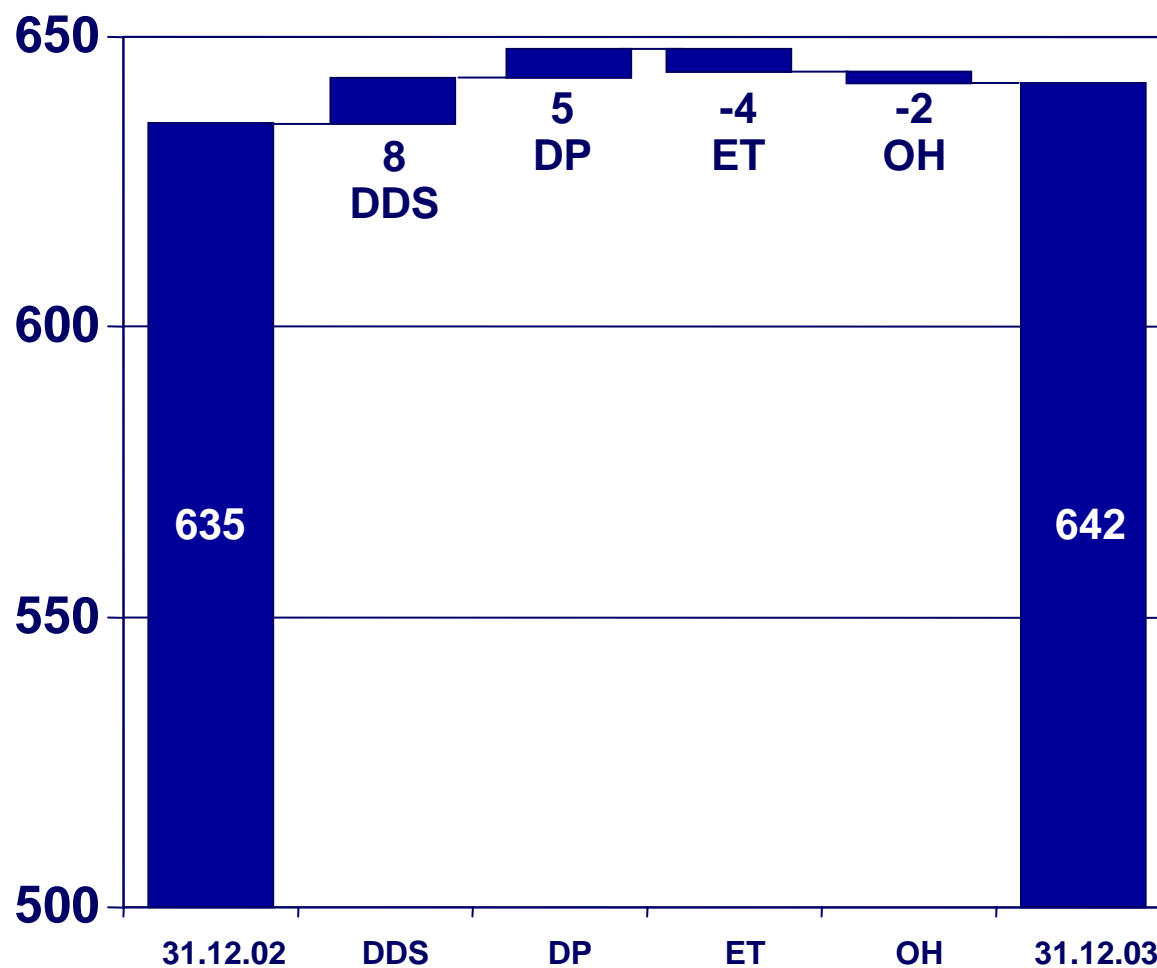
\*incl. intragroup revenues  
Actual '03: 1.5m

# Break even in Operating Result in established businesses, supported creation of Programs Division with > EUR 5 m

| EURO million  | DDS    | Discovery Programs | ET     | Consol | Group  |
|---|--------|--------------------|--------|--------|--------|
|   | Actual | Actual             | Actual | Actual | Actual |
| <b>Revenues</b>   | 58,6   | 1,5                | 17,2   | 0,0    | 77,2   |
| Intra-Group Revenues  | 2,6    | 0,0                | 1,5    | -4,1   | 0,0    |
| Total CoGS  | -37,3  | -0,7               | -10,5  | 2,2    | -46,2  |
| <b>Gross Profit</b>   | 23,9   | 0,8                | 8,2    | -1,9   | 31,0   |
| G.P. in % of revenues   | 39,0%  | 55,6%              | 43,7%  |        | 40,2%  |
| R&D   | -8,1   | -4,3               | -5,1   | 2,0    | -15,5  |
| SG+A  | -13,1  | -1,8               | -3,3   | 0,2    | -17,9  |
| Other Operating Expenses                                      | -2,7   | 0,0                | 0,0    | 0,0    | -2,7   |
| <b>Operating Income</b><br>before amortisation and impairment | 0,0    | -5,3               | -0,2   | 0,4    | -5,2   |

## Continued hiring in drug discovery

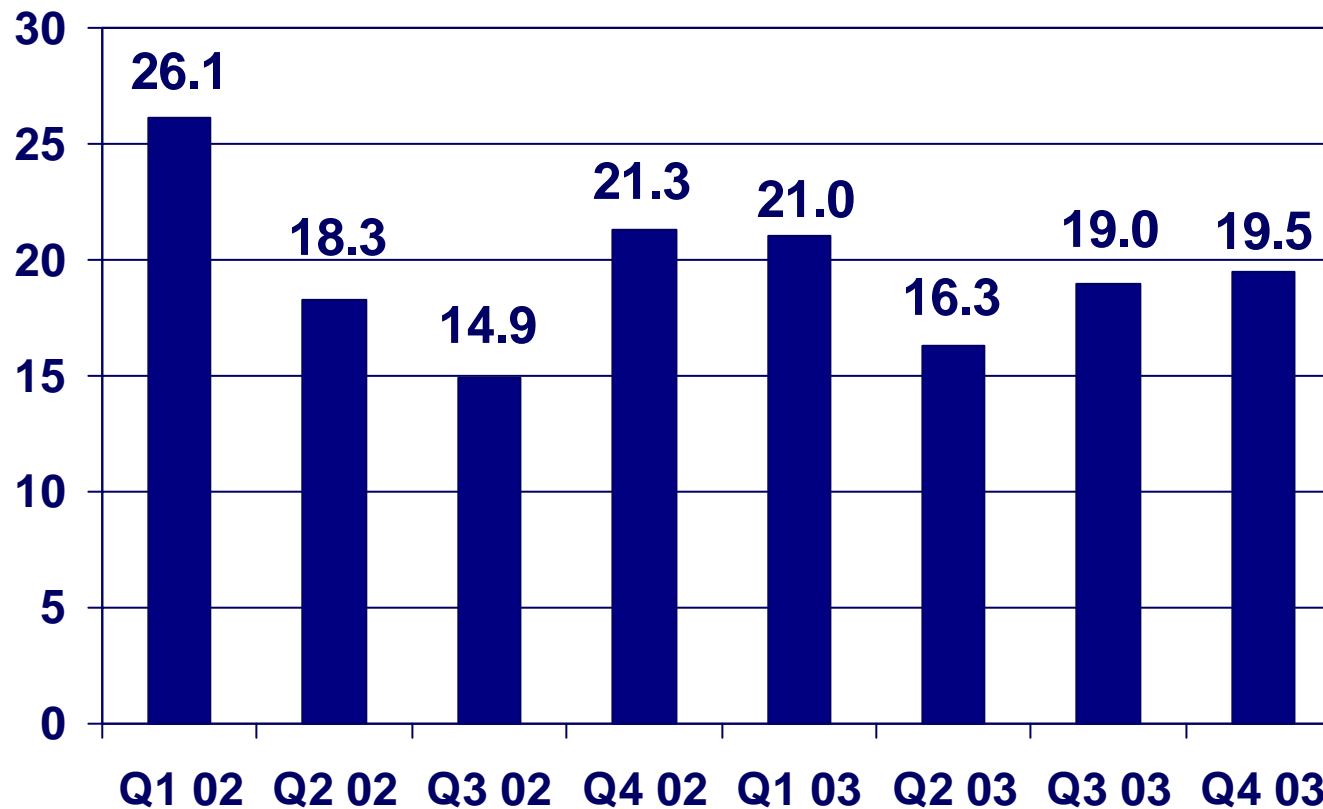
Headcount



Net headcount  
increase :  
+7 employees

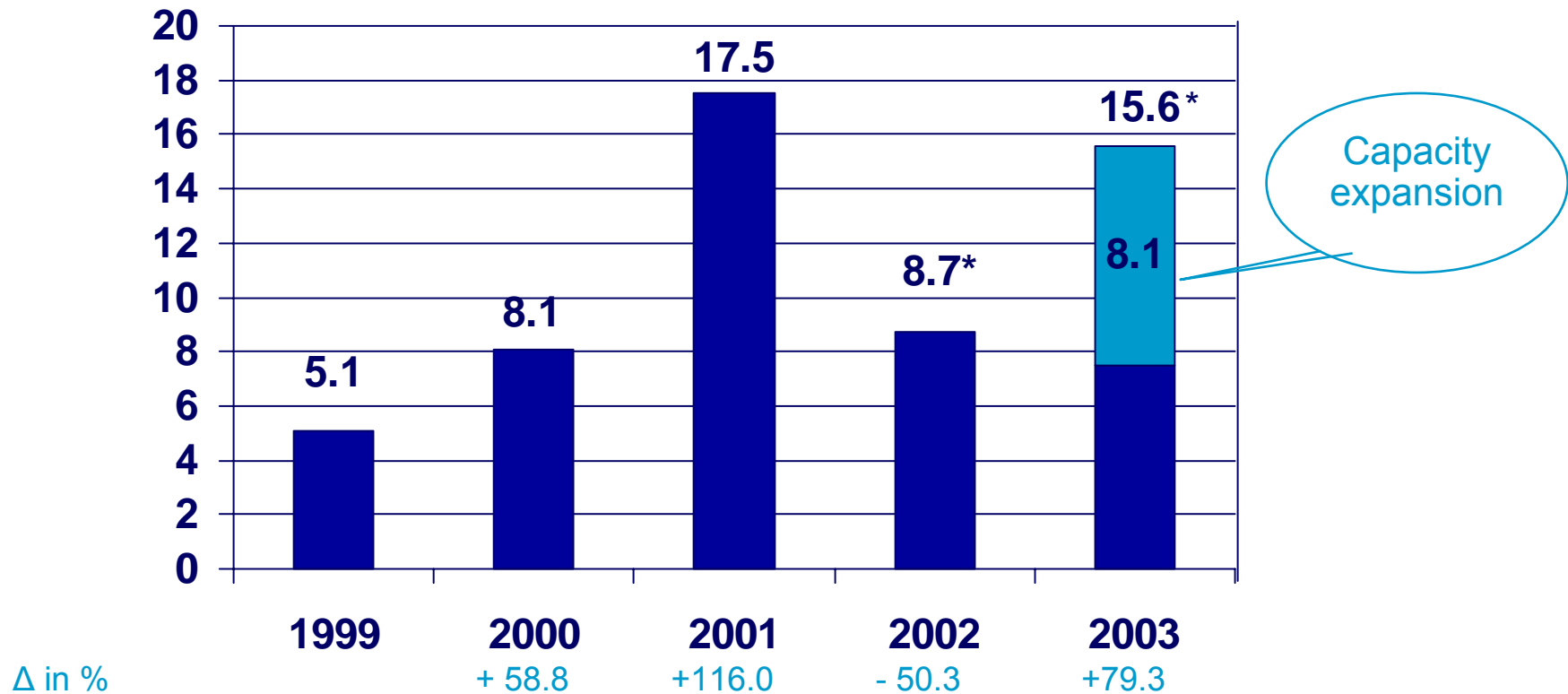
## Cash and marketable securities: We have successfully managed our cash position

EUR million



# Capital expenditures: Significant investment in new labs on top of regular capex

EUR million



\*including capital leases

# Cash Flow :

## Strong operating CF helped finance our investments

| <b>EURO million</b>                               | <b>31.12.03<br/>Actual</b> | <b>31.12.02<br/>Actual</b> | <b>% vs.<br/>Act. 02</b> |
|---|----------------------------|----------------------------|--------------------------|
| Net cash from operations                          | +7,8                       | -1,0                       | +881%                    |
| Net cash from investing**                         | -15,6                      | -7,0                       | -123%                    |
| thereof leasehold improvement                     | -8,1                       | -2,1                       |                          |
| Net cash from financing**                         | +7,2                       | +4,1                       | +75%                     |
| thereof loan finance                              | +5,5                       | +4,1                       |                          |
| thereof capital increases subsidiaries            | +3,0 *                     |                            |                          |
| <b>Net in-/decrease in cash and securities</b>    | <b>-0,6</b>                | <b>-3,9</b>                | <b>+85%</b>              |
| F/X Differences                                   | -1,2                       | -2,7                       | +55%                     |
| <b>Cash and securities at beginning of period</b> | <b>+21,3</b>               | <b>+27,8</b>               | <b>-23%</b>              |
| <b>Cash and securities at end of period</b>       | <b>+19,5</b>               | <b>+21,3</b>               | <b>-8%</b>               |
| <b>working capital movement</b>                   | <b>-2,3</b>                | <b>0,1</b>                 |                          |

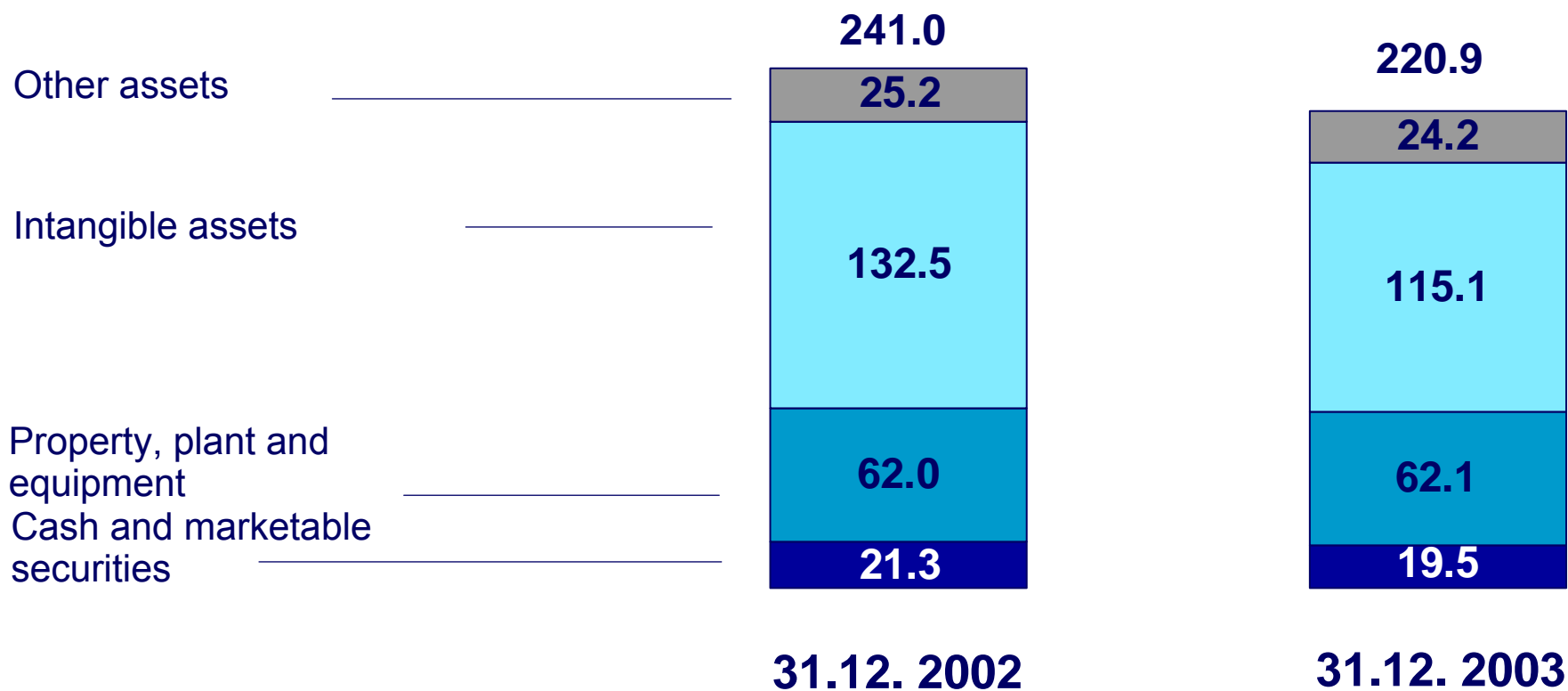
\* Pfizer capital contribution

\*\* without leasing

# Assets:

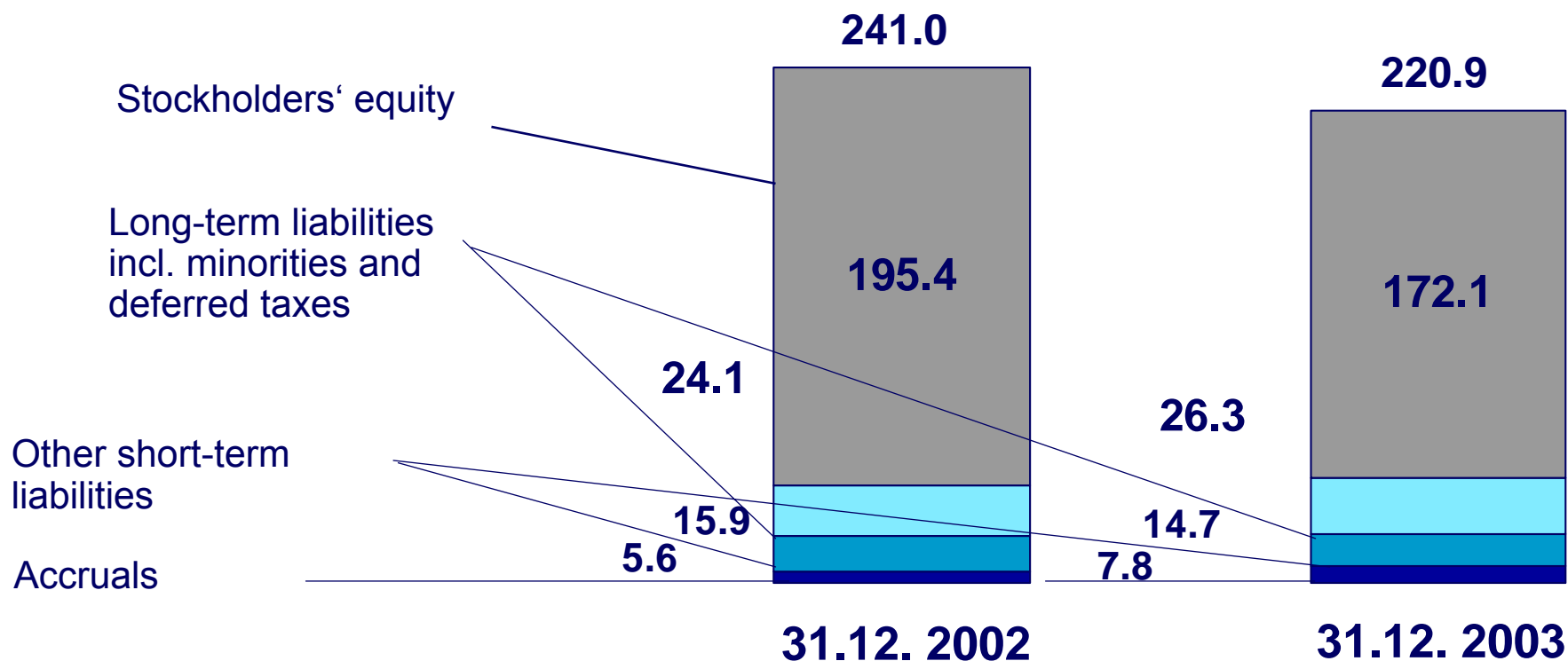
## Regular amortisation continued to reduce our intangibles

EUR million



# Liabilities and stockholders' equity: Solid equity position, stable long-term liabilities

EUR million





# Agenda

- 01 Overview
- 02 Commercial Review
- 03 Operations and Science Review  
Discovery and Development Services
- 04 Discovery Programs Division
- 05 Tools and Technologies (Evotec Technologies)
- 06 Consolidated Financial Statements 2003
- 07 Outlook

## 2004 expectations

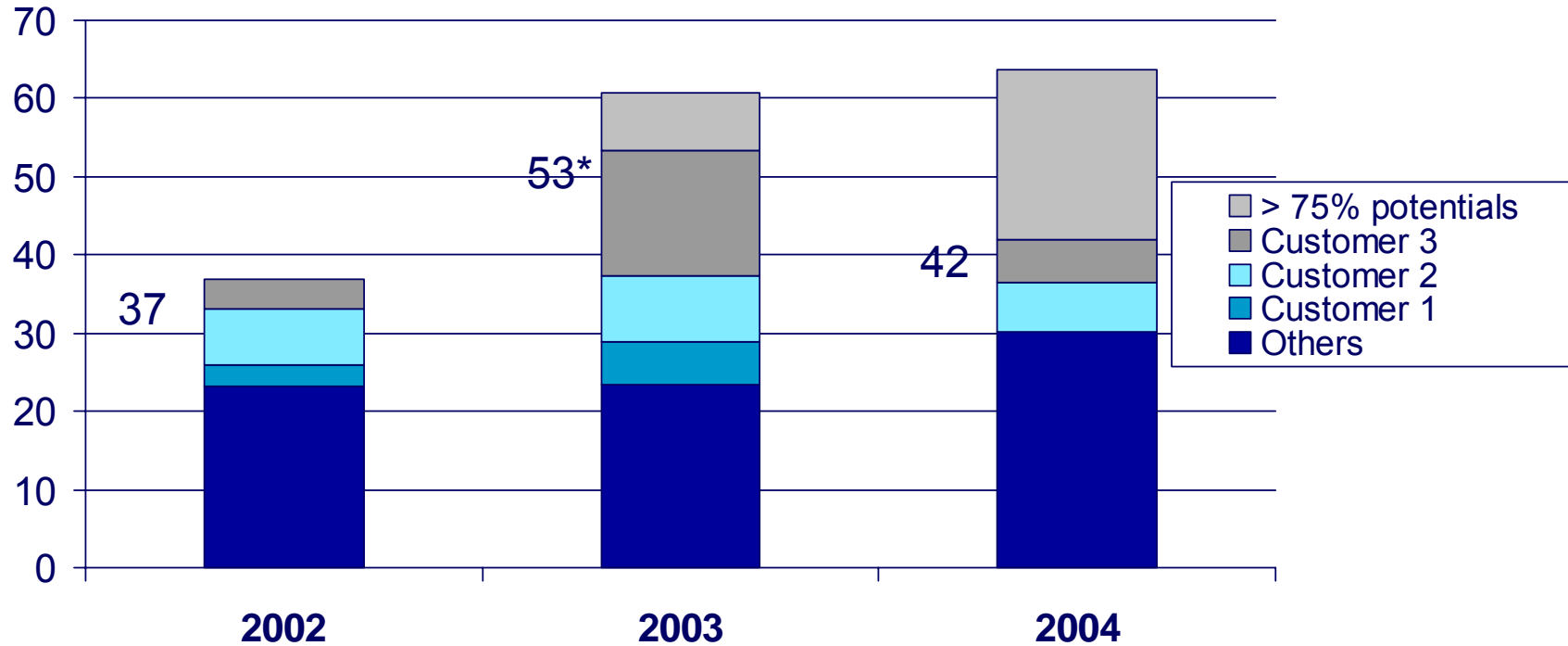
- Market weakness appears to have bottomed out at the end of 2003
- Signs of recovery in core markets
  - US and Japan
  - Europe lagging behind
- More significant growth only in the second half of 2004
  - Time lag between funding events and orders placed
  - Unfavourable foreign exchange rate Euro / Dollar 1<sup>st</sup> half 2004 / 2003
- Continued growth and good operational performance for full year 2004
  - Individual quarters will deviate from last year's performance (EVOscreen)
- Ideally positioned to benefit from upswing in the outsourcing market
- Growth in internal programmes

# Good order book and prospects

## Sales and order book

Status as of February each year

EUR million



\* Adjusted for a contract change with customer 2 in 2003

# Synergistic partnerships

