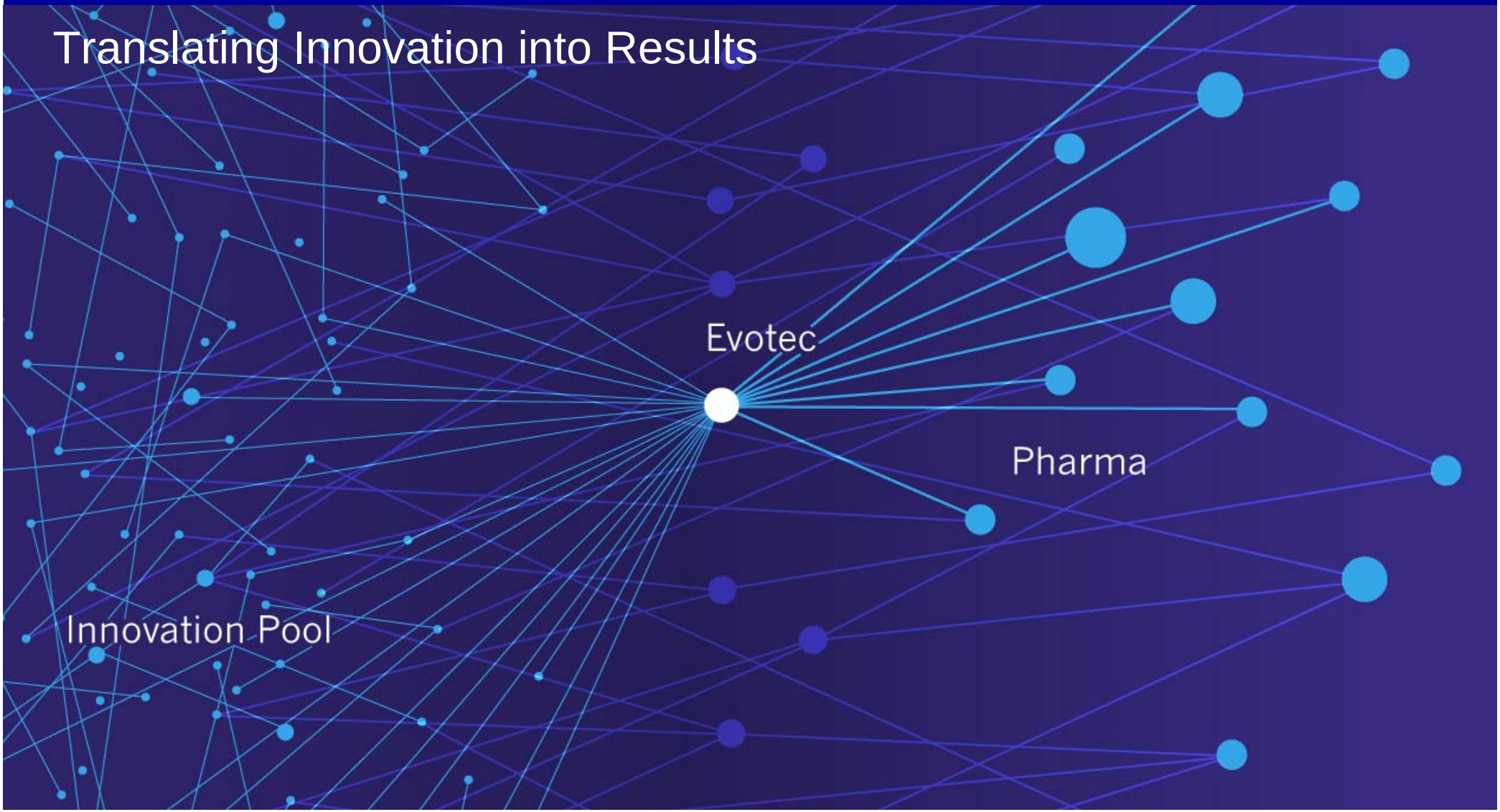
Evotec AG
FY 2006 Results Presentation, 29 March 2007

Translating Innovation into Results



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01 Highlights 2006

02 Pipeline

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Highlights 2006

- CNS pipeline - value inflection points ahead
  - Phase I/II study for insomnia candidate EVT 201 confirmed findings of previous study
  - 2 US Phase II patient studies for EVT 201 - results expected in Q3/2007
- Strong performance of service business
  - New partnerships, revenues grow by 5%
  - Encouraging financial results
    - Positive operating income before amortisation and impairment
    - Cash generative (Group reserves increased to €78.7m)
- Divestment of Evotec Technologies sharpens focus on future business
- All major financial objectives reached or exceeded

Financial guidance for 2006 fully achieved

Evotec Group including ET (in €m)

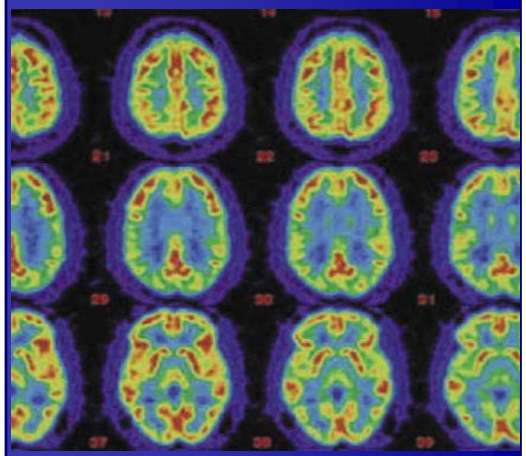
	2005	2006	Δ	Guidance
Revenues	80	85	+6%	0 – 5% growth
- Continuing business	64	67	+5%	Services 0% growth
R&D expenses	14	33	+137%	30 – 35
Net income	(34)	(32)	+3%	-
Cash at year end	54	81	+51%	> 30

Focus on future business – migrating to a biopharmaceutical business

Evotec

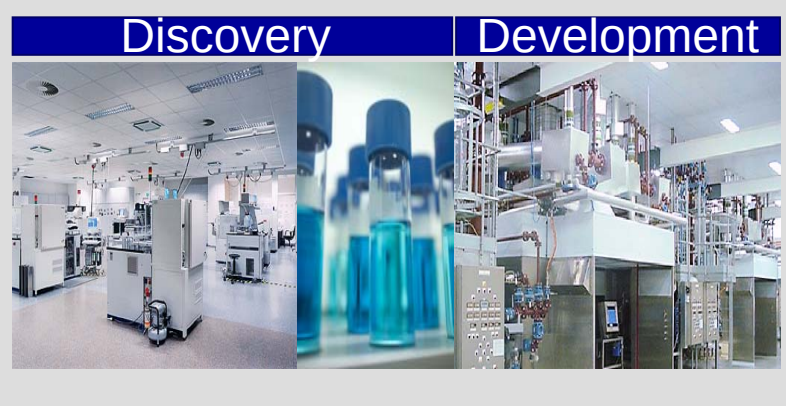
Services Division

Pharmaceuticals Division



- Tools and Technologies division (ET) sold to **PerkinElmer for €23m**
- Total valuation of former technologies incl **Olympus** deal €30m
- Increases Evotec's cash position to €78.7 by 31/12/2006
- Increases flexibility to develop and expand CNS pipeline

Small molecule machine to build internal pipeline and partnership business



€67m partnership business

Pfizer, MERCK, serono, OXAGEN, Celgene, NOVARTIS, astex, OXIGENE, AstraZeneca, Boehringer Ingelheim, FERRING PHARMACEUTICALS, GENEXTRA, ALTANA, Almirall, Panacos, ALIZYME, ACHILLION PHARMACEUTICALS INC, RECORDATI, CURIS, AnorMED, Vifor International, APEIRON BIOLOGICS, GRÜNENTHAL, SEIKAGAKU CORPORATION, DAIICHI PHARMACEUTICAL CO.LTD, Vernalis

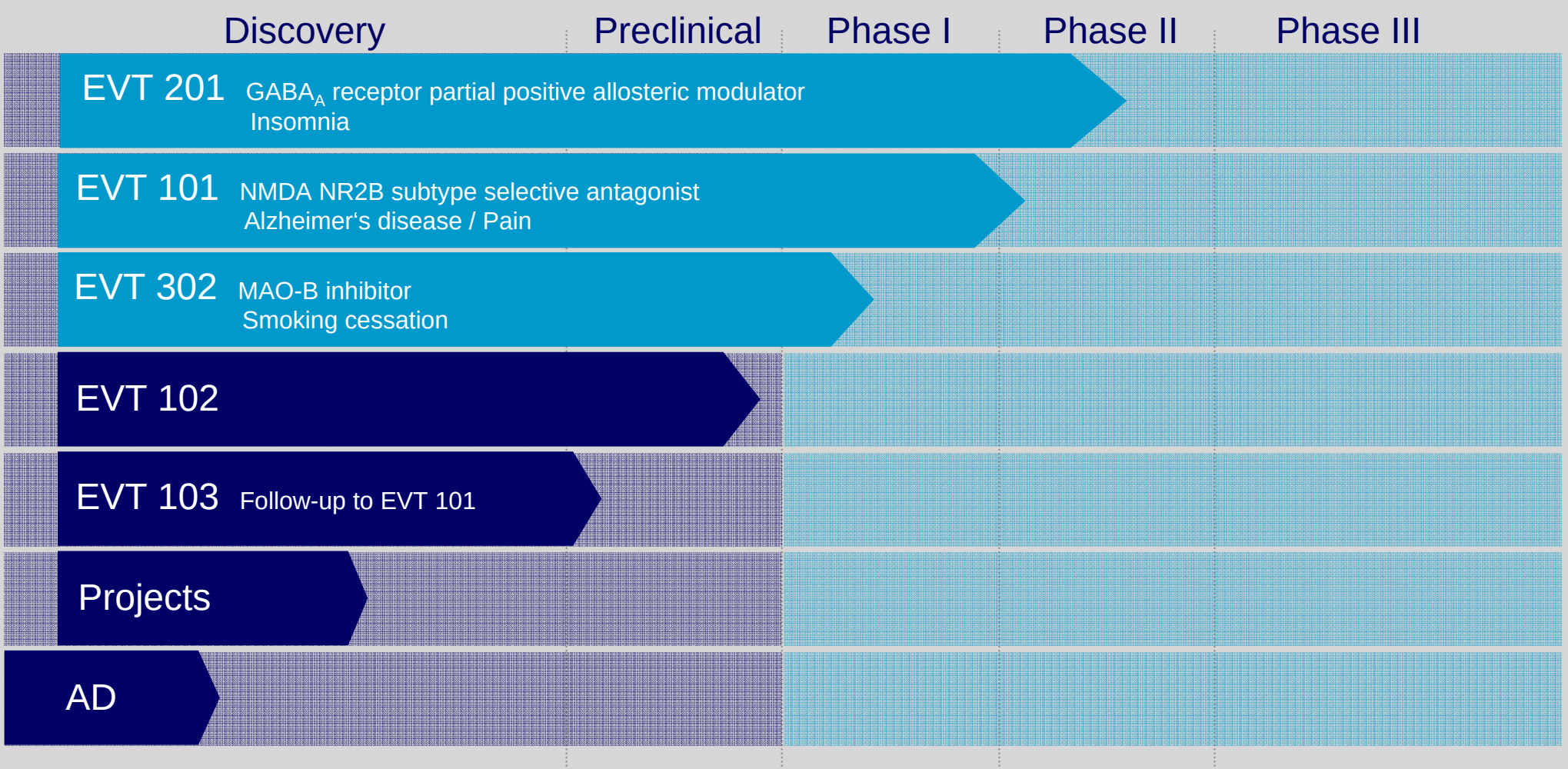
Proprietary CNS pipeline

- EVT 201
- EVT 101
- EVT 302

Pipeline progressed during 2006

- EVT 300
  - In-licensed 2 MAO-B inhibitors, EVT 301 and EVT 302
  - Changed focus to EVT 302 from EVT 301 following Phase I results
- EVT 100
  - Successful completion of Phase I studies for EVT 101
  - Progressed EVT 103 towards clinical trials
- EVT 201
  - Finished second Phase I/II proof-of-principle insomnia study, data positive and consistent with initial Phase I/II study
  - Start of 2 US Phase II trials in primary insomniacs and elderly insomnia patients with daytime sleepiness

Our CNS pipeline



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EVT 302: Smoking cessation and Alzheimer's

- **Orally active, potent, highly selective MAO-B inhibitor**
- **Potential in neurodegenerative diseases (AD, PD) and addiction**
  - Phase II clinical validation in smoking cessation (selegiline, lazabemide)
  - Phase III clinical validation in AD
- **Clinical status**
  - Phase I SAD finished
  - Further Phase I studies during 2007
  - Phase II in smoking cessation planned to begin mid 2008

Smoking cessation: Enormous market potential

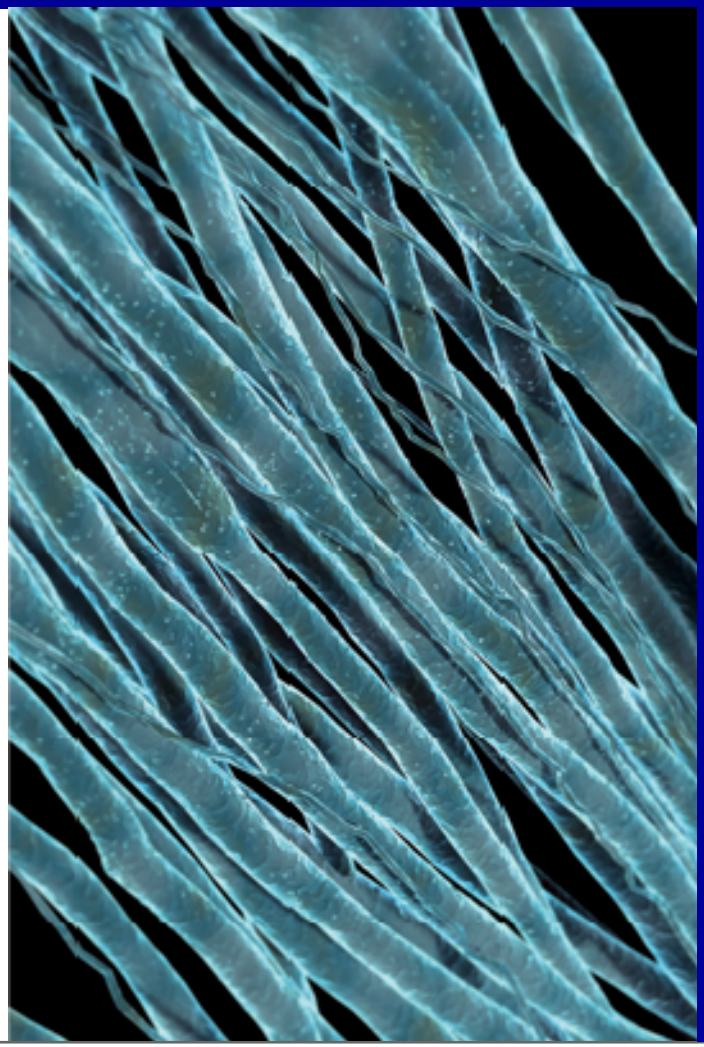
- Nicotine replacements - market value ~ $1bn today
- Large market, consumer driven and agile
  - 44.5 million smokers in the US
  - 70% of smokers desire to quit = 30 million
  - Average smoker will make 6 – 9 attempts to quit during their lifetime
- 2 non-nicotine prescription therapies approved
  - Buproprion SR - originally an antidepressant (available generically), branded by GSK as Zyban for smoking cessation
  - Chantix by Pfizer
    - Launched in Aug 2006
    - Cost ~ $3.50/day; treatment course (6 months) ~ $600
    - Peak sales expectation at $1bn in 2011/2012

EVT 302: Strong product characteristics

- **Smoking cessation - lower development risk and cost, strong competitive potential**
  - Clinically effective MAO-B mechanism
  - Superior competitive safety profile over first generation MAO-B inhibitors with potential for no food restriction and better tolerability than Chantix
  - Potential for once per week dosing
  - Use as mono-therapy or in combination with nicotine based therapies
- **Alzheimer's disease - higher development risk for disease modification**
  - Clinically validated mechanism
  - Existing preclinical and Phase I programme for smoking cessation also validates compound for Alzheimer's disease at no extra cost
  - Go/No Go decision to start Phase II in light of competitive scenario at that time

EVT 101: Selectivity provides key differentiation

- **Oral NR2B subtype selective NMDA receptor antagonist**
- **Potential in neurodegenerative diseases and pain**
- ‘Memantine’ - a non-selective NMDA competitor drug - shows blockbuster potential in Alzheimer’s disease
- **Clinical status**
  - Phase I successfully completed
  - Phase Ib/IIa to start in H1 2007
  - Preclinical toxicology in progress to allow longer-term clinical studies



Multi indication potential (Alzheimer, Pain, other indications)

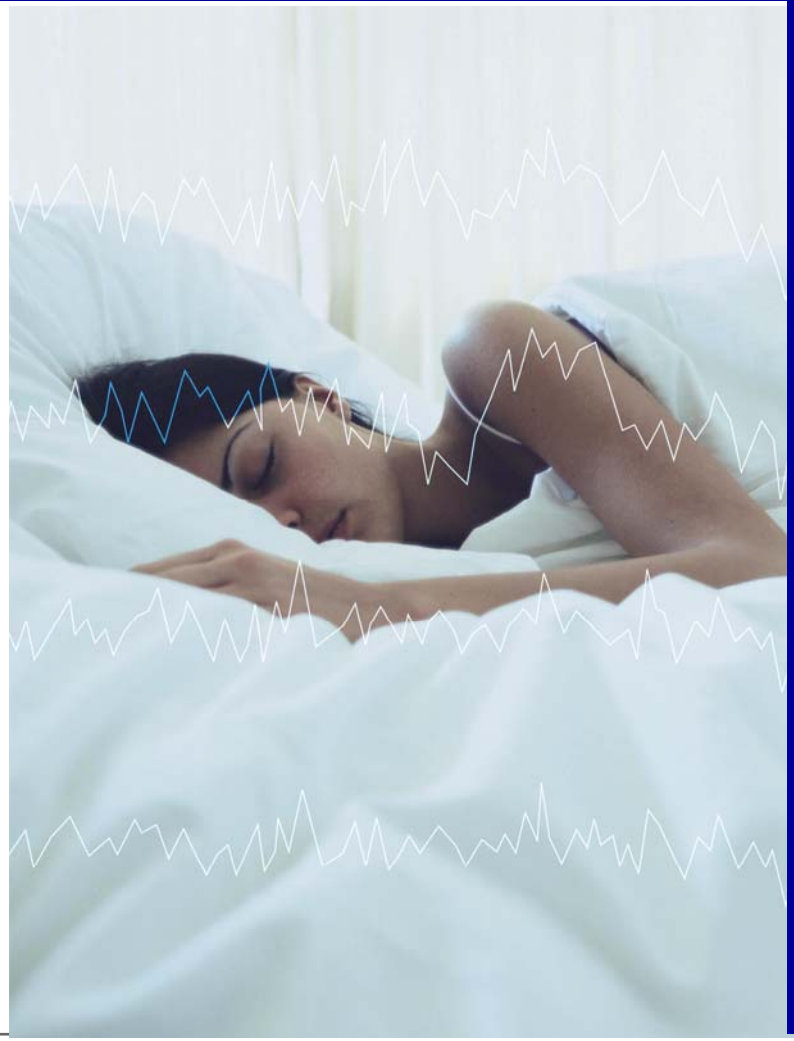
- Symptomatic Alzheimer's disease treatment, potential for disease modification
  - NR2B selectivity should translate into clinical advantages over 'memantine'
- Novel approach for treatment of neuropathic pain
  - Clinical proof-of-concept for NR2B antagonists in neuropathic pain, plus a wealth of preclinical evidence
- Novel perioperative pain indication
- Status and plans:
  - EVT 101 has a highly desirable preclinical profile

    - Potent and highly NR2B subtype selective NMDA antagonist

    - Excellent drug-like properties, oral adsorption, PK and brain penetration
  - Phase I successfully completed; EVT 101 ready for Phase II proof-of-concept
  - Choice of EVT 101 Phase II to be determined after Phase Ib/IIa studies
  - Back up EVT 103 and injectable programmes

EVT 201: Insomnia candidate with differentiated mode of action

- **Potential novel insomnia treatment on $GABA_A$ receptor complex**
  (partial positive allosteric modulator)
- **Differentiated profile**
  - Partial agonism
  - Ideal T1/2: approx. 3.5 hrs
  - Similar PK in young and elderly
  - Strong preclinical characteristics
- **Clinical status**
  - Well tolerated in Phase I
  - Encouraging results in 2 Phase I/II proof-of-principle studies
  - 2 US Phase II studies ongoing
  - Proof-of-concept expected Q3/2007



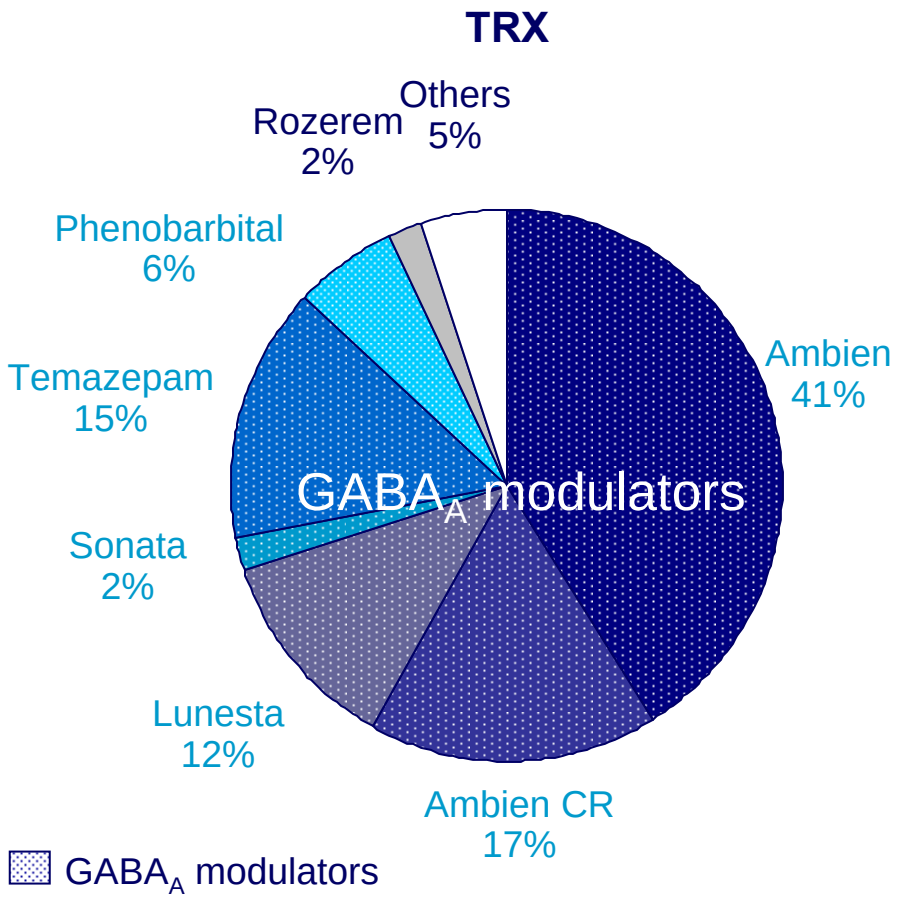
Insomnia market: Under-penetrated and consumer driven

- **Symptoms of insomnia very frequent**
  (2005 Sleep in America Poll Survey, Nature Reviews / Drug Discovery)
  - 54% encounter symptoms at least 1x per month,
  - Only 7% use RX sleep aid

- **Significant consumer driven growth potential**
  (Morgan Stanley survey of global sleep specialists (Feb 2006))
  - 62% of sleep physicians expect > 20% growth of prescriptions
  - 50% of prescriptions based on patient requests

$GABA_A$ modulation is Gold Standard for Insomnia
> 90 % of drugs use this mechanism, incl. market leaders

US market share data according to IMS, January 2007



$GABA_A$ modulation:
Gold Standard mechanism
Clinically validated

> $ 3.5 bn annual US sales in 2006

Significant unmet needs remain

*"One of the major challenges is to develop a drug that **induces sleep quickly**, helps individuals **remain asleep** and allows them to awaken feeling **refreshed** rather than hung over."*

Datamonitor, Pipeline and Commercial Perspectives: Insomnia, 12/2005

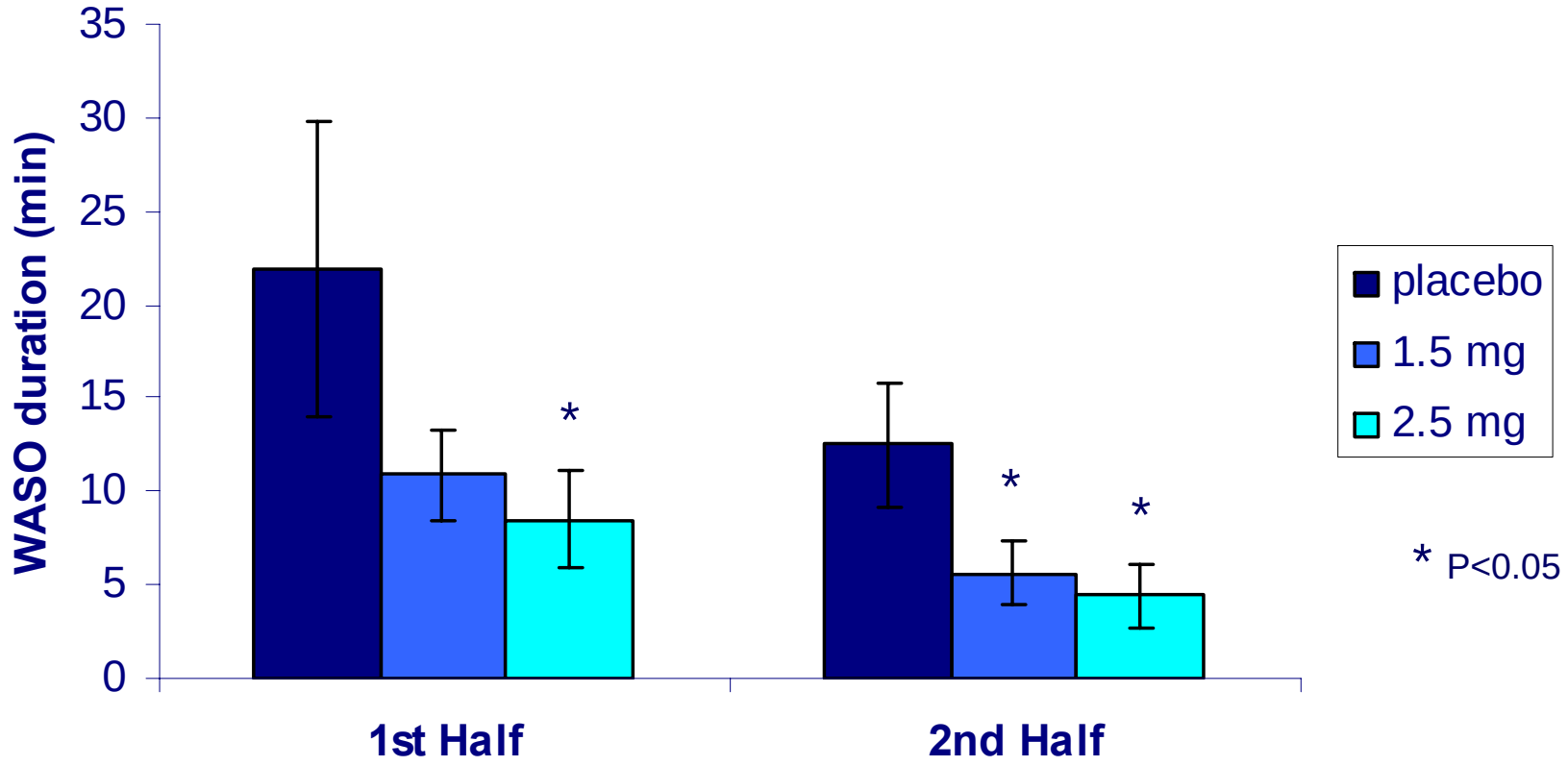
*"The elderly form a large part of the insomnia population and are **particularly ill served** by current medicines, both in terms of efficacy and side effects."*

Physician Interview, IMTA Survey, 2006

Road traffic noise model in a sleep laboratory: Good model to measure sleep maintenance

EVT 201 shows efficacy in sleep maintenance in both first and second half of the night

- EVT 201 (1.5, 2.0 & 2.5 mg) significantly reduced WASO over the whole night
- Significant reduction in Wake after Sleep Onset in hours 0-4 and hours 5-8
- No subjective residual effects



EVT 201 insomnia drug: Potential for differentiation

- **"*Gold Standard" clinical mechanism* in insomnia**
- **High affinity, α1 preferring *partial* positive allosteric modulator**
  - Potentially also reducing symptoms of anxiety
  - Low potential for dependence
- ***Sleep inducing*, but not a "knock out"** (partial agonist)
  - Enhanced sleep architecture
- **Close to optimal PK profile supports *sleep maintenance***
  - 3.5 hr $T_{1/2}$ ideal for good sleep maintenance and no hangover
- **Similar PK in young and elderly, *ease of use across patient spectrum***
- **Subjective feeling of *a good night's sleep***
- **2 Phase II results in primary insomnia in Q3/2007**

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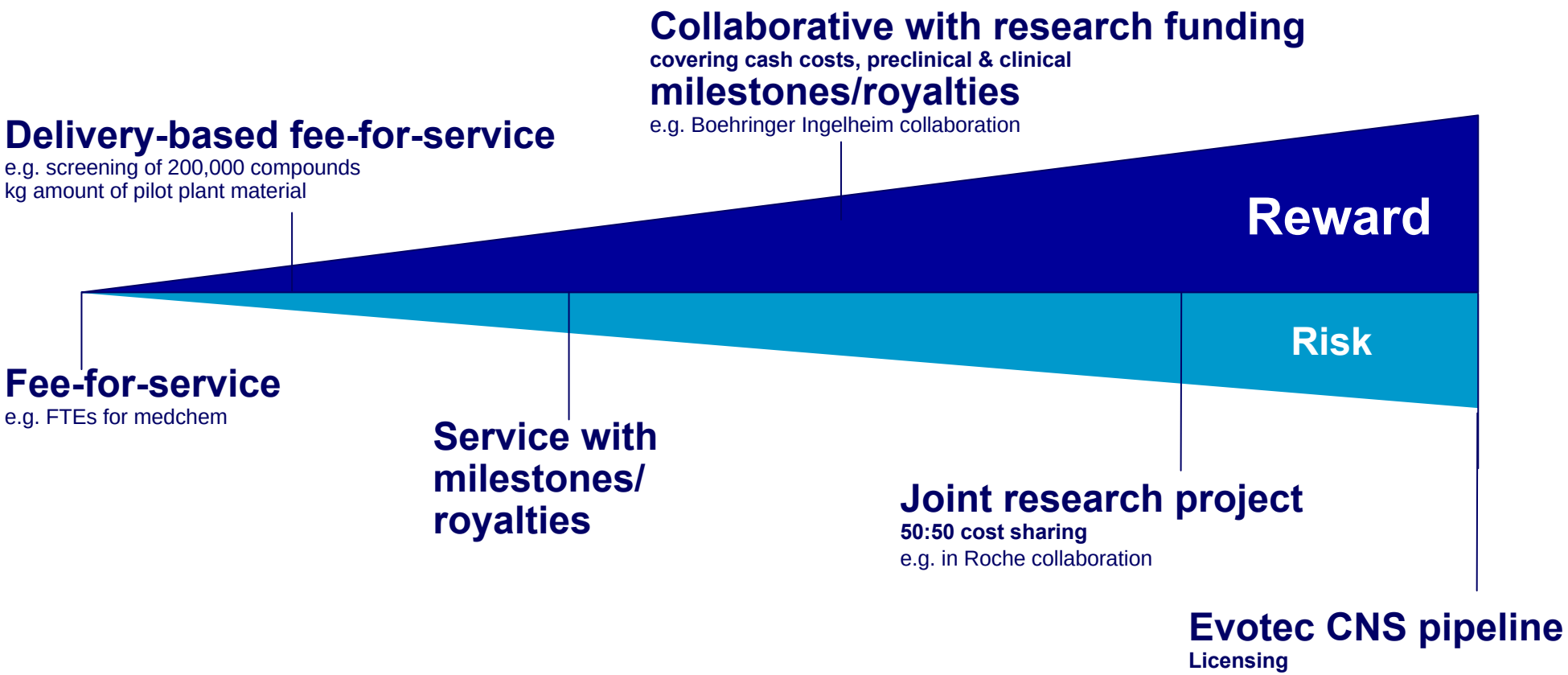
evotec

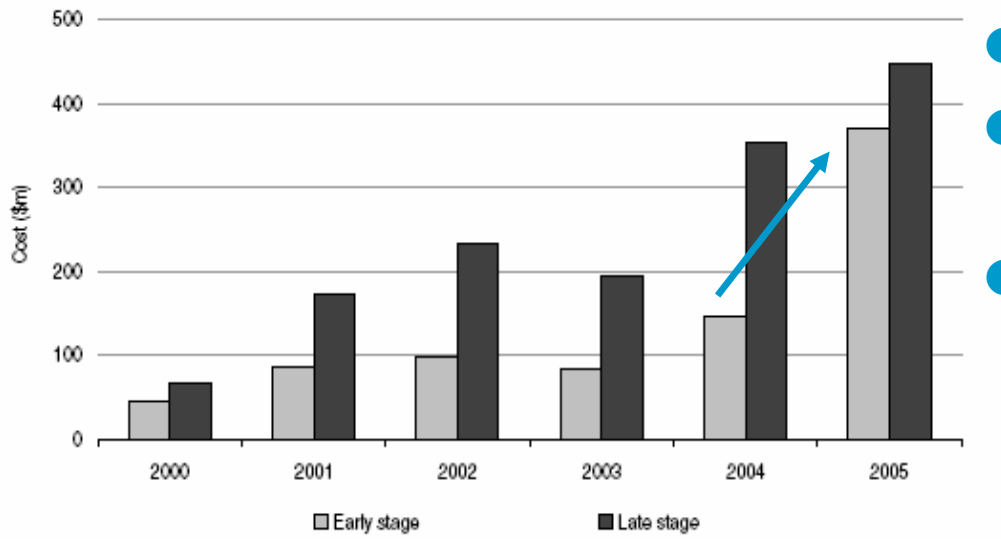
Research results for a top quality customer network

Partnering at all stages of the value chain



Value of early stage projects significantly increased

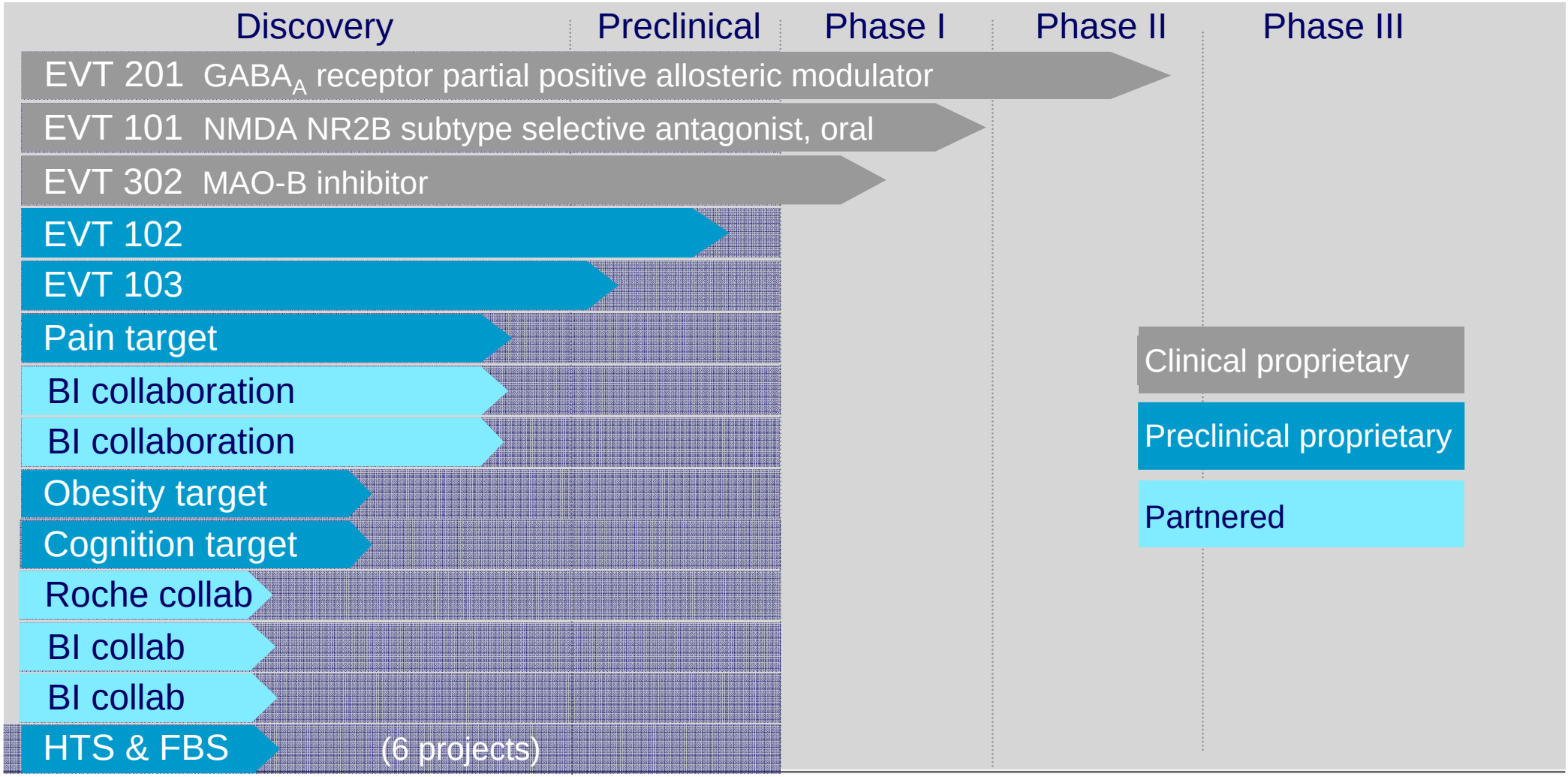
Figure 15: **Average cost in in-licensing drugs has gone up**



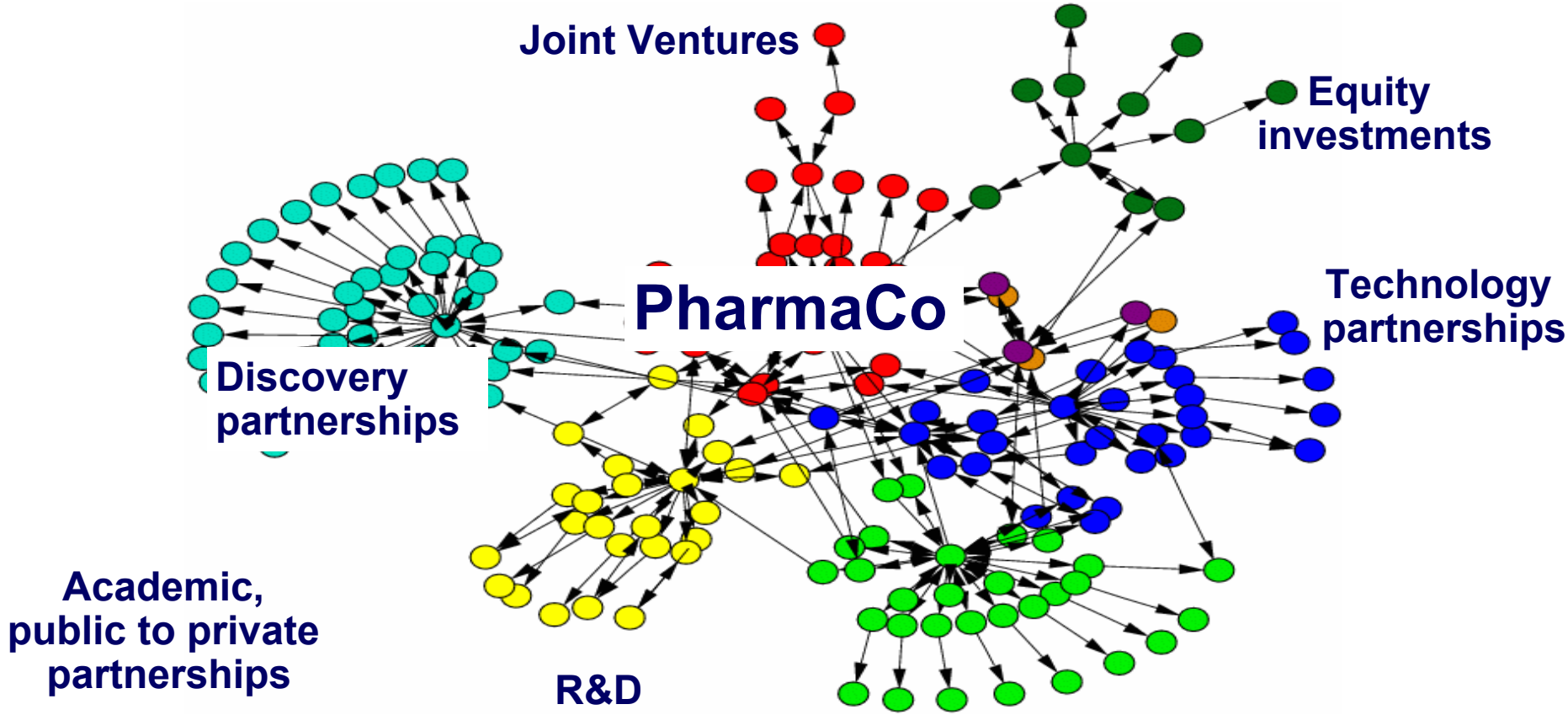
Source: Roche presentation November 2006, Credit Suisse research

- Pharma's late stage pipelines remain weak
- Pressure to in-license continues to rise
- Increased demand not matched by supply
- Terms for products have increased significantly
  - High prices for early stage projects
  - Increasing retention of co-promotion rights

Small molecule engine allows to build significant early stage product equity

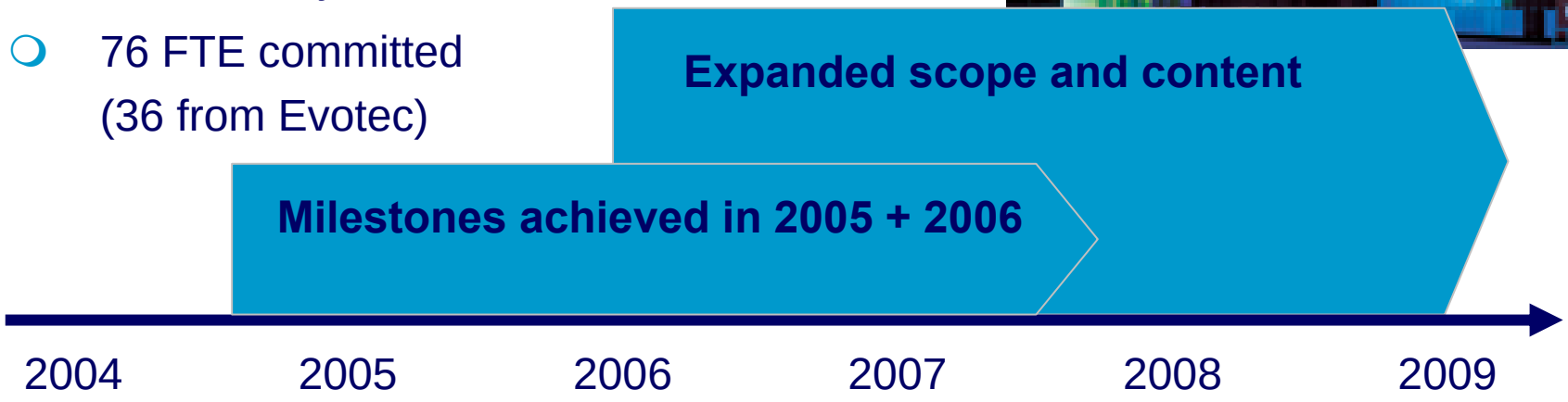


R&D networks – the future of pharmaceutical research



High-value added, results-based collaboration: Research payments, milestones, royalties, rights back

- **Goal of collaboration**
  - Deliver preclinical candidates
  - Exploit Evotec's GPCR and other target class expertise
- **Scope**
  - Duration 5 years
  - 76 FTE committed (36 from Evotec)



Expanding the partnership into another area of strength

- Multi-year collaboration to identify novel Alzheimer‘s disease targets
- Applying Evotec‘s proprietary and well validated disease models
- Boehringer Ingelheim (BI) will select and further validate target candidates
- Contract includes option for Evotec to support BI in the validation process
  - Milestone payments of up to €20m plus royalties

Global high-value, results-based collaboration

High-value, results-based collaboration

- CNS project initiated at Evotec
  - Undisclosed target
  - Assay development, initial screen, identified chemical matter

Innovative business model

- Joint research in areas of strength allows maximum efficiency
- Flexible deal structure to add further targets to grow the alliance
- Option rights, milestones (potentially > €100m), royalties

Evotec's road to success

The leading R&D Network company

- Bring **innovation!**
- **Translate medicine**
  - from academia to practice
- **Create products** in
  Central Nervous Systems
- Share benefit and risk in
  collaborative research based on unique skills and technologies

Traditional Services
A strong year for chemical and pharmaceutical development

- Strong pilot plant and formulation sales
- Moving down the value chain with a number of discovery customers
  - e.g. Panacos lead project moved into preclinical development
- Large pharmaceutical companies are returning for larger FTE-based contracts
- Commercial manufacture of four APIs
  - Vernalis, Panacos, AnorMED, US biotech
- Integration of formulation business propelled further growth
  - Increased need for niche, small volume, parenteral clinical products
  - Average deal size increased, repeat orders

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Key financials 2006: Strong performance

Condensed Profit & Loss Statement (IFRS)
in €m

	2005 Actual	2006 Actual	% vs. Act 05
Revenues	64.1	67.4	**+5%**
Gross margin	33.0%	34.1%	
- R&D expenses	9.3	30.3	+226%
- SG&A expenses	15.5	18.6	+20%
- Amortisation & impairment	27.1	9.2	-66%
- Other operating expenses	2.2	1.6	-26%
Operating income (loss)	**-33.0**	**-36.7**	**-11%**
Net income (loss) continuing business	-31.2	-36.3	-16%
Net income (loss) discontinued operations	-2.4	3.8	+261%
Net income (loss) total	-33.6	-32.5	**+3%**

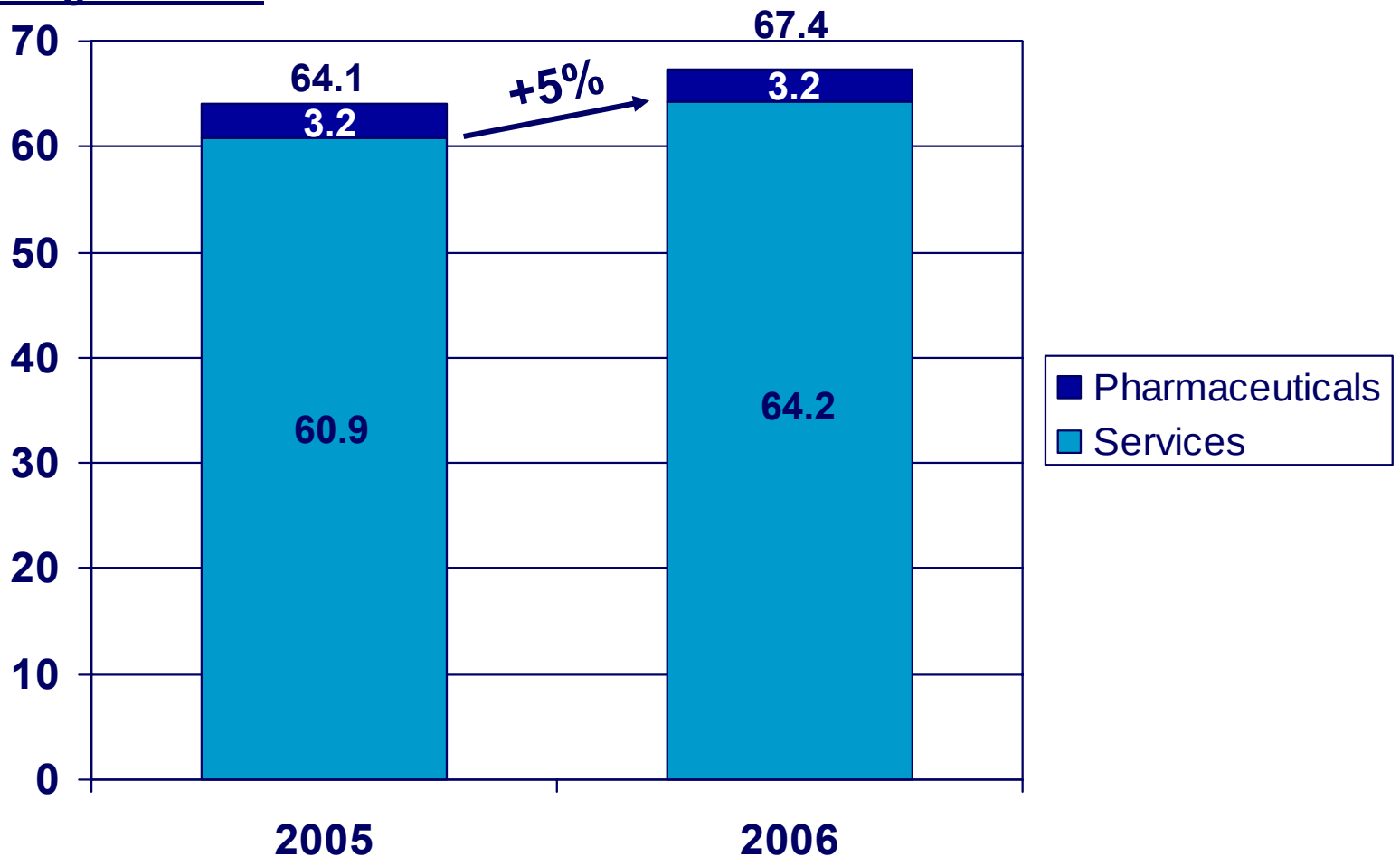
Evotec Technologies, sold to Perkin Elmer effective 1 January 2007 : Discontinued Operations

Consolidated key financial figures – Discontinued Operations in €m

	2005 Actual	2006 Actual	% vs. Act 05
Revenues	15.7	17.3	**+11%**
Gross margin	50.0%	44.2%	
- R&D expenses	4.8	3.1	-34%
- SG&A expenses	4.4	5.4	+24%
- Amortisation	0.5	0.8	+68%
- Restructuring expenses	0.9	0.6	-34%
Operating income (loss)	-2.7	-2.3	+16%
Operating income (loss) before amortisation	-2.2	-1.5	+34%

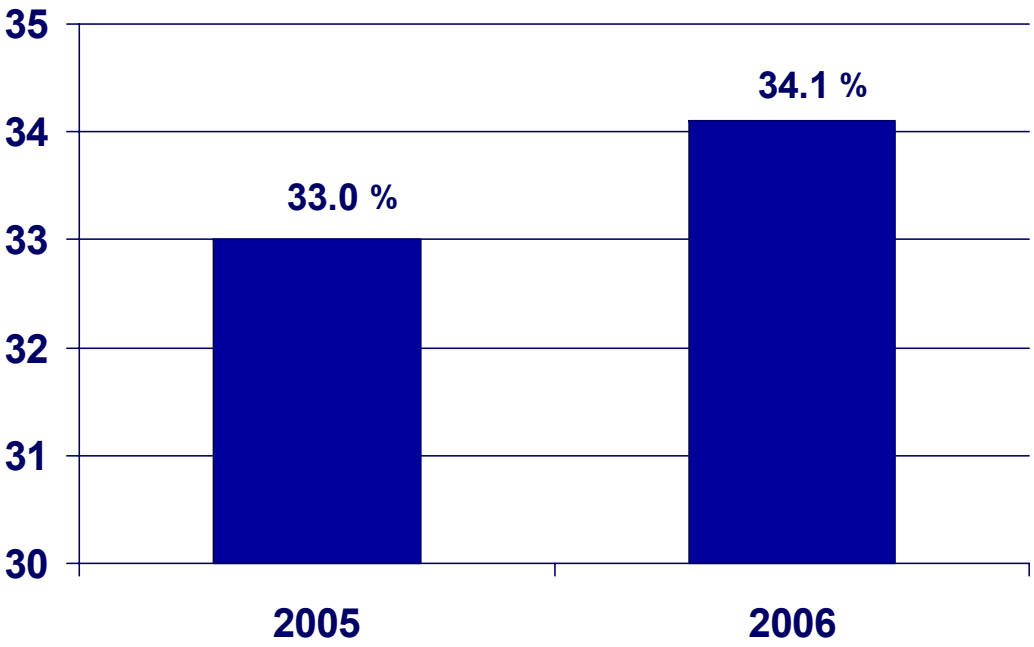
Solid revenue growth from Services Business

Revenues, continuing business
in €m



Gross margin: Product mix managed for improved margin

Group gross margin, continuing business
in %

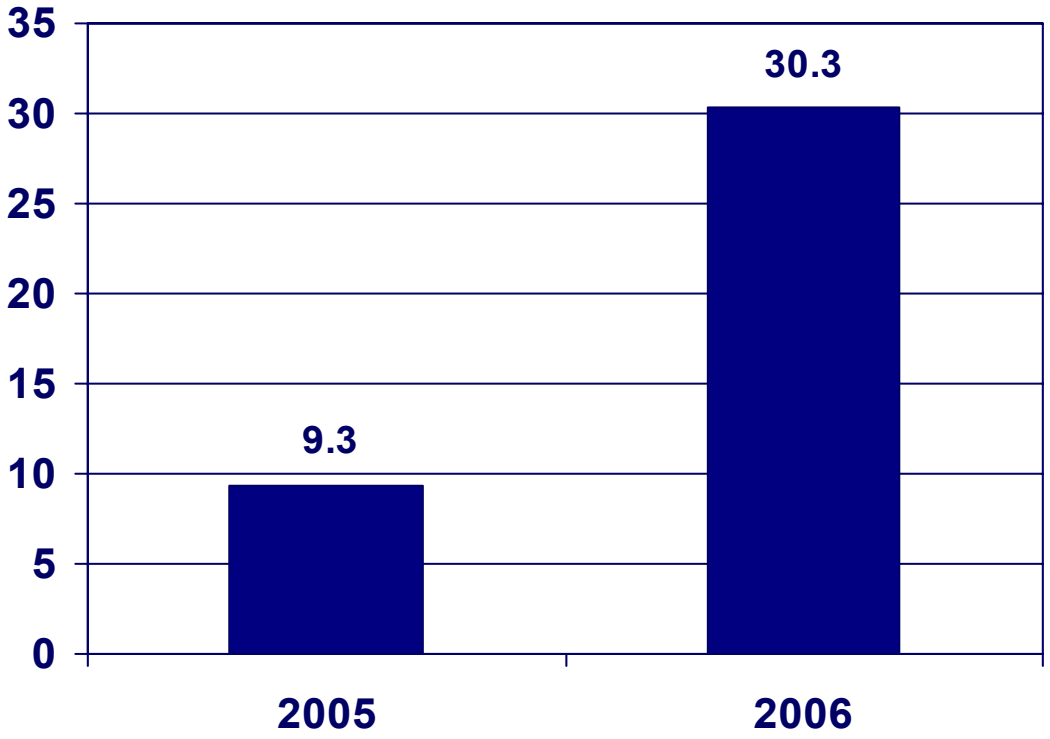


Key drivers:

- Positive effects from revenue mix
  - Milestones with Boehringer Ingelheim and Takeda
  - High utilisation in asset intensive chemical and pharmaceutical development business
- Negative effects from
  - Anticipated lower margins on results-based discovery projects in between milestones
  - Currency effect: -0.6%-points

Focused R&D investments in proprietary research programmes

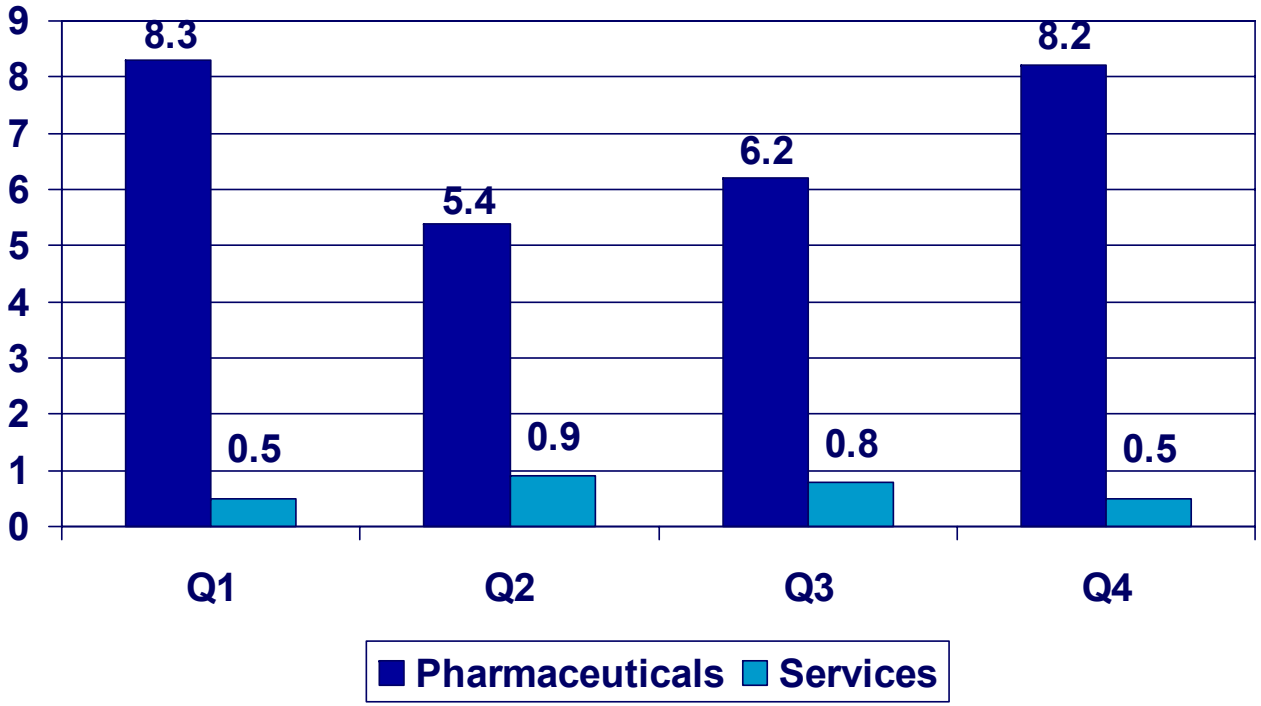
Group R&D spend, continuing business
in €m



- Pharmaceuticals Division: €28.1m for proprietary research and development
- Services Division: platform R&D small and stable

Volatility in R&D expenditure between quarters

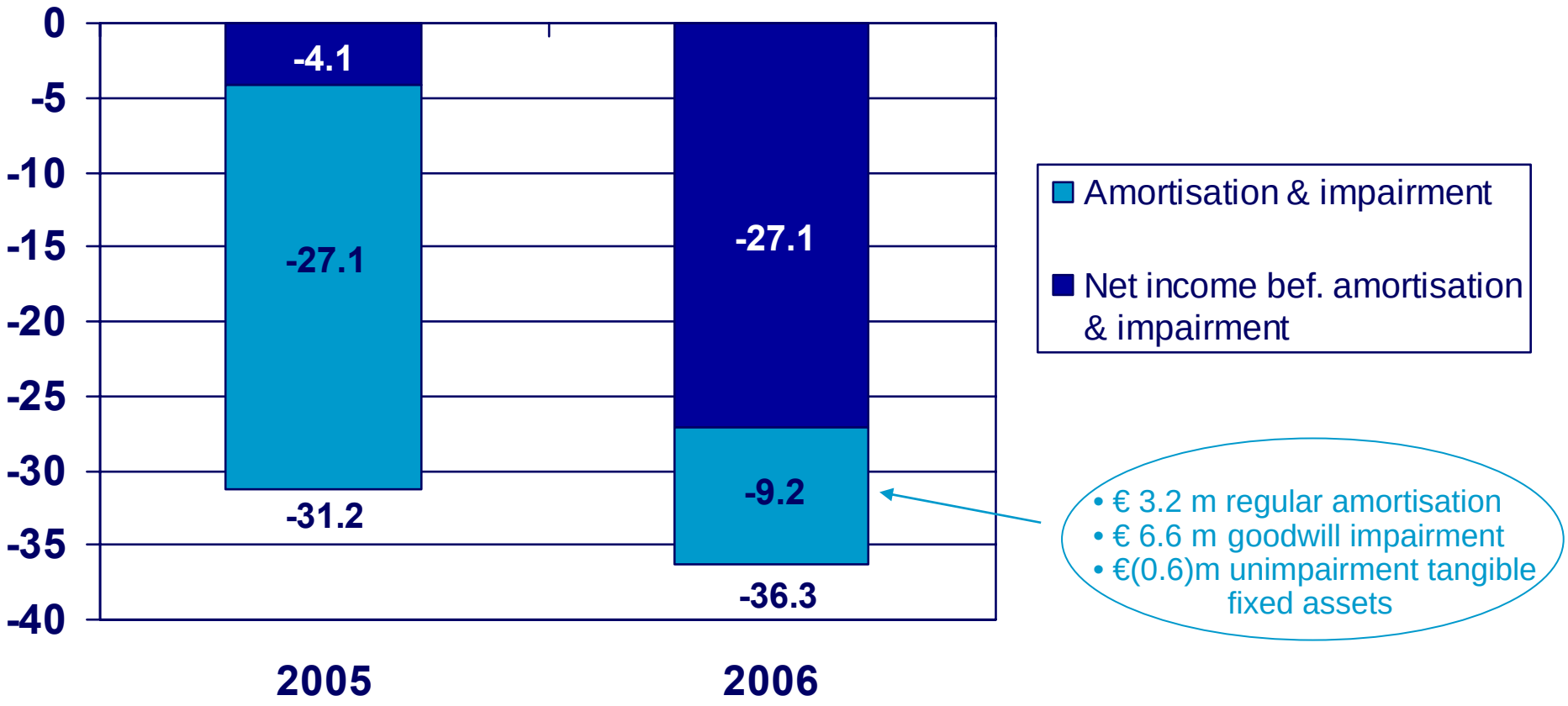
Segmental R&D spend, continuing business
in €m



- Key drivers for quarterly variances
  - Clinical trials
  - License costs / milestones

Increased R&D leads to increase in net loss

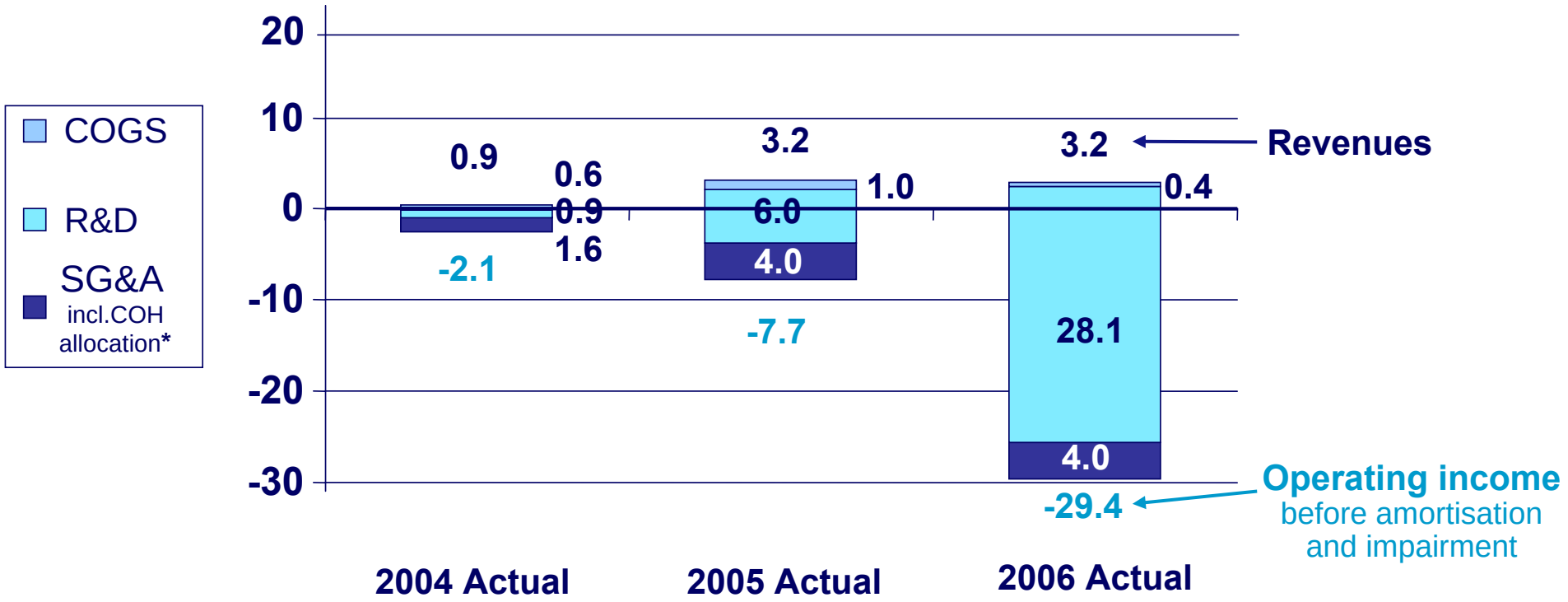
Group net income, continuing business
in €m



Pharmaceuticals Division: R&D expenses up, mainly due to clinical trials

P&L Pharmaceuticals Division (Segment)

in €m

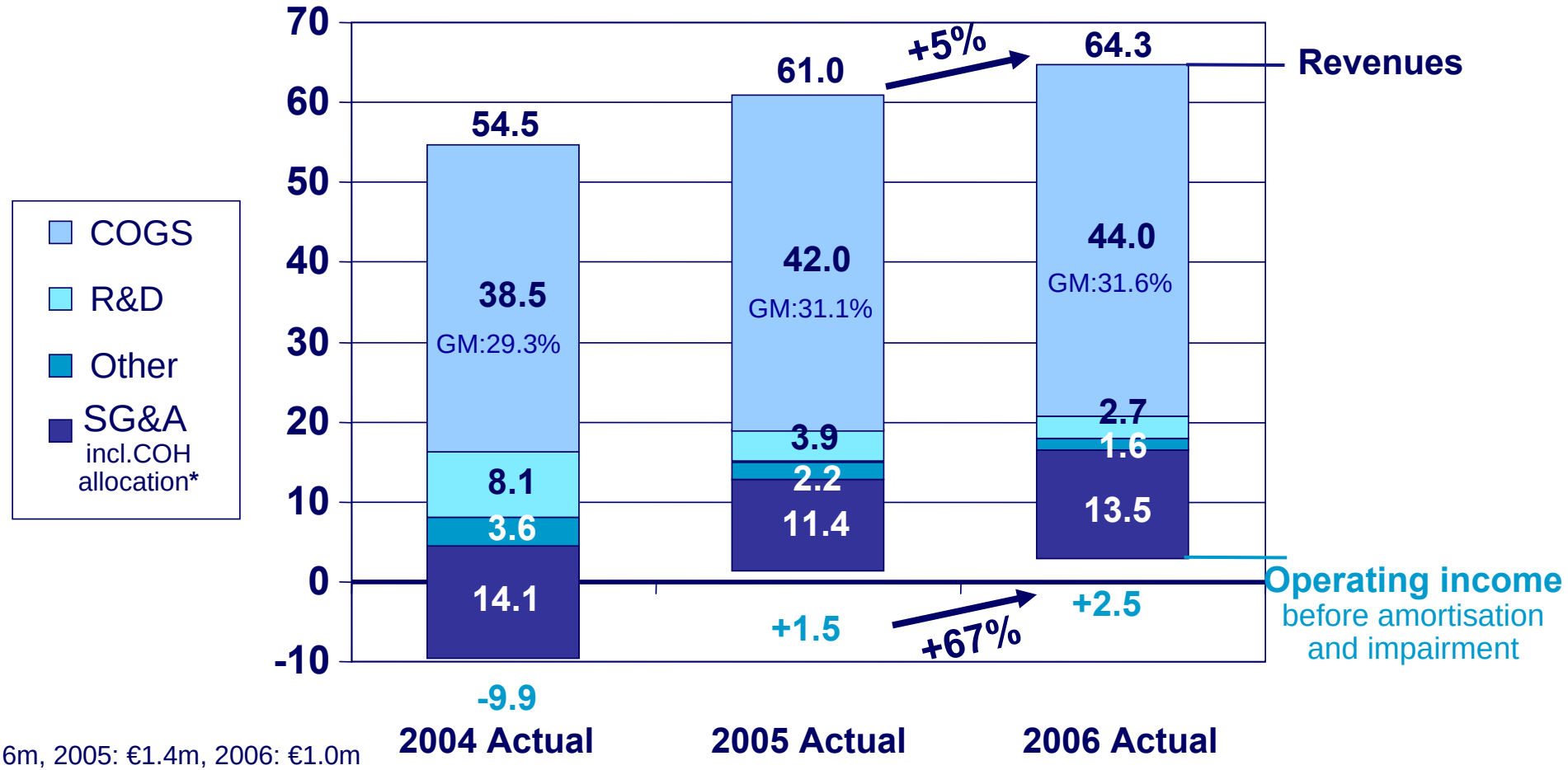


* 2004: €0.7m, 2005: €1.5m, 2006: €1.2m

Services Division: Segment operating result before amortisation +67%

P&L Services Division (Segment)

in €m



* 2004: €2.6m, 2005: €1.4m, 2006: €1.0m

Services business continued to be cash generative

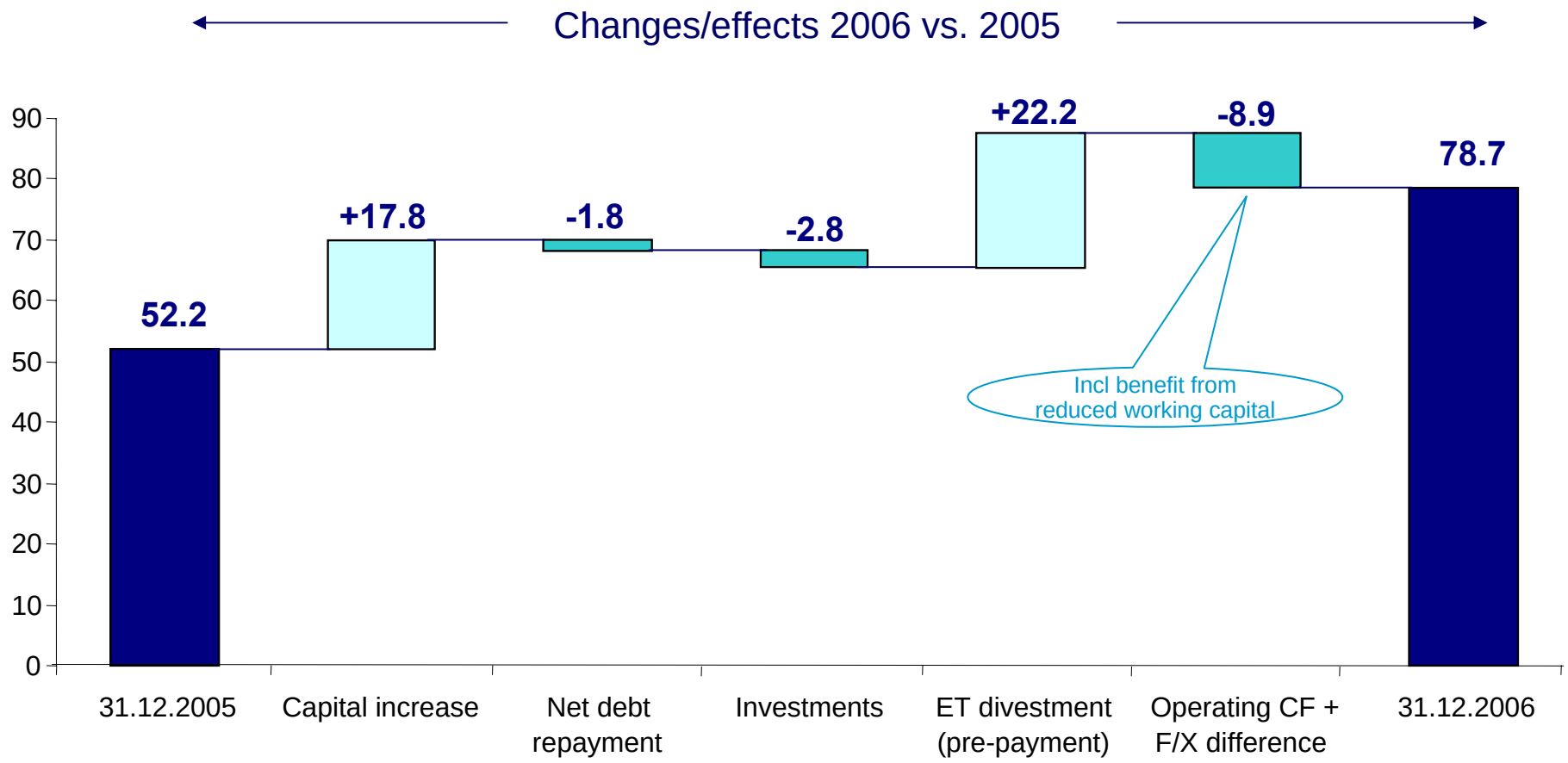
Services Division 2006 (pro-forma calculation)
in €m

Operating income before amortisation & impairment	**2.5**
Depreciation	**+5.9**
"Operating cash flow"*	**8.4**
Capex**	**-3.1**
Cash flow before lease finance*	**5.3**

* Not including change of working capital
** Incl. capex with lease financing

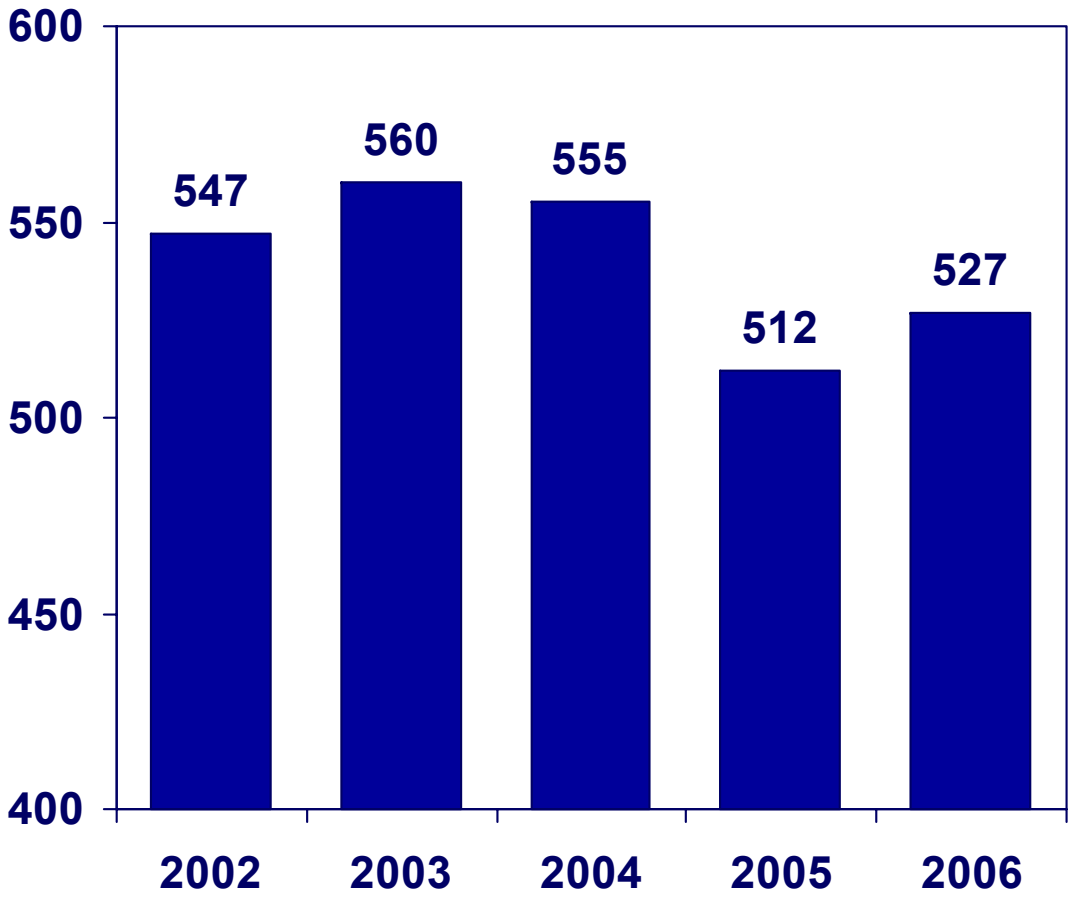
Cash development 2006: Capital increase and divestment of ET improve cash level

in €m



Increase of operational headcount post 2004 restructuring

Employees as of 31/12, continuing business

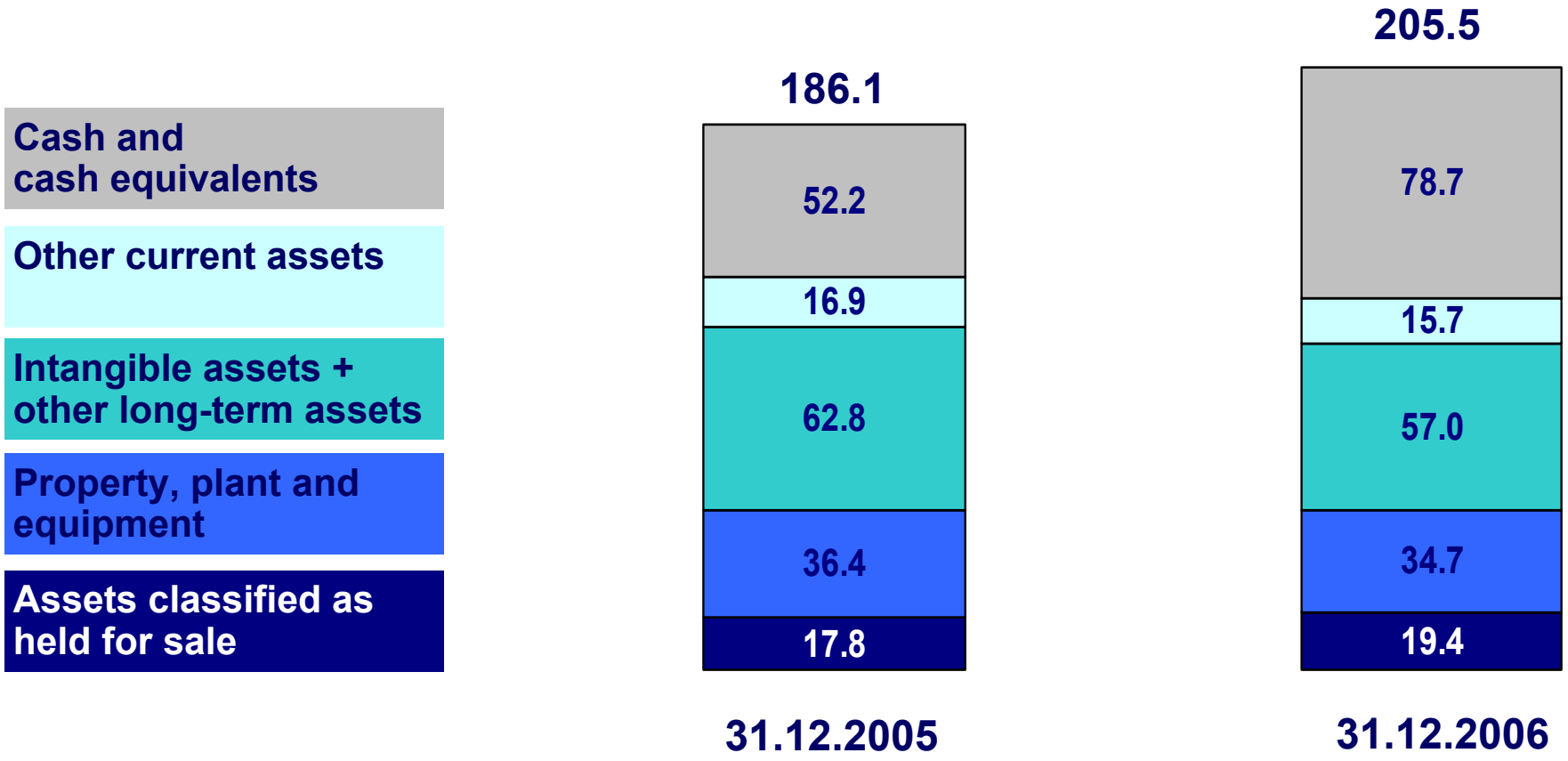


- Growing clinical development team and formulation operations

Significantly increased cash position strengthens balance sheet

Balance sheet – Assets

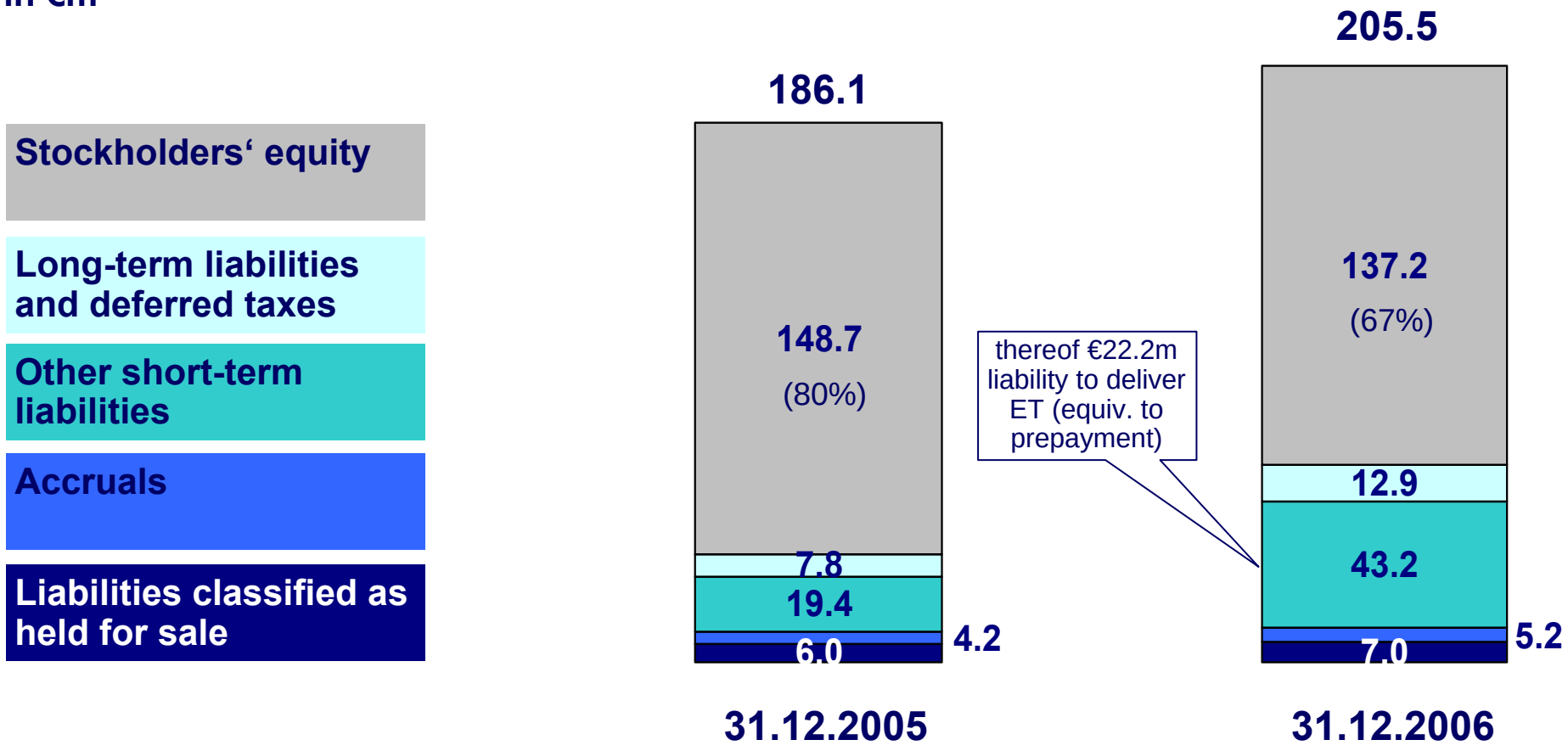
in €m



Strong equity ratio reduced only temporarily (67%)

Balance sheet – Liabilities & stockholder‘s equity

in €m



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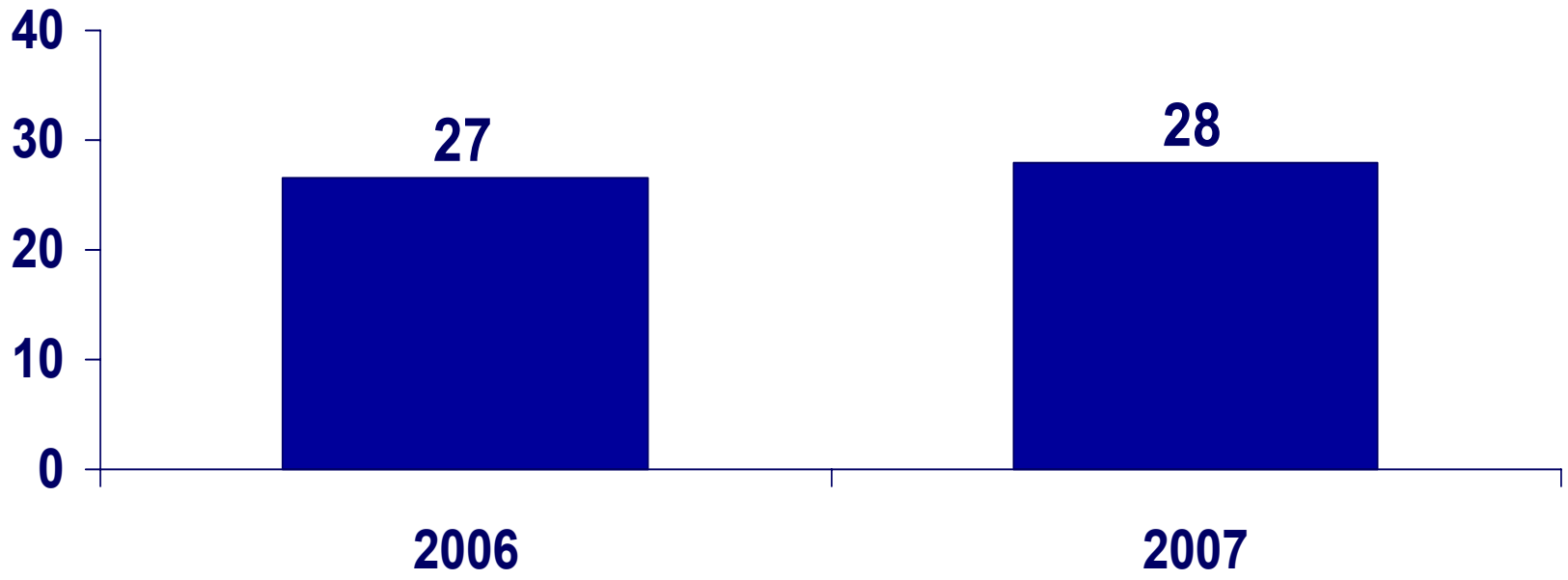
Sales and Order Book

2007 Sales and Order Book status as of January
in €m



Financial guidance 2007

- Revenues are expected to reach €65m - €70m
  - Depending on success-based milestone payments
  - Results-based deals and clinical out-licensing are likely to lead to more revenue volatility in the mid-term
- Operating result expected to decline slightly compared to 2006
  - Ramp up of internal discovery effort to capture value of early stage research
  - Increased level of spending in clinical development
  - Profitability could improve significantly in 2008/2009 with successful out-licensing and milestone payments
- Liquidity at year end is targeted to exceed €40m

Our research plan 2007

	Budget 2007	Milestone
EVT 201	✓	Completion Phase II studies
EVT 101	✓	Phase Ib/IIa studies
EVT 302	✓	Completion Phase I
EVT 102	✓	Further toxicity studies
EVT 103	✓	Completion of preclinical
Discovery	✓	3 lead optimisation projects by year-end 2007 resulting from: -2 hit to lead projects -6 FBS and HTS projects

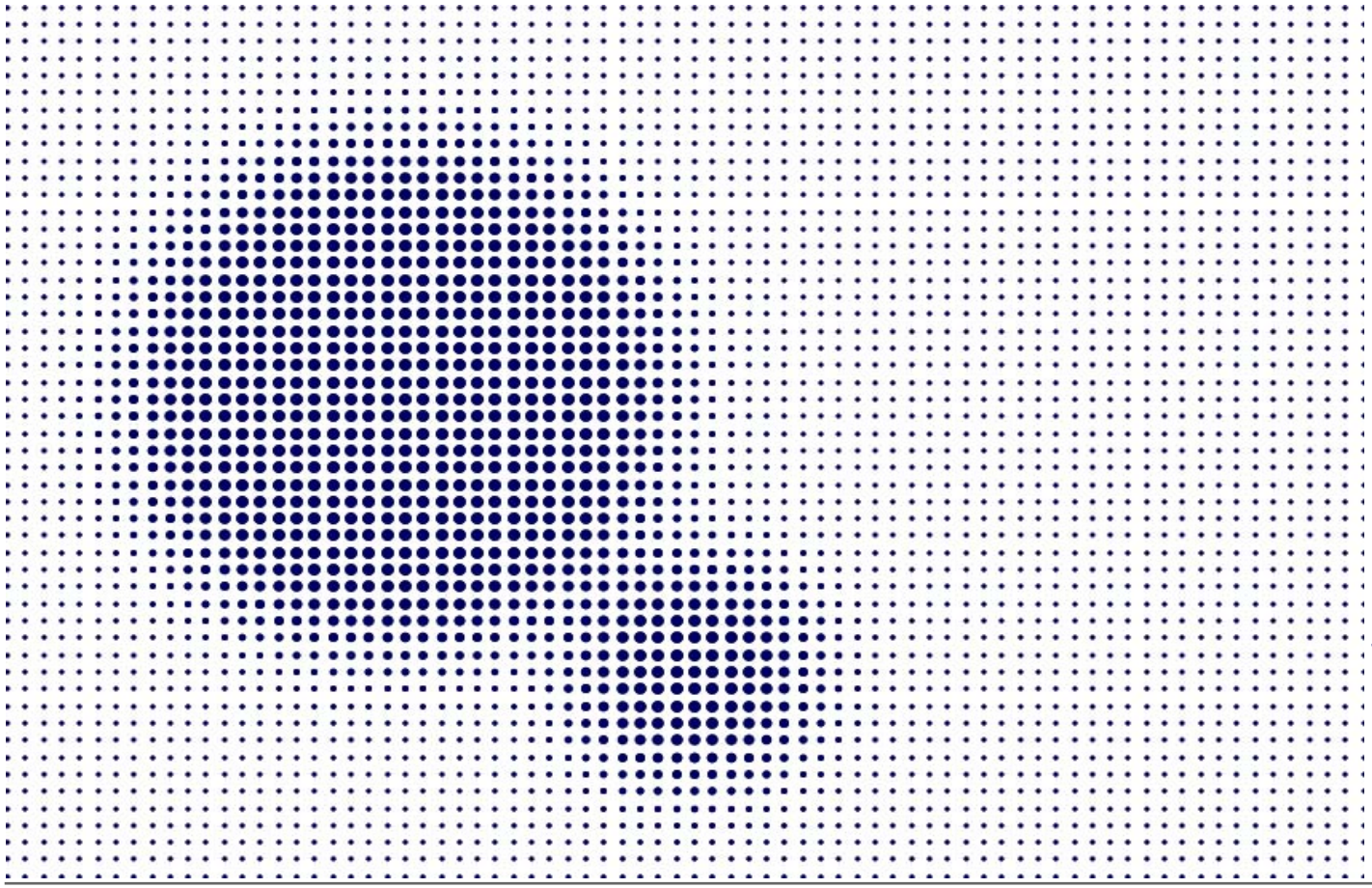
Significant clinical news flow in 2007

H1 2007	EVT 302: Start of further Phase I studies
	EVT 101: Start of Phase I cognition studies
H2 2007	EVT 101: Start of Phase IIa in third molar extraction (TME) pain
	EVT 201: Results from Phase II trial in primary insomnia patients
	EVT 201: Results from Phase II study in elderly insomnia patients
	EVT 101: Start of Phase IIa in neuropathic pain (spinal cord injury)
	EVT 101: Proof-of-concept results (Phase I) in cognition
	EVT 101: Proof-of-concept results (Phase IIa) in TME
	EVT 302: Completion of Phase I tolerance and PET studies
	EVT 101: Decision on indications for Phase IIb studies

Major milestones 2008+

EVT 201	Partnering with positive proof-of-concept data
EVT 302	Start of Phase II in smoking cessation
	Headline results in smoking cessation by early 2009
	Decision about development for Alzheimer's disease
EVT 100 series	Start of Phase IIb trials for EVT 101
	EVT 102 and/or EVT 103 move into Phase I studies

Tomorrow's Drugs Today™



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