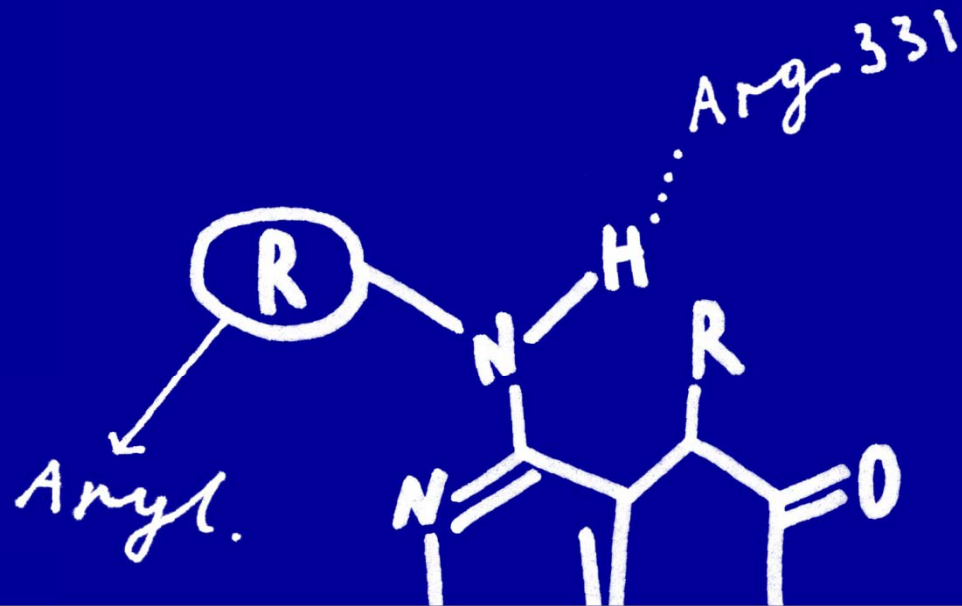




**ACTION PLAN 2016**  
*Innovation Efficiency*

# H1 2013 Innovation efficiency on track



## Forward-looking statements

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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.*

# Welcome from the Evotec management team

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H1 2013

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**Werner Lanthaler, CEO\***



**Mario Polywka, COO**



**Colin Bond, CFO\***

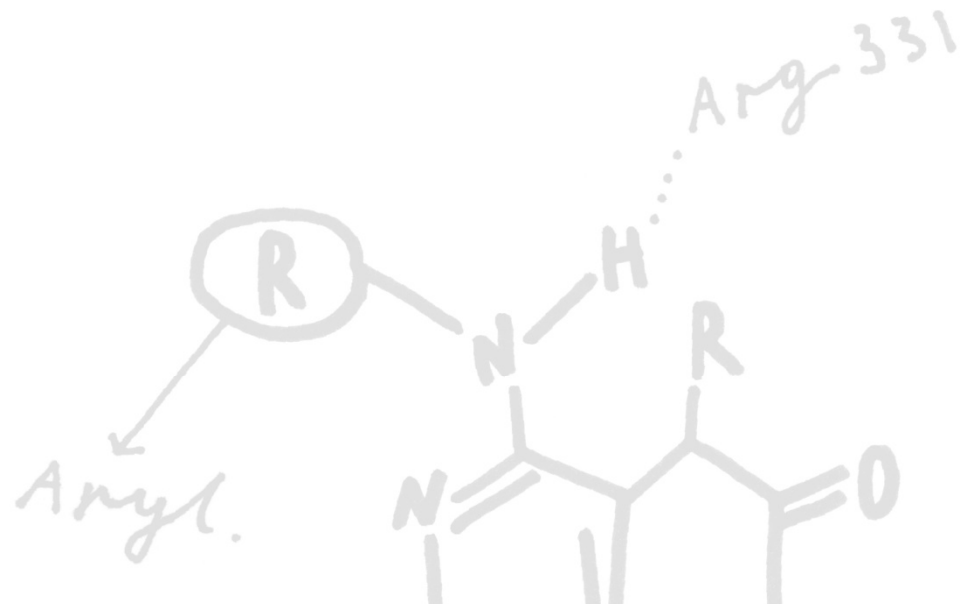


**Cord Dohrmann, CSO**

## Agenda

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- **Highlights H1 2013**
- Strategy on innovation efficiency
- Financial performance & outlook



# Innovation efficiency strategy on track

## State of play – H1 2013

- 1 • Revenues excluding milestones, upfronts and licences increased by 6% compared to H1 2012 on a like-for-like basis  
• H1 2013 revenues of € 36.7 m (2012: € 42.0 m) – lower revenues due to expected lower milestones  
• € 4.4 m operating loss due to accelerated spending for innovation and low milestone revenues in H1 2013

### EVT Execute

- 2 • Three-year extension of drug discovery alliance with Genentech  
• Collaboration with Dow AgroSciences on Cellular Target Profiling®  
• Extension of Active Biotech collaboration<sup>1)</sup>  
• Strategic expansion of compound management capability on US East Coast

### EVT Integrate

- 3 • Good progress in integrated alliances highlighted by milestone achievement with Boehringer Ingelheim

### EVT Innovate

- 4 • Significant clinical data points ahead in 2013/2014/2015  
• New alliance with Harvard University: TargetPGB (*Peptidoglycan Biosynthesis*)  
• Oncology collaboration with Belfer Institute: TargetKDM (*Lysine Demethylases*)  
• Broad open innovation alliance started with Yale University

## Guidance confirmed

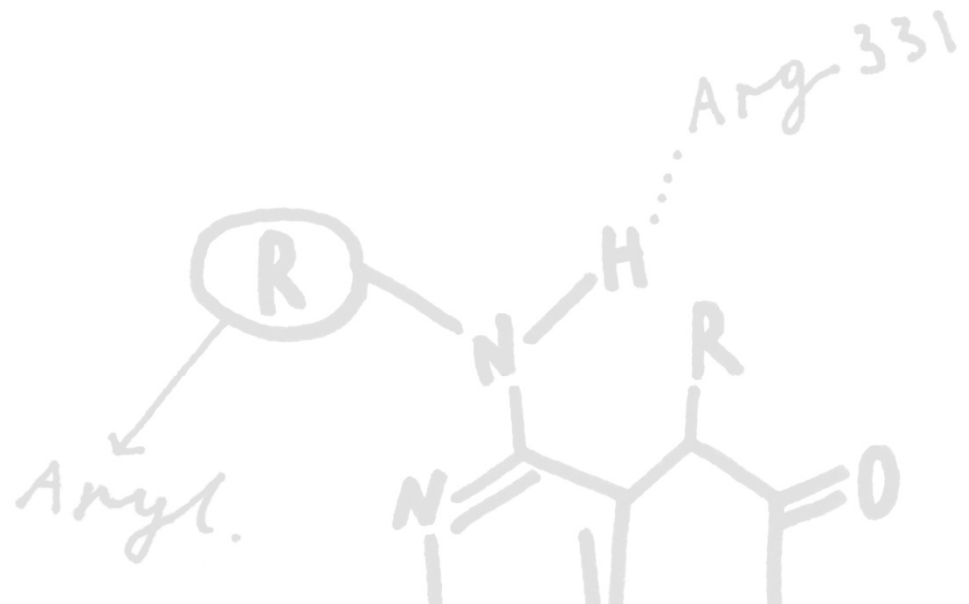
### Financial summary H1 2013 & Outlook for 2013

|   |  |
|---|--|
| <b>Revenue growth excluding milestones, upfronts and licences</b> | <ul style="list-style-type: none"><li>• Revenues decreased by 13% to € 36.7 m; excluding milestones, upfronts and licences, revenues would have increased by 6% over the same period of the previous year on a like-for-like basis</li><li>• Stable liquidity position at € 56.1 m</li><li>• High and stable equity ratio at 67.7%</li></ul> |
| <b>Investments for first-in-class targets</b>                     | <ul style="list-style-type: none"><li>• Increased R&amp;D expenses of € 4.8 m invested in the fields of <b>Cure X</b> and <b>Target X</b> initiatives, GPCR and kinase platform technologies</li></ul>   |
| <b>Guidance for 2013 confirmed</b>                                | <ul style="list-style-type: none"><li>• Order book and milestone opportunities in H2 2013 indicate revenues of € 90-100 m for 2013</li><li>• Increasing full-year profitability due to revenue growth and expected milestone payments<sup>1)</sup></li></ul>   |

## Agenda

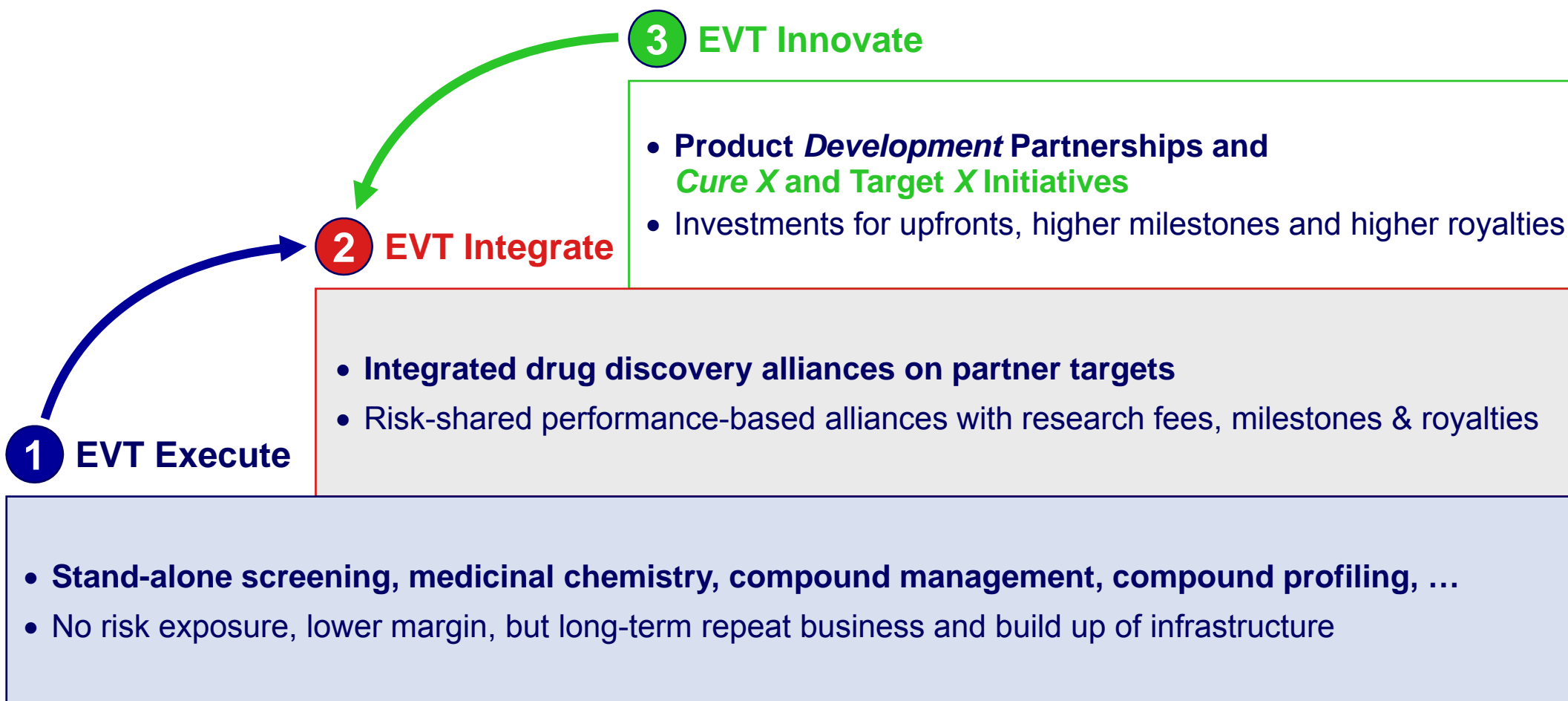
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- Highlights H1 2013
- **Strategy on innovation efficiency**
- Financial performance & outlook



# Addressing the innovation challenge

## Innovation efficiency





# Stand-alone Execute business generates solid growth in H1 2013

Comprehensive drug discovery platform – “EVO Apps”



**Compound Management**

**Hit-to-Lead Platform**

**Protein Production Structural Biology**

**Target Deconvolution Compound Profiling**

***In vitro* and *in vivo* Pharmacology**

**Computational and Medicinal Chemistry**

**Significant improvement in gross margin (23.5%) of base business. Increase of 9.1%-points**

# Closure of chemistry operations in India

## Background and implications

### Background

- Thane (India) lease expires in June 2014 with no option to extend
- Growing customer requirement for chemistry to be aligned with their R&D operations in Europe and the US
- Rate of inflation and other costs are expected to rise in India in the next years – efficiency and cost advantage of producing in India will decrease

### Next steps

- All chemistry efforts will be performed at the Abingdon (UK) facility
- All project work in Thane will be completed by the end of September 2013
- Approximately 120 Thane-based employees will leave the company
- Evotec will take a one-time impairment charge of up to € 4 m in Q3 2013

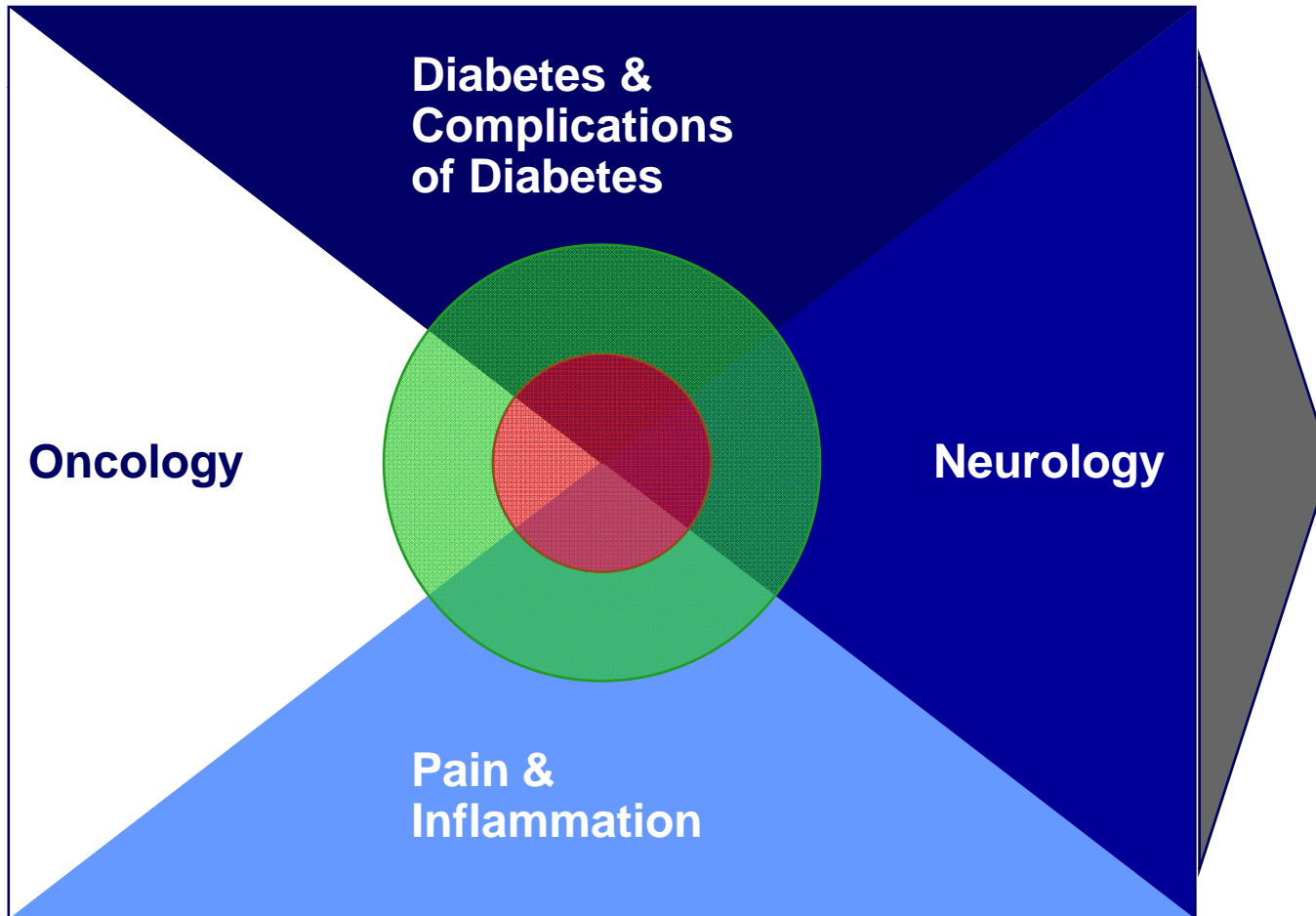
# Growth driven by high-quality services

## EVT Execute strategy 2013

- 1 Expand offering for more complete customer solutions
- 2 Expand footprint with services even closer to our customers, e.g. US East Coast ✓
- 3 Further improve gross margins and profitability ✓

# Systematic, unbiased and comprehensive approach

“EVT Integrate & Innovate” disease focus



- Driving existing product candidates to expand “Pharma pipeline without financial risk”
- Offering complete infrastructure and discovery solutions
- Disease and target track record leveraged across indications







# All clinical programmes on track for significant data points in 2013/2014/2015

## Clinical-stage pipeline

| Drug Candidate                        | Partner (Start of partnership) | PDC | Phase I | Phase II | Phase III | Status   |
|---------------------------------------|--------------------------------|-----|---------|----------|-----------|--|
| DiaPep277 <sup>®</sup><br>(Diabetes ) | TEVA/Andromeda (2007)          |     |         |          |           | 2 <sup>nd</sup> Phase III recruitment closed, results expected end of 2014 (e) |
| EVT302<br>(Alzheimer's disease)       | Roche (2011)                   |     |         |          |           | Phase IIb, results expected early 2015 (e)                                     |
| EVT100 series<br>(Depression)         | Janssen (2012)                 |     |         |          |           | Partnered in Dec 2012, start of Phase II during 2013/2014 (e)                  |
| EVT201<br>(Insomnia)                  | JingXin (2010)                 |     |         |          |           | In April 2013 approval received from CDE to commence clinical trials           |
| Somatoprim<br>(Acromegaly...)         | Aspireo (2012)                 |     |         |          |           | Partnering process ongoing   |
| EVT401<br>(Inflammation)              | Conba (2012)                   |     |         |          |           | "Green pass" received from Chinese Government                                  |
| Various                               | Various                        |     |         |          |           | Several clinical starts expected in 2013/2014                                  |





# First-in-class diabetes pipeline – Expanding into disease complications & new mechanisms

## Diabetes and diabetic complications pipeline overview

| Molecule(s)         | Indication (mechanism)                         | Partner   | Status                                       | Next milestone       | Commercials  |
|---------------------|--|---|--|----------------------|--|
| DiaPep277®          | Type 1 diabetes (immunomodulation)             |    | 2 <sup>nd</sup> Phase III recruitment closed | Final Phase III data | Up to € 40 m milestones, royalties; potential market approx. € 500 m                                   |
| EVT770              | Type 1 and 2 diabetes (beta cell regeneration) |    | Pre-clinical                                 | Phase I              | € 6 m upfront, high margin research payments; up to € 254 m milestones/product; significant royalties  |
| ALM                 | Type 1 and 2 diabetes (beta cell regeneration) |    | Pre-clinical                                 | Phase I              | € 2 m upfront, high margin research payments; up to € 183 m milestones/product; significant royalties  |
| EVT070              | Type 1 and 2 diabetes (beta cell regeneration) |   | Advanced lead                                | PDC                  | € 7 m upfront, high margin research payments; up to € 237 m milestones, significant royalties          |
| Various CureBeta    | Type 1 and 2 diabetes (beta cell regeneration) |  | Target ID/ validation                        | ND                   | € 8 m upfront, high margin research payments; up to \$ 300 m milestones/product; significant royalties |
| Various CureNephron | Chronic kidney disease                         |  | Target ID/ validation                        | Pharma partnership   | ND   |






# Alzheimer's disease late-stage opportunity drives CNS pipeline

## Neurology pipeline overview

| Molecule(s)   | Indication (mechanism)      | Partner  | Status                 | Next milestone                                    | Commercials   |
|---------------|-----------------------------|--|------------------------|---|---|
| EVT302        | Alzheimer's Disease (MAO-B) |   | Phase IIb              | Completion of Phase II, Phase III start           | \$ 12 m upfront, up to \$ 820 m milestones; significant royalties |
| EVT100 series | Depression (NR2B)           |   | Phase II/ pre-clinical | Confirmation of pre-clinical study/Phase II start | \$ 2 m upfront, up to \$ 160 m milestones; significant royalties  |
| EVT201        | Insomnia                    |   | Phase II               | Start clinical trials                             | Milestones; royalties   |
| Various       | Huntington's Disease        |  | Target validation      | NA  | Research payments   |
| ASIC family   | Multiple sclerosis          | BMBF/<br>undisclosed<br>Pharma   | Lead generation        | Lead status                                       | ND  |

# Strong portfolio and partnerships for novel pain and inflammation targets





## Pain and inflammation pipeline overview

| Molecule(s) | Indication (mechanism)        | Partner   | Status       | Next milestone         | Commercials  |
|-------------|-------------------------------|---|--------------|------------------------|--|
| EVT401      | Inflammation (P2X7 inhibitor) |  康恩贝集团<br>CONBA GROUP    | Phase I/II   | Phase II start         | Up to € 60 m milestones; royalties   |
| Various     | Endometriosis                 |  BAYER                   | Pre-clinical | Pre-clinical candidate | € 12 m upfront, total value up to approx. € 580 m; royalties                           |
| Various     | Various / Pain                |  Boehringer<br>Ingelheim | Pre-clinical | Phase I start          | Undisclosed upfront, research payments; milestones; royalties                          |
| Various     | Inflammation                  |  ucb                   | Pre-clinical | Phase I start          | High margin research payments; up to € 183 m milestones/product; significant royalties |
| Undisclosed | Various/Pain                  |  NOVARTIS              | Pre-clinical | Successful PoC         | Research payments; milestones; royalties   |



# BI alliance leads pipeline of oncology targets

## Oncology pipeline overview

| Molecule(s)         | Indication (mechanism) | Partner   | Status       | Next milestone              | Commercials                                  |
|---------------------|------------------------|---|--------------|-----------------------------|--|
| Somatropin (DG3173) | Acromegaly/NET         |    | Phase IIa    | Phase II data in acromegaly | Consulting fees; royalties                   |
| Various             | Various                |    | Pre-clinical | Phase I, First in man       | Research payments; milestones; royalties     |
| Pathway screen      | Cbl-B pathway          |    | Pre-clinical | Pharma partnership          | Shared research costs; milestones; royalties |
| Epigenomics targets | Various                |  | Pre-clinical | Pharma partnership          | ND   |

# Target *KDM (Lysine demethylase inhibitors)*<sup>1)</sup>

## Project overview

|                            |  |
|----------------------------|--|
| <b>Objective</b>           | Develop an unique platform to discover and optimise inhibitors and biomarkers for validated KDMs in cancer |
| <b>Target class</b>        | Lysine demethylases  |
| <b>1° Therapeutic area</b> | Optimal cancer type to be determined   |
| <b>Start date</b>          | 5/2013   |
| <b>Status</b>              | Pre-clinical: Target validation and hit identification   |
| <b>Project strategy</b>    | Fragment-based drug discovery  |
| <b>Partners</b>            | Jessie English, Kwok–Kin Wong, Belfer Institute  |
| <b>Commercial</b>          | Shared research costs, milestones, royalties; partnering through Evotec                                    |



# Target *PGB* (*Peptidoglycan Biosynthesis*)

## Project overview

|                            |   |
|----------------------------|---|
| <b>Objective</b>           | Identification of novel antibiotic that inhibit cell wall synthesis     |
| <b>Target class</b>        | Bacterial peptidoglycan glycosyltransferases (PGTs)                     |
| <b>1° Therapeutic area</b> | Methicillin-resistant <i>Staphylococcus aureus</i> (MRSA)               |
| <b>Start date</b>          | 5/2013  |
| <b>Status</b>              | Pre-clinical: Hit identification  |
| <b>Project strategy</b>    | HTS using proprietary moenomycin-based probe                            |
| <b>Academic partners</b>   | Dan Kahne, Suzanne Walker, Harvard University                           |
| <b>Commercial</b>          | Shared research costs, milestones, royalties; partnering through Evotec |



# First-in-class product candidates and an even stronger portfolio of partnerships

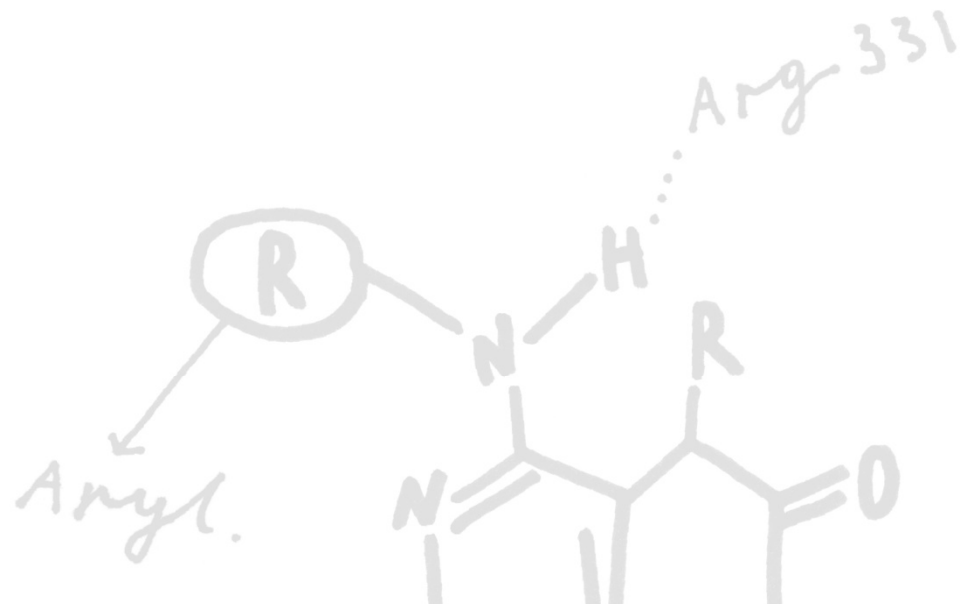
EVT Innovate/Integrate strategy 2013

- 1 Start of several clinical trials within existing alliances
- 2 Further expansion of portfolio with new strategic alliances
- 3 Commercialise one Cure X initiative
- 4 Initiate 3-5 more Cure X/Target X programmes

## Agenda

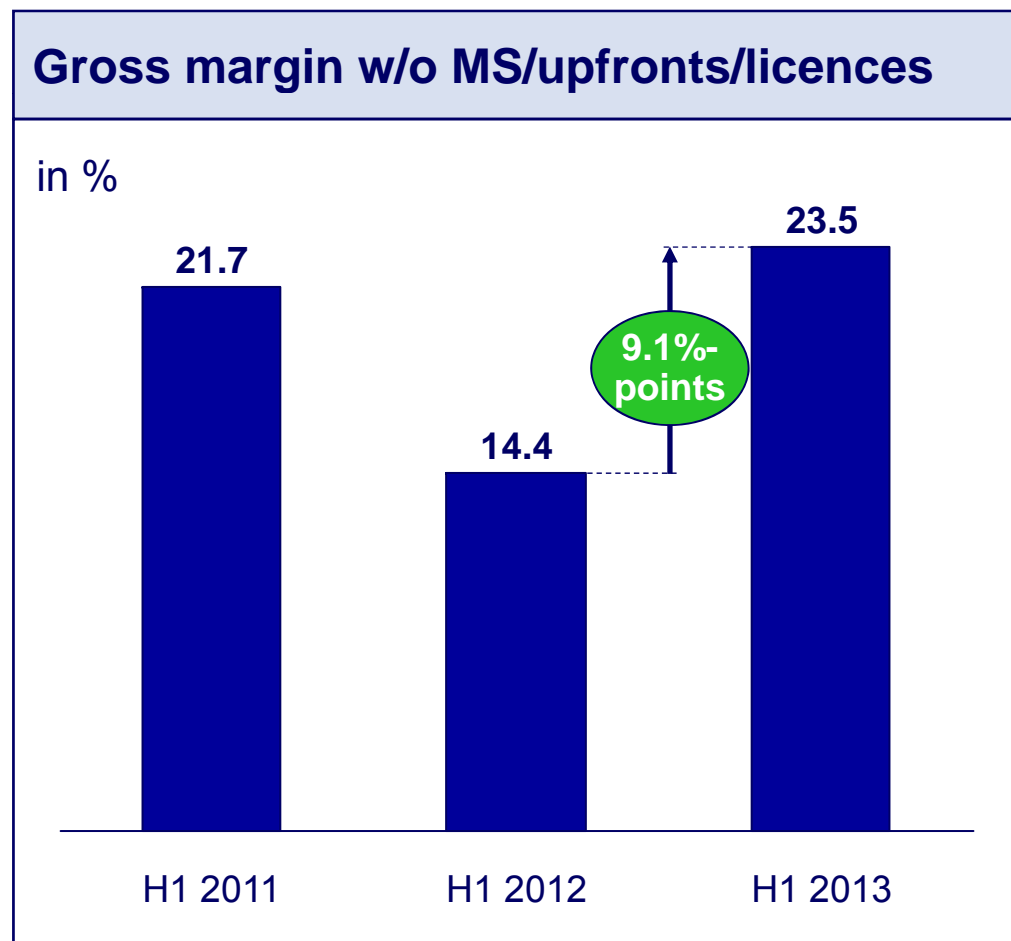
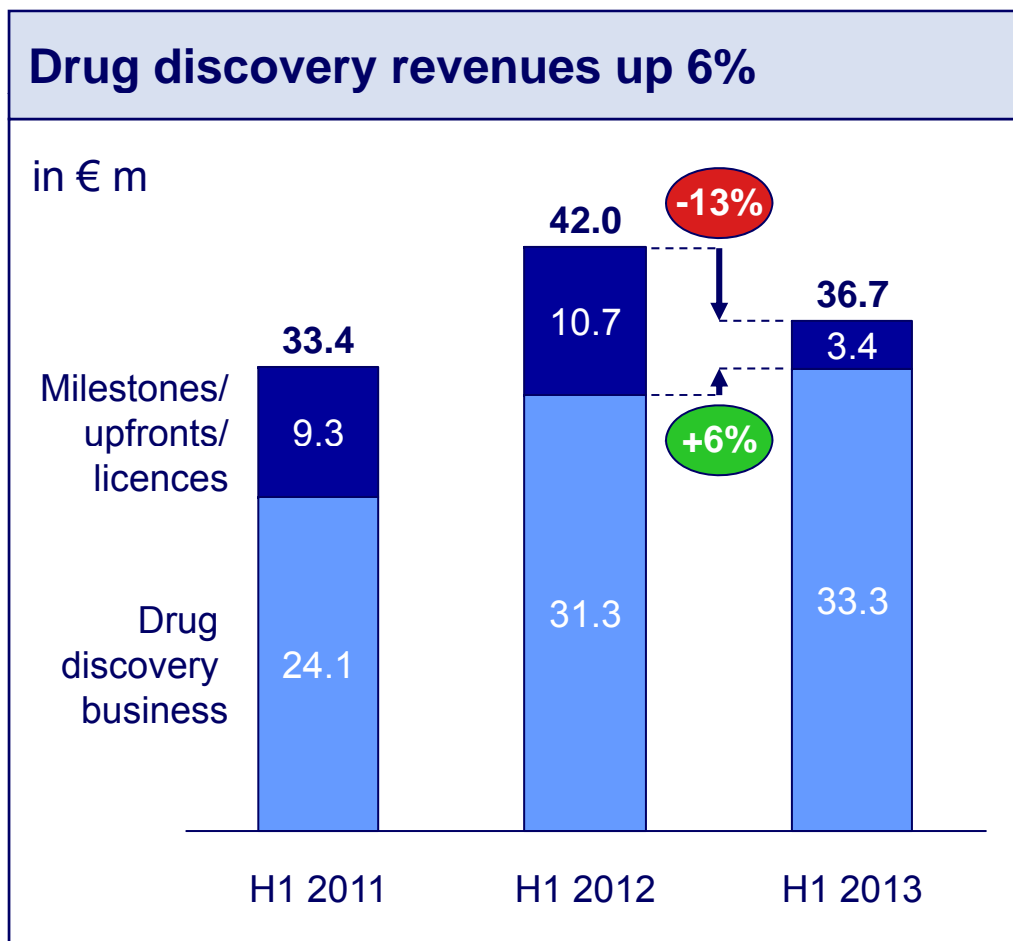
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# Decline in revenues due to expected low milestone revenues in H1 2013

## Revenues & gross margin H1

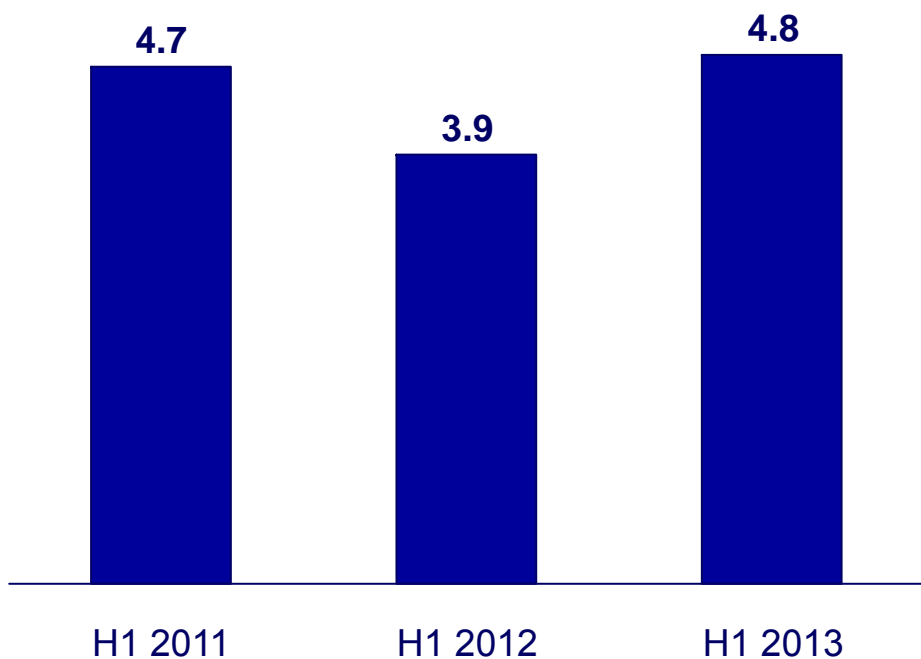


# Clear investment focus for first-in-class innovation

## Overview R&D and SG&A H1

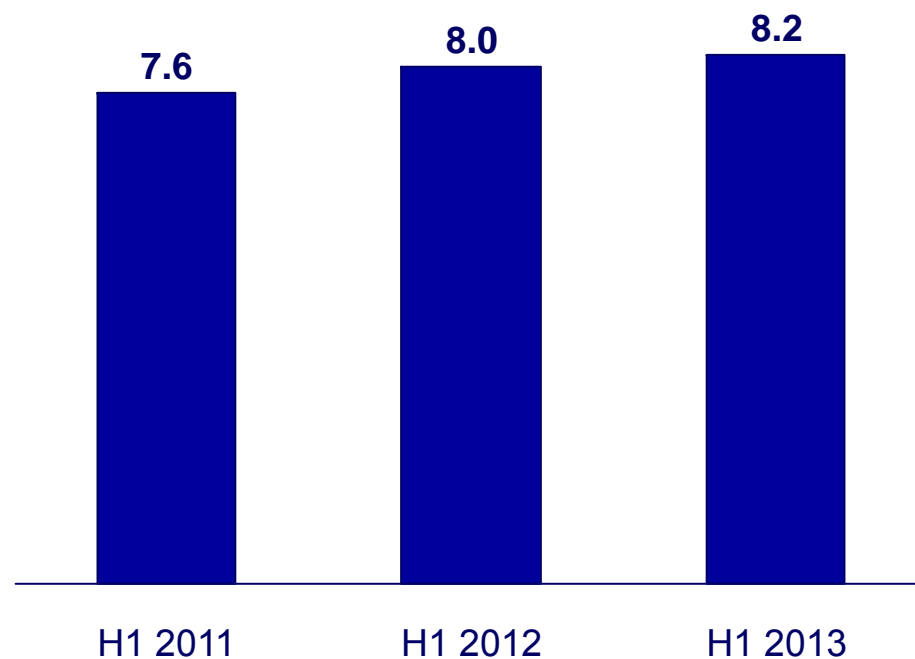
in € m

### Unpartnered R&D investments



Cure X, Target X initiatives, GPCRs, Kinases

### SG&A expenses



Slight increases in SG&A

## Investments in Cure X and Target X projects accelerate innovation efficiency strategy

Key financials H1 2013: Condensed consolidated income statement (IFRS)

in € m

|  | H1 2012    | H1 2013      |
|--|------------|--------------|
| Revenues                                 | 42.0       | 36.7         |
| Gross margin                             | 35.2%      | 28.8%        |
| • R&D expenses                           | 3.9        | 4.8          |
| • SG&A expenses                          | 8.0        | 8.2          |
| • Amortisation                           | 1.2        | 1.7          |
| • Other operating income (expenses), net | 0.3        | 0.2          |
| <b>Operating income (loss)</b>           | <b>1.3</b> | <b>(4.4)</b> |
| <b>Net income (loss)</b>                 | <b>1.7</b> | <b>(4.6)</b> |

**Revenues excluding milestones, up-fronts and licences up 6% on a like-for-like basis compared to the same period of the previous year**



# Operating and net loss due to accelerated spending for innovation and low milestone revenues

Q2 2013: Condensed consolidated income statement

in € m

|                                    | Q2 2012    | Q2 2013      |
|------------------------------------|------------|--------------|
| Revenues                           | 21.9       | 19.6         |
| Gross margin                       | 37.7%      | 31.1%        |
| • R&D expenses                     | 2.0        | 2.5          |
| • SG&A expenses                    | 3.6        | 4.3          |
| • Amortisation                     | 0.7        | 0.8          |
| • Other op. (income) expenses, net | (0.7)      | 0.2          |
| <b>Operating income (loss)</b>     | <b>2.6</b> | <b>(1.7)</b> |
| <b>Net income (loss)</b>           | <b>3.7</b> | <b>(1.7)</b> |

- Lower milestones in Q2 2013
- Increased investment in Innovation R&D
- Slightly higher SG&A
- Fair value adjustment earn out in Q2 2013: € 0.3 m expense (Q2 2012: €1.0 m income)

## Others

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### New appointments<sup>1)</sup>

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#### Strengthening of management capacities

- Dr Adrian Howd, Executive Vice President, Head of Neurology & Corporate Development
- Bastian Sauer-Odendahl, Global Head of Human Resources

#### Strengthening of business development activities in Japan

- Masahiko Ohtani as Vice President Business Development (Japan)

#### R&D day

- R&D day will be held in October in New York (separate invitation will follow)

## FY 2013 guidance confirmed

### Business overview 2013

in € m

|  | H1 2012 | H1 2013 | $\Delta$<br>H1 – H1 | FY 2013<br>Guidance   | FY<br>2012 |
|--|---------|---------|---------------------|-----------------------|------------|
| <b>Revenues</b>                                    | 42.0    | 36.7    | -13%                | 90 - 100              | 87.3       |
| <b>Operating result,<br/>adjusted<sup>1)</sup></b> | 0.6     | (4.1)   |                     | Improved<br>over 2012 | 1.4        |
| <b>Unpartnered R&amp;D<br/>expenses</b>            | (3.9)   | (4.8)   | +23%                | approx. 10            | (8.3)      |
| <b>Liquidity at period-end</b>                     | 53.4    | 56.1    | +5%                 | >60 <sup>2)</sup>     | 64.2       |

# Strong news flow to come

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Outlook and next steps for 2013 ff

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## Key milestones for 2013

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### 1 EVT Execute

- Revenue growth and increasing gross margin
- Expansion success of existing alliances ✓
- Significant long-term deals with big and mid-sized Pharma and Biotech

### 2 EVT Integrate

- At least 1 significant new integrated technology/disease alliance
- Accelerated pre-clinical/clinical milestones

### 3 EVT Innovate

- Strong progress in product development partnerships
- Expansion of network of academic alliances ✓
- Partnering of one pre-clinical asset/development programme

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