

Forward-looking statements

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

Nine-month 2014 Interim Report



Werner Lanthaler, CEO¹⁾



Colin Bond, CFO¹⁾



Mario Polywka, COO



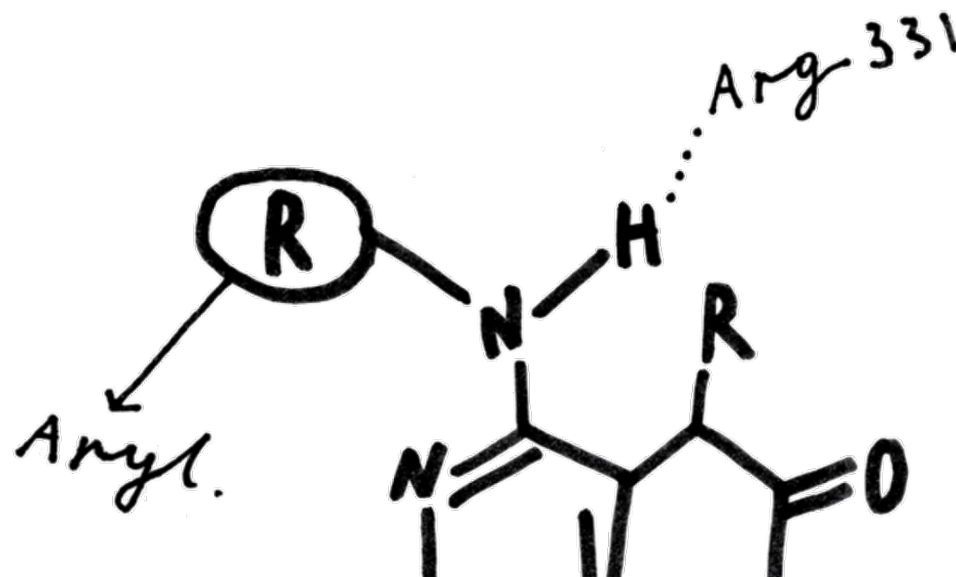
Cord Dohrmann, CSO

Agenda

Highlights of the first nine months 2014

Business and strategy update

Financial performance and outlook



Strong operational performance; positive EBITDA; very strong cash position

First nine months of 2014 – State of play

1

Financials

- Group revenues amounted to €58.9 m (2013: €60.3m); revenues excluding milestones, upfronts and licences rose by 5%, up 7% at constant 2013 FX rates
- Positive adjusted¹⁾ EBITDA of €0.3 m for the Group and €9.8 m for EVT Execute
- Impairment charges of €8.7 m triggered by termination of DiaPep277[®] development
- Very strong liquidity position of €90.3 m despite acquisitions and significant growth investments; high and stable equity ratio at 72.8%

2

EVT Execute

- Expansion of protein production capabilities initiated in US to serve a major US Pharma partner (after period-end)
- Important initial milestone achieved as part of multi-target alliance with Bayer HealthCare
- Collaboration expansion with the Jain Foundation
- Three-year extension and expansion of collaboration with CHDI Foundation to fight Huntington's disease
- Long-term compound management collaboration with Medicines for Malaria Venture

3

EVT Innovate

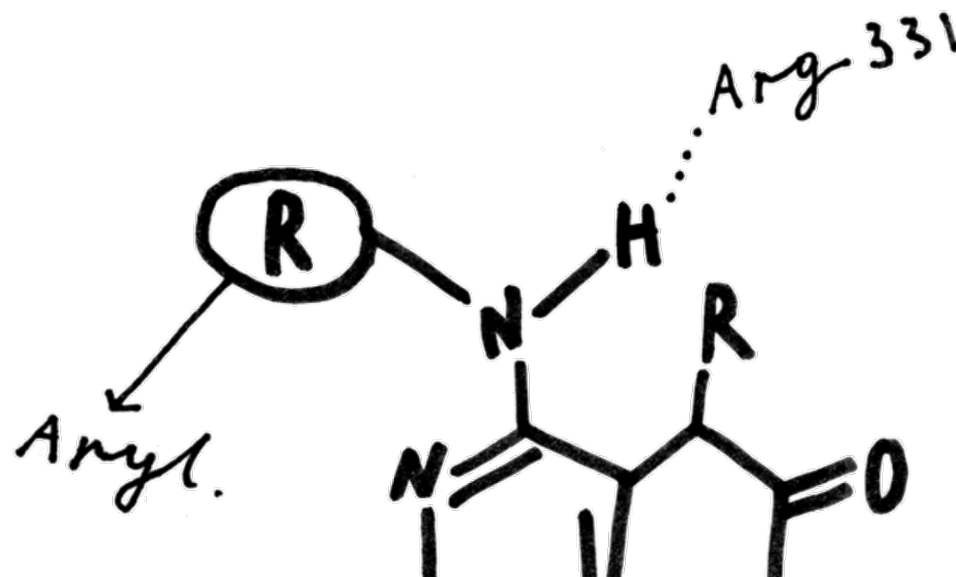
- Phase IIb trial of EVT302 in Alzheimer's disease within Roche alliance progressing according to plan
- Continued development of the EVT100 series in the field of CNS diseases with Janssen
- Successful completion of all safety studies for EVT201 and initiation of late-stage clinical programmes for registration in China
- Setback with announcement that Hyperion is terminating its DiaPep277[®]; Evotec will take legal steps to secure shareholder value
- Further milestones achieved in strategic alliance with J&J Innovation within TargetAD collaboration
- Public grants awarded to Evotec to develop new drug candidates for treatment of multiple sclerosis
- New collaboration with Fraunhofer IME in joint drug discovery programmes

Agenda

Highlights of the first nine months 2014

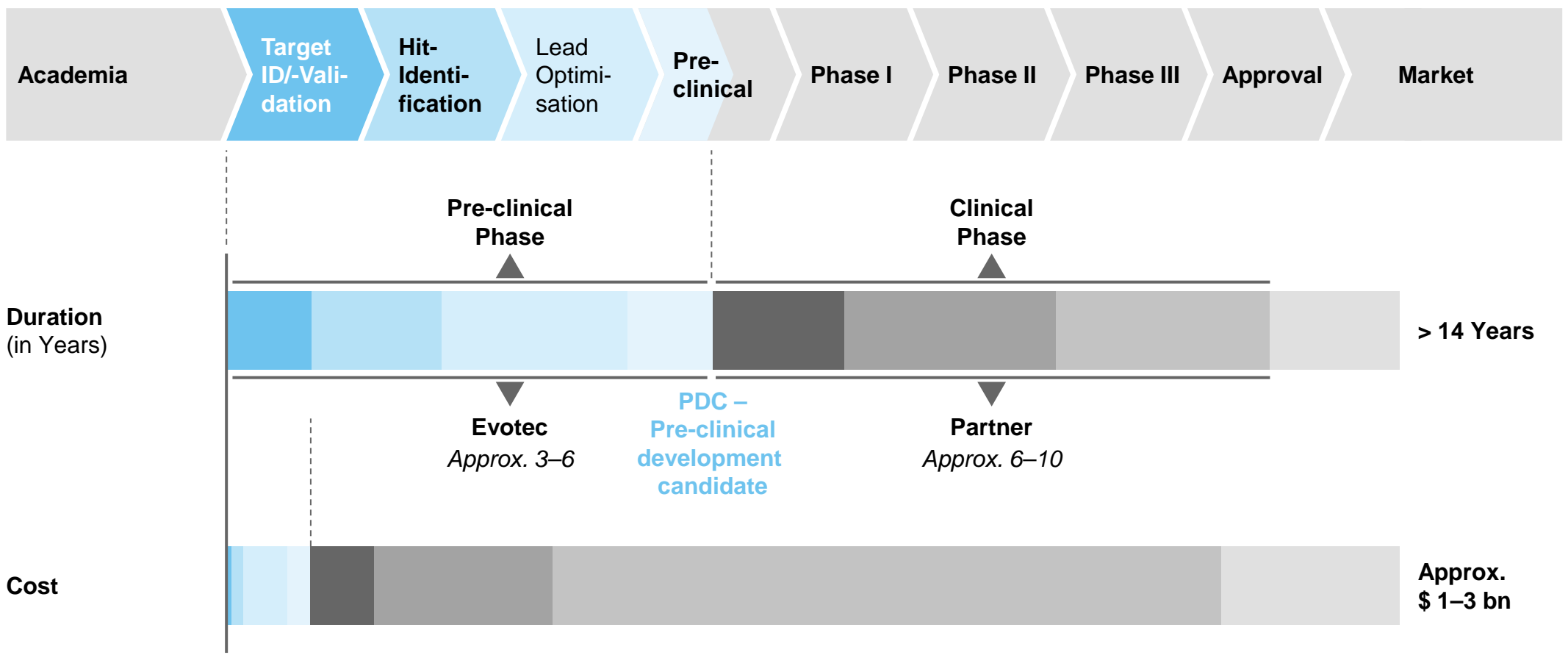
Business and strategy update

Financial performance and outlook



Our end product: The “PDC”

Evotec’s core competence and strategic business focus



Evotec's core competences

Evotec's business model for innovation efficiency

ONE company – TWO segments

EVT Execute

“Low risk,
service business”



EVT Innovate
“High risk – high reward
innovation business”

EVT Execute

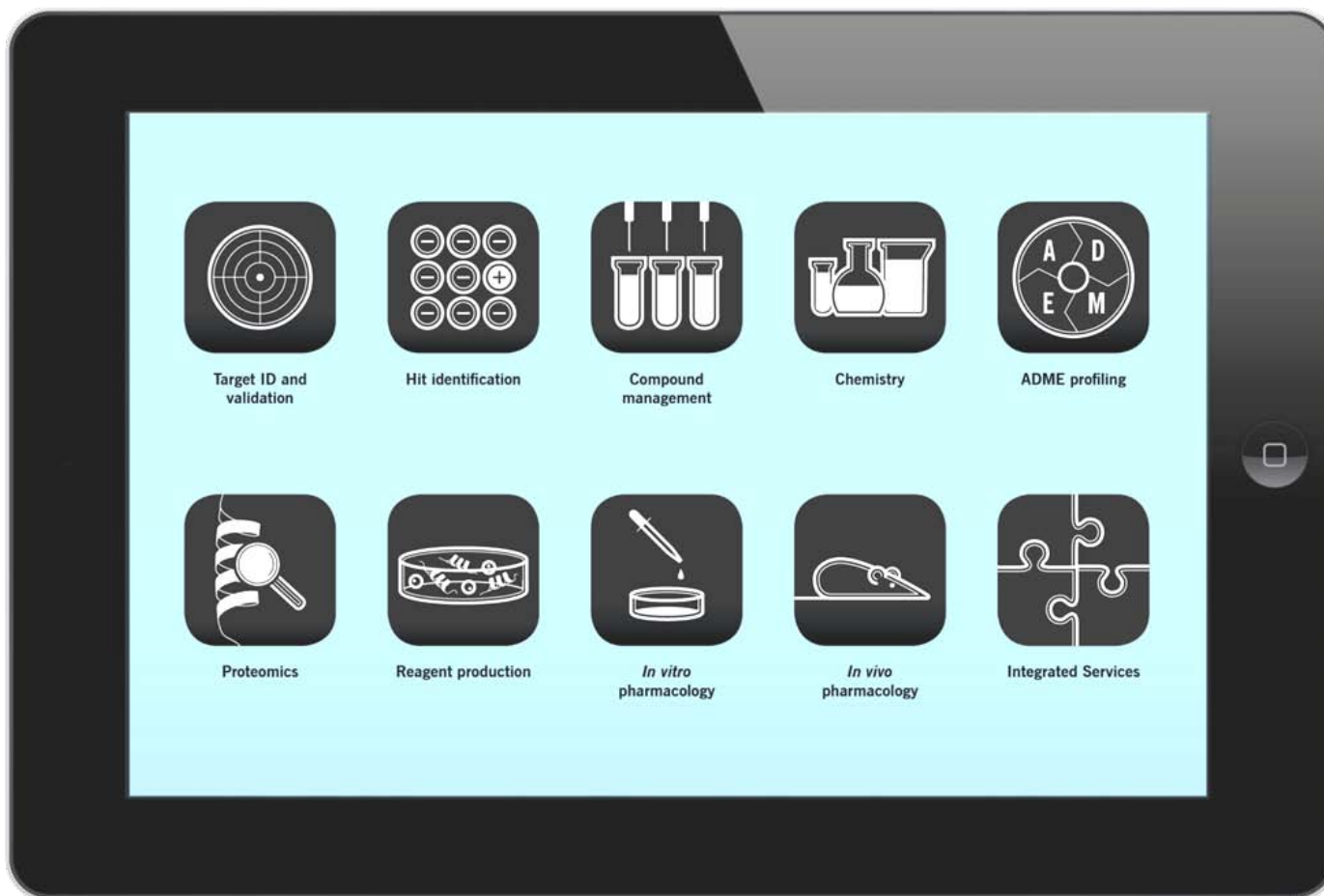
- Fee for service, highest quality offering
- Platform selling with low risk
- Selective milestone- and royalty-driven projects

EVT Innovate (Cure X/Target X)

- First-in-class investments within core competences
- Early partnering strategy
- Performance-based alliances with upfronts, milestones and product royalties

Strong operational performance despite low milestone income in Q1–Q3

EVT Execute – Comprehensive drug discovery platforms



Execute on strategy

- Strategic expansion of protein production in US with major Pharma partner
- Extensions of existing alliances (e.g. Jain Foundation, CHDI, ...)
- Initial milestone achieved (Bayer)
- Long-term compound management collaboration with Medicines for Malaria Venture
- Integration of Euprotec complete and business performing to expectations

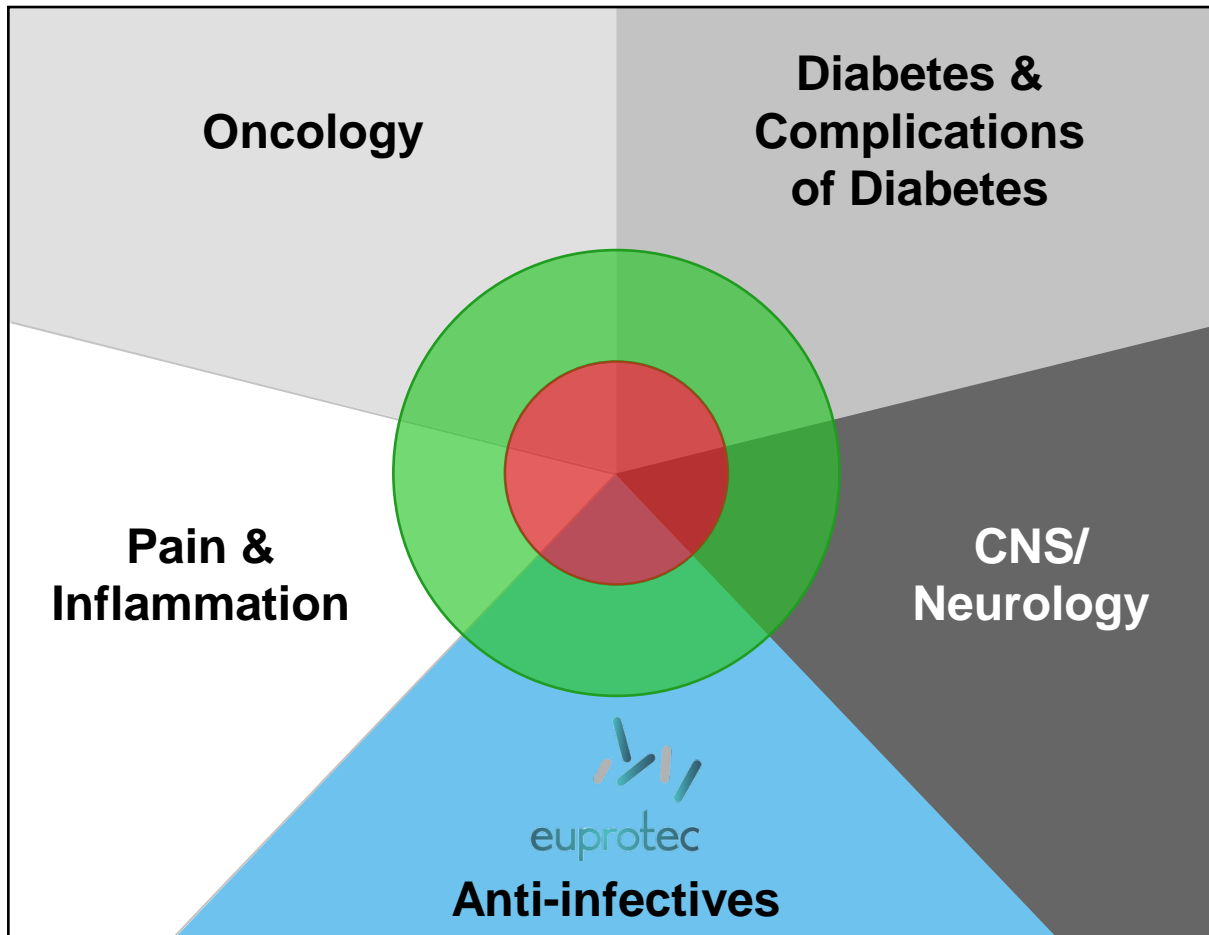
Growth driven by long-term alliances and technology upgrade strategy

EVT Execute strategy 2014

- Expansion of existing Pharma alliances ✓
- New long-term alliances with big and mid-sized Pharma and biotech ✓
- New integrated alliances with EU biotech and especially US East Coast start-ups ✓
- Expansion of technology/disease portfolio offering ✓

Systematic, unbiased and comprehensive pipeline building in major disease areas

EVT Innovate – Cure *X* and Target *X* initiatives






















Execute on Innovation strategy

- Milestones achieved in strategic TargetAD collaboration with J&J Innovation
- Public grants awarded to Evotec by BMBF
- New collaboration with Fraunhofer IME

Large portfolio of product opportunities with significant upside

Partnership portfolio¹⁾

	Molecule	Indication	Partner	Discovery	Pre-clinical	Phase I	Phase II	Phase III	
Clinical	EVT302 ²⁾	AD		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	EVT201	Insomnia		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	Somatoprim	Acromegaly		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	EVT100	CNS diseases		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	EVT401	Inflammation		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	ND ³⁾	Oncology		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
	ND ³⁾	Oncology		[Progress bar: Discovery, Pre-clinical, Phase I, Phase II]					
Pre-clinical	ND ³⁾	Pain		[Progress bar: Discovery, Pre-clinical]					
	ND ³⁾	Oncology		[Progress bar: Discovery, Pre-clinical]					
	Various	Endometriosis		[Progress bar: Discovery, Pre-clinical]					
	EVT770	Diabetes – type 2/1		[Progress bar: Discovery, Pre-clinical]					
	ND ³⁾	Pain		[Progress bar: Discovery, Pre-clinical]					
Discovery	Various	Inflammation		[Progress bar: Discovery]					
	EVT070 ⁴⁾	Diabetes – type 2		[Progress bar: Discovery]					
	Various	Diabetes – type 2/1		[Progress bar: Discovery]					
	Various	Diabetes – type 2/1		[Progress bar: Discovery]					
	Various	Kidney disease		[Progress bar: Discovery]					
	Various	Oncology		[Progress bar: Discovery]					
	Various	Alzheimer's disease		[Progress bar: Discovery]					
	Various	CNS/MS	NEU²⁾ / Bionamics	[Progress bar: Discovery]					

¹⁾ DiaPep277[®] taken from the pipeline chart due to the announcement of Hyperion; Phase III will be completed by Hyperion, legal uncertainties exist








²⁾ RO4602522

³⁾ Not disclosed

⁴⁾ Under evaluation

Strategic focus on diabetes and diabetic complications

Diabetes and diabetic complications pipeline overview

Project(s)	Indication (mechanism)	Partner	Status	Next milestone	Commercials
EVT770	Type 1 and 2 diabetes (beta cell regeneration)		Pre-clinical	Phase I	€ 5 m upfront, high margin research payments, up to € 254 m milestones, significant royalties
ALM	Type 1 and 2 diabetes (beta cell regeneration)		Discovery	Phase I	€ 2 m upfront, high margin research payments, up to € 183 m milestones/product, significant royalties
EVT070²⁾	Type 2 diabetes (insulin resistance)		Discovery	Pre-clinical candidate	€ 7 m upfront high margin research payments, up to € 237 m milestones, significant royalties
Various	Kidney disease		ND ¹⁾	ND ¹⁾	Undisclosed upfront, high margin research payments, milestones/product, royalties
TargetEEM	Type 1 and 2 diabetes (enteroendocrine)		Discovery	Pharma partnership	
CureNephron	Chronic kidney disease		Discovery	Pharma partnership	
CureBeta	Type 1 and 2 diabetes (beta cell regeneration)		Discovery	Pharma partnership	

¹⁾ Not disclosed

²⁾ Under evaluation

DeveloGen outlicensed DiaPep277[®] in 2007 – Evotec has no involvement in clinical development

History and status of DiaPep277[®]

History










- DiaPep277[®] is a immune intervention therapy for new onset type 1 diabetes; beginning of development of the asset started in the 1980s at the Weizmann Institute/Peptor and later DeveloGen
- 2007
DeveloGen sold all rights of DiaPep277[®] to Andromeda Biotech, Ltd., a newly formed wholly owned subsidiary of Clal Biotechnology Industries Ltd.
- 2010
Evotec acquired DeveloGen and inherited DeveloGen's rights to certain milestones and single-digit royalties arising from DiaPep277[®]
- Andromeda continued development and was responsible for conduct and analysis of all Phase III studies

Status

- H1 2014
Hyperion Therapeutics acquired Andromeda Biotech, the owner of DiaPep277[®]
- H2 2014
Hyperion uncovered alleged evidence that certain employees of Andromeda engaged in serious misconduct involved with the Phase III trial data of DiaPep277[®]
- Hyperion will complete the Phase III trial, but will not further invest in DiaPep277[®]
- Evotec still has an open receivable against Andromeda amounting to €3.4 m
- Evotec to take legal steps against Andromeda to recover all Evotec claims and potential damages that result from recent incidents in relation to DiaPep277[®]

Further milestones achieved in TargetAD alliance – Collaboration with CHDI extended

Neurology pipeline overview

Molecule(s)	Indication (mechanism)	Partner	Status	Next milestone	Commercials
EVT302	Alzheimer's disease (MAO-B)		Phase IIb, recruitment completed	Completion of Phase II, Phase III start	\$ 10 m upfront, up to \$ 820 m milestones, significant royalties
EVT201	Insomnia		Phase II	Start clinical trials	Milestones, royalties
EVT100 series	CNS diseases (TRD)		Phase II/Pre-clinical	Confirmation of pre-clinical study/ Phase II start	\$ 2 m upfront, up to \$ 173 m milestones, significant royalties
Various	CNS/Multiple sclerosis	NEU ² / Bionamics	Pre-clinical/Various	ND ¹⁾	ND ¹⁾
Various	Huntington's disease		Discovery	ND ¹⁾	Research payments; funds up to 52 FTEs
Not disclosed	Neurodegeneration		Discovery	ND ¹⁾	Research payments
Not disclosed	Fabry's disease		Discovery	ND ¹⁾	Research payments
TargetAD	Alzheimer's disease (Novel MoA)		Discovery	ND ¹⁾	Up to \$ 10 m research payments, approx. \$ 125-145 m milestones, royalties
TargetASIC	Multiple sclerosis	Undisclosed Pharma 	Discovery	Lead status	Co-funded
CureMN	Amyotrophic lateral sclerosis (ALS)		ND ¹⁾	Pharma partnership	

EVT302 – Recruitment of Phase IIb completed

Product development alliance with 

Alzheimer's disease (AD)

- AD is the most common form of dementia
- 44 m people diagnosed with dementia in 2013 worldwide
- Approx. 7.7 m new cases of dementia are diagnosed each year

EVT 302/RG1577/ RO4602522

A potent small molecule inhibitor of monoamine oxidase-B (MAO-B) which reduces the formation of toxic reactive oxygen species in the brain of Alzheimer's disease patients where over-expression of MAO-B is postulated to contribute to neuronal damage

Status







- One of the very few late-stage small molecule AD clinical trials in this specific AD patient population
- Patient recruitment for Phase IIb, multicentre, randomised, double-blind, parallel-group, placebo-controlled study to evaluate the efficacy and safety in patients with moderate severity Alzheimer disease completed (n=544, 52 week trial)

Expected key milestones

- Results of Phase IIb trial expected in H1 2015









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 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, up to approx. €580 m milestones, royalties
Various	Various/Pain	 Boehringer Ingelheim	Pre-clinical	Phase I start	Undisclosed upfront, research payments, milestones, royalties
Not disclosed	Various/Pain	 NOVARTIS	Pre-clinical	Successful PoC ¹⁾	Research payments, milestones, royalties
Various	Inflammation	 ucb	Discovery	Pre-clinical	Research payments, up to €183 m milestones/product, significant royalties
Not disclosed	Pain	 Convergence PHARMACEUTICALS	Discovery	Pre-clinical	Milestones, significant royalties



Long-term vision in novel fields of oncology

Oncology pipeline overview

Molecule(s)	Indication (mechanism)	Partner	Status	Next milestone	Commercials
Somatoprim (DG3173)	Acromegaly/NET	 Aspireo Pharmaceuticals	Phase IIa	Pharma partnership	Consulting fees, royalties
ND¹⁾	Oncology	 Boehringer Ingelheim	Phase I	ND ¹⁾	Research payments, milestones, royalties
ND¹⁾/Biomarker	Oncology	 Roche	Phase I	ND ¹⁾	Success-based milestones
ND¹⁾	Oncology	 Boehringer Ingelheim	Pre-clinical	ND ¹⁾	Research payments, milestones, royalties
TargetImmuniT	Various (Immunotherapy)	 APEIRON BIOLOGICS	Discovery	Pharma partnership	Shared research costs, milestones, royalties
TargetKDM	Various (Epigenetic targets)	 Belfer Institute FOR APPLIED CANCER SCIENCE	Discovery	Pharma partnership	ND ¹⁾
TargetDBR	Glioblastoma (brain tumour)	 Yale University	Discovery	Pharma partnership	ND ¹⁾
TargetCanMet	Various	 Debiopharm Group	Discovery	ND ¹⁾	Research payments, milestones, royalties

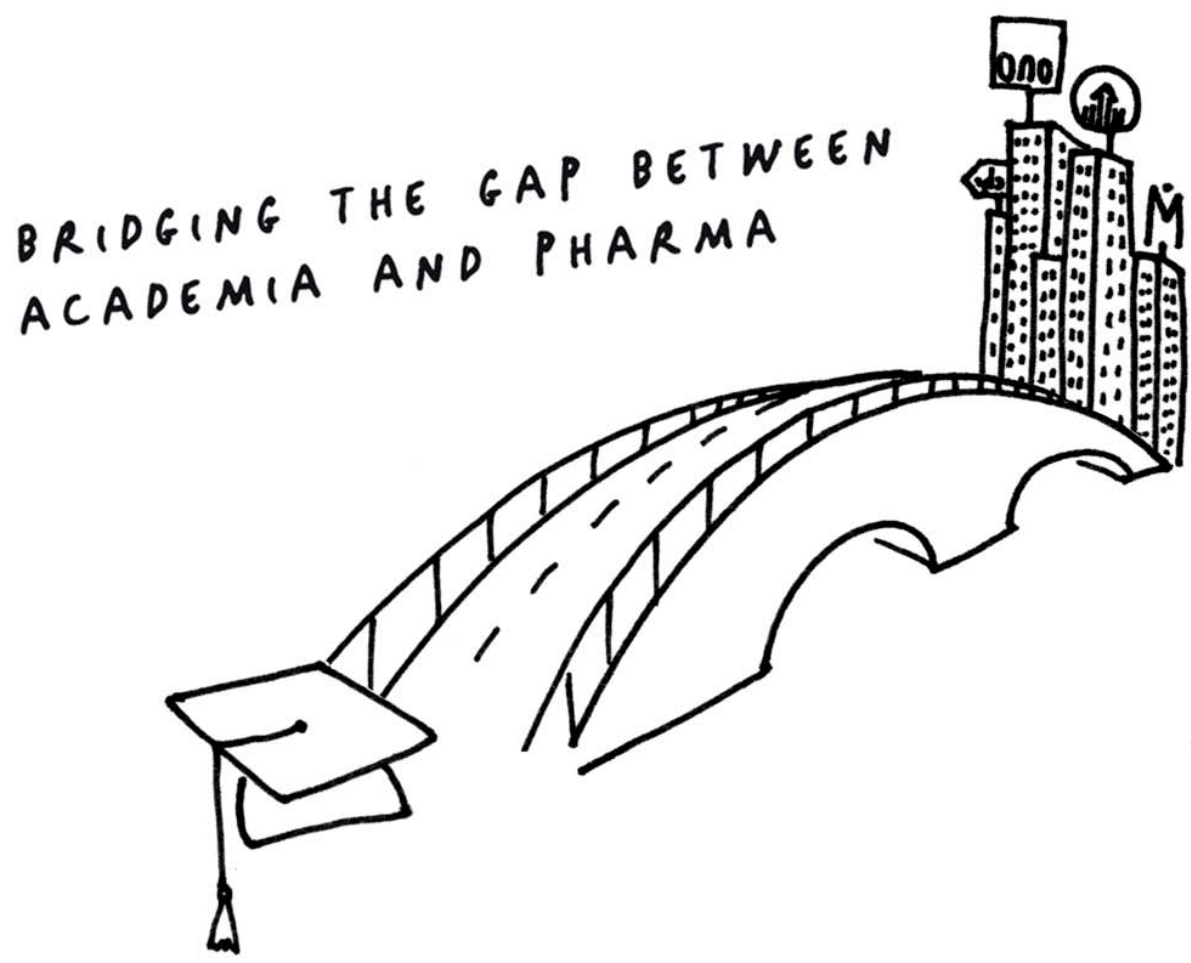
Establishing an infectious disease portfolio

Anti-infectives pipeline overview

Molecule(s)	Indication (mechanism)	Partner	Status	Next milestone	Commercials
Target <i>PicV</i>	Viral host targets		Discovery	Pre-clinical candidate	
Target <i>PGB</i>	Antibiotics		Discovery	Pre-clinical candidate	

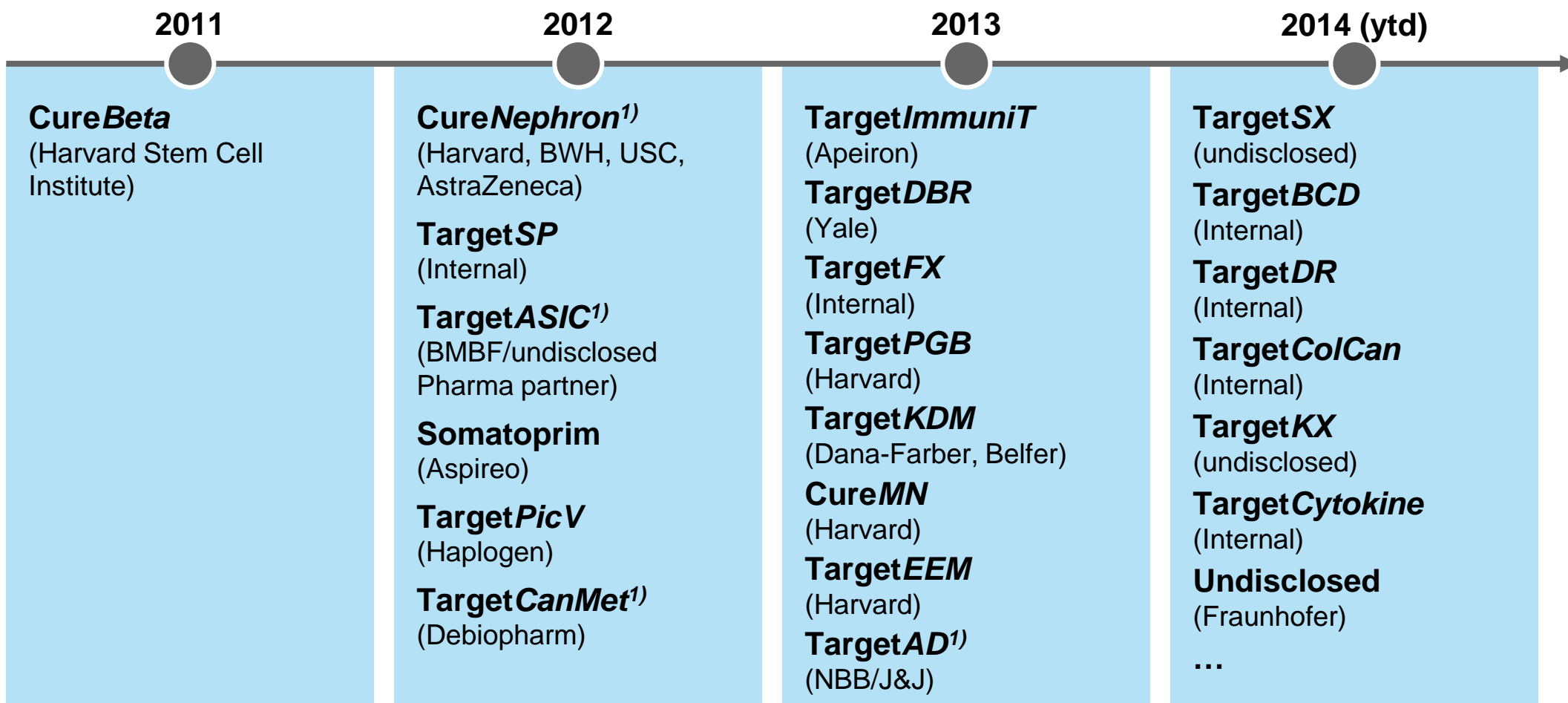
Bridging the gap

The discovery highway



Expanding and broadening “The Bridge”

EVT Innovate initiated R&D projects



Continuing the strategy of building a partnered product pipeline

EVT Innovate strategy 2014

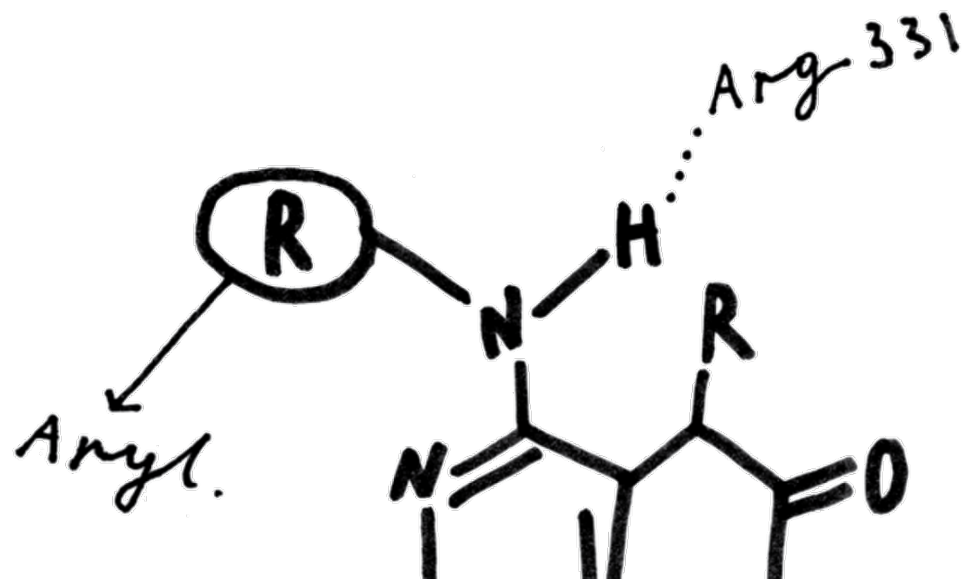
- Expansion of network of top-class academic alliances ✓
- Accelerated investments in existing and new Cure X/Target X initiatives ✓
- Progress of clinical pipeline within partnerships
- Partnering of at least one Cure X/Target X initiative ✓

Agenda

Highlights of the first nine months 2014

Business and strategy update

Financial performance and outlook



Base business up 5%; positive EBITDA

Key financials first nine months 2014: Condensed profit & loss statement (IFRS)

In € m	2013 ¹⁾	2014 ¹⁾	% vs. 2013
Revenues	60.3	58.9	(2)%
Gross margin	35.9%	28.3%	
• R&D expenses	(7.5)	(9.2)	+23%
• SG&A expenses	(12.3)	(12.8)	+4%
• Amortisation of intangible assets	(2.4)	(1.9)	–
• Impairment of intangible assets	–	(8.7)	–
• Restructuring expenses	(0.4)	–	–
• Impairment of goodwill & tangible assets	(3.0)	–	–
• Other op. expenses (income), net	(0.3)	7.2	–
Operating income (loss)	(4.2)	(8.7)	–
Net income (loss)	(4.9)	(8.0)	
EBITDA, adjusted²⁾	5.9	0.3	

- Revenues excl. milestones, upfronts and licences up 5% (7% at constant FX rates) compared to the first nine months of 2013
- Higher investments in Innovate R&D
- Impairment charges of €8.7 m for DiaPep277[®]
- Other operating income of €7.2 m primarily due to fair value adjustment of the DiaPep277[®] earn-out provision

Adjusted EBITDA of EVT Execute positive despite low milestone contribution

Condensed profit & loss statement based on segments for the first nine months of 2014

In € m

	EVT Execute	EVT Innovate	Inter- segment elimination	Evotec Group
Revenues	61.5	10.6	(13.2)	58.9
Gross margin	24.8%	32.0%		28.3%
• R&D expenses	(0.8)	(10.4)	2.0	(9.2)
• SG&A expenses	(9.8)	(3.0)	–	(12.8)
• Amortisation of intangible assets	(1.6)	(0.3)	–	(1.9)
• Impairment of intangible assets	–	(8.7)	–	(8.7)
• Other op. expenses (income), net	1.0	6.2	–	7.2
Operating income (loss)	4.1	(12.8)	–	(8.7)
EBITDA, adjusted¹⁾	9.8	(9.5)	–	0.3

- Increased investment in Cure X and Target X initiatives within EVT Innovate and the broadening of the Innovate project portfolio
- Strongly positive adjusted EBITDA of €9.8 m in EVT Execute despite low milestone contribution in the first nine months 2014

Decline in revenues due to lower milestone contributions compared with prior year period

Key financials Q3 2014: Condensed profit & loss statement (IFRS)

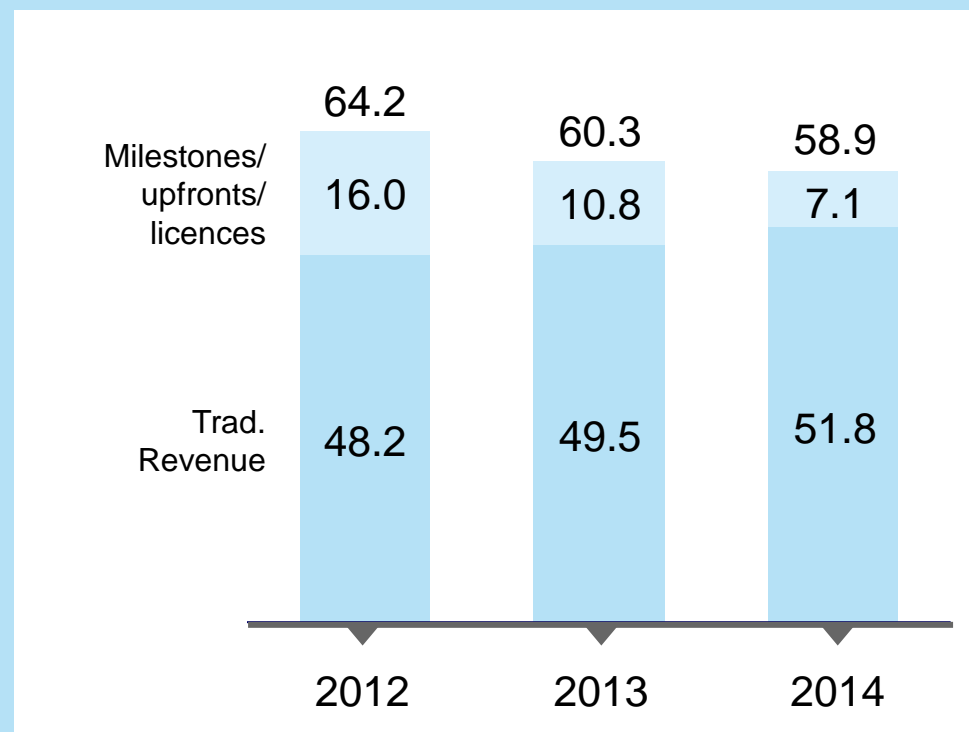
In € m	Q3 2013	Q3 2014
Revenues	23.6	18.8
Gross margin	46.9%	26.0%
• R&D expenses	(2.7)	(2.9)
• SG&A expenses	(4.2)	(3.9)
• Amortisation of intangible assets	(0.7)	(0.6)
• Impairment of intangible assets	–	(8.7)
• Restructuring expenses	(0.4)	–
• Impairment of goodwill & tangible assets	(3.0)	–
• Other op. expenses (income), net	–	6.1
Operating income (loss)	0.2	(5.2)
Net income (loss)	(0.3)	(3.6)
EBITDA, adjusted¹⁾	5.4	(0.3)

- Decrease of revenues due to smaller milestone contributions in Q3 2014 compared to Q3 2013, which recorded large milestone contributions from Boehringer Ingelheim and a first milestone from UCB
- Impairment charges of € 8.7 m for DiaPep277[®]

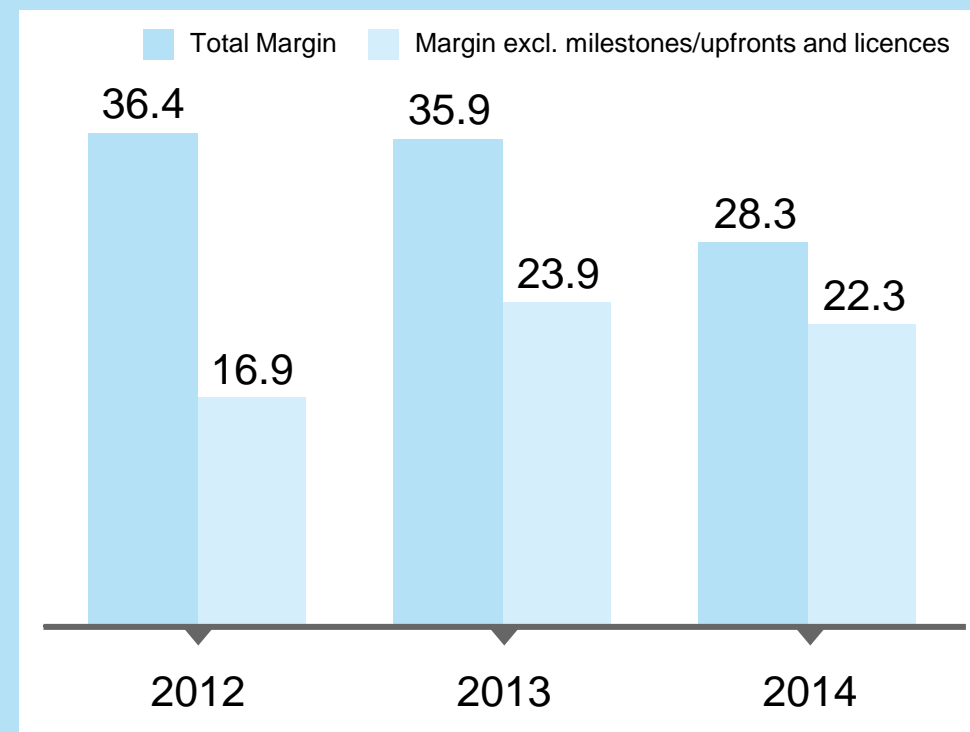
Continuing growth trend in base business

Revenues & gross margin for the first nine months 2014

Good revenue growth in base business (in € m)



Margin of base business slightly decreased due to FX (in %)

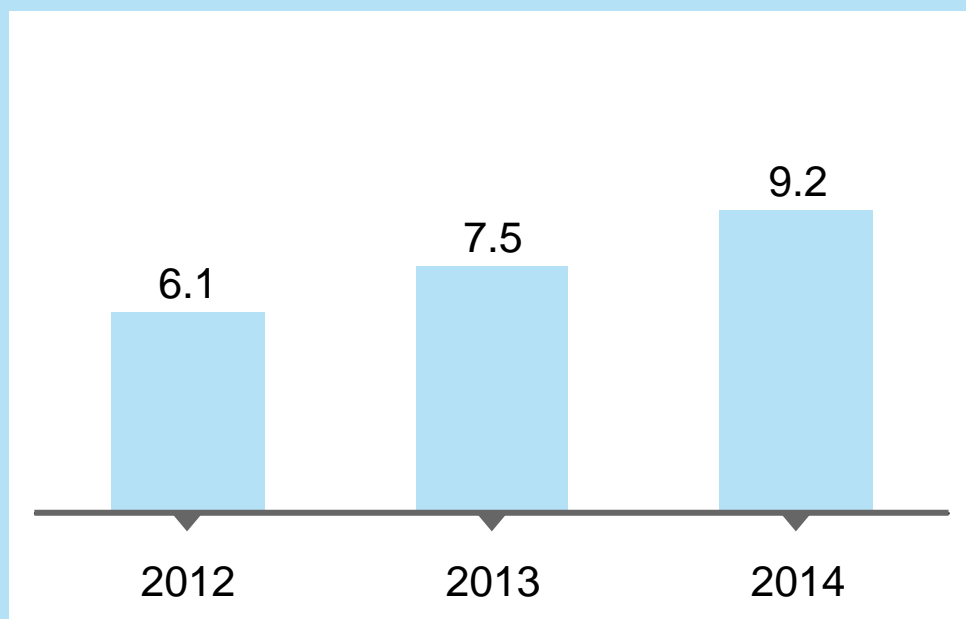


Strategic and accelerated investments in R&D

Overview R&D and SG&A for the first nine months 2014

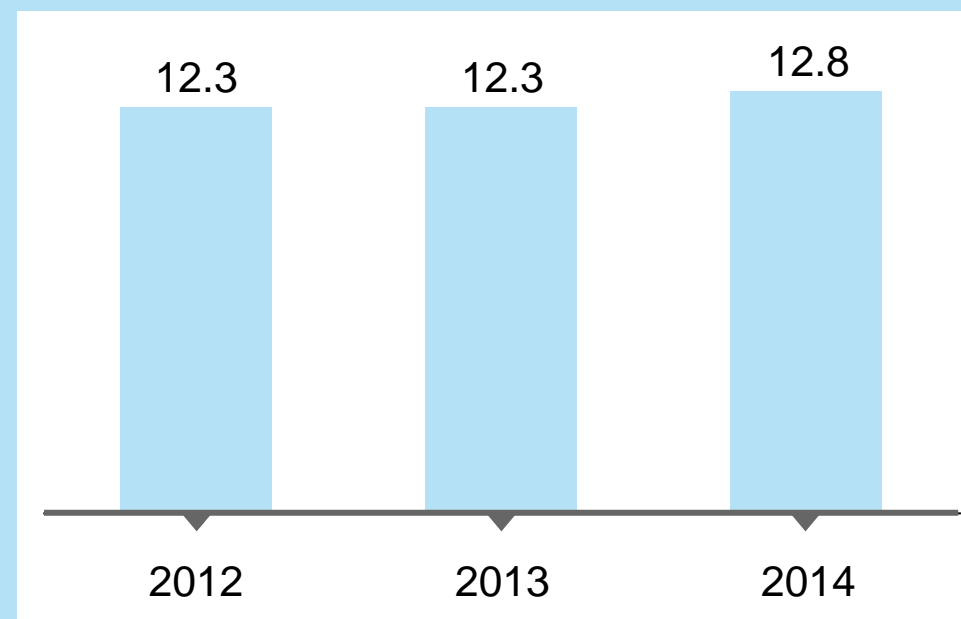
In € m

Unpartnered R&D investments



Strategic investments in Cure X and Target X initiatives

SG&A expenses



Planned SG&A increase to support future growth

Guidance confirmed, important milestones expected for the remainder of the year

Guidance 2014

1	Revenues	<ul style="list-style-type: none">• High single-digit percentage growth excluding milestones, upfronts and licences• Ongoing high volatility of milestones from quarter to quarter
2	Improved profitability	<ul style="list-style-type: none">• Positive EBITDA¹⁾ before changes in contingent considerations at a similar level to 2013• Positive operating cash flow• Liquidity²⁾ is expected to exceed € 90 m at the end of 2014
3	R&D investments	<ul style="list-style-type: none">• Investments of approx. € 10–14 m mainly in the strategic Cure X/ Target X initiatives• Upgrades in capacity and technology platforms continued with approx. € 5–7 m

Execute on Innovation strategy

Expected key events 2014

Key milestones

EVT Execute

- Expansion of existing drug discovery alliances ✓
- New long-term deals with big and mid-sized Pharma and biotech ✓
- At least 1 new integrated technology/disease alliance ✓

EVT Innovate

- Expansion of network of top-class academic alliances ✓
- Increased investments in Cure X/Target X initiatives ✓
- Strong progress of clinical pipeline within partnerships (at least 2 clinical starts)
- Partnering of at least one Cure X/Target X initiative ✓

QUESTIONS
AND ANSWERS

