

Evotec AG reports results of first quarter 2016

- ▶ *STRONG START INTO 2016: 74% GROWTH IN GROUP REVENUES, STRONG ADJUSTED EBITDA, GUIDANCE 2016 CONFIRMED*
- ▶ *ACCELERATION OF BUSINESS MODEL WITH COMPANY FORMATION OF TOPAS THERAPEUTICS*
- ▶ *LONG-TERM EXTENSION OF MANAGEMENT BOARD CONTRACTS OF CEO, COO, CSO; NOMINATION AND NEW CONTRACT OF NEW CFO AGREED*

Hamburg, Germany, 10 May 2016:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first quarter of 2016.

FINANCIAL PERFORMANCE: BEST Q1 FINANCIAL RESULTS IN COMPANY'S HISTORY

- ▶ Significant Group revenue growth of 74% to € 37.5 m (2015: € 21.5 m); base revenues up 83% to € 33.9 m
- ▶ Revenue growth in both operating segments: EVT Execute revenues up 67% to € 38.6 m, EVT Innovate revenues up 67% to € 6.4 m
- ▶ Adjusted Group EBITDA significantly increased to € 7.2 m (2015: € (0.3) m)
- ▶ Adjusted EBITDA of € 9.6 m for EVT Execute (2015: € 3.5 m)
- ▶ Increase in R&D expenses of 14% to € 4.4 m primarily focused on oncology projects and CNS
- ▶ Strong strategic liquidity position of € 122.5 m

EVT Execute

ACCELERATED GROWTH IN BASE BUSINESS

- ▶ Important milestone achievement in Padlock collaboration
- ▶ Multi-year compound management agreement closed with Pierre Fabre (after period-end)
- ▶ Milestone achievement in Bayer collaboration (after period-end)

EVT Innovate

FIRST-IN-CLASS CURE X/TARGET X STRATEGY

- ▶ Good progress in Cure X/Target X programmes
- ▶ Grant from The Michael J. Fox Foundation for Parkinson's Research
- ▶ Good progress in existing partnerships (e.g. EVT201, EVT801 and other Sanofi oncology projects, kidney disease collaboration with AstraZeneca)
- ▶ Partnership on immuno-oncology therapeutics with *ex scienta*
- ▶ Phase out of EVT100 in TRD by Janssen Pharmaceuticals

EVT EQUITY – COMPANY FORMATION TO ACCELERATE DRUG DISCOVERY AND PRODUCT DEVELOPMENT

- ▶ Formation of a spin-off company (Topas Therapeutics GmbH) in the field of nanoparticle-based therapeutics to treat immunological disorders; completed Series A funding of € 14 m

MANAGEMENT BOARD UPDATES AND STRENGTHENING OF GLOBAL HUMAN RESOURCES CAPACITIES

- ▶ CEO, COO and CSO contracts extended
- ▶ Contract of Colin Bond, CFO, will end 30 June 2016
- ▶ Appointment of Enno Spillner as new CFO effective 18 July 2016
- ▶ Appointment of Monika Conradt as Global Head of Human Resources effective 01 June 2016

GUIDANCE 2016 CONFIRMED

1. Financial performance

BEST Q1 FINANCIAL RESULTS IN COMPANY'S HISTORY

The 2015 and 2016 results are not fully comparable. The difference stems from the acquisition of Evotec (France) SAS, effective 01 April 2015. While the results of Evotec (France) SAS are fully included in the accompanying consolidated income statement for the first three months of 2016, they were not included in the comparable period of the previous year.

The presented financial statements include a change in presentation in the first three months of 2015 and 2016. From 01 January 2016 onwards, amortisation of intangible assets are no longer presented in a separate line in the consolidated income statement but are allocated to the relating cost lines in the income statement. The prior-year period was changed accordingly resulting in higher costs of revenue (€ 0.6 m).

KEY FIGURES OF CONSOLIDATED INCOME STATEMENT & SEGMENT INFORMATION

Evotec AG & subsidiaries – First Quarter 2016

In T€	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Evotec Group</i>	<i>Evotec Group Q1 2015</i>
External revenues	31,067	6,412	37,479	21,542
Intersegment revenues	7,497	–	–	–
Gross margin in %	26.1	46.1	33.3	28.0
R&D expenses	(57)	(4,865)	(4,386)	(3,834)
SG&A expenses	(4,345)	(1,022)	(5,367)	(5,118)
Impairment of intangible assets	–	(1,417)	(1,417)	–
Other operating income (expenses), net	1,099	344	1,443	(384)
Operating result	6,750	(4,006)	2,744	(3,300)
EBITDA adjusted*	9,605	(2,371)	7,234	(327)

* EBITDA was adjusted for changes in contingent considerations.

In the first quarter of 2016, Evotec's Group revenues grew to € 37.5 m, an increase of 74% compared to the same period of the previous year (2015: € 21.5 m). This increase resulted primarily from an increase in base revenues across all business units and the contribution from the Sanofi collaboration. Excluding milestones, upfronts and licences, Evotec's revenues for the first quarter of 2016 were € 33.9 m, an increase of 83% over the same period of the previous year (2015: € 18.5 m). Revenues from milestones, upfronts and licences increased to € 3.6 m compared to the same period of the previous year (€ 3.0 m). The gross margin amounted to 33.3% in the first three months of 2016 (2015: 28.0%). This significant margin increase over 2015 primarily reflects growth in base revenues, improved capacity utilisation as well as favourable foreign exchange rate effects.

In the first quarter of 2016, Evotec's R&D expenses amounted to € 4.4 m (2015: € 3.8 m). This increase is in-line with the Company's strategic plans and primarily results from significant investments in acquired oncology projects and intensified investments in CNS projects. Selling, general and administrative (SG&A) expenses increased by 5% in the first quarter of 2016 to € 5.4 m (2015: € 5.1 m) and were mainly impacted by ongoing costs at Toulouse site.

Adjusted Group EBITDA in the first quarter of 2016 was positive and amounted to € 7.2 m (2015: € (0.3) m). EBITDA was adjusted for changes in contingent consideration. Evotec's operating income in the first quarter of 2016 amounted to € 2.7 m (2015: operating loss of € 3.3 m).

Liquidity, which includes cash and cash equivalents (€ 49.2 m) and investments (€ 73.3 m) amounted to € 122.5 m as of 31 March 2016 (31 December 2015: € 133.9 m) and remained on a high level even though the first quarter of 2016 was affected by bonuses, extraordinary and advance payments. In the current low and negative interest rate environment, the Company is considering options to reduce outstanding levels of debt during Q2 2016 while maintaining future access to such financing. Debt reduction would be possible due to the current strength of the underlying business and the strong liquidity position of the Company.

Revenues from the EVT Execute segment amounted to € 38.6 m in the first quarter of 2016 (2015: € 23.1 m) and included € 7.5 m of intersegment revenues (2015: € 5.4 m). This sharp increase was mainly driven by the strong performance of the base business, the milestone achievement in the Padlock collaboration and the contribution from the Sanofi transaction. The EVT Innovate segment generated revenues of € 6.4 m (2015: € 3.8 m) consisting entirely of third-party revenues. This increase compared to the prior year results mainly from EVT Innovate projects which were partnered in 2015. Gross margin for EVT Execute amounted to 26.1% while EVT Innovate generated a gross margin of 46.1%. R&D expenses for the EVT Innovate segment amounted to € 4.9 m in the first quarter of 2016 (2015: € 4.6 m) and continued the upward trend compared to previous quarters. In the first quarter of 2016, the adjusted EBITDA (before changes in contingent consideration) of the EVT Execute segment was strongly positive at € 9.6 m and improved compared to the same period of the previous year (2015: € 3.5 m). The EVT Innovate segment reported a negative EBITDA before changes in contingent consideration of € (2.4) m but has improved over the prior year (2015: € (3.8) m) due to new EVT Innovate partnerships based on Cure X/Target X initiatives signed in 2015.

2. EVT Execute and EVT Innovate

EVT Execute

ACCELERATED GROWTH IN BASE BUSINESS

The first quarter of 2016 saw a strong operational performance in the EVT Execute segment. Important milestones were achieved in ongoing collaborations (Padlock; Bayer (after period-end)). In addition, the base business gained further momentum, especially with regards to compound management services,

which was further demonstrated by new multi-year compound management agreements which Evotec entered with UCB at the end of 2015 and with Pierre Fabre just after period-end.

EVT Innovate

FIRST-IN-CLASS CURE X/TARGET X STRATEGY

In the EVT Innovate segment, Evotec recorded a research grant which was awarded from The Michael J. Fox Foundation to further develop Evotec's TargetaSN (Targetal α -synuclein) programme for the treatment of Parkinson's disease. This programme is part of a larger internal initiative to address neurodegenerative diseases through highly innovative approaches involving patient-derived stem cells and genetically validated mechanisms. Furthermore, good progress was demonstrated in existing partnerships and development projects in the first quarter: The clinical studies for EVT201 in China are running according to plan. EVT801 and other oncology projects are progressing well. Good progress was achieved in the kidney collaboration with AstraZeneca. Regarding Evotec's legacy pipeline, Evotec was informed by Janssen Pharmaceuticals, Inc. that Janssen intends to phase out the agreement regarding NMDA antagonists as of August 2016. This is reflected in a full impairment of the asset in the amount of € 1.4 m.

3. EVT Equity – Company formation to accelerate drug discovery and product development

In March 2016, Evotec announced the formation of a spin-off company, called Topas Therapeutics GmbH ("Topas"), focused on the field of nanoparticle-based therapeutics to treat immunological disorders. Epidarex Capital, EMBL Ventures and Gimv participated together with Evotec in a € 14 m (\$ 15.75 m) Series A financing round of Topas. Evotec will remain the largest shareholder after the financing round. The new company aims to build a unique pipeline of clinical-stage development projects to treat autoimmune diseases. The establishment of Topas is the first example of an acceleration of Evotec's business model to take advantage of carving out promising programmes with upside potential on a shared risk and shared success basis.

4. Management Board updates and strengthening of Global Human Resources capacities

The Supervisory Board has agreed to the extension of the service contract of Dr Werner Lanthaler as CEO of the Company for another five years to 2021 and the extensions of the contracts of Dr Mario Polywka as COO and Dr Cord Dohrmann as CSO for a further three years to 2019. Colin Bond has decided not to extend his contract and will leave the Company at his own request when his current contract as CFO expires at the end of June 2016.

The Supervisory Board of Evotec has appointed Enno Spillner as its new Chief Financial Officer and member of the Management Board effective 18 July 2016. Enno Spillner has most recently served as Chairman of the Management Board and CEO/CFO of 4SC AG since April 2013. He joined 4SC AG as CFO in September 2005. Before working for 4SC AG, Enno Spillner was Head of Finance and Controlling at BioM AG, a German regional biotech venture fund, which he joined at the beginning of 1999. In this role, he was responsible for managing investments in the equity portfolio and also held the position of interim Managing Director at two portfolio companies. Enno Spillner earned his Dipl.-Kaufmann degree (Masters in Economics) at the University of Bamberg, Germany. He also is a member of the Supervisory Board and Chairman of the audit committee at Nanobiotix, Paris.

To support the growth and increase attention to its human talent, the Management Board of Evotec has appointed Ms Monika Conradt Global Head of Human Resources. Ms Conradt joins Evotec from Boehringer Ingelheim, where she has been HR Manager Europe.

Dr Werner Lanthaler, Chief Executive Officer of Evotec, commented: “On behalf of the Management Board and the Company, I would like to thank Colin for his most valuable contributions over the past six years. He was outstanding in the challenge and balance that he provided to the Management Team. Colin Bond has made many essential contributions to the strategic development of Evotec. We will closely stay in touch with him and we wish him ongoing success for his future endeavours in a key position at one of our drug discovery partners. I am delighted to welcome Enno Spillner to our team as new Chief Financial Officer and Monika Conradt as Global Head of Human Resources.”

5. Guidance 2016 confirmed

	<i>Guidance 2016</i>	<i>Actual 2015</i>
Base revenues ¹⁾	>15%	€ 115.4 m
Adjusted Group EBITDA ²⁾	Positive and significantly improved to prior year	€ 8.7 m
R&D expenses	Approx. € 20 m	€ 18.3 m
Liquidity ³⁾	Similar level to prior year	€ 134.5 m
Capex investments	Up to € 10 m	€ 11.2 m

¹⁾ Excluding milestones, upfronts and licences

²⁾ Before contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result

³⁾ Excluding M&A and related payments

Webcast/Conference Call

The Company is going to hold a conference call to discuss the results as well as to provide an update on its performance. The conference will be held in English.

Conference call details

Date: **Tuesday, 10 May 2016**
 Time: **02.00 pm CEST (01.00 pm BST/08.00 am EDT)**

From Germany: +49 (0) 69 22 22 29 043
 From UK: +44 20 3009 2452
 From USA: +1 855 402 7766
 From France: +33 170 750 705
 Access Code: 37969784#

A simultaneous slide presentation for participants dialling in *via phone* is available at <http://www.audio-webcast.com/>, password: evotec0516.

Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our home page www.evotec.com shortly before the event.

A replay of the conference call will be available for 24 hours and can be accessed in Europe by dialling +49 (0) 69 22 22 33 985 (Germany) or +44 20 3426 2807 (UK) and in the US by dialling +1 866 535 8030. The access code is 654573#. The on-demand version of the webcast will be available on our website:

<http://www.evotec.com/article/en/Investors/Finance/Financial-Reports-2013-2015/188/6/26>.

ABOUT EVOTEC AG

Evotec is a drug discovery alliance and development partnership company focused on rapidly progressing innovative product approaches with leading pharmaceutical and biotechnology companies, academics, patient advocacy groups and venture capitalists. We operate worldwide providing the highest quality stand-alone and integrated drug discovery solutions, covering all activities from target-to-clinic to meet the industry's need for innovation and efficiency in drug discovery (EVT Execute). The Company has established a unique position by assembling top-class scientific experts and integrating state-of-the-art technologies as well as substantial experience and expertise in key therapeutic areas including neuroscience, diabetes and complications of diabetes, pain and inflammation, oncology and infectious diseases. On this basis, Evotec has built a broad and deep pipeline of more than 70 partnered product opportunities at clinical, pre-clinical and discovery stages (EVT Innovate). Evotec has established multiple long-term discovery alliances with partners including Bayer, CHDI or UCB and development partnerships with e.g. Janssen Pharmaceuticals in the field of Alzheimer's disease, with MedImmune and Sanofi in the field of diabetes, with Pfizer in the field of tissue fibrosis and with Second Genome in the field of inflammatory diseases. For additional information please go to www.evotec.com.

FORWARD LOOKING STATEMENTS — Information set forth in this press release 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 press release. 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.