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NEWS RELEASE, 09 AUGUST 2018

EVOTEC AG REPORTS FIRST HALF-YEAR 2018 RESULTS AND CORPORATE UPDATES

- *SIGNIFICANT GROWTH OF EVT EXECUTE AND EVT INNOVATE*
- *67% INCREASE IN GROUP REVENUES, 47% INCREASE IN ADJUSTED GROUP EBITDA*
- *REPAYMENT OF 50% (€ 70 M) OF APTUIT ACQUSITION LOAN WITHIN ONE YEAR*
- *WEBCAST AND CONFERENCE CALL TODAY AT 02.00 pm CEST*

Hamburg, Germany, 09 August 2018:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0005664809) today reported financial results and corporate updates for the first half of 2018.

STRONG FINANCIAL PERFORMANCE FROM BOTH SEGMENTS

- Group revenues: 67% increase to € 173.8 m (H1 2017: € 104.3 m);
  EVT Execute revenues up 61% to € 163.3 m (H1 2017: € 101.3 m);
  EVT Innovate revenues up 52% to € 32.0 m (H1 2017: € 21.1 m)
- Adjusted Group EBITDA up 47% to € 38.6 m (H1 2017: € 26.2 m);
  Adjusted EBITDA for EVT Execute of € 36.3 m (H1 2017: € 28.6 m);
  Adjusted EBITDA for EVT Innovate of € 2.3 m (H1 2017: € (2.4) m)
- Group R&D expenses up 17% to € 10.0 m (H1 2017: € 8.5 m)
- Very strong performance in Q2 2018 due to Aptuit contribution, milestone achievements and signing of new partnerships
- Acquisition loan from 2017 repaid by 50% (partially after period-end) mainly from operational cash flows
- Strong liquidity position of € 109.8 m

EVT EXECUTE

- Clinical Phase I and Phase II starts in Bayer alliance and strong progress within ongoing alliances (e.g. Forge, Dermira, C4X, Blackthorn, Abivax)
- New and extended drug discovery and development agreements (e.g. Katexco)
- Continued strong performance of high-throughput ADME-tox testing (Cyprotex, an Evotec company)
- Aptuit integration according to plan:
  Positive development of business and good uptake of INDiGO solution to accelerate drug candidate delivery (e.g. Carna Biosciences, Petra Pharma); expansion of INDiGO capacity initiated

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EVT INNOVATE

- Takeover of Sanofi's infectious disease unit effective 01 July 2018, creating largest global footprint in infectious disease capabilities plus a broad project pipeline – Evotec at the same time receives an upfront payment of € 60 m (after period-end) and R&D cost coverage for the first five years
- New long-term partnership with Celgene in oncology with upfront payment of $ 65 m
- Important milestone achievements (e.g. iPSC diabetes alliance with Sanofi, iPSC neurodegeneration alliance with Celgene)
- Continued focus on expansion of iPSC platform and patient-centric approaches to drug discovery
- Academic BRIDGE model continues momentum (e.g. expansion of funded projects under LAB150 and LAB**282**; LAB591 as first US BRIDGE established)

CORPORATE

- Conversion into European Company (SE) initiated

GUIDANCE UPDATE H2 2018

- Guidance on Group revenues – Growth of >30% confirmed
- Guidance on adjusted Group EBITDA – Growth of approx. 30% confirmed
- Guidance on R&D expenses increased – R&D expenses for 2018 will increase to € 35-45 m (from € 20-30 m) due to investments in newly started anti-infectives initiatives; there will be no impact on adjusted Group EBITDA since the costs for the first five years will be covered by Sanofi

1. STRONG FINANCIAL PERFORMANCE FROM BOTH SEGMENTS

Key figures of consolidated income statement & segment information

(Note: Different business mix following the acquisition of Aptuit in 2017)

Evotec AG & subsidiaries – First six months of 2018

In T€	***EVT Execute***	***EVT Innovate***	***Evotec Group H1 2018***	***Evotec Group H1 2017***[3)]
External revenues	141,787	31,971	173,758	104,335
Intersegment revenues	21,547	–	–	–
Gross margin in %	22.4	50.4	28.9	35.7
R&D expenses	(359)	(12,009)	(10,015)	(8,542)
SG&A expenses	(23,353)	(3,764)	(27,117)	(15,790)
Impairment of intangible assets[1)]	–	(4,167)	(4,167)	–
Other operating income (expenses), net	9,101	3,596	12,697	5,553
Operating result	**21,915**	**(225)**	**21,690**	**18,439**
Adjusted EBITDA[2)]	***36,268***	***2,331***	***38,599***	***26,215***

[1)] This is offset by a release of earn-out accruals related to the EVT770 programme (€ 2.3 m), which were recorded as operating income.
[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)] 2017 figures adjusted from the first time application of IFRS 15

Evotec's Group revenues for the first half of 2018 grew to € 173.8 m, a significant increase of 67% compared to the same period of the previous year (H1 2017: € 104.3 m). This increase is due to a strong performance in the base business, a positive Aptuit contribution (€ 53.6 m) as well as increased milestone achievements in existing alliances. The total revenues from milestones, upfronts and licences for the first half of 2018 amounted to € 15.5 m and increased by 17% over the same period of the previous year (H1 2017: € 13.3 m). In the first six months of 2018, the gross margin amounted to 28.9% (H1 2017: 35.7%). This margin change compared to 2017 reflects a new business mix with different margin expectations following the acquisition of Aptuit, higher amortisation of intangible assets and adverse FX effects. Gross margin excluding total amortisation amounted to 32.5%. The second quarter of 2018 recorded a very strong financial performance. Group revenues increased by 78% to € 94.8 m (Q2 2017: € 53.4 m), following the Aptuit contribution, strong milestone achievements and the signing of new partnerships (e.g. Celgene partnership in oncology). The significant milestone achievements were also reflected in the gross margin of Q2 2018 of 33.6% (Q2 2017: 34.1%). Q2 2018 gross margin excluding total amortisation amounted to 36.7% (Q2 2017: 37.1%). The adjusted Group EBITDA increased from € 12.8 m in the second quarter of 2017 to € 24.6 m in the second quarter of 2018.

R&D expenses for the first half of 2018 increased by 17% to € 10.0 m (H1 2017: € 8.5 m) reflecting continued development of predominantly initiatives in the fields of CNS and metabolic diseases as well as a focus on academic BRIDGE initiatives. SG&A expenses for the first half of 2018 increased as expected by 72% to € 27.1 m (H1 2017: € 15.8 m). Q2 2018 SG&A expenses remained on a similar level as in Q4 2017 and Q1 2018, which were the first full quarters following the Aptuit acquisition. SG&A expenses in the first six months of 2018 were mainly impacted by the addition of Aptuit as well as an increase in headcount in response to overall Company growth.

In the first six months of 2018, Evotec recorded impairments of intangible assets of € 4.2 m in total (H1 2017: € 0.0 m). The EVT770 programme was fully impaired (€ 4.0 m) as the project was put on hold. At the same time, correlated earn-out accruals of € 2.3 m were relieved under other operating income, which is a counter-effect to the impairment. The developed assets within the Panion joint venture were fully impaired (€ 0.2 m) as it was decided to discontinue the one programme.

Evotec's adjusted Group EBITDA in the first six months of 2018 significantly increased by 47% to € 38.6 m (H1 2017: € 26.2 m). Evotec's operating result for the first half of 2018 amounted to € 21.7 m (H1 2017: € 18.4 m). The net result in the first half of 2018 increased to € 17.9 m (H1 2017: € 10.3 m).

Liquidity, which includes cash and cash equivalents (€ 91.3 m) and investments (€ 18.5 m) amounted to € 109.8 m at the end of June 2018 (31 December 2017: € 91.2 m). On 31 July 2018, Evotec announced the repayment of 50% of the € 140 m debt facility, which was taken to fund the acquisition of Aptuit in 2017. This repayment was enabled mainly through the strong cash inflow from Evotec's operational activities in the first half of 2018; in addition, part of the loan has been refinanced at highly attractive terms.

In the first half of 2018, revenues from the EVT Execute segment amounted to € 163.3 m, an increase of 61% compared to the same period of the previous year (H1 2017: € 101.3 m). This increase is primarily attributable to the strong performance in the base business and the Aptuit contribution for the first six months of 2018. Included in this amount are € 21.5 m of intersegment revenues (H1 2017: € 18.0 m). The EVT Execute segment recorded costs of revenue of € 126.8 m in the first six months of 2018 (H1 2017: € 71.6 m), resulting in a gross margin of 22.4% (H1 2017: 29.3%). The drivers behind this change in gross margin are the same drivers, which affected the Group gross margin. In the first six months of 2018, the EVT Execute segment recorded a significant upswing of its adjusted EBITDA of 27% to € 36.3 m against the prior-year period (H1 2017: € 28.6 m).

The EVT Innovate segment generated revenues in the amount of € 32.0 m (H1 2017: € 21.1 m), consisting entirely of third-party revenues. This 52% increase in EVT Innovate revenues primarily resulted from milestone achievements in key alliances in the first half of 2018. The EVT Innovate segment reported costs of revenue of € 15.9 m (H1 2017: € 11.4 m), resulting in a gross margin of 50.4% compared to 46.1% in the prior-year period. R&D expenses for the EVT Innovate increased from € 10.4 m in the first six months of 2017 to € 12.0 m in the first six months of 2018. The EVT Innovate segment reported a positive adjusted EBITDA of € 2.3 m (H1 2017: € (2.4) m) mainly due to milestone achievements. All key projects to achieve significant milestones in 2018 are on track.

2. EVT EXECUTE & EVT INNOVATE

EVT EXECUTE

In the first half of 2018, the EVT Execute segment continued its strong operational performance of the previous quarters. The Aptuit integration into the Evotec Group is proceeding according to plan. Evotec's INDiGO offering, which was part of the strategic rationale behind the Aptuit acquisition, was launched in March 2018 and has started to attract very good interest from the industry, resulting in new INDiGO deals being signed with Carna Biosciences and Petra Pharma, among others. INDiGO is an integrated and highly efficient process to IND submission. In addition, Aptuit's stand-alone development services and integrated CMC continued to deliver and sign new programmes. The expansion of the Active Pharmaceutical Ingredient ("API") capacity volume in Oxford and Verona will be completed in the second half of 2018, affording significant important scale to maximise on INDiGO opportunities. The Cyprotex business (acquired in December 2016) has continued its excellent performance of the previous quarters.

Good progress was achieved in Evotec's existing alliances (e.g. Forge, Dermira, C4X, Blackthorn, Abivax) and new and expanded alliances were also signed (e.g. Katexco). In Evotec's multi-target alliance with Bayer, further promising small molecules for the treatment of endometriosis advanced into Phase I and for the treatment of chronic cough into Phase II (after period-end). Since the beginning of the collaboration in 2012, six first-in-class/best-in-class non-hormonal pre-clinical candidates have been generated, out of which three programmes have progressed into Phase I/Phase II clinical trials.

EVT INNOVATE

The EVT Innovate segment also had a very strong first half of 2018. Significant progress was recorded across the various different ventures within this segment.

With the closing of the agreement with Sanofi in infectious diseases effective 01 July 2018 triggering an upfront of € 60 m (€ 43 m in cash plus € 17 m cash of the acquired company), Evotec now has the largest global footprint in infectious disease capabilities in the industry and a broad pipeline of drug candidates and discovery projects. Furthermore, Evotec broadened its existing relationship with Celgene with the start of a major long-term strategic agreement with Celgene in oncology resulting in an upfront payment of $ 65 m. This collaboration leverages Evotec's phenotypic screening capabilities and unique compound libraries as well as associated target deconvolution capabilities.

Evotec's existing key programmes are also on track, demonstrated by significant milestone achievements in the strategic iPSC alliance with Sanofi in the field of diabetes (Target*BCD*) (milestone payment of € 3 m) and in the iPSC-based alliance with Celgene in neurodegeneration (milestone payment of $ 6 m). Evotec continues to place great emphasis on the expansion and development of its iPSC platform and patient-centric approaches to drug discovery.

Evotec's academic BRIDGE model continues to attract significant interest from academia and industry partners. LAB591, the first US-based BRIDGE, was formed in May in partnership with Fred Hutchinson and Arix Bioscience. Evotec's existing BRIDGES LAB**282** and LAB150 also recorded progress with projects being selected for future activities in the course of the first six months of 2018.

3. CORPORATE

CONVERSION INTO EUROPEAN COMPANY (SE) INITIATED

At the Annual General Meeting held on 20 June 2018 in Hamburg, Evotec's shareholders voted to support the conversion of Evotec AG into a European Company with a majority of 99.96%. After finalising the mandatory negotiation process regarding the future arrangements for employee involvement, Evotec AG will be transferred into Evotec SE with the registered seat and headquarters remaining in Hamburg, Germany.

4. GUIDANCE UPDATE H2 2018

Following the closing of the agreement to take over Sanofi's infectious disease unit, the financial guidance 2018 was updated. Evotec now expects R&D expenses to range from € 35-45 m (previously: € 20-30 m). All other elements of the guidance 2018 are confirmed. In particular, the additional R&D efforts are not expected to impact the adjusted EBITDA since these extra R&D expenses will be covered by other operating income recognised in context of this new agreement with Sanofi.

	Guidance *2018*	***Actual 2017*[2)]**
Group revenues	More than 30% growth	€ 257.3 m
Adjusted Group EBITDA[1)]	Improve by approx. 30% compared to 2017	€ 58.4 m
R&D expenses	Approx. € 35-45 m (previously: approx. € 20-30 m)	€ 17.6 m

[1)] EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. Adjusted EBITDA excludes contingent considerations, income from bargain purchase and impairments on goodwill, other intangible and tangible assets as well as the total non-operating result
[2)] 2017 figures adjusted from the first time application of IFRS 15

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 call will be held in English.

Conference call details

Date:	**Thursday, 09 August 2018**
Time:	**02.00 pm CEST (01.00 pm BST/08.00 am EDT)**

From Germany:	+49 69 22 22 29 043
From France:	+33 170 750 705
From Italy:	+39 023 601 3806
From UK:	+44 20 3009 2452
From USA:	+1 855 402 7766
Access Code:	37969784#

A simultaneous slide presentation for participants dialling in *via phone* is available at https://webcasts.eqs.com/evotec20180809/no-audio.

Webcast details

To join the *audio webcast* and to access the *presentation slides* you will find a link on our homepage 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 69 22 22 33 985 (Germany) or +44 20 3426 2807 (UK) and in the USA by dialling +1 866 535 8030. The access code is 654573#. The on-demand version of the webcast will be available on our website: https://www.evotec.com/financial-reports.

Note: The 2017 and 2018 results are not fully comparable. The difference stems from the acquisition of Aptuit, effective 11 August 2017. The results from Aptuit are only included from 11 August 2017 onwards. The accounting policies used to prepare this interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 01 January 2018.

From 01 January 2018 onwards, Evotec applies IFRS 15. The comparison period 2017 is adjusted from the first time application of IFRS 15.

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 80 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, Sanofi or UCB and development partnerships with e.g. with Sanofi in the field of diabetes, with Pfizer in the field of tissue fibrosis and Celgene in the field of neurodegenerative diseases. For additional information please go to www.evotec.com and follow us on Twitter @EvotecAG.

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.