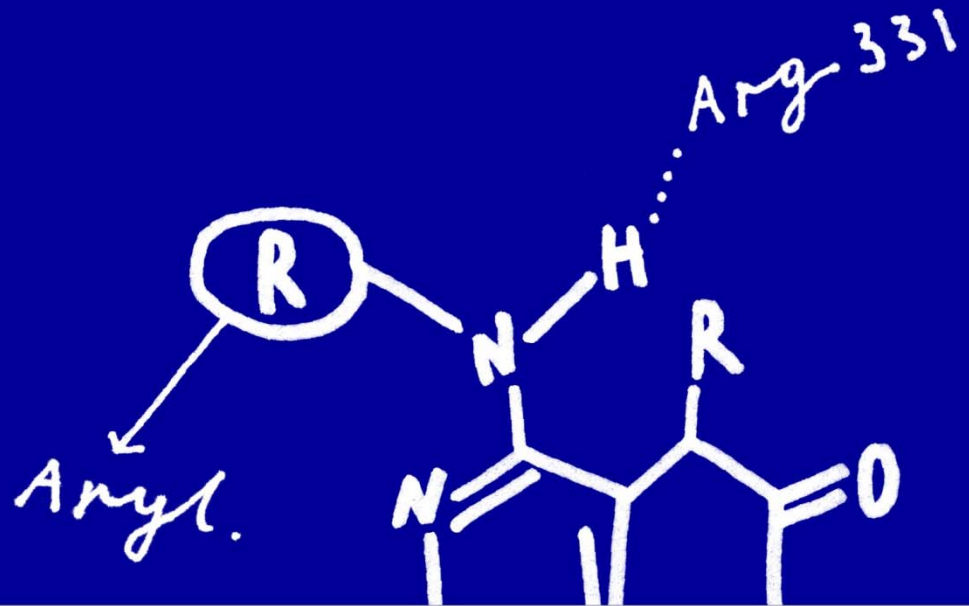


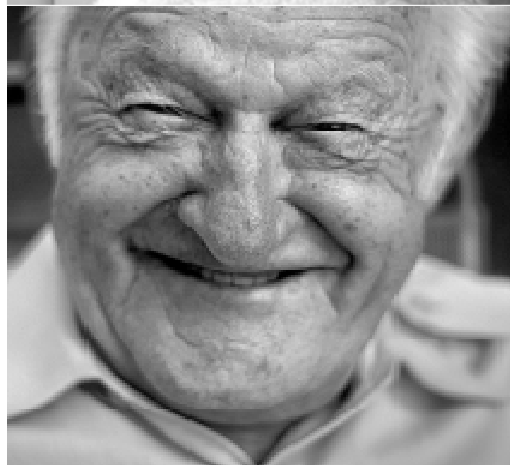
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# New Bridges for funding Healthcare Innovation – European fund for strategic investments & EVT



# Innovation opportunity space is growing every day

Cost & care gap (excluding “Reimbursement problem”)



A child born in EU today has a probability of 60% to get older than 100 years<sup>1)</sup>

## Dramatic cost gap

In 2020, 20% of GDP will be needed for healthcare only

**Higher costs for society than ever before**

## Dramatic care gap

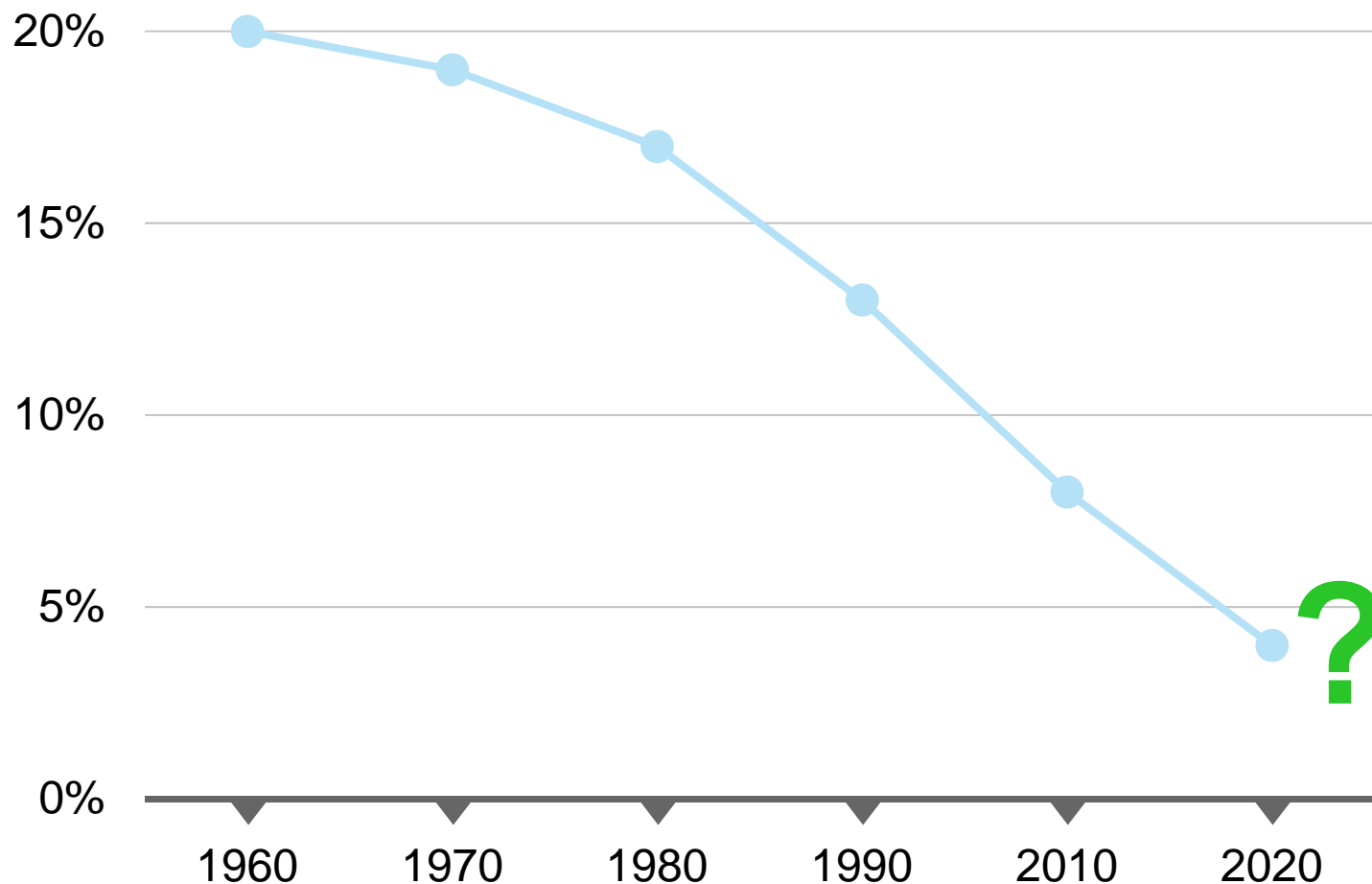
In 2020, “Elderly Care” market will be € 800 bn

**Bigger opportunity for biotech than ever before**

# Cost of capital is limiting innovation

## R&D output for fundamental treatments

IRR in %



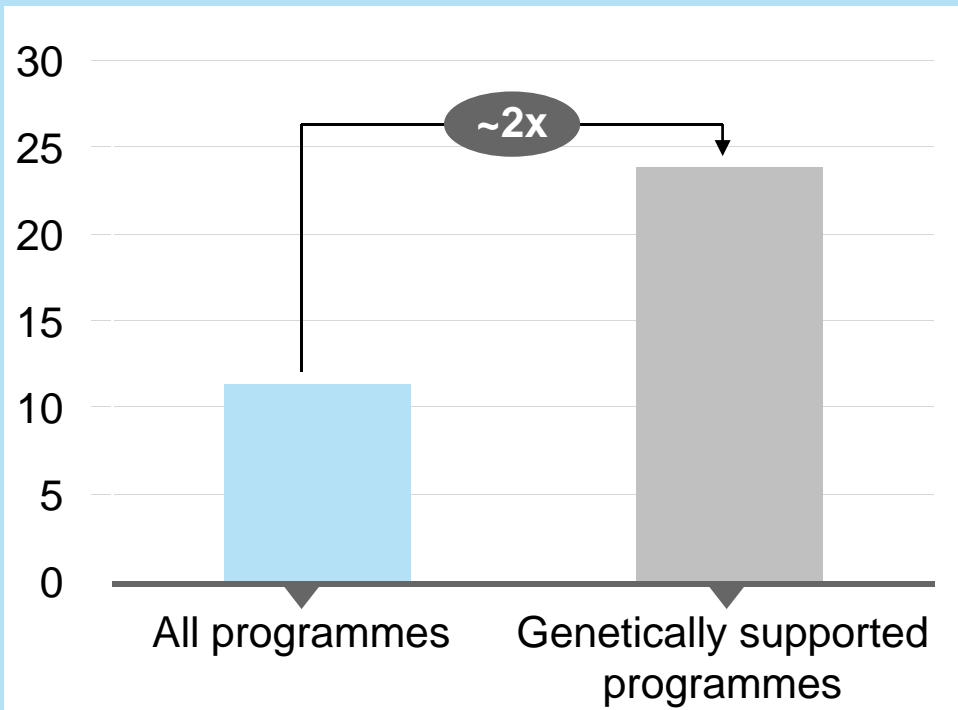
- 2.5 bn and 15 years for one causal treatment
- Viable healthcare returns are increasingly difficult, especially for smaller indications
- Big problems remain unsolved as cost for innovation remains too high and not flexible enough (e.g. pricing of drugs)

# Applied latest science delivers dramatic improvements

## Patient derived approaches

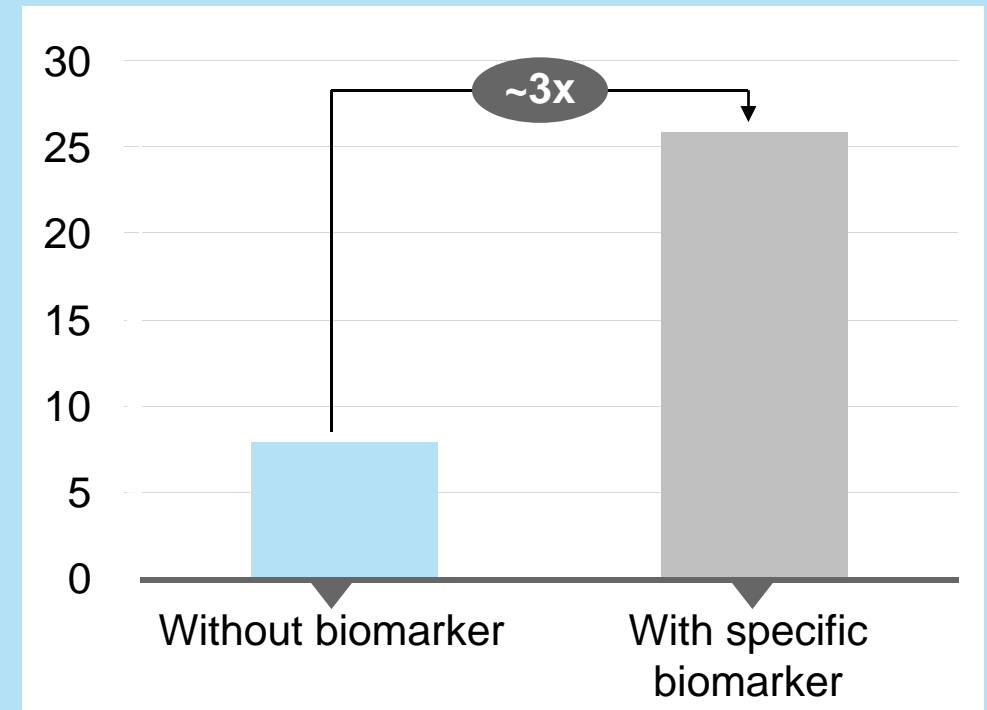
### Targets based on human genetics<sup>1)</sup>

% Success rate



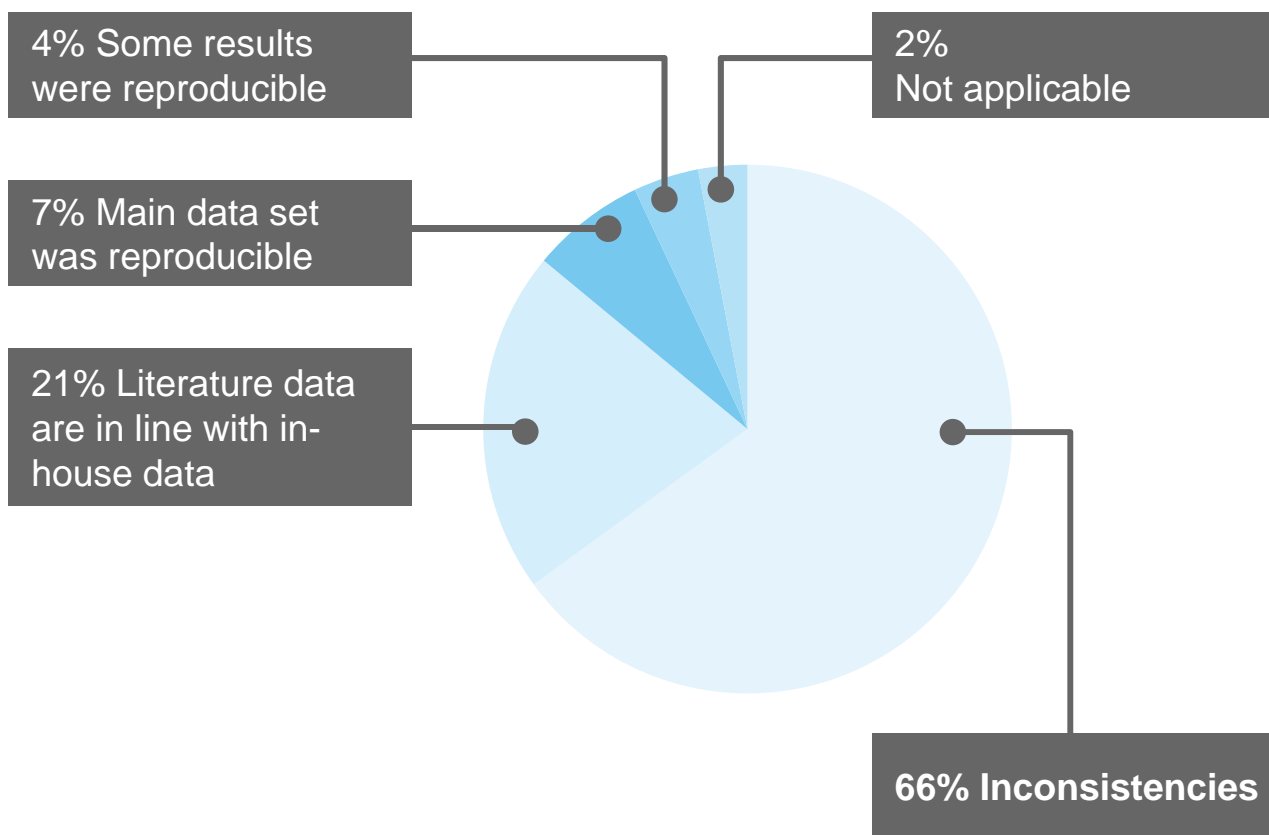
### Patient population based on biomarker<sup>2)</sup>

% Success rate



# Early and fast validation reduces opportunity costs

## Analysis of reproducibility of published data



*“In an internal assessment of 70 projects, Bayer AG determined that only in ~20–25% of the projects were the relevant published data completely in line with their in-house findings.”*

Nature Reviews Drug Discovery

*“50% of the studies published even in top tier academic journals – Science, Nature, Cell, PNAS, etc. ... – can’t be repeated with the same conclusions by an industrial lab.”*

Nature Reviews Drug Discovery

# 2000 scientists at work

## Evotec overview



# Centres of excellence for external innovation

## Evotec's footprint

### Hamburg (HQ), Göttingen, Munich (Germany)

~430 employees

- Hit identification
- *In vitro* & *in vivo* biology
- Chemical proteomics & Biomarker discovery and validation
- Cell & protein production
- Antibody discovery



### Abingdon/ Oxford Alderley Park (UK)

~565 employees

- Medicinal chemistry
- ADME-Tox, DMPK
- Structural biology
- *In vitro* & *in vivo* anti-infective platform/ screening
- Process development
- CMC and Commercial manufacture
- Pre-formulation



### Toulouse (France)

~300 employees

- Compound management
- Hit identification
- *In vitro* & *in vivo* oncology
- Medicinal chemistry
- ADME & PK
- Cell, protein & antibody production



### Verona (Italy), Basel (CH)

~587 employees

- Hit identification
- *In vitro* & *in vivo* biology
- Medicinal Chemistry
- Biomarker discovery and validation
- INDiGO®
- CMC



### Princeton, Watertown, Branford (USA)

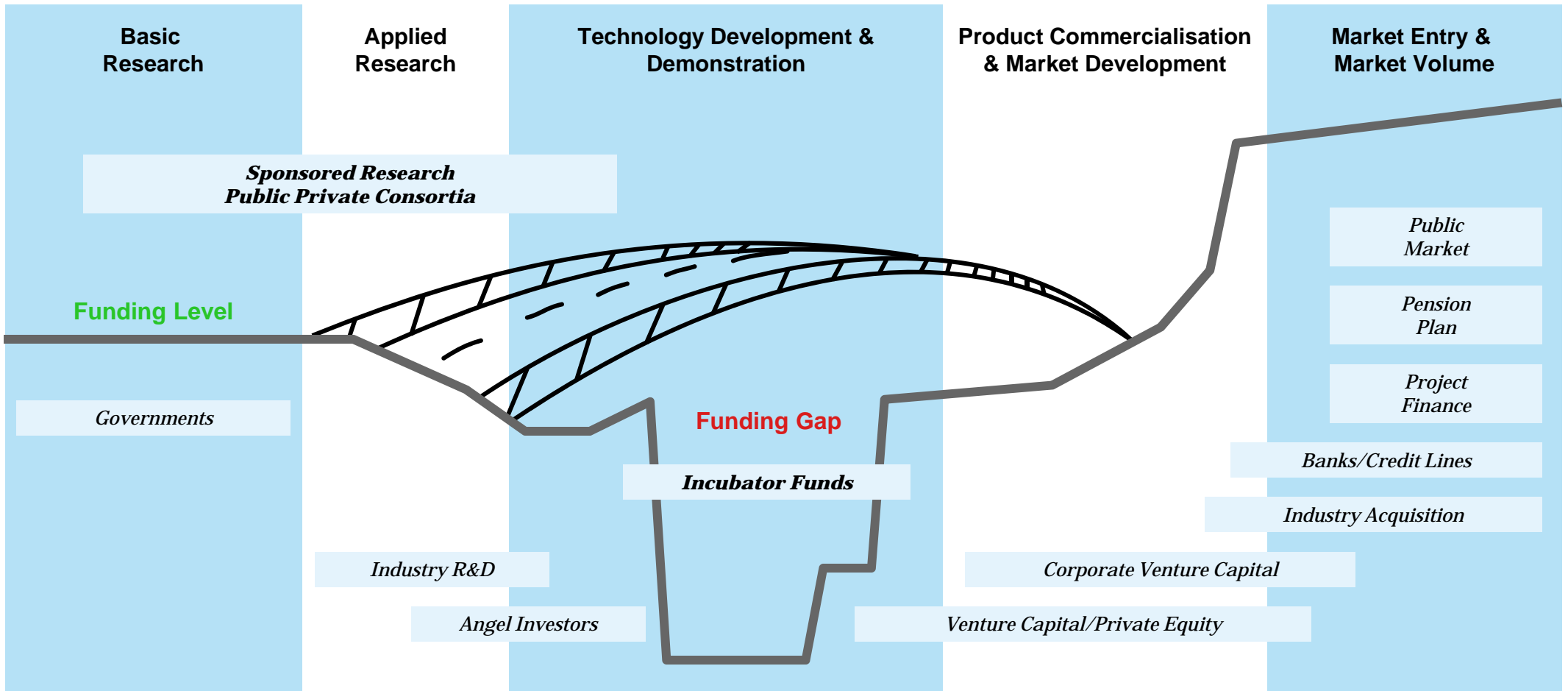
~110 employees

- Compound ID, selection and acquisition
- Compound QC, storage and distribution
- Cell & protein production
- ADME-Tox, DMPK



# EVT Innovate – a new BRIDGE over the “Valley of death“

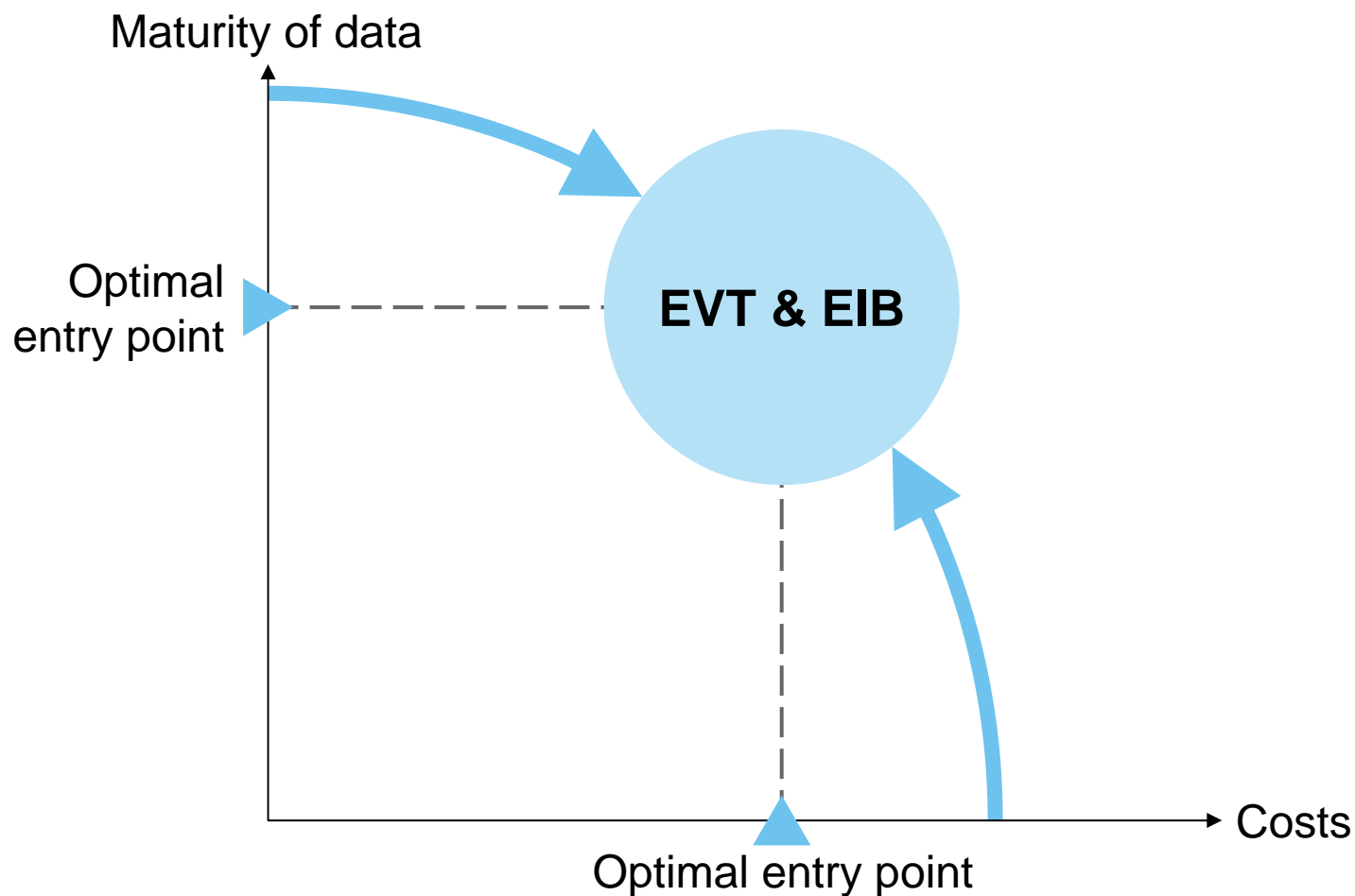
## The funding gap





## EIB augments EVT Innovate approach

Value proposition behind European fund for strategic investment & Evotec



- Eliminating invalid data points right from the start
- Accelerating slow academic scouting and research funding processes
- Dramatically reduce search costs for capital for initial “pre-seed” work plans

# Reducing cost of capital & improving capital elasticity

European fund for strategic investment - first larger risk-shared deal



## European Fund for strategic investment

- Initiative helps to overcome the current investment gap in the EU
- Aims to relaunch investment and restore EU competitiveness, thus increasing growth and creating jobs
- Improving Europe's competitiveness in industries relevant to the future of our planet e.g. R&D and innovation, Energy, Transport etc...

## Significant upside potential for EIB & Evotec

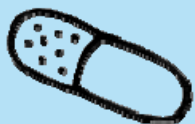
- Up to € 75 m unsecured loan
- Internal R&D financing covered for 4 years
- Reward-sharing component for EIB
- Significant upside potential from a broad portfolio of projects

# Investment themes are game changers in biotech

Key investment areas for superior returns

## Enabled by Evotec platforms and core to strategy

**First-in-class drug pipeline of EVT Innovate**



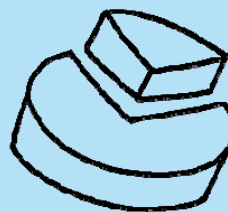
EVT Innovate R&D projects are expected to accelerate – able to drive more projects in parallel

**BRIDGE initiatives – From Academia to Pharma**



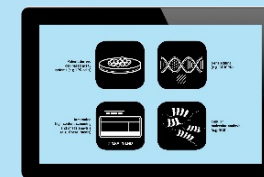
Accelerate translating academic discoveries into drug discovery with unique BRIDGE initiatives

**EVT Equity strategy – Invest in highly innovative companies**



Invest in selected number of highly innovative companies with a strategic link to Evotec

**Build high-quality pre-competitive platforms**



Build novel and proprietary platforms, big data as well as patient derived models, or neglected areas (e.g. Anti-Infectives)

# Focus on iPSC platform, CNS, Metabolic Disease, Oncology and Anti-infectives

Focus on underlying causes

## iPSC / CNS

Genetically driven

- Neurodegenerative diseases
- Neurodevelopmental disorders
- Lysosomal storage diseases
- ...

## Metabolic Disease/ Complications

- Beta cell related mechanisms
- Insulin resistance
- NASH
- Chronic kidney diseases
- ....

## Oncology

Immuno-oncology

- Activation and recruitment of immune cells
- Enhancing recognition and killing of tumour cells
- ...

## Anti-infectives

- Broad spectrum gram negative
- Novel antiviral
- Superbugs
- ....

# Leading network in patient-derived drug discovery

Example: Strong focus on further establishing Evotec's iPSC<sup>1)</sup> platform

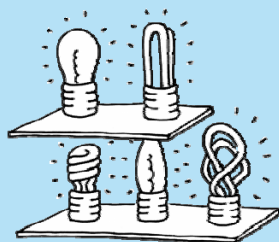


# Company formations with upside participation for EIB

Examples for Evotec's innovation acceleration

## Accelerating innovation on EVT platform



- Spin off valuable platforms outside of Evotec's main areas of interest for potential broader/late stage applications
- Participate in financing rounds of promising companies, built on Evotec's platforms, via strategic investments
- Set up new companies with the aim of developing assets to next value inflection points



## Existing examples (pre-EIB partnership)

	(2013)
Panion Ltd.	(2015)
	(2016)
	(2016)
	(2016)
	(2017)
	(2017)

## Pre-competitive platform/BRIDGES

	(2016): Entitled to equity
	(2017): Access to patient data

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