

# *Capital Market Briefing*

Nine-month results & update on transformation process





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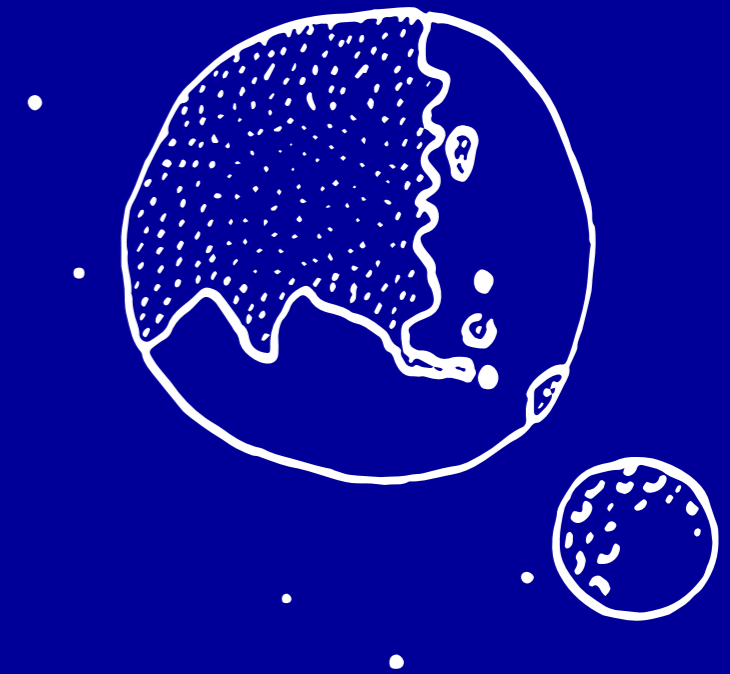
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# Agenda

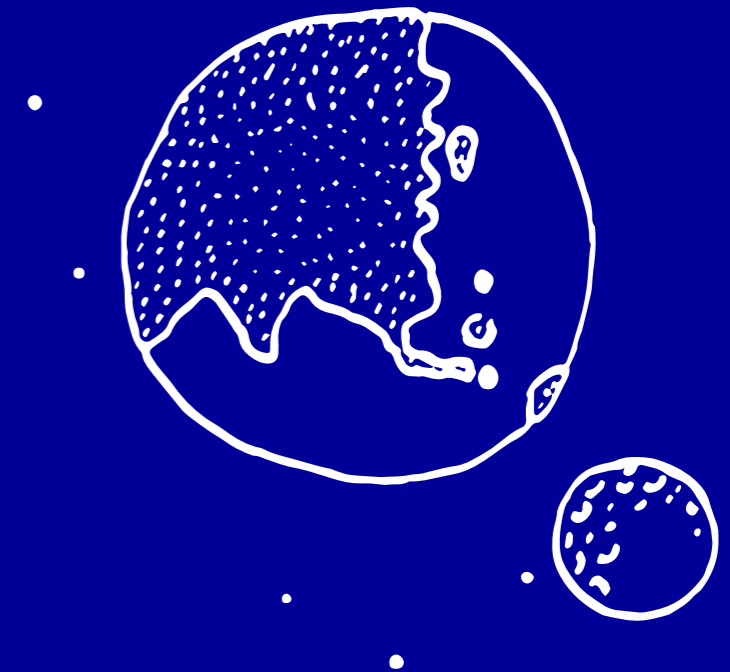
1. Introduction
2. Q3 results
3. Priority reset – On track
4. Strategic review – Briefing
5. Questions & Answers





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## **What you can expect from us**

Our principle

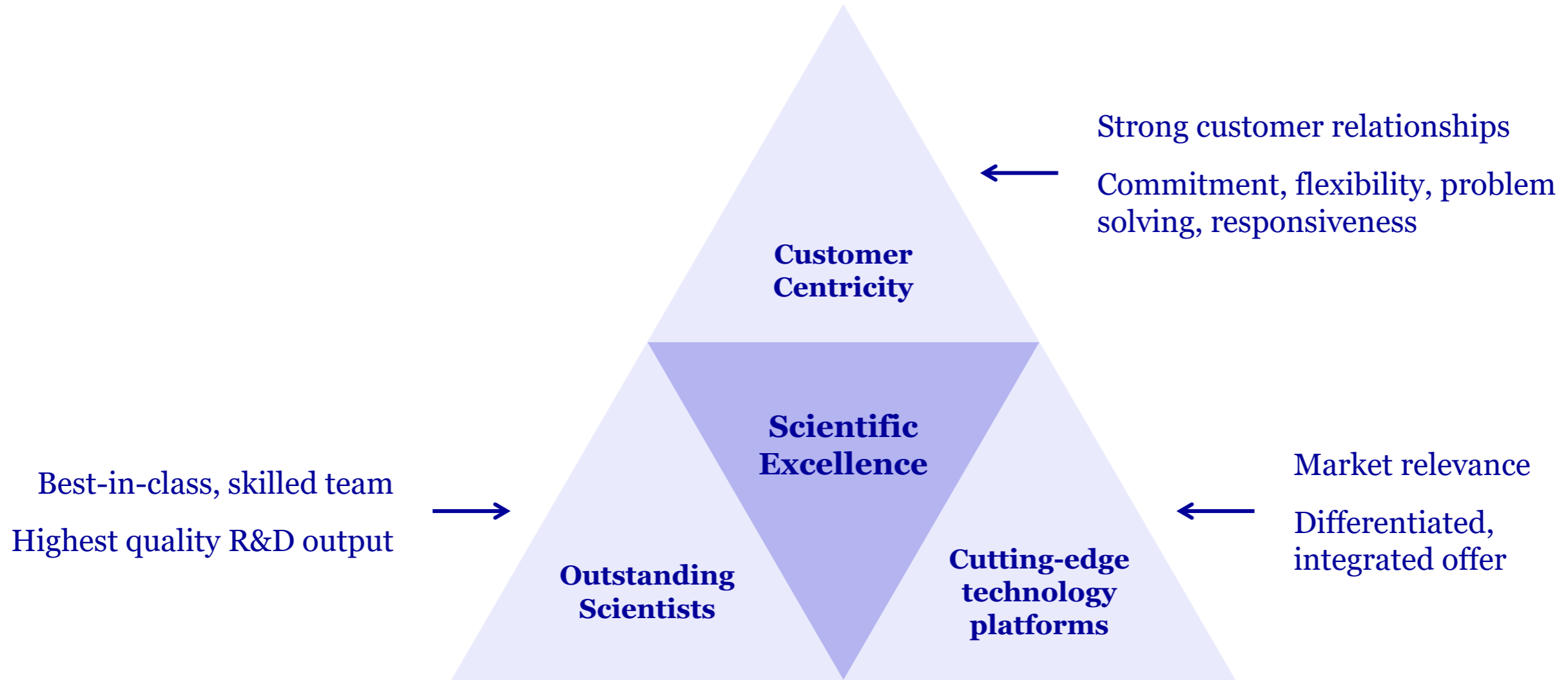
# **Uncompromising Excellence**



# Exceptional fundamentals in place...

Quickly evident that core strengths are driving scientific excellence

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# ...now pairing with operational excellence

Improvements to the way we work will elevate our performance

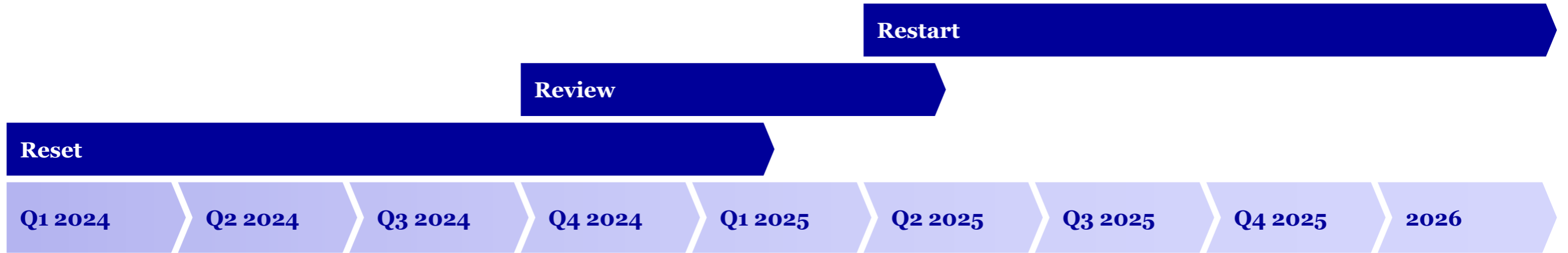
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*→ Delivering Growth & Performance*



# Change is in progress, with more to come



## *Reset:*

### **Strong performance so far**

- Visible savings as of Q3/24:  
Delivering 40m€ savings in short time
- Focused on capacity right sizing
- Initial footprint optimization is advancing  
with 1/3 of the reduction completed<sup>1)</sup>

## *Review:*

### **Broad spectrum program will cover**

- Strategy, Portfolio, Priorities
- Organisation model
- Strengthening Enabling Functions
- Processes, Systems
- Operations, Footprint

## *Restart:*

### **Activation of new strategy and accelerated transformation**

Further details in next Capital Market Briefing





## The transformation process has started

### **Q3 Results**

Strengthening  
partnerships and 2024  
guidance confirmed

### **Priority Reset**

Progressing at pace  
with significant  
savings realised

### **360° Review**

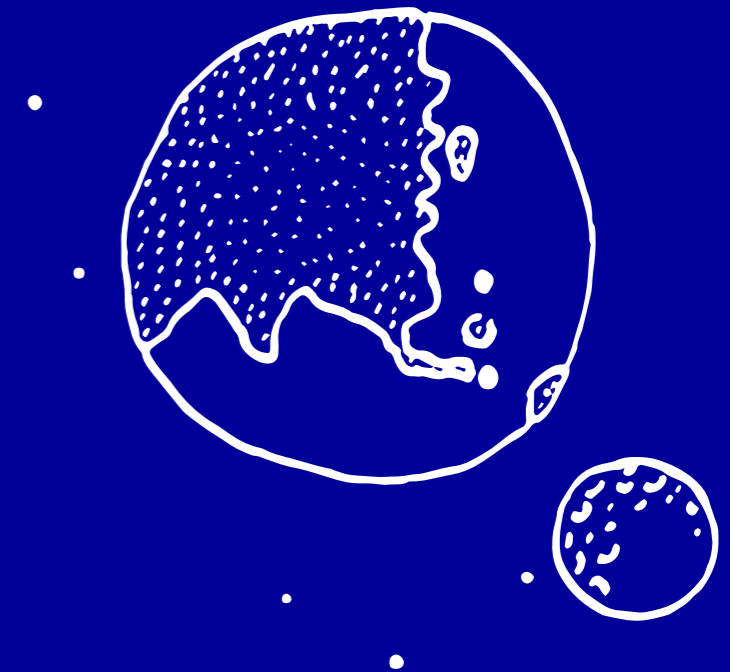
Transforming  
for long-term  
profitable growth

————— ***Progressing towards 2025 outlook*** —————



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# Summary of operational update

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## Shared R&D

- Extension of **BMS** collaboration into **new disease area**
- **Novo** collaboration in **Cell Therapy**
- Progress in existing **BMS** collaborations (**Neuro & Onco**)
- Precision medicine partnership in **cardiology** with **Bayer**
- Strategic research alliance with **Pfizer** in France in **metabolic** and **infectious diseases**
- No visible recovery of market, yet / capacity overhang

## Just – Evotec Biologics

- Continued **strong growth** momentum
- **Expansion** of Tech partnership with **Sandoz** and **Grand Opening** of J.POD2, France on 20 September
- Secured significant **volume commitment** for commercial manufacturing well into 2030's
- **Healthy growth of order book** with various other parties (e.g., U.S. DoD for Manufacturing Optimisation Program)

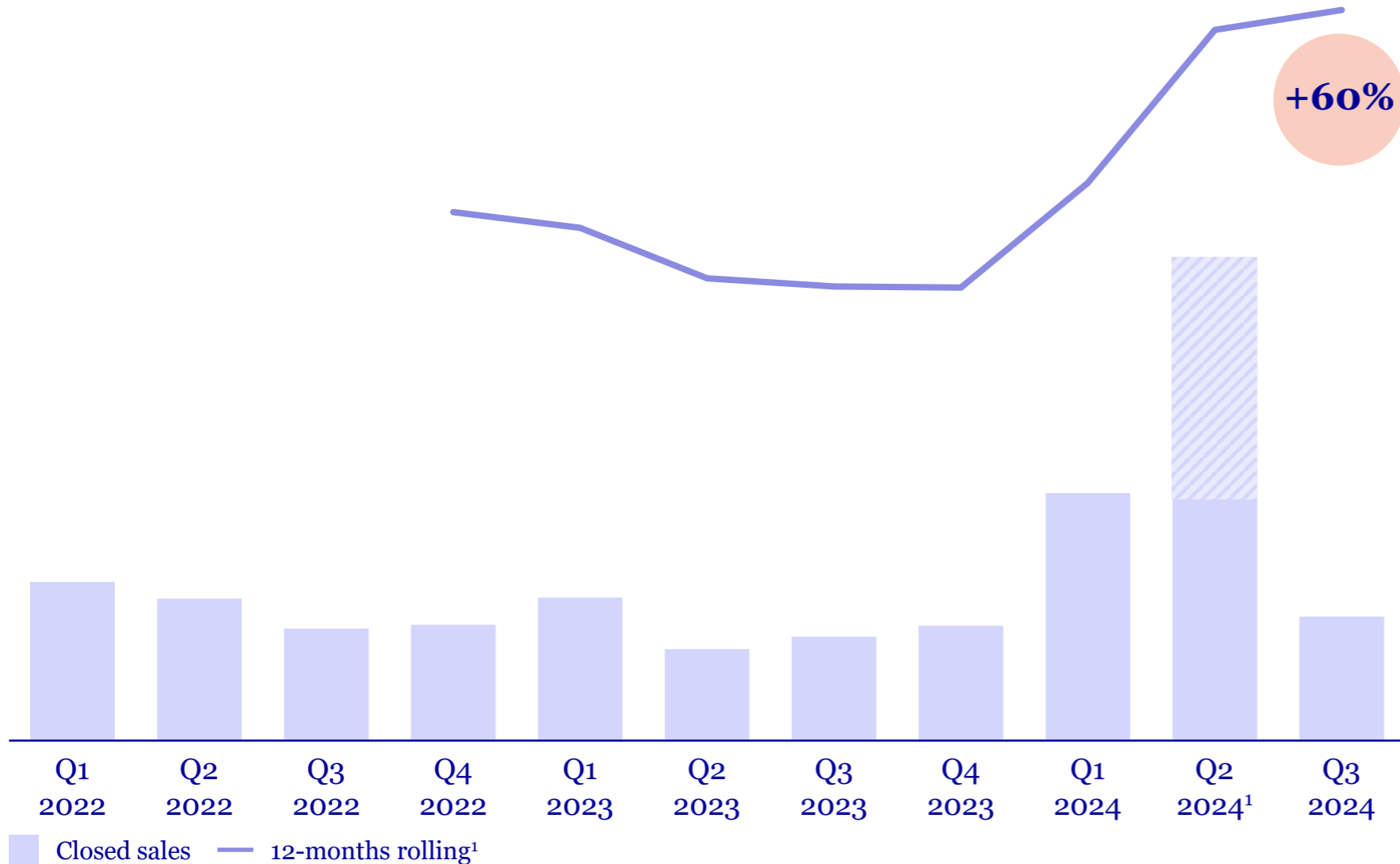
## Evotec Group

- Strong progress to reset the business (e.g. portfolio, capacity, footprint & liquidity)
- Strategic review in full swing



# 60% growth of Discovery sales

Closed Sales in Discovery by quarter, *excluding BMS partnership*, indexed



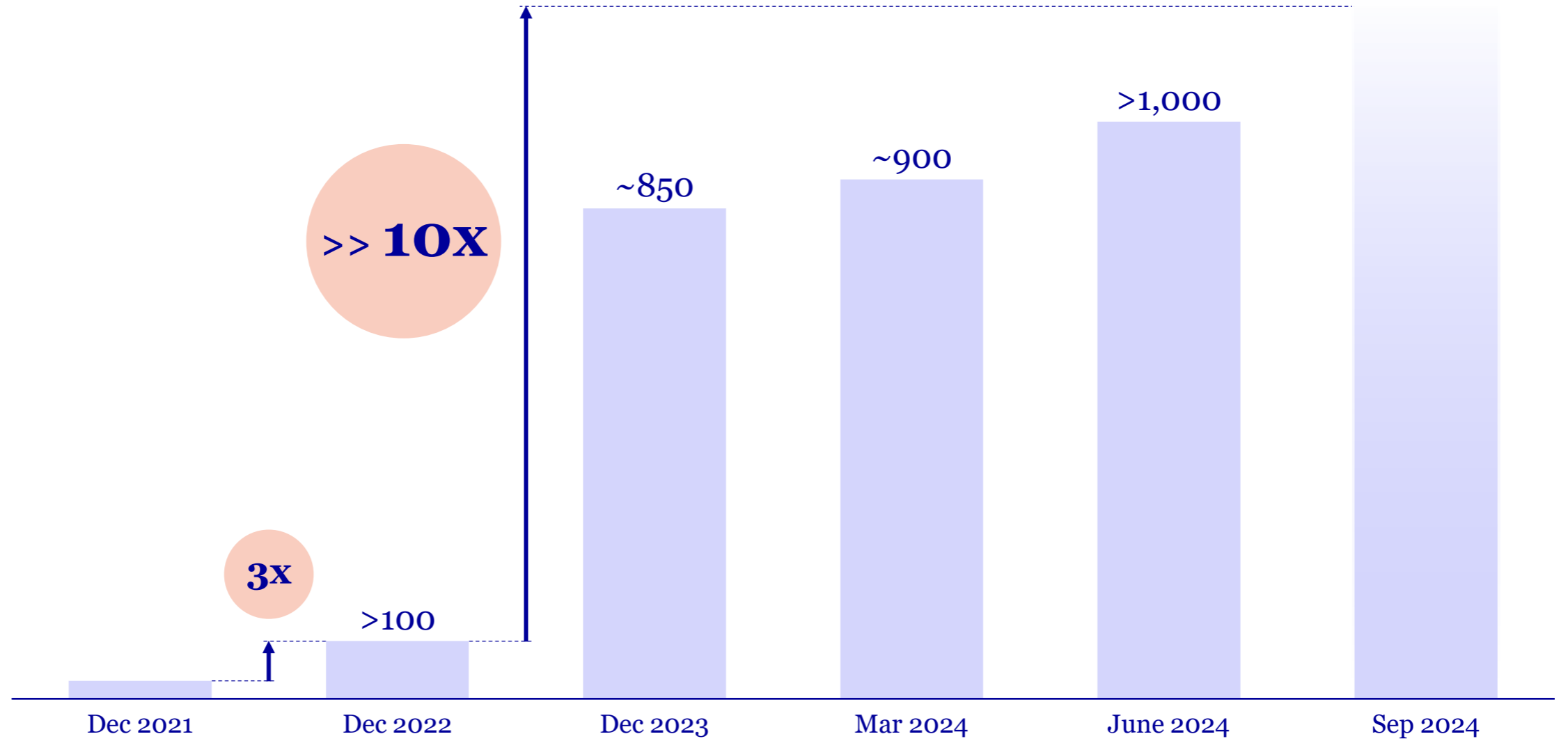
## Discovery

- Adjusted 12-months rolling Discovery sales<sup>1</sup> as of 30 Sep 60% higher compared to previous year
- Q3 2024 sales in Discovery up ~20% versus Q3 2023
- Growing share of integrated, multi-year partnerships



# Significant business expansion of JEB with commercial manufacturing

Just – Evotec Biologics (JEB) closed sales, in € m





# Soft revenue offsets first cost improvements – JEB revenue +74%

Condensed income statement 9M 2024 – Evotec SE and subsidiaries

<i>in € m<sup>1</sup></i>	<b>9M 2024</b>	<b>9M 2023</b>	<b>Change</b>	<b>Comments</b>
<b>Revenues</b>	<b>575.7</b>	<b>580.1</b>	<b>(1)%</b>	
<i>Shared R&amp;D</i>	<i>447.0</i>	<i>506.1</i>	<i>(12)%</i>	<i>Soft market in Shared R&amp;D</i>
<i>Just – Evotec Biologics (JEB)</i>	<i>128.7</i>	<i>74.1</i>	<i>74%</i>	<i>JEB with accelerating growth momentum</i>
<b>R&amp;D expense<sup>2</sup></b>	<b>(41.1)</b>	<b>(48.4)</b>	<b>(15%)</b>	<b>Focus on platforms</b>
<b>Adjusted Group EBITDA<sup>3</sup></b>	<b>(6.0)</b>	<b>50.2</b>	<b>nm</b>	<i>High fixed cost base in transactional business</i>
<i>Shared R&amp;D</i>	<i>(6.8)</i>	<i>61.1</i>	<i>nm</i>	
<i>Just – Evotec Biologics</i>	<i>0.8</i>	<i>(10.9)</i>	<i>nm</i>	<i>JEB break-even</i>



# Core operations break-even

Condensed income statement 9M 2024 – Evotec SE and subsidiaries

<i>in € m</i>	<b>Reported</b>	<b>Core Operations</b>	<b>Non-core assets (Halle, Orth)</b>
<b>Revenues</b>	<b>575.7</b>	<b>570.1</b>	<b>5.6</b>
<i>Shared R&amp;D</i>	<i>447.0</i>	<i>441.4</i>	<i>5.6</i>
<i>Just – Evotec Biologics (JEB)</i>	<i>128.7</i>	<i>128.7</i>	–
<b>Gross profit</b>	<b>68.8</b>	<b>74.4</b>	<b>(5.6)</b>
R&D expense	(41.1)	(40.7)	(0.4)
SG&A	(138.3)	(136.6)	(1.7)
Other	104.6	103.7	0.9
<b>Adjusted Group EBITDA<sup>1</sup></b>	<b>(6.0)</b>	<b>0.8</b>	<b>(6.8)</b>

## Focus on core operations

- Sites in Halle and Orth are no longer considered part of core business
  - Divestment of Halle signed on 02 Nov (after period end)
  - Orth closure completed
- Positive impact of € 6.8 m YTD adj. EBITDA vs. Reported figures



# Hitting the low point in 2024

Condensed quarterly income statement numbers 2024 – Evotec SE and subsidiaries

<i>in € m<sup>1</sup></i>	<b>Q1 2024</b>	<b>Q2 2024</b>	<b>Q3 2024</b>	<b>Comments</b>
<b>Revenues</b>	<b>208.7</b>	<b>182.1</b>	<b>184.9</b>	
<i>Shared R&amp;D</i>	<i>155.2</i>	<i>147.2</i>	<i>144.6</i>	<i>Still soft market &amp; seasonality</i>
<i>Just – Evotec Biologics</i>	<i>53.5</i>	<i>34.9</i>	<i>40.3</i>	<i>15% Revenue pickup JEB Q3 vs. Q2</i>
<b>Gross margin</b>	<b>16.7%</b>	<b>8.6%</b>	<b>9.8%</b>	<i>+1.2pp. margin improvement Q3 vs. Q2</i>
<i>Shared R&amp;D</i>	<i>12.8%</i>	<i>15.6%</i>	<i>14.6%</i>	<i>Reset gaining momentum</i>
<i>Just – Evotec Biologics</i>	<i>27.9%</i>	<i>(20.2)%</i>	<i>(7.3)%</i>	<i>Capacity ↑, positive revenue impact</i>
<b>R&amp;D expense</b>	<b>(16.2)</b>	<b>(13.0)</b>	<b>(11.6)</b>	<i>Focus on selected platforms</i>
<b>Adj. Group EBITDA<sup>2</sup></b>	<b>7.8</b>	<b>(8.3)</b>	<b>(5.5)</b>	
<i>Shared R&amp;D</i>	<i>(5.3)</i>	<i>1.6</i>	<i>(3.0)</i>	<i>Phasing of cost saving actions</i>
<i>Just – Evotec Biologics</i>	<i>13.3</i>	<i>(10.0)</i>	<i>(2.5)</i>	<i>JEB with better operational leverage</i>

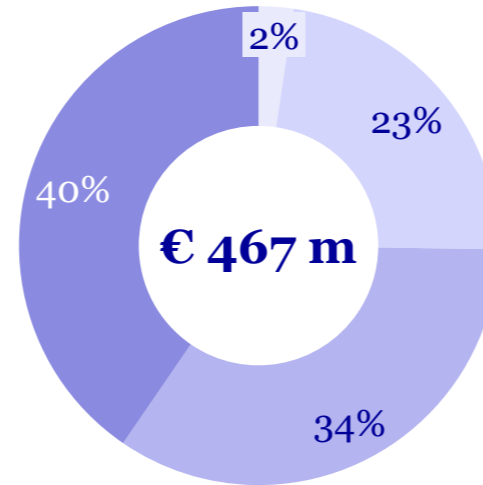




# Solid funding profile

## Streamlined financing mix, Share of liabilities & lease obligations

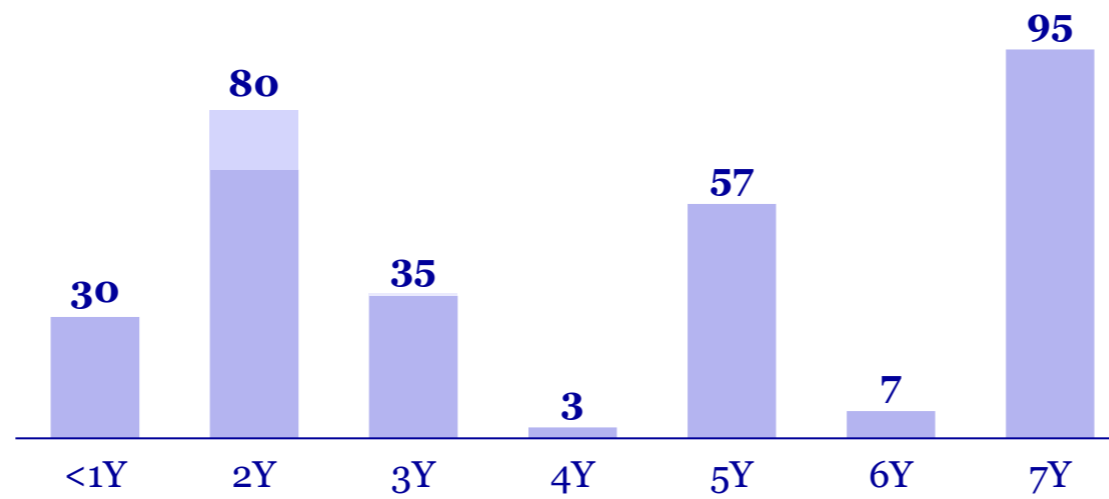
- Research Financing
- Promissory Note
- Project Financing
- Lease obligations



## Long-term maturity profile, in €m

- Share of fixed-rate: ~95%
- Average maturity: ~4.1
- Average interest: ~1.5%

- Variable Interest rate
- Fixed interest rate

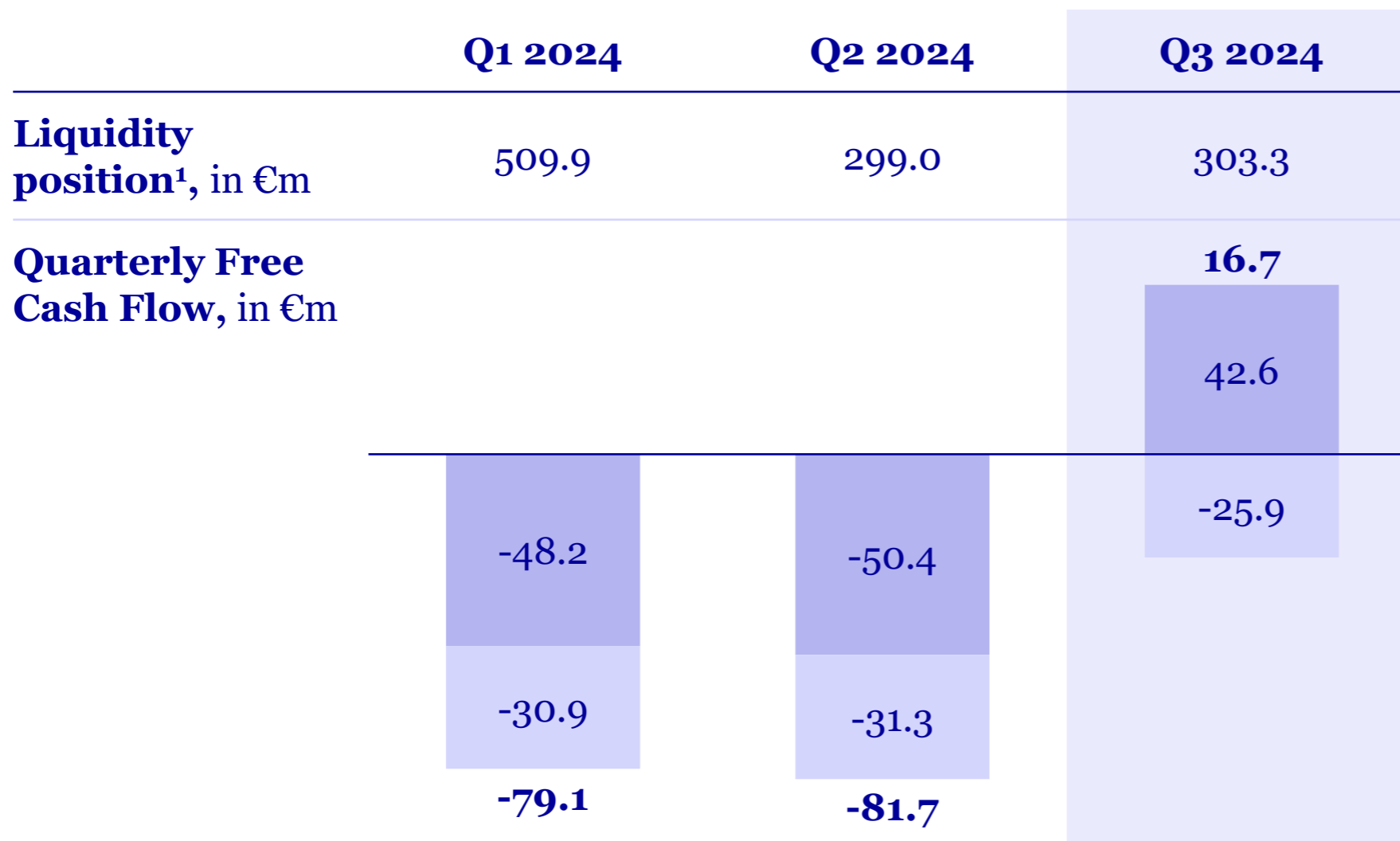


- **Undrawn liquidity reserve:**
  - Undrawn project and research financing of € 75 m
  - Revolving credit facility (RCF) of € 250 m
- **Financing Strategy**
  - Conservative fix/floating mix
  - Well balanced maturity profile; +50% at ≥5Y
  - Low financing costs secured
  - Financial covenant with one lender waived (Q3 '24 – Q3 '25)
  - Only remaining financial covenant on undrawn RCF (first testing 31.12.24)



# Positive turn in cash flows strengthens Q3 liquidity

Quarterly Free Cash Flow and liquidity development 9M 2024 – Evotec SE & subsidiaries



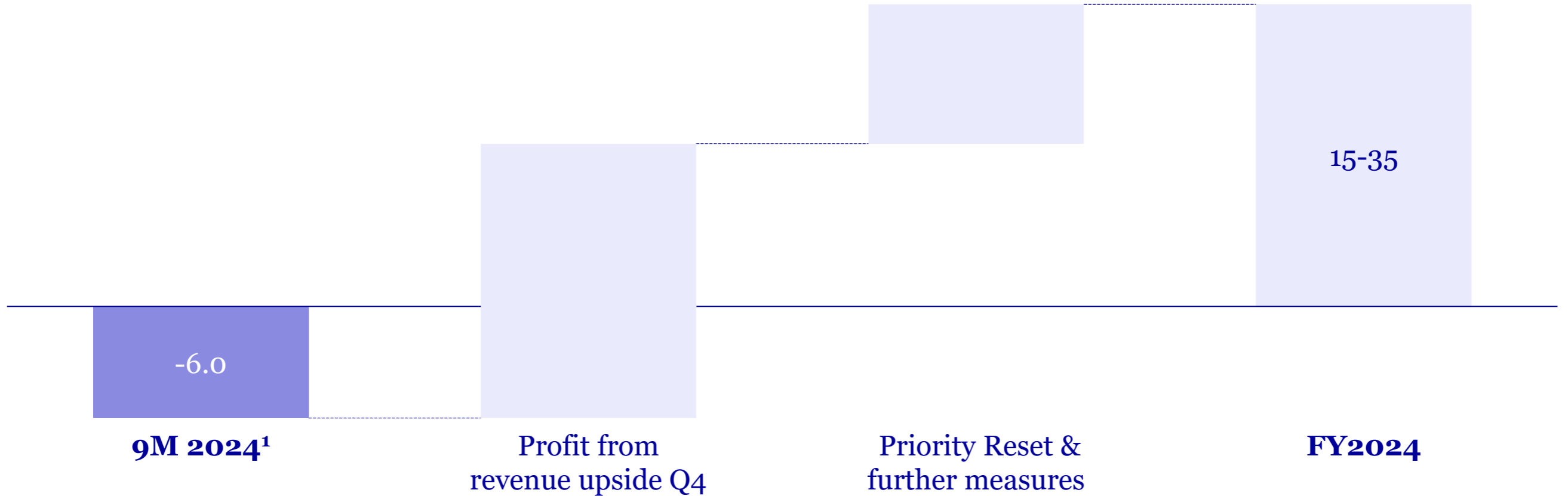
■ Operating Cash-flow
 ■ Investing Cash-flow

- **Q3 cash increase driven by:**
  - Increasing liquidity balance in Q3 through positive OCF driven by BMS proceeds (> €100 m)
  - Slow down of Q3 CapEx, through ending CapEx cycle for JEB expansion
- **Further cash improvements in Q4, after period end:**
  - Secured cash from outstanding R&D tax credits (> €50 m)
  - Additional measures in implementation



# Clear path towards guidance

Key contributions to FY2024 adjusted EBITDA, in €m, *illustrative*





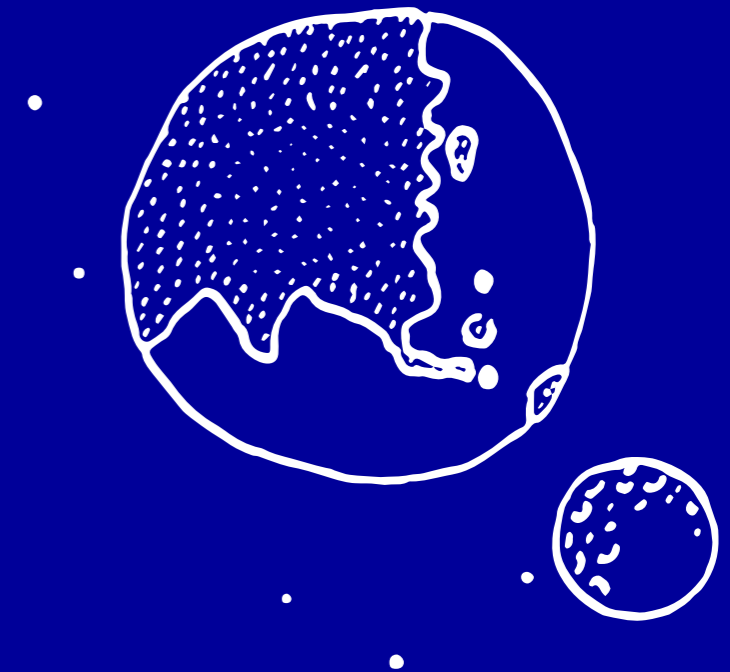
## Guidance 2024 confirmed

	<b>Guidance 2024<sup>1</sup></b>	<b>YE 2023</b>	<b>Comment</b>
<b>Group revenues</b>	<b>€ 790 - 820 m</b>	€ 781.4 m	Strong growth of JEB; Soft market environment in Shared R&D
<b>R&amp;D expenditure<sup>2</sup></b>	<b>€ 50 - 60 m</b>	€ 64.8 m	Focus on scalable first-in-class platforms and projects, safeguarding sustainable growth
<b>Adjusted EBITDA<sup>3</sup></b>	<b>€ 15 - 35 m</b>	€ 66.4 m	High fixed costs base; balancing efficiency measures with capacity needs for future growth



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# Priority Reset as response to a challenging environment

Observations in 2024

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**Challenging market  
development**

**High fixed cost base**

**Change in structure  
of Closed sales**

**Revenue phasing /  
mix for 2024**

**→ Resetting Priorities**



# Three pillars towards profitable growth & focus on stronger liquidity

## 1 Portfolio adjustments ✓

- Exit Gene Therapy
- Scale back API capacity
- Focused capital allocation to “right” R&D projects
- Doubling down on successful partnerships

## 2 Capacity & External spend ✓

- Reduction in force across US, UK, Italy, Germany and France
- Ongoing global purchasing optimisation programme with first initiatives implemented
- Relocation of projects

## 3 Footprint ✓

- Site exits (Orth, Halle, Cologne, & Marcy)
- Building closures (Hamburg MEC II, Abingdon B90, Göttingen Klosterpark)

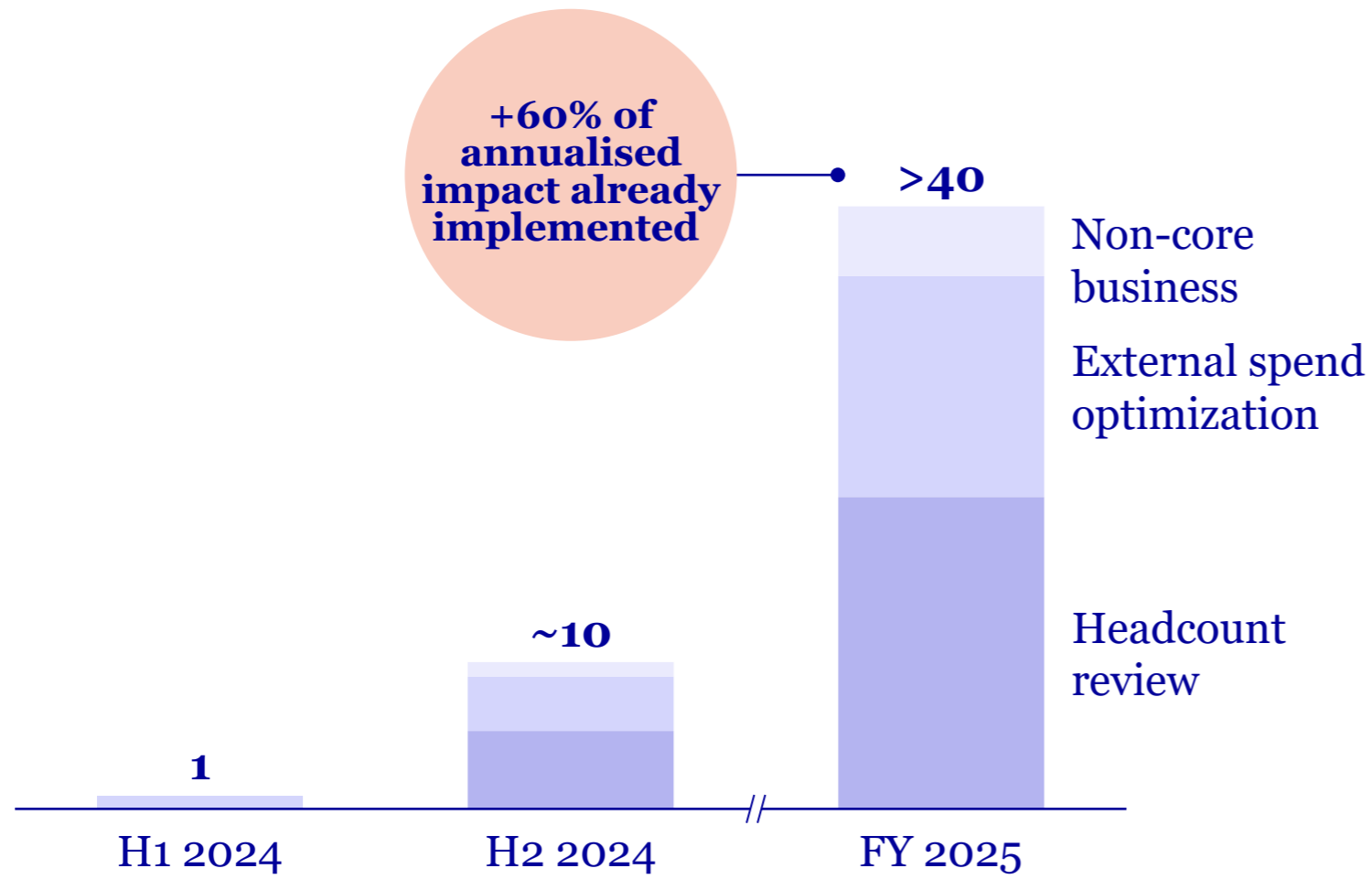
## 4 Strengthen liquidity position ✓



# On track delivering cost optimisation plan & improved one-off cost

EBITDA contribution of Reset measures

## Expected adj. EBITDA impact, in €m



- **De-prioritisation of non-core business**  
Exit of gene therapy and large-scale API manufacturing
- **External spend optimisation**  
Reduction of external workers, global purchasing optimisation programme and active demand management
- **Headcount review**  
Identified reduction potential of ~400 roles (8% of total headcount) across global footprint; first measures effective as of July 2024
- **Recurring annual saving exceeding € 40 m with one-off expenses of € 62 m** (€ 6 m improvement vs. H1)





# 1 Doubling down on successful partnerships

Land & expand in Q3

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## SANDOZ

- Expanding partnership to include commercial supply in Toulouse
- Adding potentially additional biosimilars to Sandoz
- Guaranteeing Sandoz long-term commercial supply security



- Technology development partnership in cell therapy
- Collaborate on development of advanced technologies to provide next-generation off-the-shelf cell therapy products for clinical development and possible commercialisation



- Expansion of the pipeline of molecular glue degraders in fields beyond oncology
- Partnership continues to deliver on its goal to maintain leadership in the field of molecular glues





## 2 Headcount rightsizing on track

Status by country as of 30 Sep 2024

	UK	Italy	Germany	France	US	Orth Austria
Voluntary redundancy phase	✓	✓	✓	<i>Social process ongoing</i>	n/a	✓
Notification to impacted employees	✓	✓	<i>Social process ongoing</i>		✓	✓

**~200 role reductions (out of ~400 identified) effective at the end of September**

Remaining reductions to follow during Q4 2024 and Q1 2025, according to local procedures



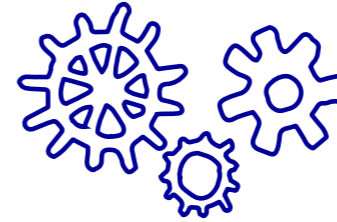
## 2 Progressing global purchasing optimisation

Core levers & achieved annualized savings as of 30 Sep 2024



### Renegotiate prices through global scale

- Leverage full global scale of Evotec by bundling volumes across countries & renegotiating prices
- Harmonise supplier pricing across countries



### Harmonise specifications

- Optimise number of suppliers
- Standard catalogues with preferred global suppliers and standardised products



### Optimise demand management

- Deploy spend control tower
- Review internal need

**Annualised implemented savings > € 7 m**



### 3 Footprint optimisation: 1/3 of the reduction completed<sup>1)</sup>

Initiative status as of Sep 30<sup>th</sup>, 2024

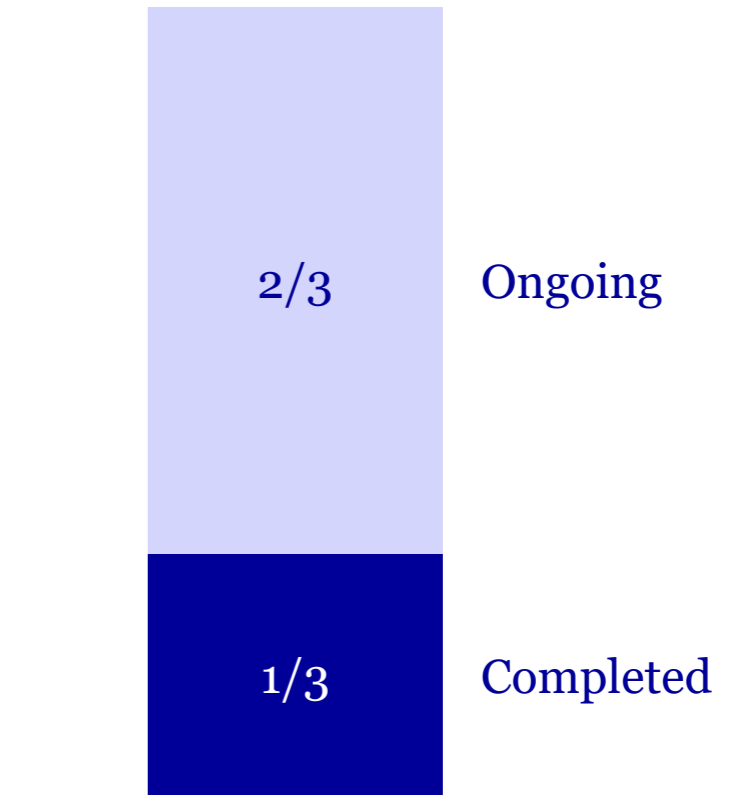
- **Completed activities**

- Site exit Marcy completed ✓
- Hamburg MEC II and Abingdon B90 closure / transfer to other buildings completed end of June ✓
- Site closure Orth completed end of September ✓

- **Ongoing activities**

- Divestment of Halle site signed on 02 Nov (after period end) ✓
- Göttingen Klosterpark closure and transfer to other buildings
- Cologne closure and project transfer to Hamburg & Göttingen

**Initiatives target a 13% footprint size reduction in Shared R&D**

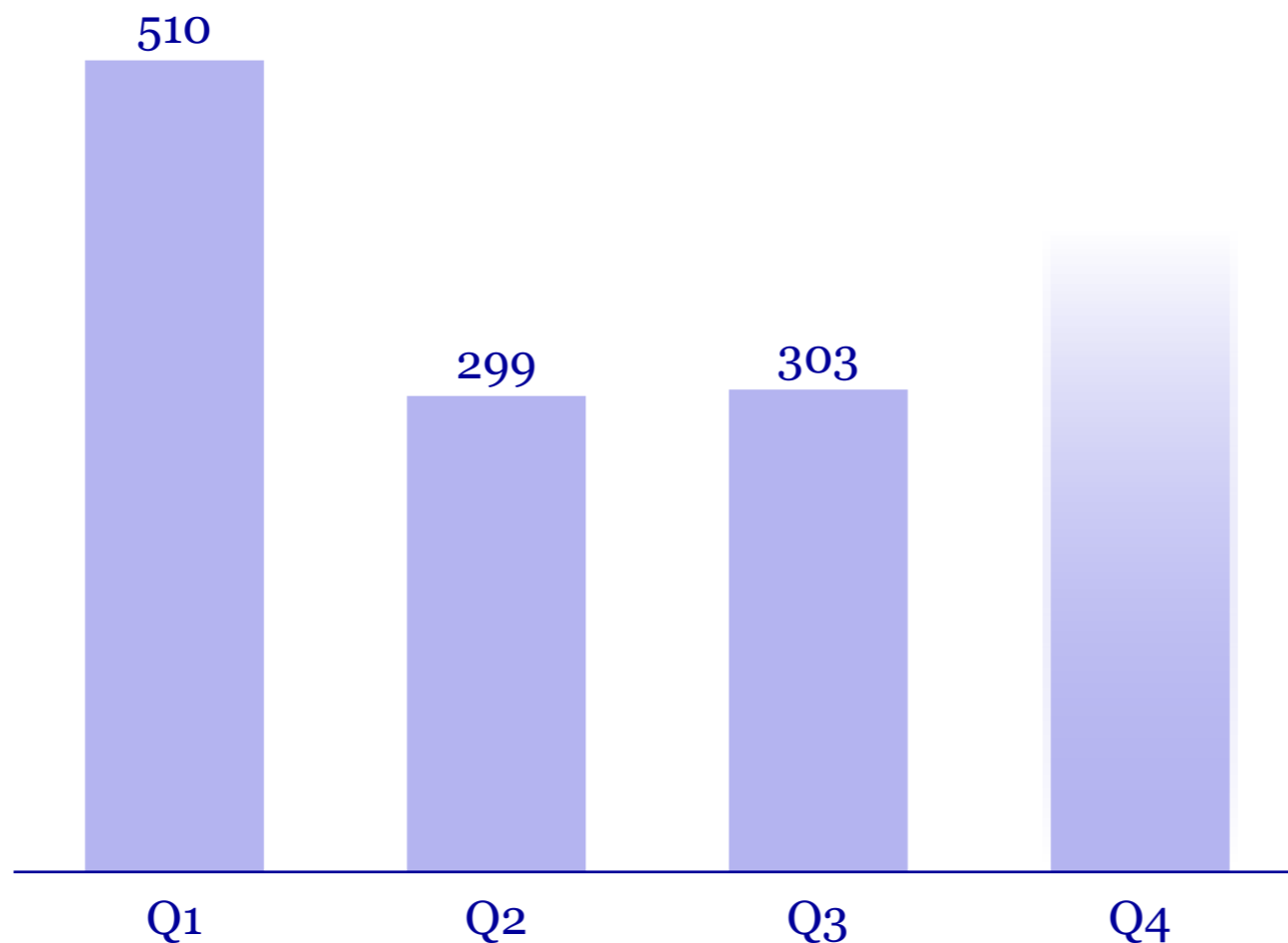




## 4 Measures on track to improve liquidity position in 2024 and beyond

Liquidity development 2024 and ongoing optimization measures

### Liquidity 2024, in € m

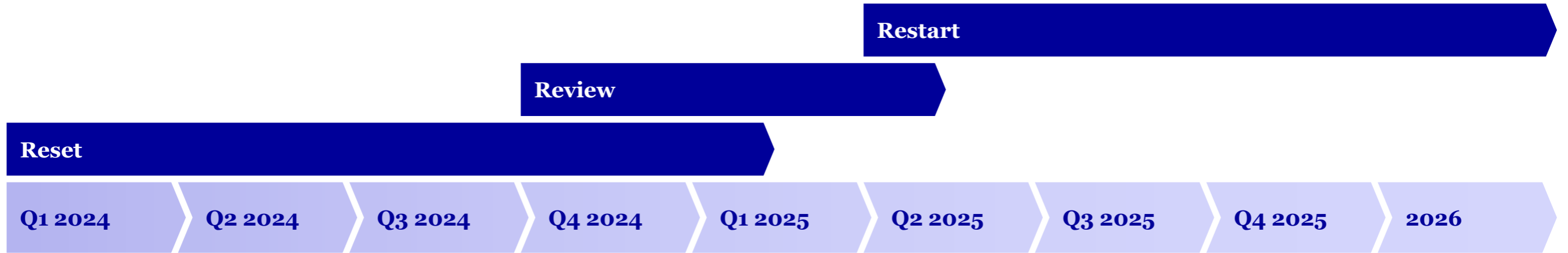


### Ongoing activities

- Cash from factoring of outstanding R&D tax credits > €50 m received in October (after period end) ✓
- Further cash upside expected in Q4 and beginning of 2025 (e.g., from tax repayments)
- Operational improvements to support Q4 2024 and 2025 cash flow
- Reduced Capex of Just – Evotec Biologics ✓



# Change is in progress, with more to come



## *Reset:*

### **Strong performance so far**

- Visible savings as of Q3/24:  
Delivering 40m€ savings in short time
- Focused on capacity right sizing
- Footprint optimization is advancing with 1/3 of the reduction completed<sup>1)</sup>

## *Review:*

### **Broad spectrum program will cover**

- Strategy, Portfolio, Priorities
- Organisation model
- Strengthening Enabling Functions
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## *Restart:*

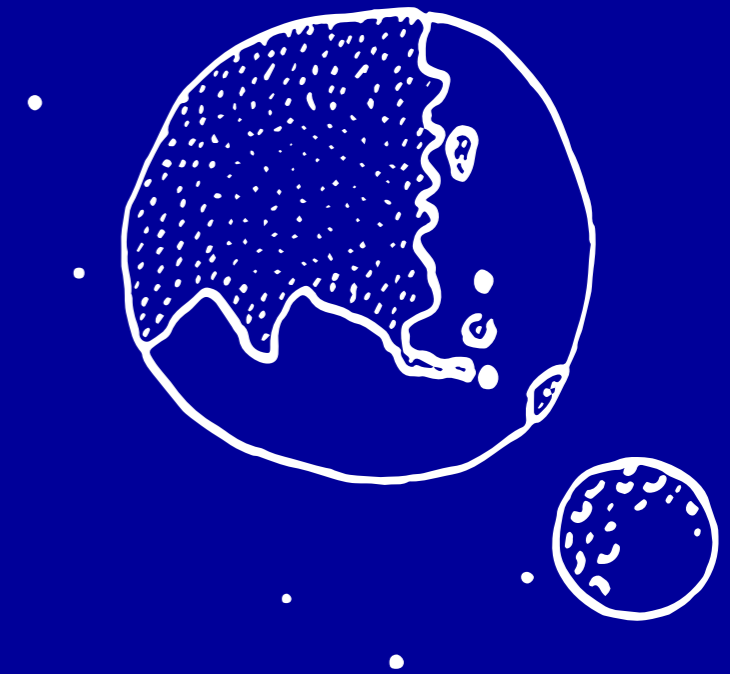
### **Activation of new strategy and accelerated transformation**

Further details in next Capital Market Briefing



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# A new chapter: Growth & Profitability

Strategic review to strengthen profitable growth







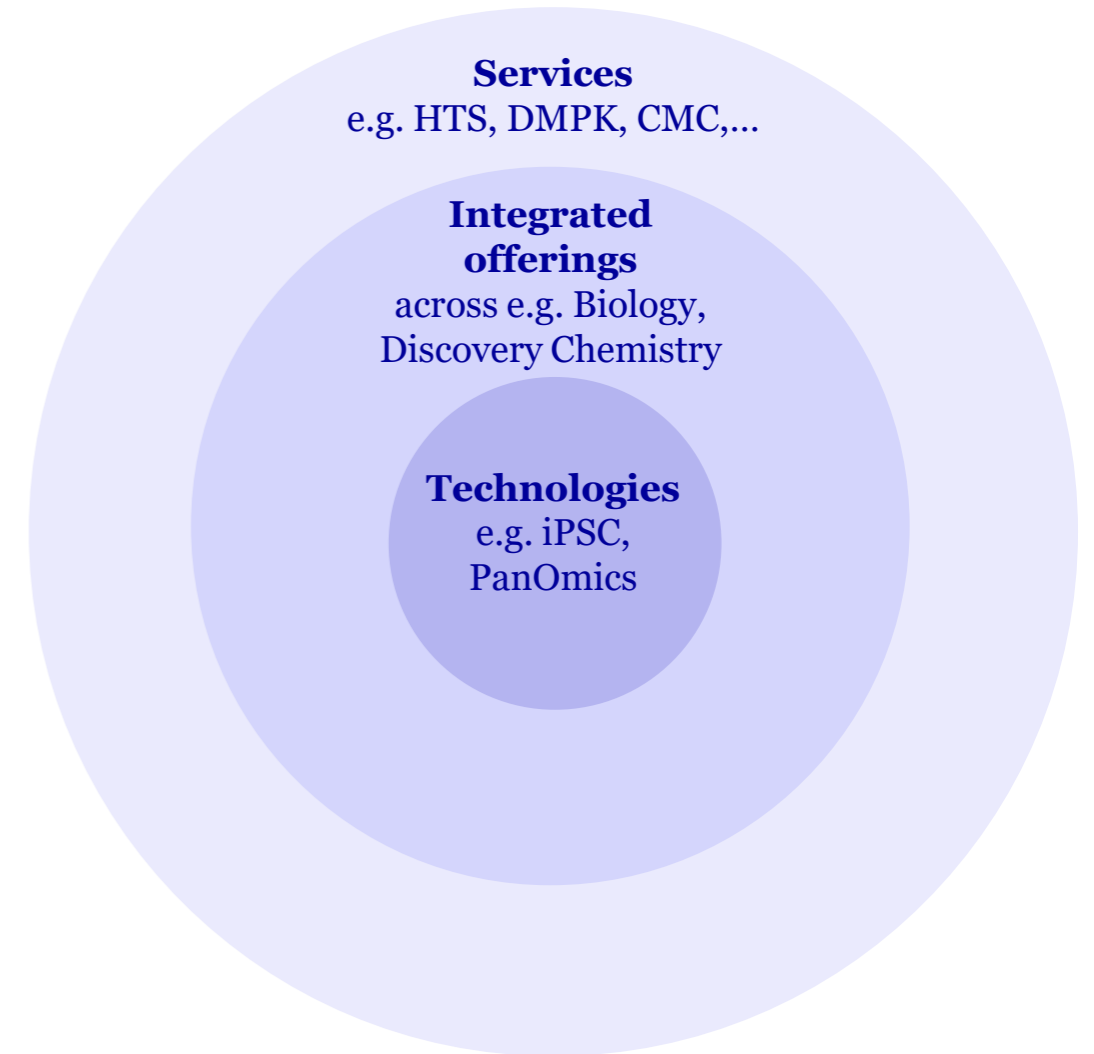
# Superior business model positions us well for sustainable growth

Offering & commercialization streams *today*

- Transactional services
- Distinct work packages
- Partner: Entire Pharma – Biotech spectrum / Academia
- Revenue model: FTE-based revenues (FTE)

- 
- Integrated partnerships
  - Multi-step research campaigns
  - Partner: Large Biotech / Pharma
  - Revenue model: FTE, Milestones (MS)

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- Basis of Strategic Alliances; Fully scalable
  - Co-ownership & pipeline building
  - Partner: Pharma
  - Revenue model: FTE, MS, Royalties

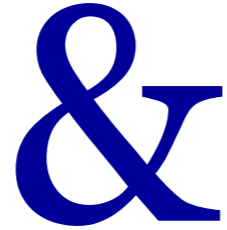
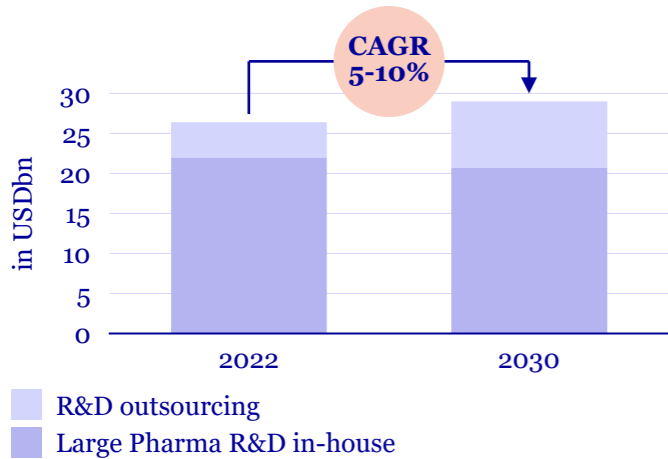




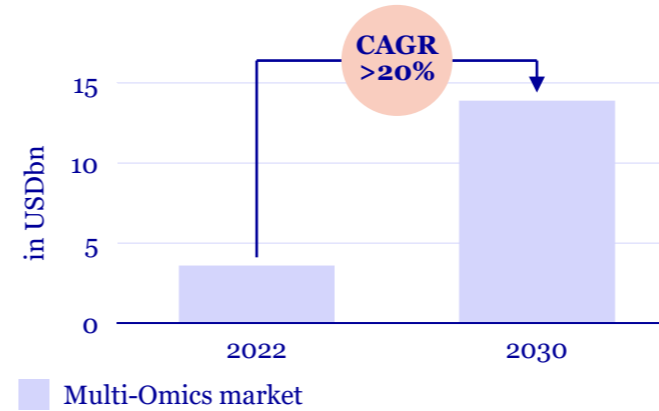
# Attractive markets – Technology as accelerator

## Growth dynamics in our industry – Overview

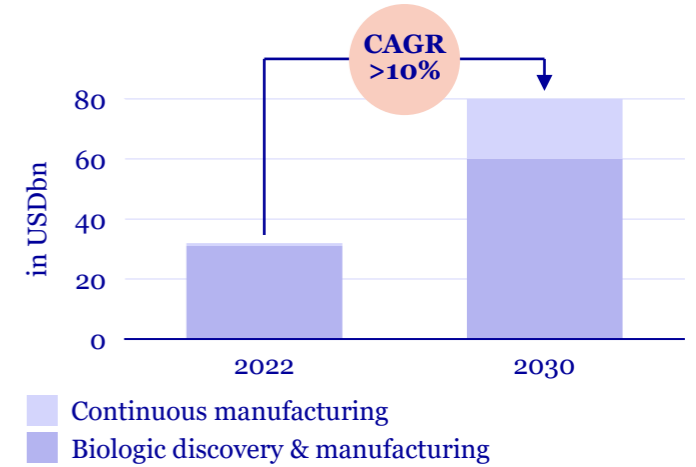
### R&D Outsourcing



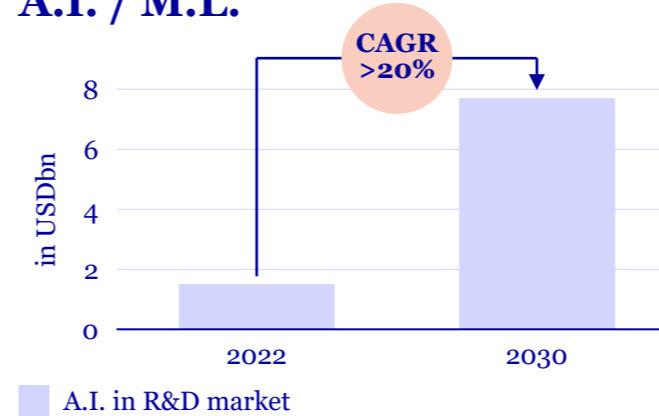
### PanOmics



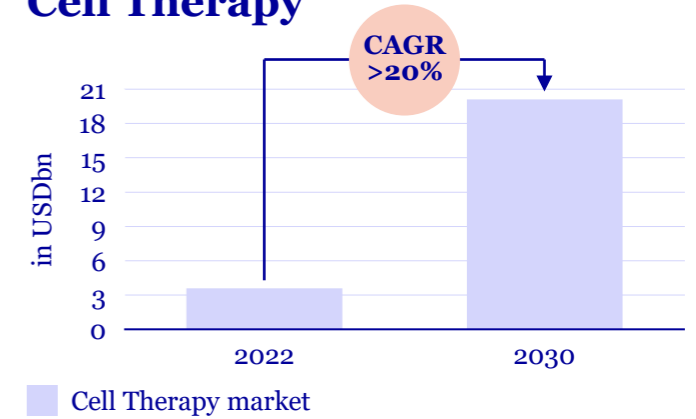
### Biologics manufacturing



### A.I. / M.L.



### Cell Therapy





# Creating operational excellence

Strengths to build on and areas needing transformation

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## To build on ...

## Transformation required ...

### People / Culture

- Scientific skills
- Customer orientation: commitment, flexibility, problem solving, responsiveness
- Individual & team engagement

- Profitability, cash and ROI focus
- Company orientation: performance, planning, execution, monitoring, responsiveness

### The Engine

- Quality of R&D output
- Reputation
- Technology platforms
- Differentiated offers

- Strategy
- Operating model and organisation
- Processes and systems
- Operations and footprint



# The team is ready to take your questions



**Christian Wojczewski**  
*CEO*



**Laetitia Rouxel**  
*CFO*



**Aurélie Dalbiez**  
*CPO*

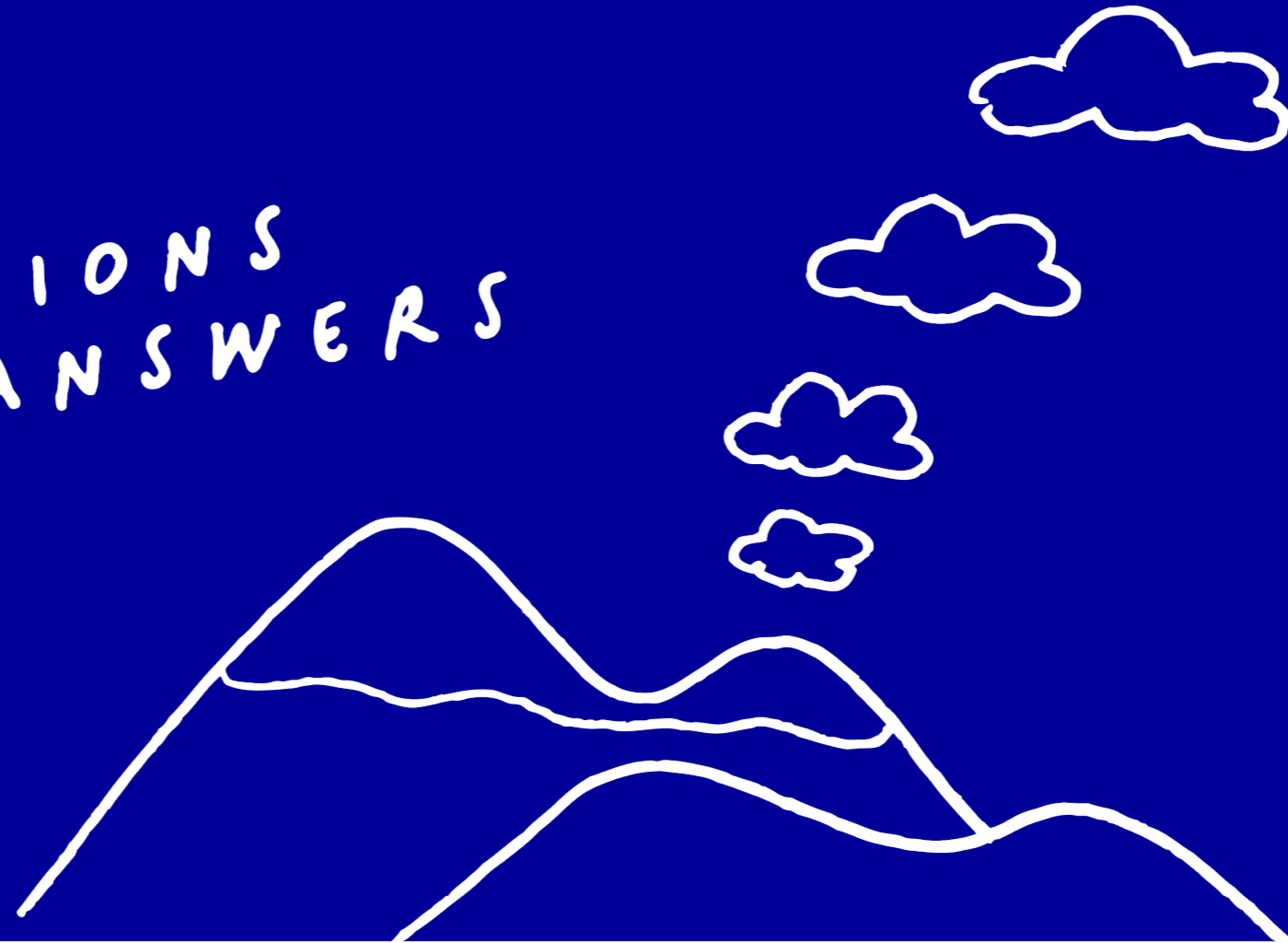


**Craig Johnstone**  
*COO*



**Cord Dohrmann**  
*CSO*

QUESTIONS  
AND ANSWERS



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