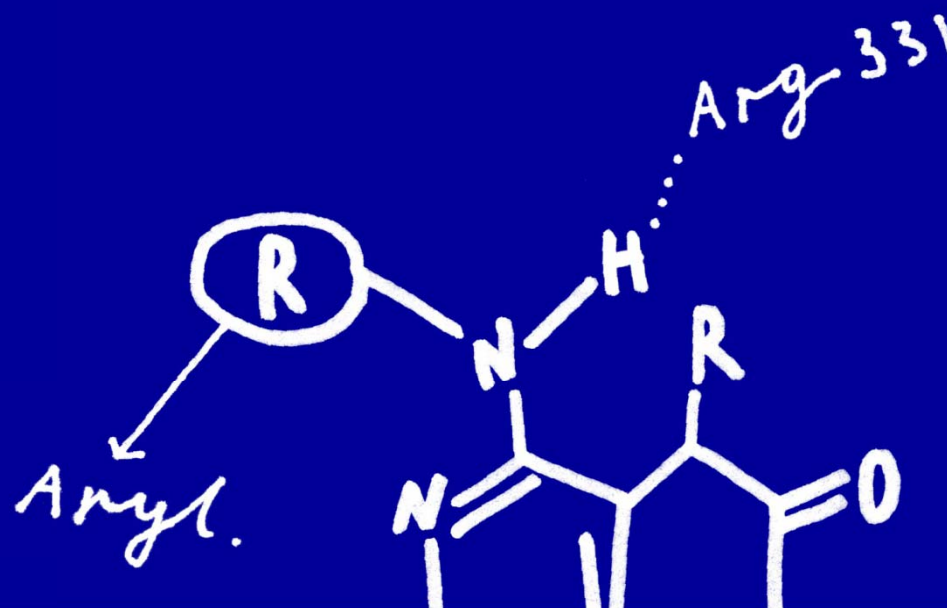


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Focus, **GROW & INNOVATE!**



## Forward-looking statements

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*Information set forth in this presentation contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding our expectation that our current cash, cash equivalents, investments, and operating revenues will be sufficient to fund our planned activities beyond 2015; our financial outlook for 2011 and 2012, including statements regarding our expected operating results and financing and financial position, our belief that our cash situation should remain strong throughout 2011, and our expected liquidity at the end of 2011; our revised business model providing a sound basis for long-term sustainable growth; the anticipated advantages of our acquisitions and collaborations, including the expected revenue contribution from our acquisition of Kinaxo Biotechnologies GmbH; our expectations regarding the market for drug discovery alliances, including anticipated growth of the pharmaceutical outsourcing drug discovery market and the opportunities such growth will provide us, and our ability to take advantage of such market developments; our goal to reach operating profitability and to generate cash sustainable by 2012; our beliefs regarding the sufficiency of our existing liquidity reserves; our capital-raising plans; the expected timing of the effectiveness of our deregistration with the SEC; our expectations and assumptions concerning regulatory, clinical, and business strategies; and the progress of our clinical development programs and timing of the results of our clinical trials, strategic collaborations, acquisitions, and management's plans, objectives and strategies. These 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. In particular, the risks and uncertainties include, among other things: risks that we may be unable to achieve the anticipated benefits of our revised business model or recognise the results*

*of our revised business model within expected timeframes; risks that we will not achieve the anticipated benefits of our collaborations, partnerships and acquisitions in the timeframes expected, or at all; risks that product candidates may fail in the clinic or may not be successfully marketed or manufactured; risks relating to our ability to advance the development of product candidates currently in the pipeline or in clinical trials; our inability to further identify, develop and achieve commercial success for new products and technologies; the risk that competing products may be more successful; our inability to interest potential partners in our technologies and products; our inability to achieve commercial success for our products and technologies; our inability to protect our intellectual property and the cost of enforcing or defending our intellectual property rights; our failure to comply with regulations relating to our products and product candidates, including FDA requirements; the risk that the FDA may interpret the results of our studies differently than we have; the risk that clinical trials may not result in marketable products; the risk that we may be unable to successfully secure regulatory approval of and market our drug candidates; risks of new, changing and competitive technologies and regulations in the U.S. and internationally; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on our international operations. The list of risks above is not exhaustive. This presentation contains additional factors that could impact our businesses and financial performance. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to 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 your Evotec management team

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FY 2010

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**Werner Lanthaler, CEO**



**Mario Polywka, COO**



**Colin Bond, CFO**



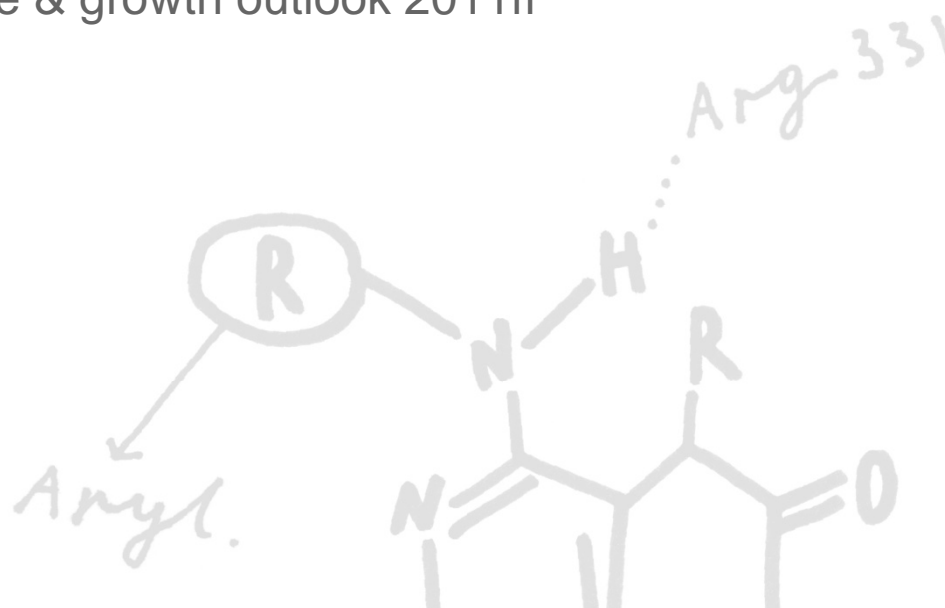
**Cord Dohrmann, CSO**

## Agenda

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- **Highlights 2010**

- Focus, grow & innovate strategy –  
Drug discovery alliances & development partnerships
- More growth to come through innovation
- Financial performance & growth outlook 2011ff



## 2010 – a good year, with a strong start into 2011

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### State of play – current highlights

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- 1 Profitable, 29% top-line growth, strong gross margin, operating cash-flow positive, € 70m strategic cash position
- 2 Multiple new performance-based drug discovery alliances (e.g. Genentech, MedImmune/AZ, Shionogi, Vifor, ...), excellent capacity utilization and strongest alliance portfolio in company history
- 3 Successful M&A with DeveloGen and Kinaxo, good integration of Evotec India
- 4 Significant pharma licensing deals (e.g. MedImmune on diabetes target), and new academic cooperation (e.g. Harvard)
- 5 Good progress in product development partnerships
- 6 New management and top-class scientists signed up to support long-term growth

# Profitable, first time in 18 year history

## FY 2010 results Evotec Group

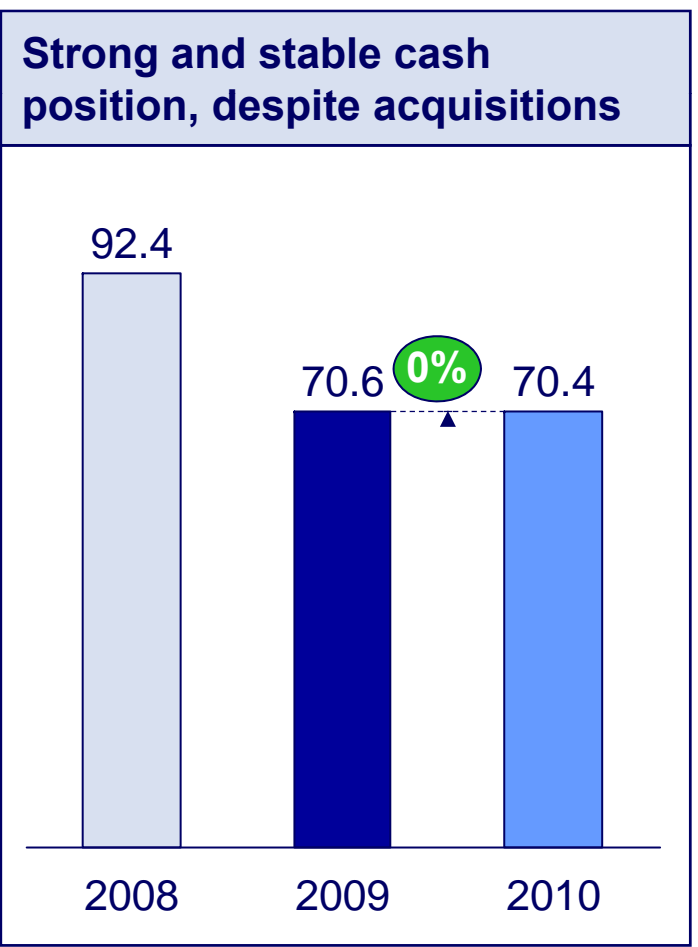
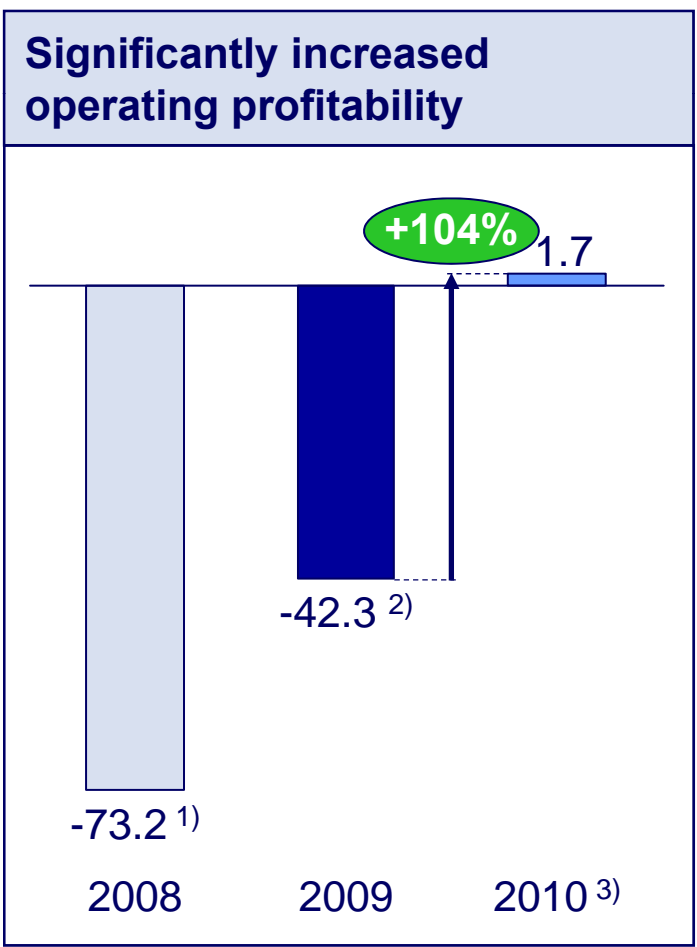
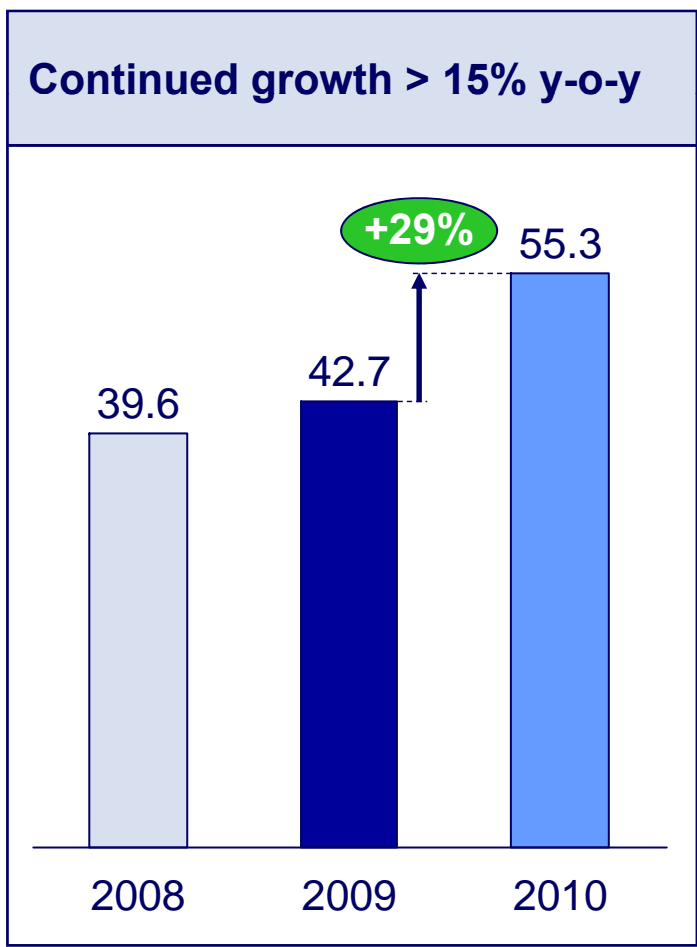
in €m

	2009 <sup>1)</sup>	2010 <sup>2)</sup>	Δ	Guidance August 2010	Guidance March 2010
<b>Revenues</b>	42.7	55.3	<b>+29%</b>	52 – 54	48 – 50
<b>Operating income (loss)</b>	(42.3)	1.7	<b>+104%</b>	Improved over 2009	Improved over 2009
<b>Net income (loss)</b>	(45.5)	3.0	<b>+107%</b>	–	–
<b>Liquidity at year end</b>	70.6	70.4	<b>0%</b>	>64	>60

# Accelerated path to growth and sustainability

## Key figures overview

in € m

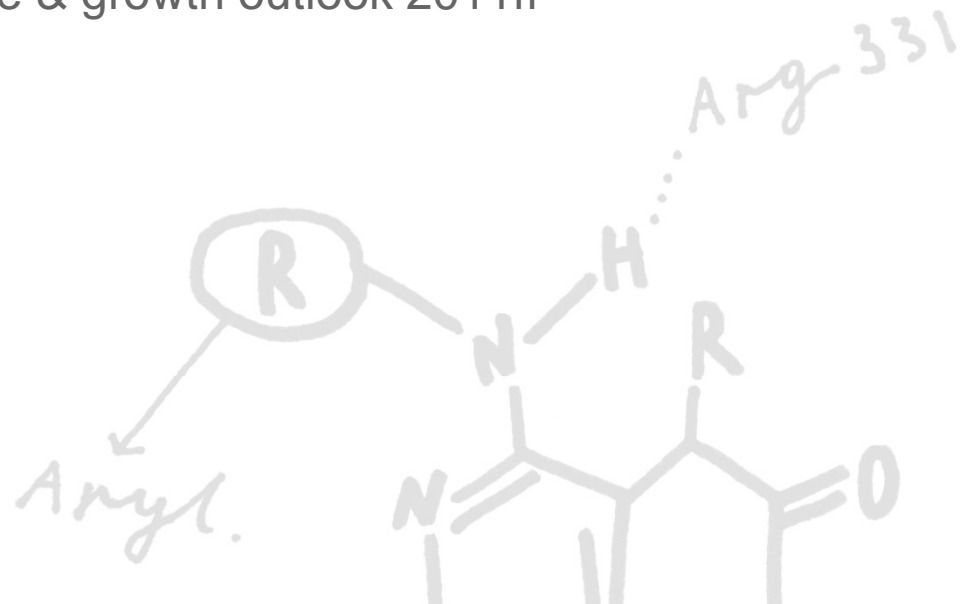


1) Including impairment and restructuring expenses of € 27.7m  
 2) Including impairment and restructuring expenses of € 22.7m  
 3) Net income before extraordinary effects

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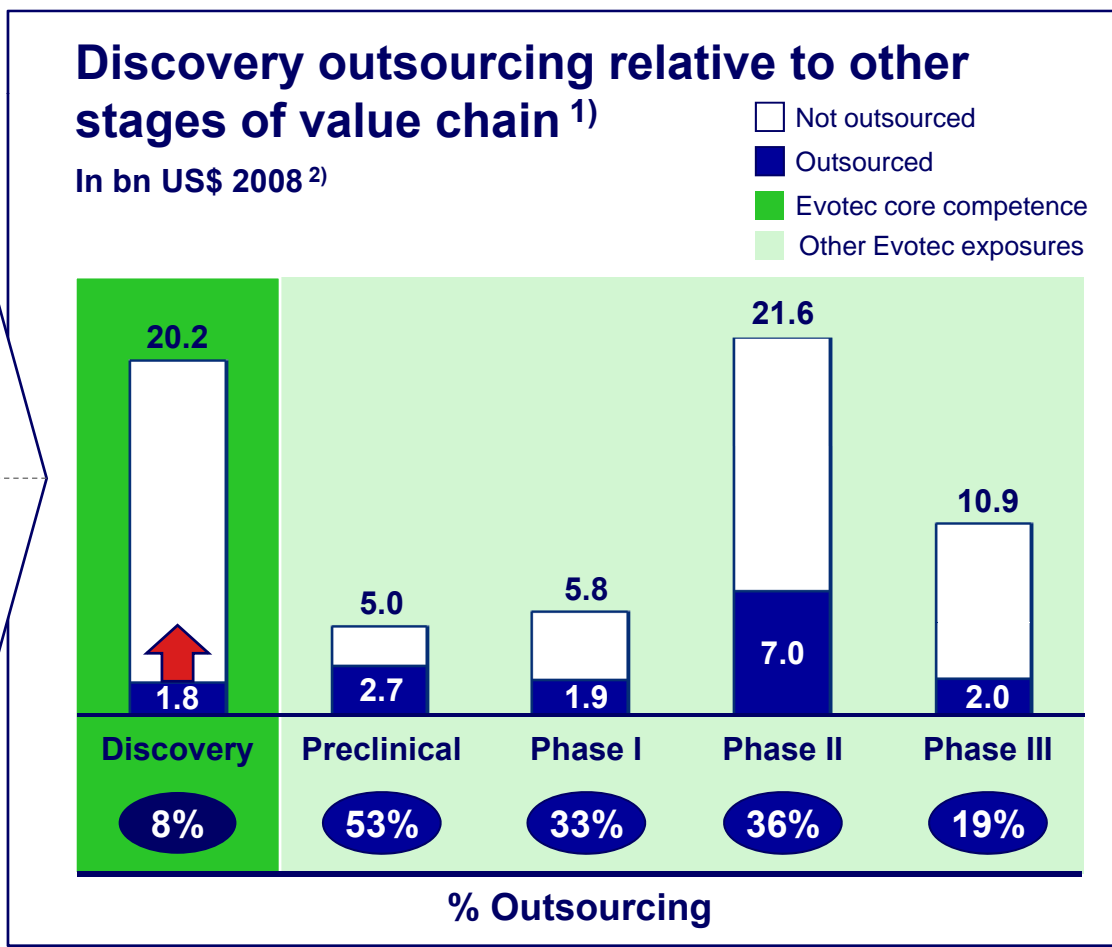




# The external innovation opportunity

## Key growth factors

- 1 Strong demand for increased productivity in R&D
- 2 Outsourcing leads to higher capital efficiency
- 3 Fixed costs become variable
- 4 Only highest scientific and industrial quality drives new products



1) Major players: Wuxi Pharma, Biofocus, AMRI, PPD, Evotec, ... ca. 100 fragmented smaller players  
 2) WallStreet research 2008; evaluate Pharma; BioWorld

# Capital efficiency is driving pharma outsourcing

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Selected comments from the research market

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*There must be better ways to innovation than our traditional research process*  
**GSK (2010)**

*External innovation will guide more than 30% of our research strategy*  
**Merck&Co (2010)**

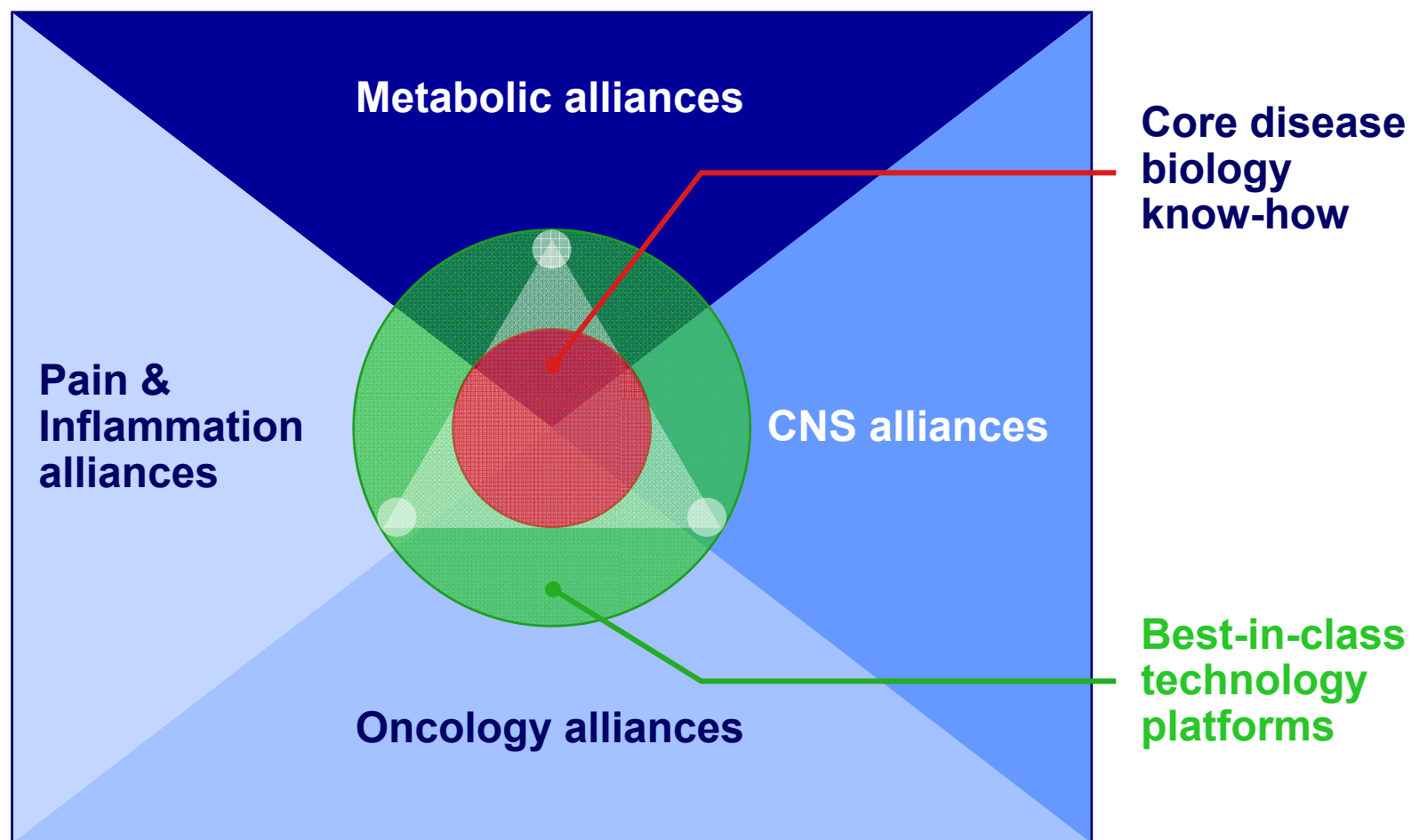
*We want to externalize innovation with a strategic outsourcing goal of 30%*  
**Sanofi (2010)**

*We want to align our discovery efforts with a selected number of partners*  
**Pfizer (2011)**








# Drug hunting alliances in areas of high unmet medical need

Our business model











# Very good progress within growing and well balanced portfolio of top-class partners

## Selected drug discovery alliances (1/2)

Partners	Focus area	Upside for Evotec	Description
	Oncology, pain, inflammation	+++	Performance-based, multi-target long-term alliance. Significant milestones and royalties
	CNS, Huntington disease	++	Long-term alliance, focused on the fight against Huntington disease
	CNS, pain, others	++	Long-term alliance, focused on multiple targets
	CNS, pain	++	Performance-based, long-term alliance, focused on pain. Significant milestones and royalties
	Various	++	Performance-based, multi-target long-term alliance. Significant milestones and royalties






# Significant milestone upside without risk

## Selected drug discovery alliances (2/2)

Partners	Focus area	Upside for Evotec	Description
	Metabolics, insulin sensitizer	++++	Diabetes, obesity and metabolic syndrome Research funding, € 7m upfront, > € 230m milestones, royalties
 	BetaCell technology (biologicals)	++++	Type 1 and 2 diabetes, targeting beta cell mass Research funding, € 5m upfront, > € 250m milestones, royalties
	Anemia	++	Performance-based alliance, focused on anemia targets
   	Various (also through Kinaxo)	Various	Multi-target long-term alliances

# Product development partnerships represent significant upside without risk

## Portfolio of product development partnerships

Indication	Partner	Status	Upside for Evotec	Next milestone
Treatment resistant depression (TRD)		Phase II	++++	Phase II data H1 2012
Type 1 diabetes <sup>1)</sup>		Phase III	+++	Phase III data 2012
Insomnia <sup>2)</sup>		Phase II	++	Clinical start in China 2011 <sup>3)</sup>
Various		Phase I	++	First Phase I stopped, back-up in preparation
Inflammation		Phase I / preclinical	++++	First Phase I stopped, back-up in preparation

Other un-partnered late preclinical or clinical projects (e.g. EVT 501, EVT 401,...)

1) DiaPep277 is being developed by Andromeda Biotech Ltd and has been partnered with TEVA Pharmaceuticals Industries Ltd

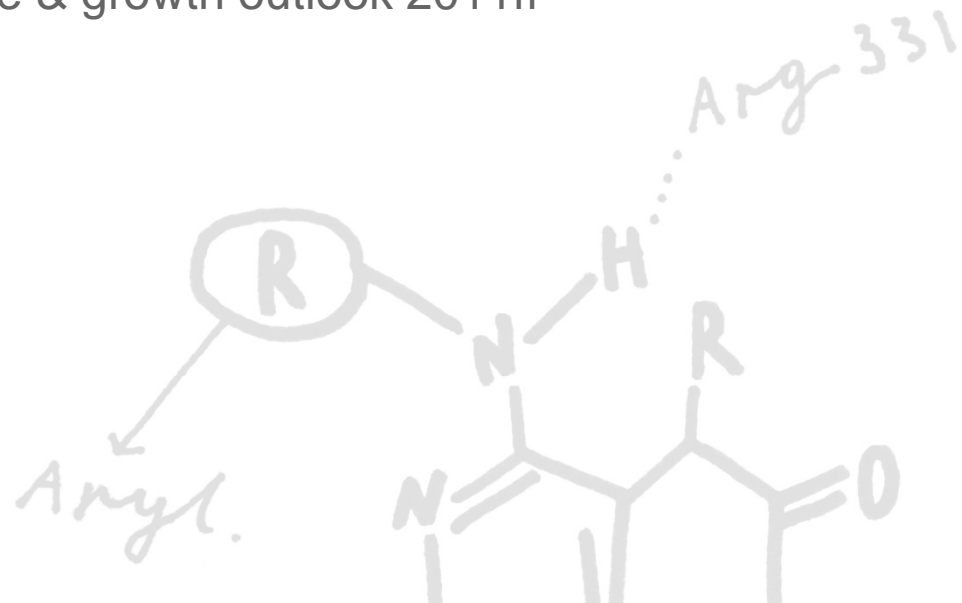
2) Chinese rights only

3) Safety and Phase IIb study planned starting 2011

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# Growth through unique drug discovery platforms, disease biology expertise and novel targets

Research investment focus 2011

Highly differentiated technology platforms: e.g. HCS/HTS/FBS, e-physiology, GPCRs, ion channels, kinases, computational chemistry, proteomics/mass spec., response prediction...

Mechanism-based screening for disease modifying targets in metabolic diseases, CNS, chronic kidney disease...



Fully integrated cutting edge disease-focused drug discovery platforms in metabolic diseases, CNS pain, inflammation, regenerative medicine...

# Acquisition of Kinaxo provides scientifically and commercially proven technology platforms

High-end mass spectrometry and world-class proteomics expertise

## Cellular Target Profiling<sup>®</sup>

*Proteome-wide, quantitative drug/target interaction analysis*

### Application:

- Identification of off-target liabilities
- Clinical candidate selection
- Target de-convolution
- Drug re-profiling

## KinAffinity<sup>®</sup>

*Profiling of kinase inhibitors within the native kinome*

### Application:

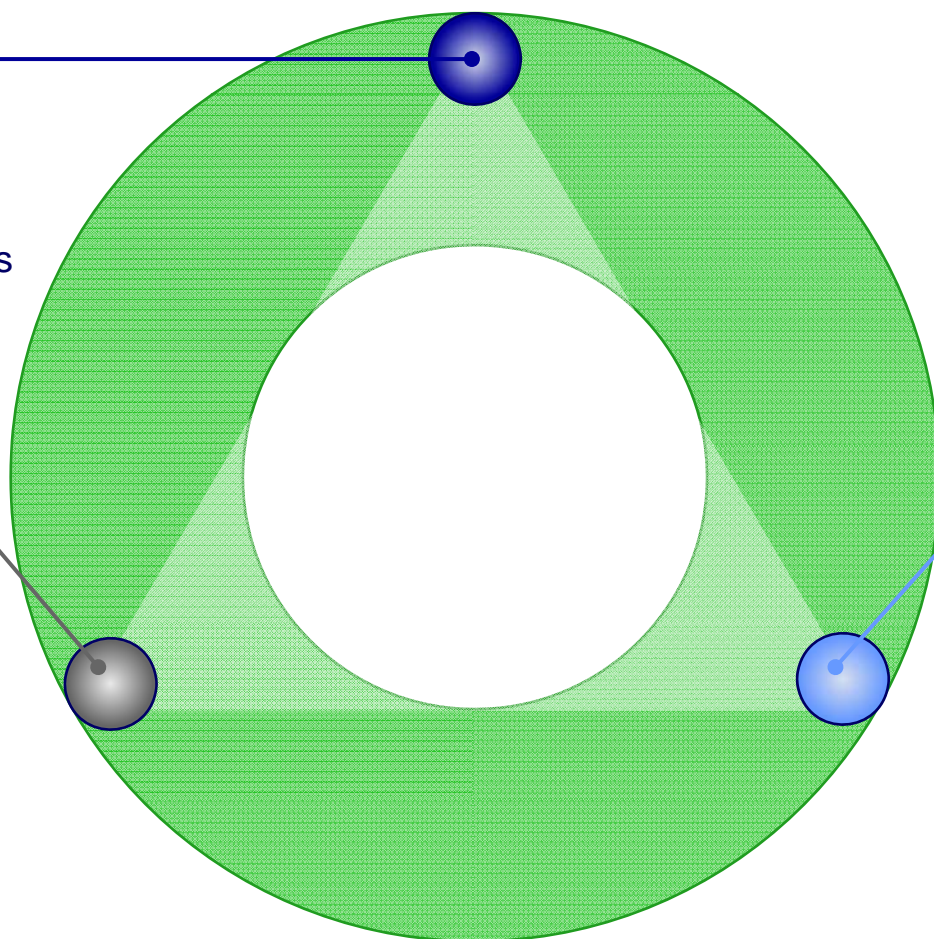
- Identification of on/off-kinase targets
- Clinical candidate selection

## PhosphoScout<sup>®</sup>

*Global, quantitative analysis of the cellular phospho-proteome*

### Application:

- Biomarker discovery
- Drug mode-of-action analysis *in vivo*
- Identification of new drug targets



# Potentially disease modifying approaches based on disease biology expertise and novel targets

For the treatment of diabetes and other degenerative diseases

## Currently available drugs do not affect disease progression

- Diabetes
- Chronic kidney disease
- Neurodegenerative diseases
- Congestive heart failure

## Pharmacological approaches that address underlying causes / stimulate and support endogenous regenerative mechanisms

- Protect cells from apoptosis
- Restore function
- Stimulate proliferation / neogenesis diseases

## Evotec is actively pursuing potentially disease modifying approaches for diabetes

- **DiaPep277** – Protecting beta cells from autoimmune mediated destruction in type 1 diabetes (Phase III)
- **EVT070** – Improving insulin sensitivity without causing weight gain in type 2 diabetes (Preclinical)
- **EVT770** – Stimulating beta cell proliferation in type 1 and type 2 diabetes (Preclinical)

# Potential market for beta cell regeneration drugs

Currently marketed drugs as benchmarks

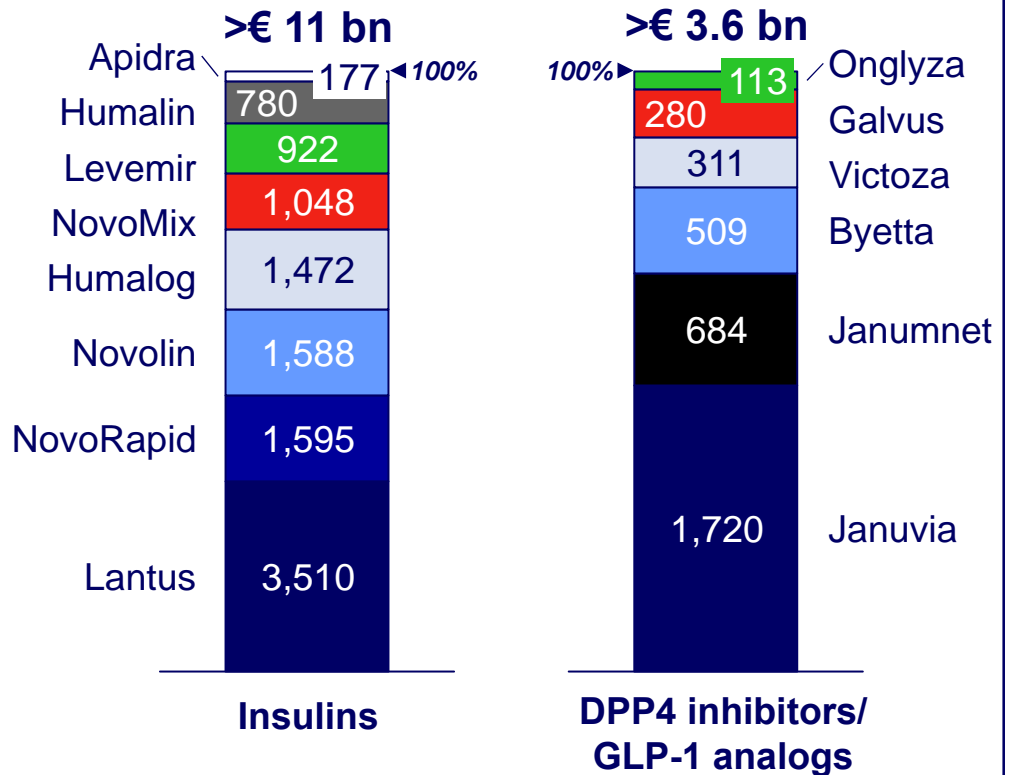
## Beta cell regeneration drugs - Expected to compete with

- Insulin replacement therapies
- Incretin enhancers

## Beta cell regeneration drugs - Expected to be superior to insulins and incretin enhancers

- Expected to increase functional beta cell mass (subcritical in T1D/T2D)
- Provide insulin only when needed (no risk of hypoglycemic events)
- Restore first phase insulin secretion (disturbed in T1D/T2D)

## Annual sales of insulin replacement therapies and incretin enhancers in 2010



# CureBeta

## Evotec's approach to beta cell regeneration

Pharmacological therapies that increase beta cell mass

### Assemble top-class beta cell team and best-in-class beta cell platform

- Evotec - Harvard collaboration combines best of academia with leading industry expertise and processes

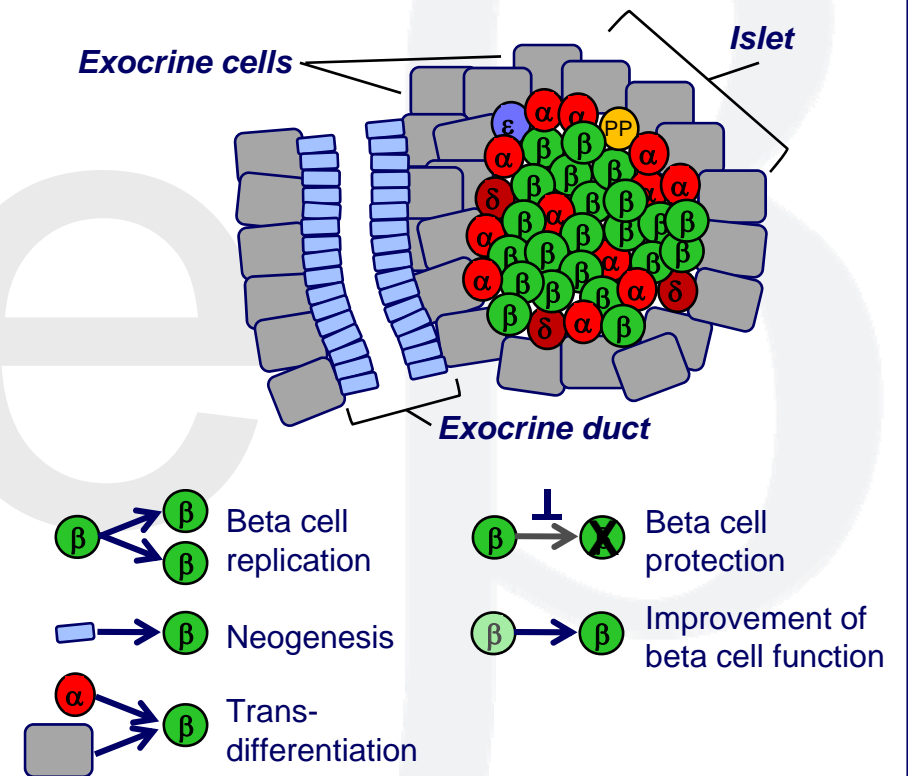
### Pursue a systematic and comprehensive search for targets

- Identify endogenous mechanisms that control beta cell mass
- Conduct mechanism-based screens for pathways and genes controlling beta cell mass

### Select biologically most relevant targets irrespective of treatment modality

- Small molecules, biologicals, peptides...

### Mechanisms controlling beta cell mass



# Best of academia and industry in beta cell drug discovery

## Evotec's beta cell team

1

### Evotec

- 12 years of experience in beta cell regeneration
- Best-in-class drug discovery platform

2

### Harvard Stem Cell Institute /HHMI

- Prof Doug Melton
- World leading science in beta cell biology/stem cells/ regenerative medicine

3

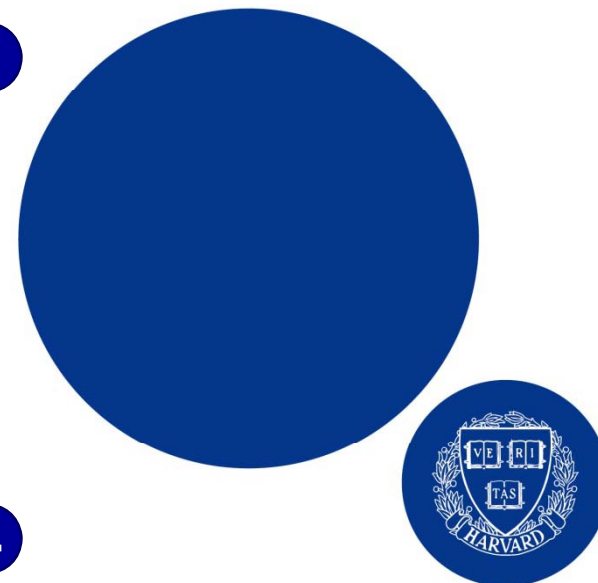
### MedImmune / AstraZeneca

- A perfect partner for EVT770
- First-in-class beta cell regeneration factor

4

### JDRF

- Reliable supporter of Evotec's beta cell regeneration approaches



# Regenerative medicine at Evotec

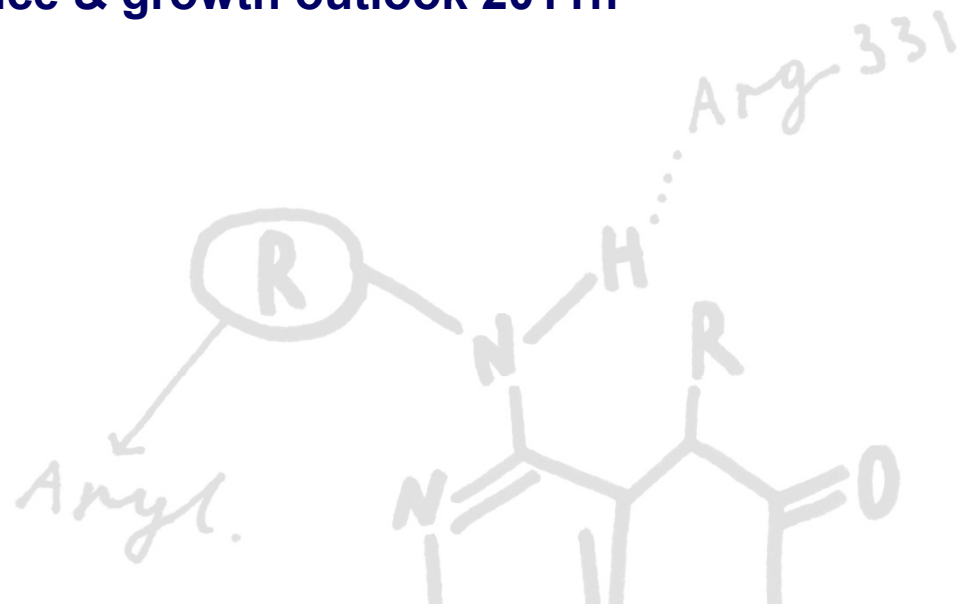
## Beta cell regeneration and beyond

<p><b>Beta cell regeneration via small molecules</b></p>	<ul style="list-style-type: none"> <li>• Diabetes is caused by loss of beta cells</li> <li>• Current drugs do not prevent beta cell loss</li> <li>• <b>Approach: Target beta cell regeneration via orally available small molecules</b></li> </ul>
<p><b>Chronic kidney disease (CKD)</b></p>	<ul style="list-style-type: none"> <li>• CKD has high incidence, mortality and treatment costs</li> <li>• Dialysis is the only treatment option for patients with end stage renal disease (ESRD)</li> <li>• <b>Approach: Podocyte protection / regeneration</b></li> </ul>
<p><b>Muscle regeneration (e.g. heart failure )</b></p>	<ul style="list-style-type: none"> <li>• Leading cause of morbidity and mortality world wide</li> <li>• Limited treatment options</li> <li>• <b>Approach: Regeneration of myocytes</b></li> </ul>
<p><b>Neurodegenerative diseases</b></p>	<ul style="list-style-type: none"> <li>• Huntington disease, AD, PD, ALS</li> <li>• Limited treatment options</li> <li>• <b>Approach: Stem cell based screening for disease modifying targets</b></li> </ul>

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# A strong Q4

## Q4 2010 results

in €m

	Q4 2009 Actual	Q4 2010 Actual	% vs. Actual 09
Revenues	13.5	16.4	+21%
Gross margin	53.7%	44.2%	-9.5%-pts.
• R&D expenses	1.4	1.9	+36%
• SG&A expenses	3.6	4.4	+22%
• Amortization & impairment	11.4	0.4	
• Restructuring expenses	0.2	0.0	
• Other operating expenses	0.1	-0.1	
<b>Operating income (loss)</b>	<b>(9.4)</b>	<b>+0.7</b>	<b>+107%</b>
<b>Net income (loss)</b>	<b>(11.4)</b>	<b>+2.2</b>	<b>+119%</b>

**Q4 2009 includes a total of impairment and restructuring expenses of € 11.4m**

**Q4 2010 includes an FX-gain of € 2.6m**

## Strong top-line growth and consequent refocusing

Key financials FY 2010: Condensed profit & loss statement (IFRS)

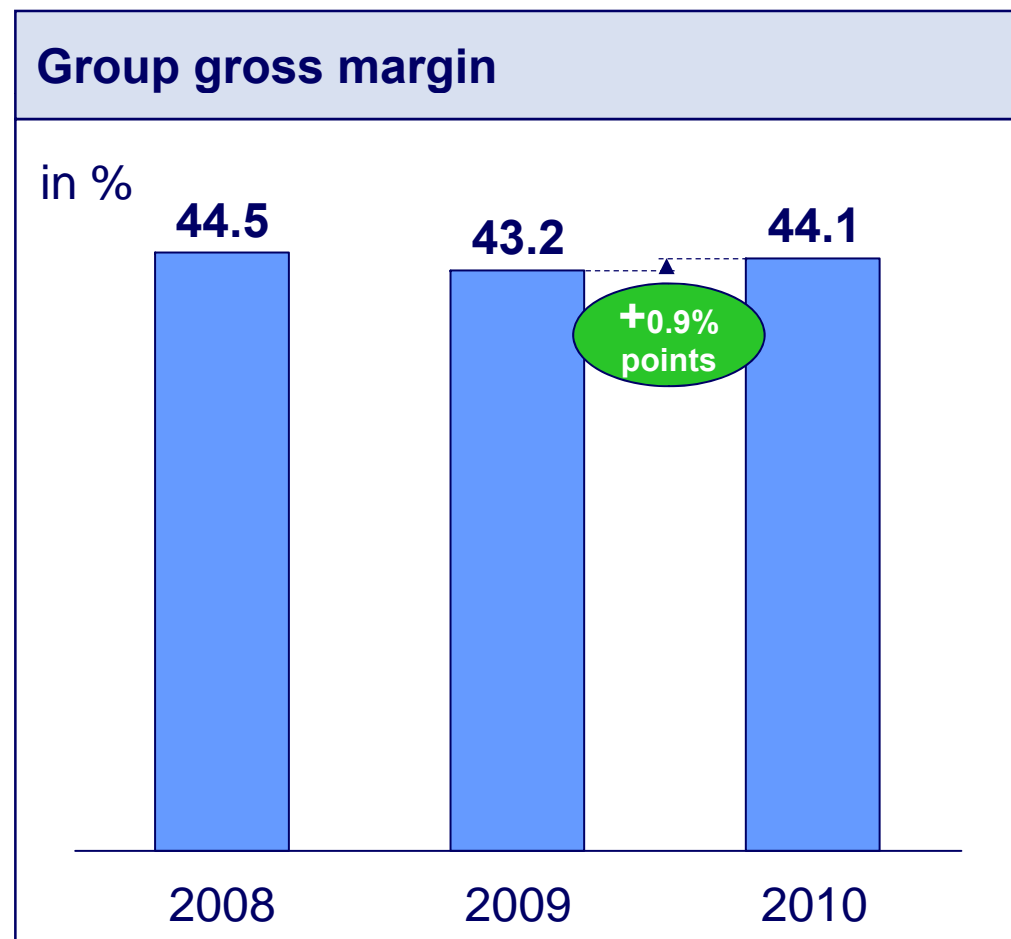
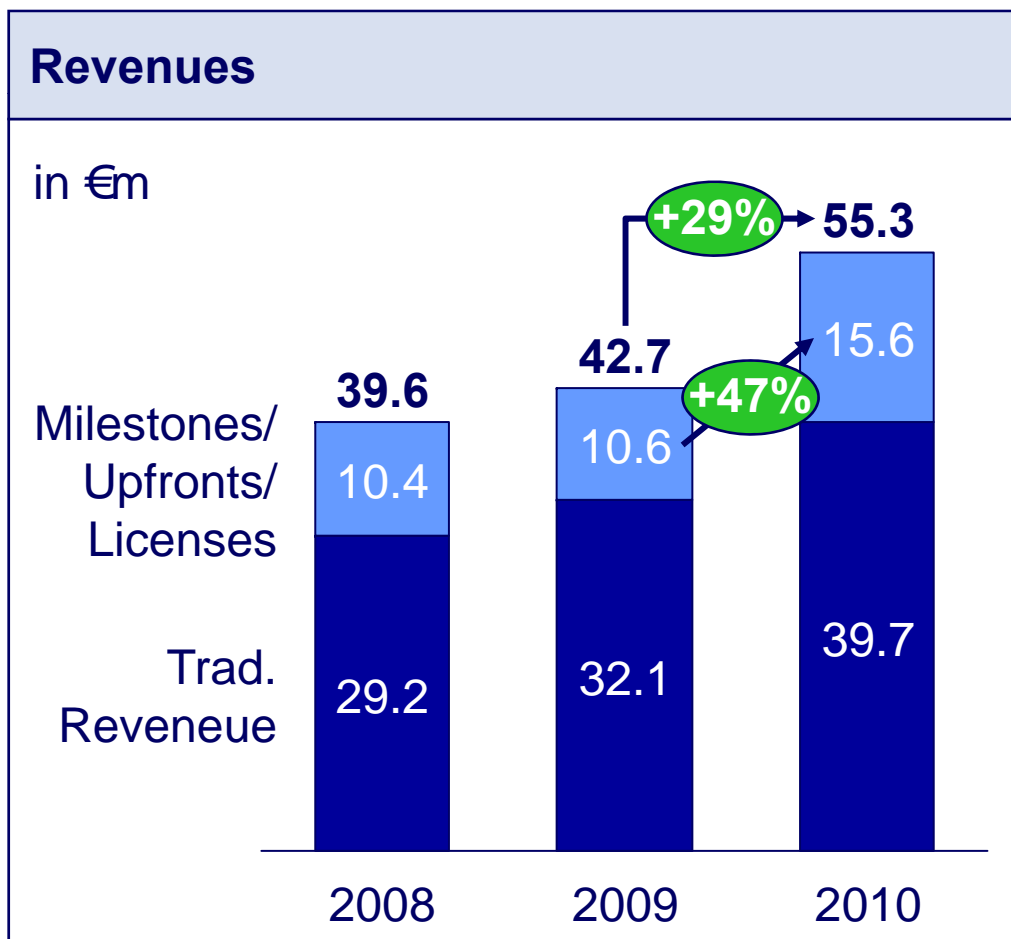
in €m

	2009 Actual	2010 Actual	% vs. Actual 09
Revenues	42.7	55.3	+29%
Gross margin	43.2%	44.1%	+0.9%-pts.
• R&D expenses	20.9	6.1	-71%
• SG&A expenses	16.7	16.0	-4%
• Amortization & impairment	18.3	0.7	
• Restructuring expenses	4.8	0.0	
• Other operating expenses	-0.1	-0.1	
<b>Operating income (loss)</b>	<b>(42.3)</b>	<b>+1.7</b>	<b>+104%</b>
<b>Net income (loss)</b>	<b>(45.5)</b>	<b>+3.0</b>	<b>+107%</b>

**Operating  
income and net  
income  
significantly  
improved**

# 29% growth and strong gross margin driven through integrated alliances and milestones

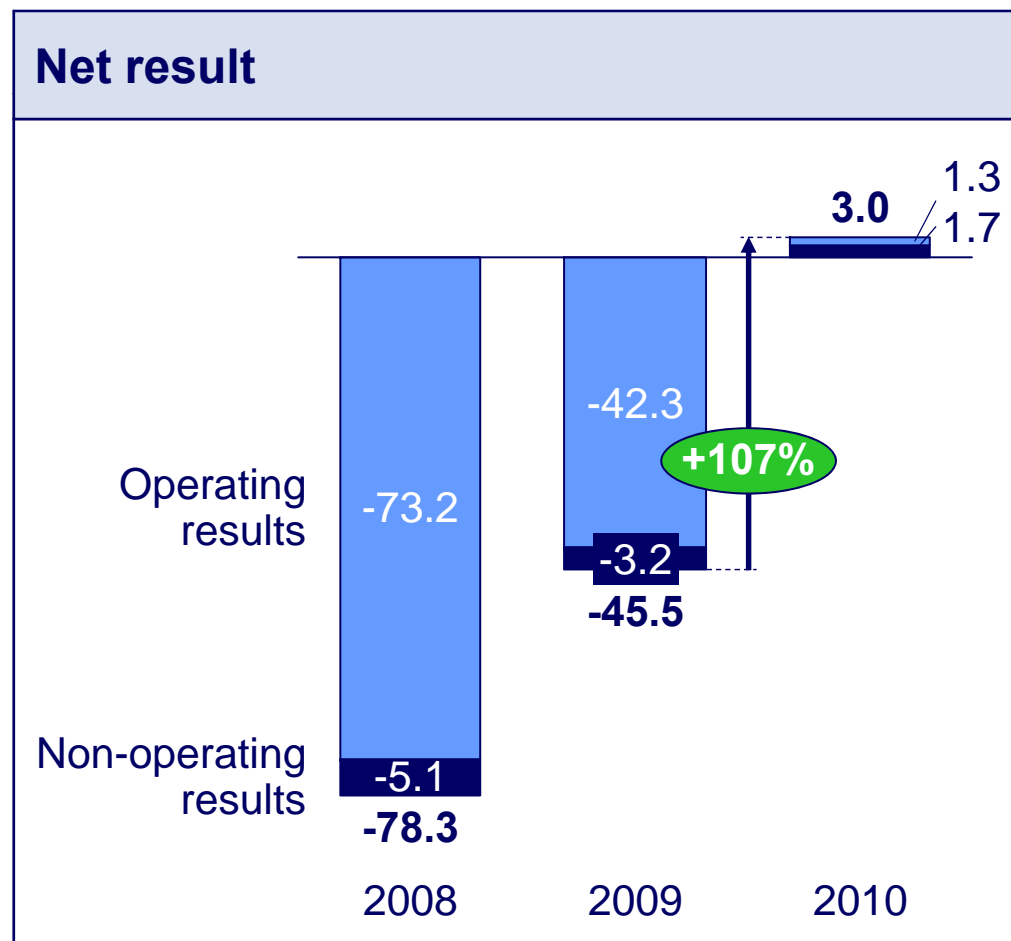
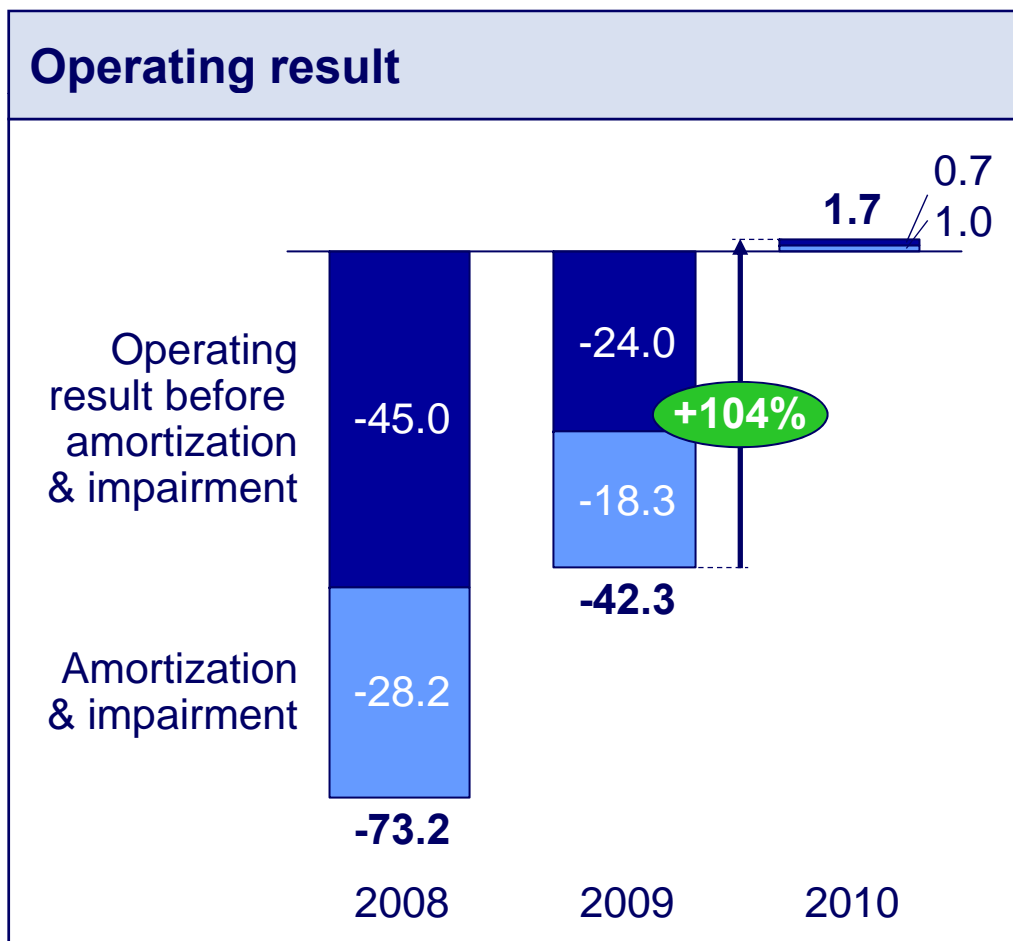
## Milestones & gross margin



# Full year operating profit of € 1.7m, net result € 3.0m

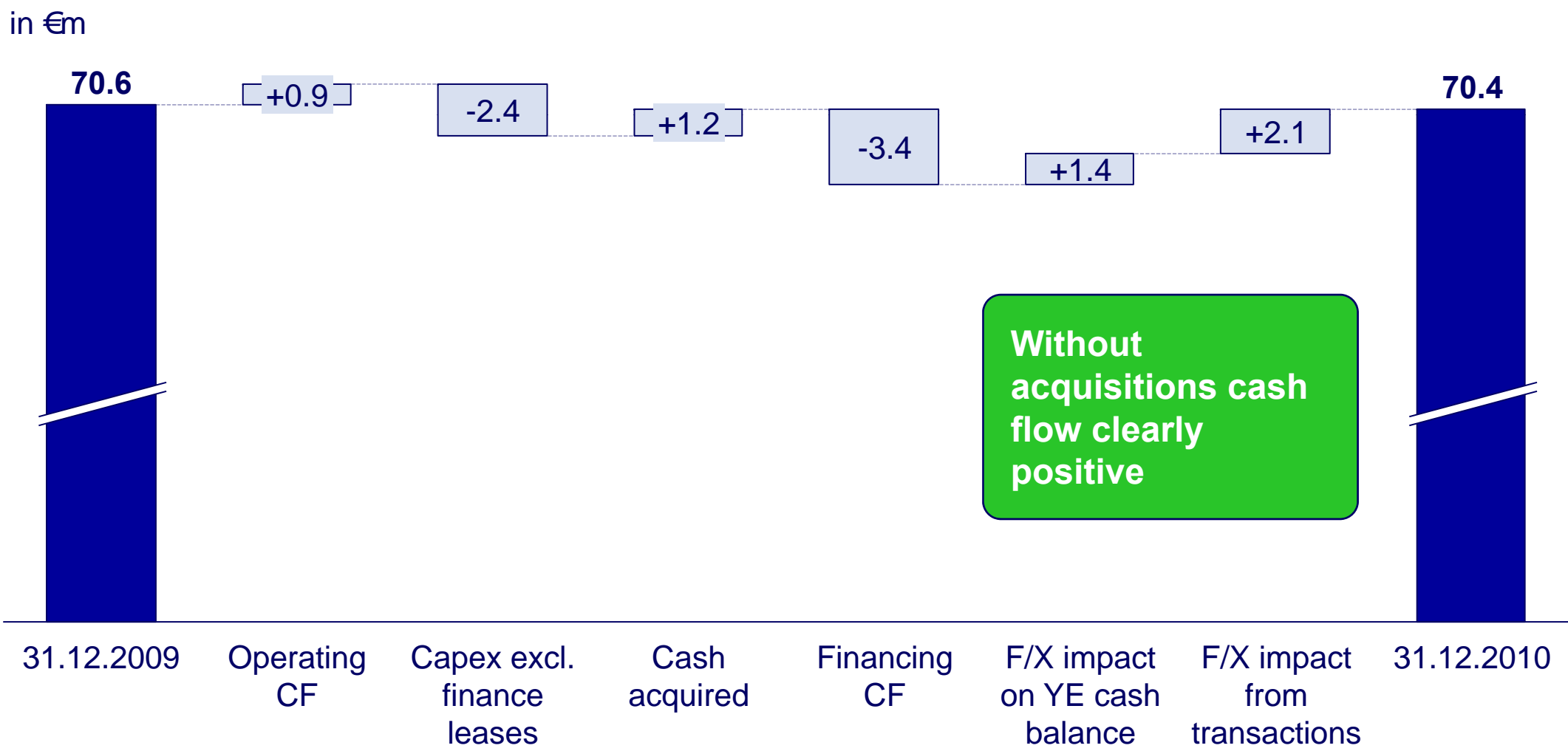
## Overview with amortization & impairment

in €m



# Strong and stable liquidity of € 70.4m at year end – despite acquisitions

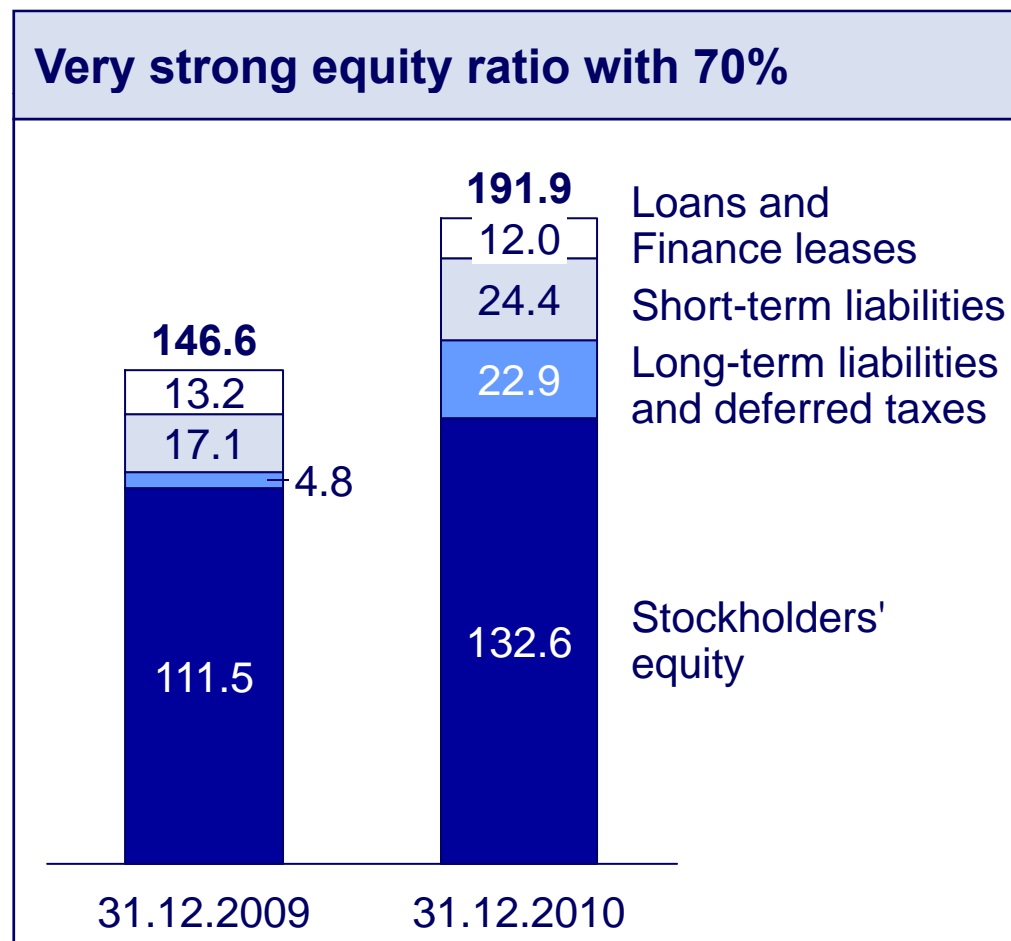
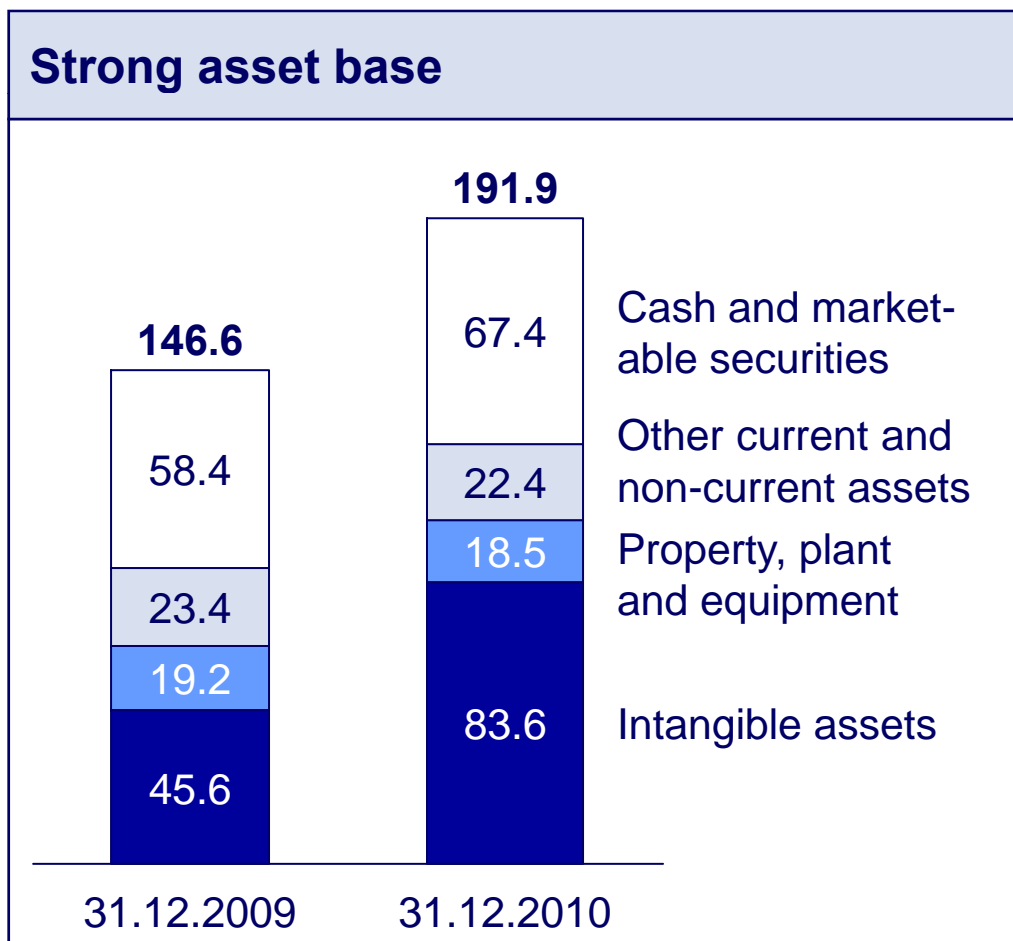
## Cash development 2010



# Significant investments in research reflected on balance sheet

## Overview balance sheet

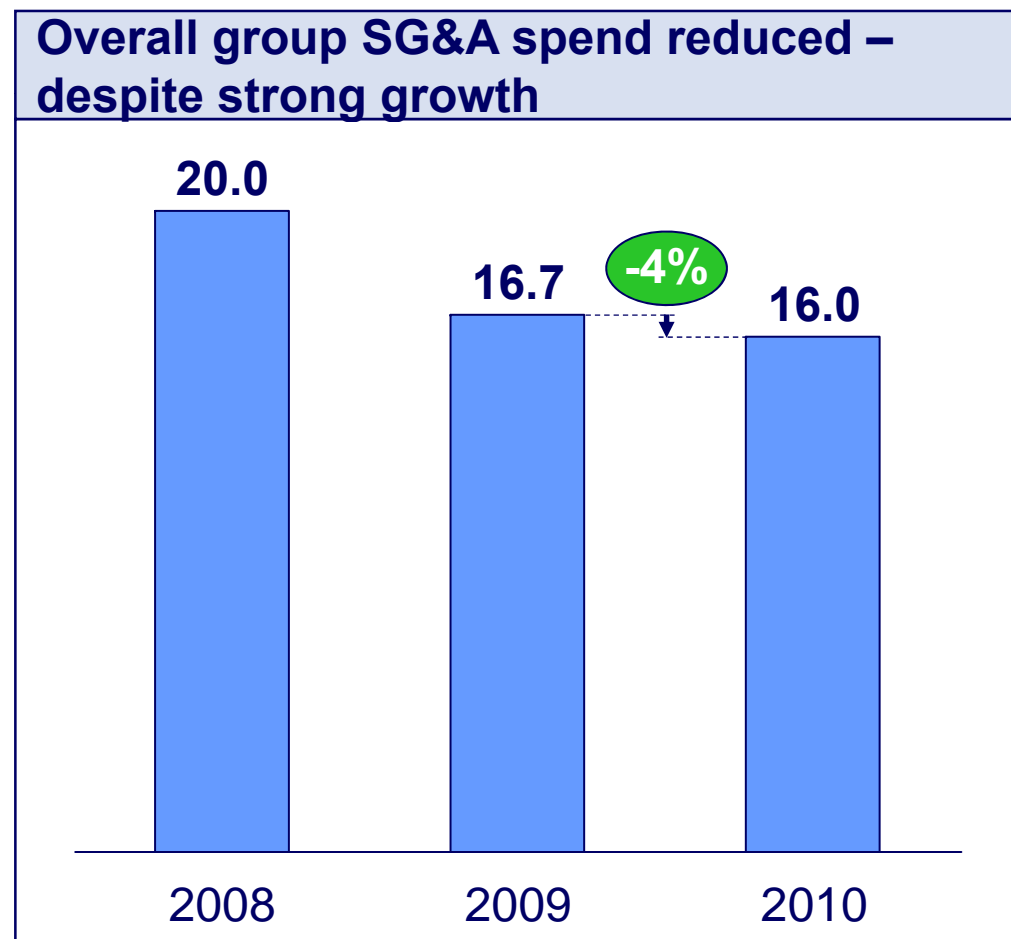
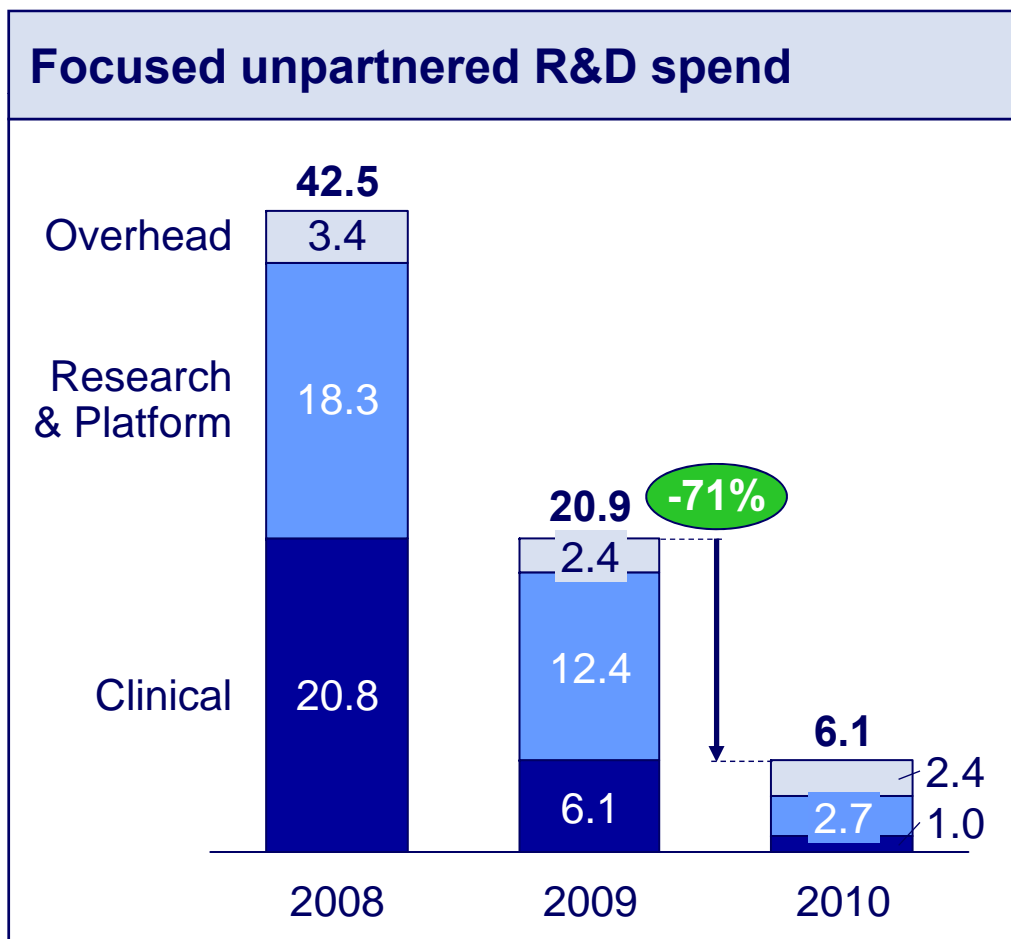
in €m



# Investment focus on platform technology and most valuable R assets, consequent SG&A reduction

## Overview R&D spend & SG&A

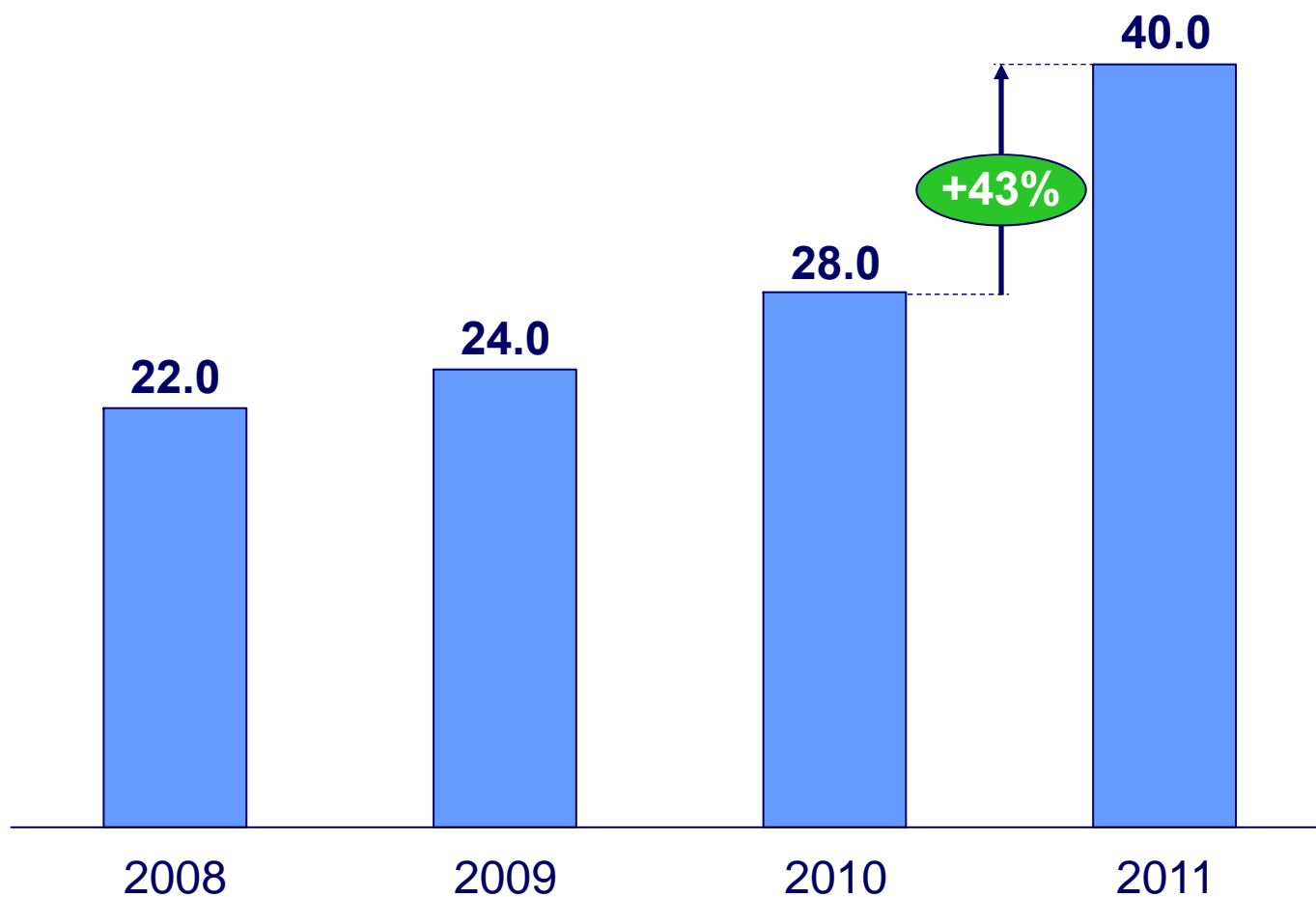
in €m



## Strong outlook for 2011ff

Discovery alliance order book<sup>1)</sup> overview – status March 2011

in €m



**Strong long-term demand and good capacity utilisation**

**Increased quality of revenues due to long-term agreements**

**Capacity and capability building programme for 2011ff initiated**



# Acceleration of growth in 2011ff

Initial guidance for 2011

in €m

	Actuals 2010	Guidance 2011
<b>Revenues</b>	55	64 - 66
<b>Unpartnered R&amp;D expenses</b>	< 10	< 10
<b>Operating income <sup>1)</sup></b>	2	Continued profitability
<b>Liquidity at year end <sup>2)</sup></b>	70	> 65

## Most significant upgrading programme since 2000 initiated

Planned investment programme 2011 and other corporate updates

- Major upgrading and expansion in Hamburg with new high-tech facility by end 2011
- Expansion across all sites and the addition of Evotec Munich
- Significant increase in CAPEX to ca. €8m to enhance facilities and provide capacity expansion. Key investments include:
  - Improved ADMET and analytical platform capability and capacity;
  - Upgrading of screening and ion channel platform;
  - Comprehensive chemistry upgrade in U.K. and India
- NASDAQ deregistration process formally completed by March 2011

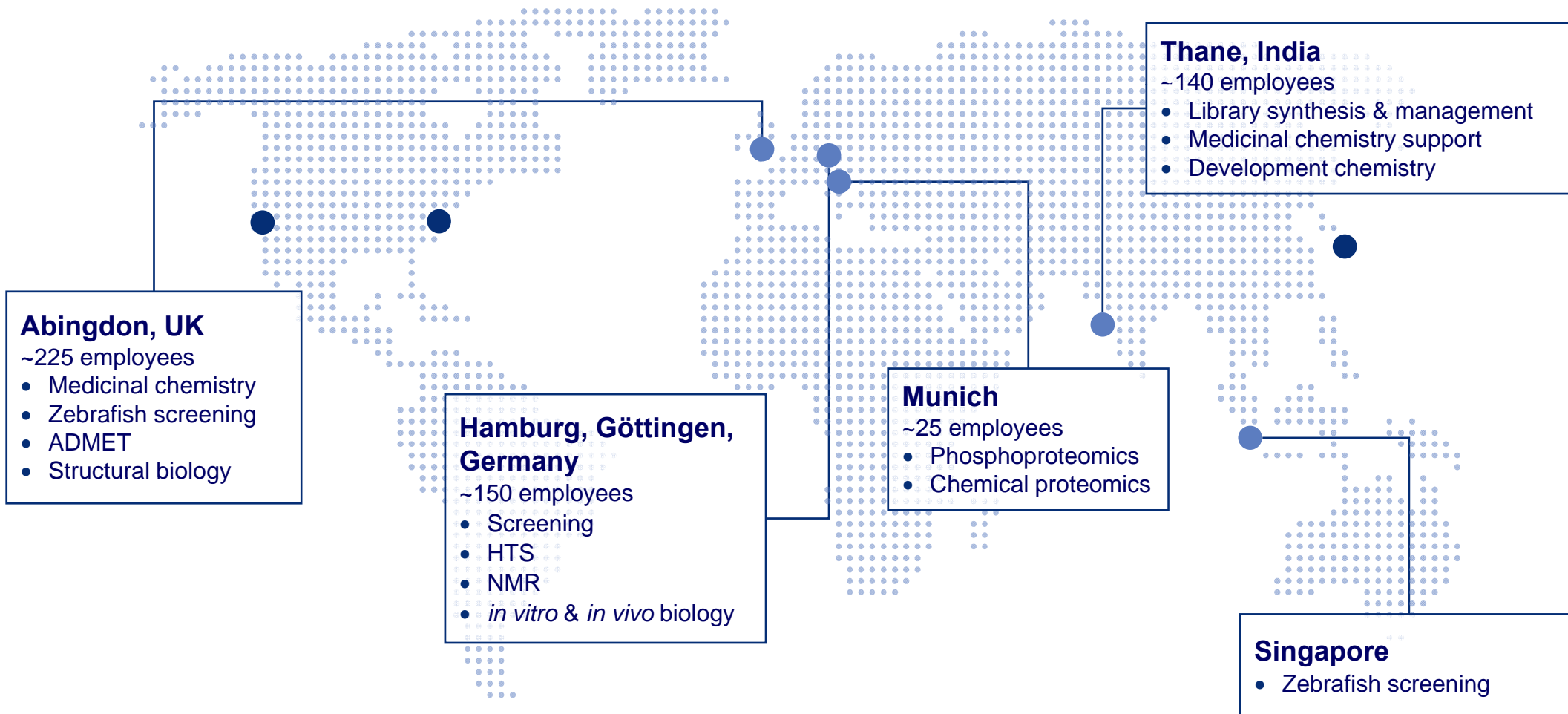
### Manfred Eigen Campus in Hamburg



**Nobel Prize in Chemistry 1967**  
**Prof. Manfred Eigen (Co founder of Evotec)**

# Global reach for global projects

## Evotec employees worldwide



- Sales representation (San Francisco, San Diego, Boston, Tokyo)
- Operations & sales representation

## Strong news flow to come

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Outlook and next steps for 2011 ff

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### Key milestones for 2011

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#### 1 Grow discovery alliances, build joint innovation alliances

- Build at least two significant new integrated technology/disease alliances
- Deliver significant and accelerated preclinical/clinical milestones
- Show expansion success of existing alliances
- Show operational synergies of acquisitions

#### 2 Generate optimal pipeline progress & biotech values

- Complete recruitment in 2011 for Phase II data of EVT 101 in 2012
- At least 1 strategic deal for an early asset
- Generate more innovation upsides (e.g. Harvard cooperation, ...) 

#### 3 Manage innovation and path to profitability

- Prepare growth of revenues by more than 15% y-o-y into 2012ff
- Build profitability, without infringing innovation power
- Keep strong strategic cash position

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