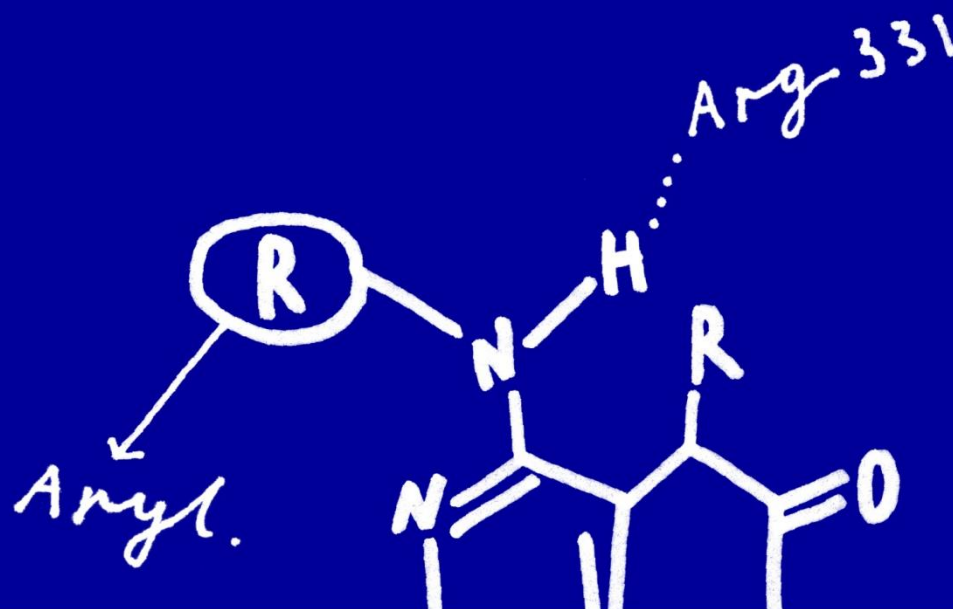


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# EVT Execute & EVT Innovate – Innovation Efficiency



## 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. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this presentation. 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.

# Welcome

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## The Management Team

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**Werner Lanthaler, CEO<sup>1)</sup>**



**Colin Bond, CFO<sup>1)</sup>**



**Mario Polywka, COO<sup>1)</sup>**



**Cord Dohrmann, CSO<sup>1)</sup>**

# Agenda

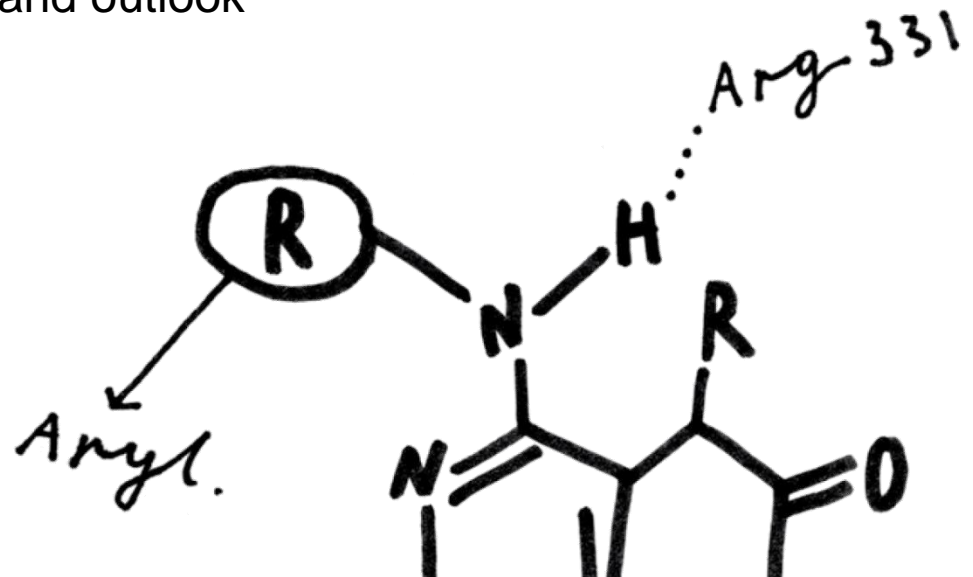
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## Highlights H1 2015

EVT Execute

EVT Innovate

Financial performance and outlook



# Excellent performance of EVT Execute services, Cure X/Target X strategy accelerated

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First six months of 2015 – State of play

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## EVT Execute

- New alliances and extensions with biotech and Pharma
- Milestones in endometriosis collaboration with Bayer and smaller milestones with Pharma
- Sanofi collaboration for multiple services up and running
- Integration of site in Toulouse (France) on track
- Opening of new research site in Princeton (USA)

## EVT Innovate

- Phase IIb of Sembragiline with Roche missed primary endpoint
- Target*ImmuniT* alliance in immuno-oncology partnered with Sanofi and Apeiron Biologics
- Target*BCD* in diabetes partnered with Sanofi
- Good progress within other clinical and pre-clinical partnerships
- Gladstone Institute (USA) extends academic network

## Corporate

- Dr Elaine Sullivan (former Eli Lilly) new member of Supervisory Board

# Substantial growth, accelerated EVT Innovate strategy

Financial highlights H1 2015 – Guidance 2015<sup>1)</sup>

## Financial highlights

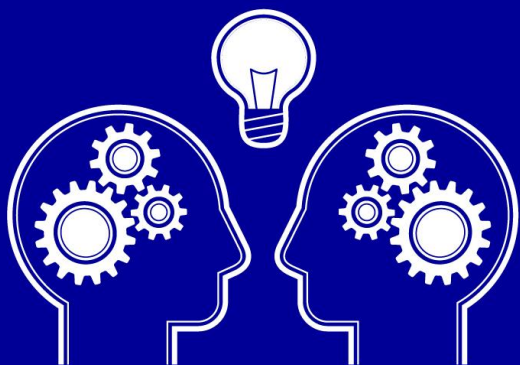
- Group revenues +37% to € 55.0 m (2014: € 40.1 m)
  - EVT Execute revenues up 49%
  - EVT Innovate increased R&D by 48%
- Group EBITDA<sup>2),3)</sup> positive at € 0.8 m
- Strong EBITDA of € 9.8 m for EVT Execute
- Strongest liquidity in Company history at € 140.9 m

## Guidance 2015<sup>1)</sup>

- More than 35% revenue growth excluding milestones, upfronts and licences
- Adjusted EBITDA positive<sup>3)</sup>
- R&D expenses between € 15 m and € 20 m
- Capex investments up to € 10 m
- Liquidity is expected to be well in excess of € 100 m at the end of 2015<sup>4)</sup>

# The business model works – No. 1 in drug discovery



EVT Execute & EVT Innovate



**HIGHEST QUALITY AND MOST  
CAPITAL EFFICIENT DRUG DISCOVERY  
OUTSOURCING PLATFORM**

*EVT Execute*



THE BRIDGE  
FROM  ACADEMIA  
TO PHARMA. 

*EVT Innovate*

# Agenda

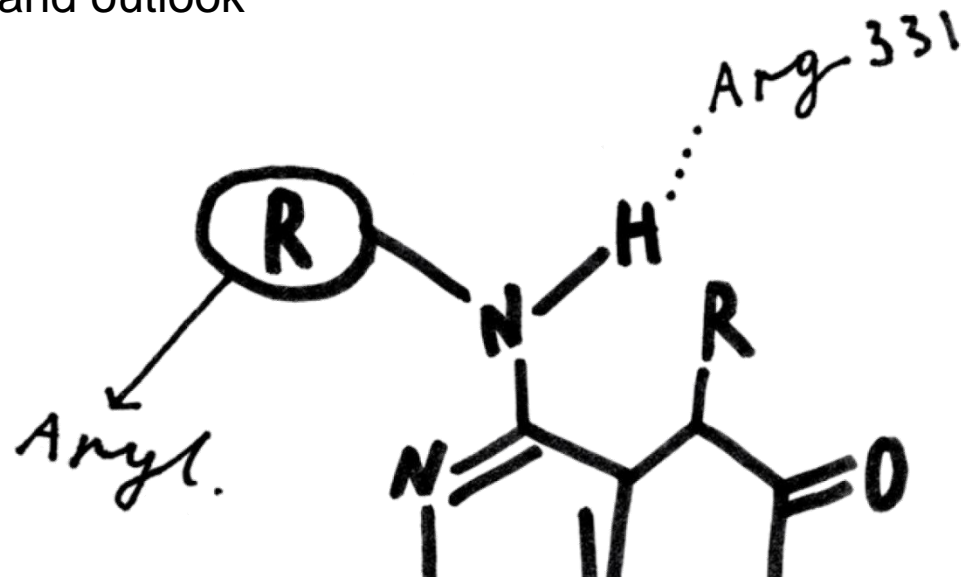
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Highlights H1 2015

**EVT Execute**

EVT Innovate

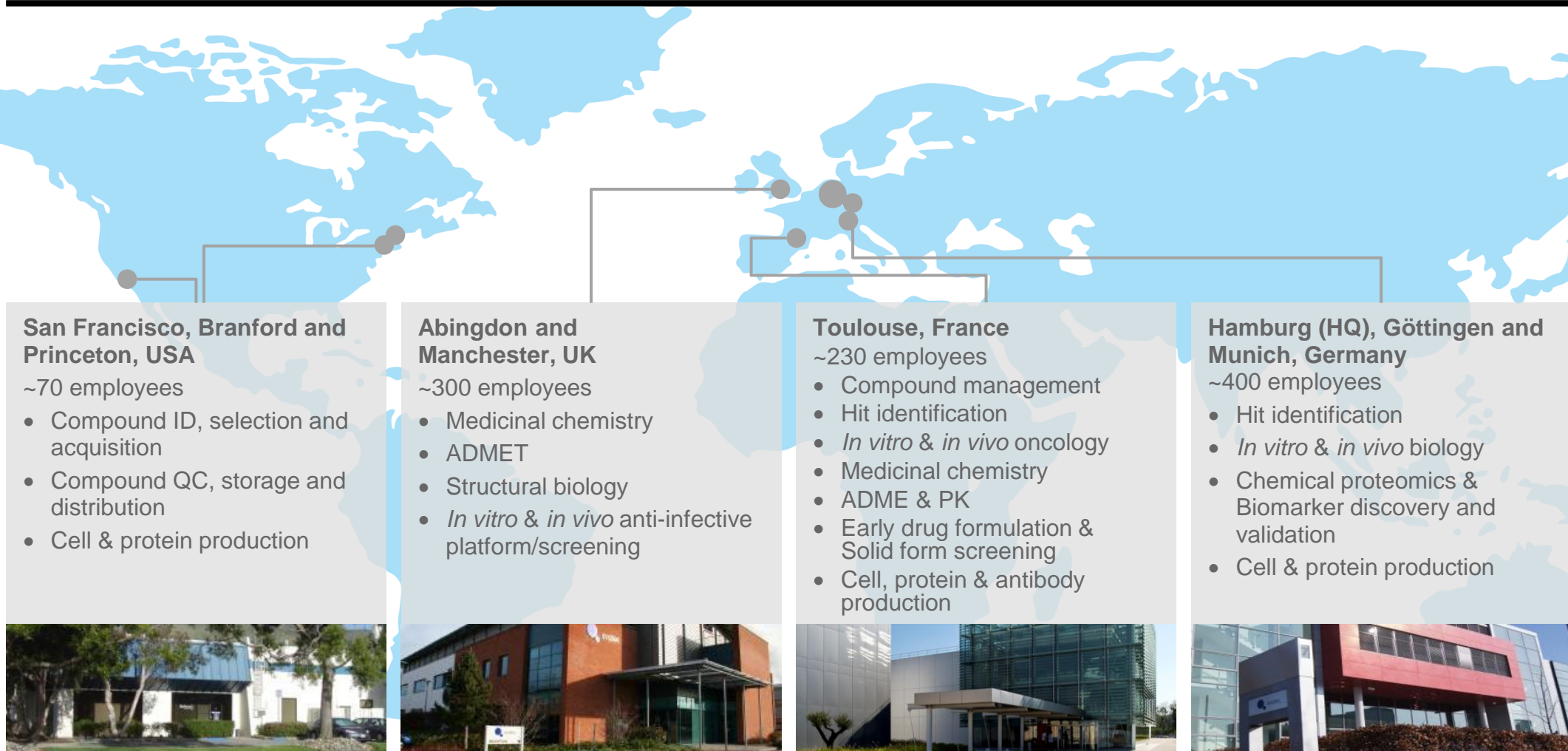
Financial performance and outlook





## Expansion in EU and USA

Evotec's global footprint incl. approx. 1,000 employees



## Strong base business – EBITDA of € 9.8 m

EVT Execute – Highlights H1 2015




- New alliances initiated and cooperations extended (e.g. Facio Therapies, C4X Discovery, Biogen, Padlock, Spero, UCB...)
- Milestone achievements in existing alliances with Bayer and other Pharma
- Drug discovery services as part of Sanofi alliance up and running
- “Come back” and expansion of Asian business through various new alliances with Japanese Pharma partners
- Strong growth in USA with Pharma and biotech

## Positive outlook

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EVT Execute strategy: Expected key milestones 2015

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- New long-term deals with large and mid-sized Pharma, foundations and biotech
- New integrated technology/disease alliances
- Milestones from existing alliances 

# Agenda

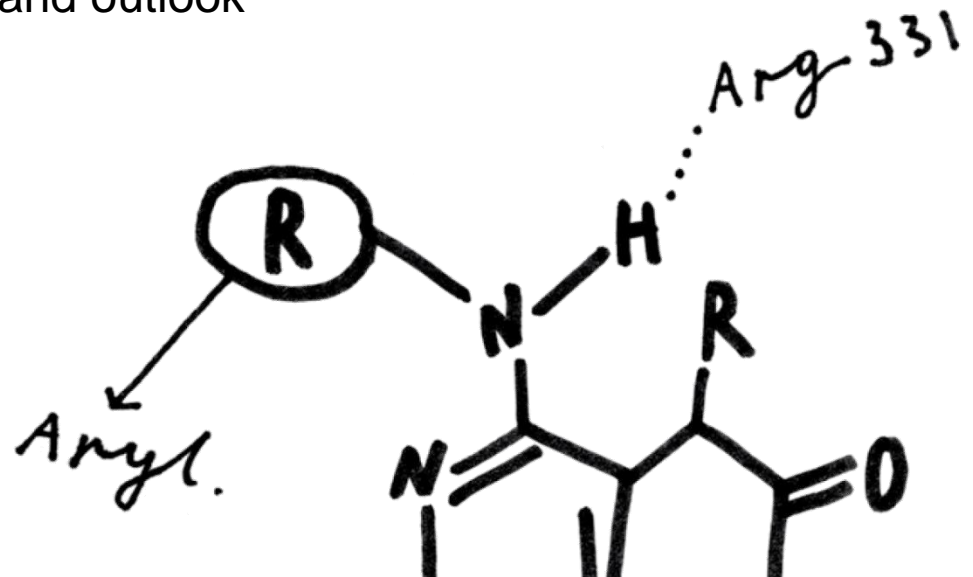
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Highlights H1 2015

EVT Execute
























**EVT Innovate**

Financial performance and outlook



# Despite missed Phase IIb endpoint with Roche, strong portfolio of > 70 product opportunities

## Partnership portfolio

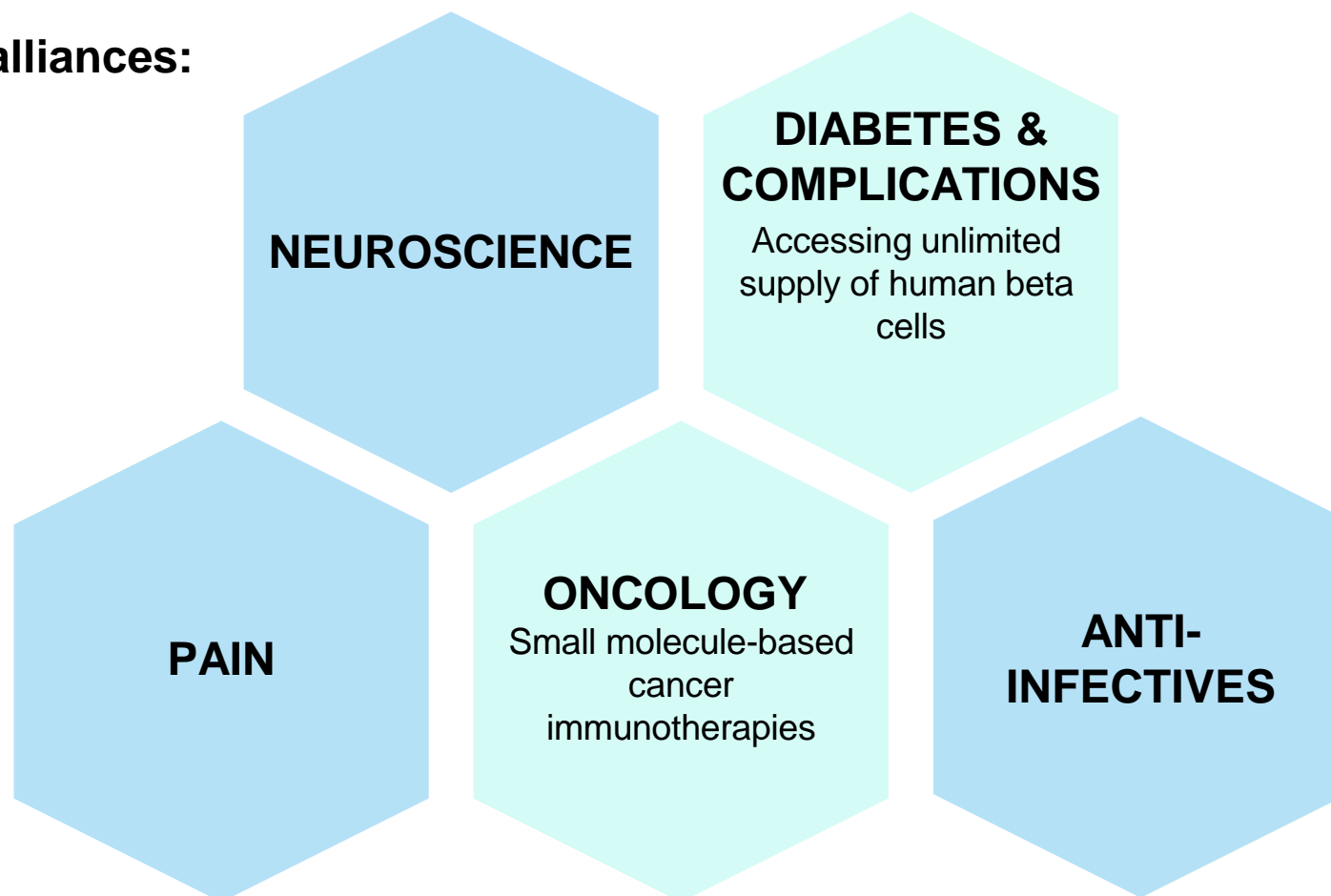
	Molecule	Indication	Partner	Discovery	Pre-clinical	Phase I	Phase II	Phase III
Clinical	EVT302 <sup>1)</sup>	Alzheimer's disease						
	EVT201	Insomnia						
	Somatoprim	Acromegaly						
	EVT100	CNS diseases						
	EVT401	Inflammation						
	ND <sup>2)</sup>	Oncology						
	ND <sup>2)</sup>	Oncology						
Pre-clinical	ND <sup>2)</sup>	Pain						
	ND <sup>2)</sup>	Oncology						
	Various	Endometriosis						
	EVT770	Diabetes – type 2/1	 					
	ND <sup>2)</sup>	Pain						
	ND <sup>2)</sup>	Inflammation						
	Various	Oncology						
Discovery	Various	Inflammation						
	Various	Diabetes – type 2/1	 					
	Various	Diabetes – type 2/1						
	Various	Kidney disease						
	Various	Oncology						
	Various	Alzheimer's disease						
	Various	Oncology						
	Various	CNS/MS	<b>NEU<sup>2)</sup></b>					
	Various	Diabetes	<b>&gt;5 further programmes</b>					
	Various	Neurology	<b>&gt;5 further programmes</b>					
	Various	Oncology	<b>&gt;10 further programmes</b>					
	Various	Pain & Inflammation	<b>&gt;5 further programmes</b>					

## Two significant new alliances

EVT Innovate – Fields of core expertise

### New Cure X/Target X alliances:

- Immuno-oncology
  - **TargetImmuniT**
- Diabetes
  - **TargetBCD**



# Target*ImmuniT*: Joining forces for novel small molecule-based cancer immunotherapies

Strategic partnership to support broad development track

## Background

Based on partnership between Apeiron and Evotec initiated in 2012/13

## Mission

Development of small molecule-based cancer immunotherapies for next-generation immunological therapies to complement current offerings of checkpoint inhibitors

## Agreement with Sanofi

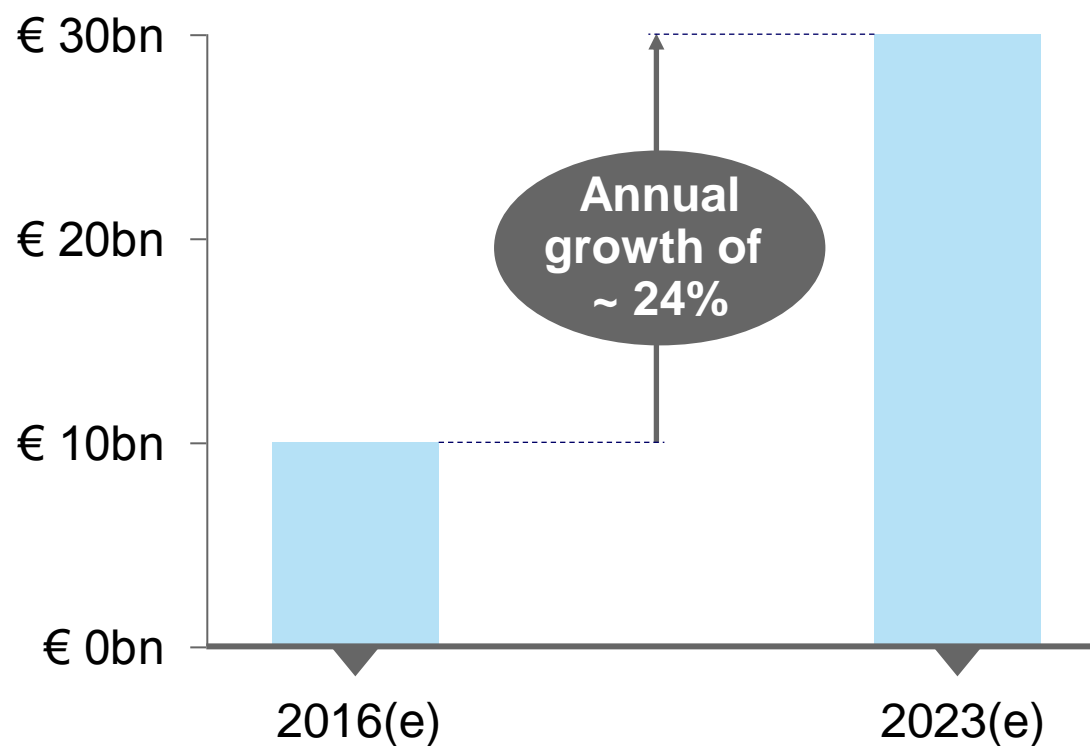
- Multi-year research payments for Evotec and Apeiron
- Significant pre-clinical, clinical and regulatory milestones exceeding € 200 m
- Significant royalties upon commercialisation
- Integrated collaboration involving more than 20 scientists between Evotec, Sanofi and Apeiron

# The use of the immune system to fight cancer

## The market opportunity – Cancer immunotherapy

- Immuno-oncology will become a new pillar of cancer therapy
  - Market potential estimated to be \$ 35 bn in 2023
- Current cancer immunotherapies and late-stage pipelines are dominated by biologics
  - Monoclonal antibodies are considered ‘first wave’ of targeted therapies
  - Cell therapies on the rise (e.g. CAR T-cells)
  - Small molecules will follow

### Cancer immunotherapy market projections





# Small molecules complementing cancer immunotherapies

Apeiron Biologics, Evotec and Sanofi – First-in-class approach

## Recent successes

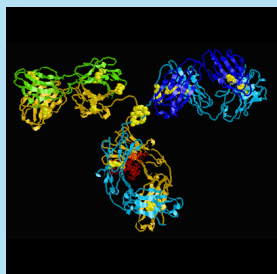
### Cellular immunotherapies

CAR T-cells



### Antibody therapies

Checkpoint inhibitors



### Vaccination and targeted therapies

- DC vaccines
- Antigen release

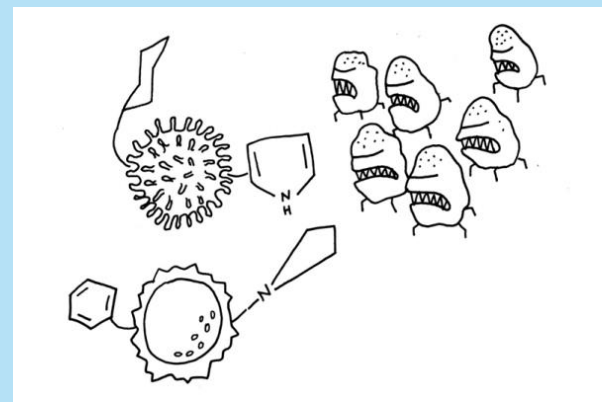


## Opportunity for further improvements

Treatment of non-responder and partial responder patients

Combination therapies

Opportunity for **small molecule** therapy to overcome immune cell unresponsiveness in cancer



**Cancer immunotherapy – Restoring the immune system’s ability to eliminate cancer cells**

# TargetBCD: Restoring beta cell function via replacement therapy and function restoring drugs

Strategic collaboration between Sanofi and Evotec in diabetes

## Background

- Evotec has long-term expertise in beta cell biology and regenerative medicine – TargetBCD was initiated in 2014
- Sanofi is one of Top 3 global diabetes players

## Mission

Development of beta cell replacement therapy and drug discovery based on functional human beta cells derived from stem cells

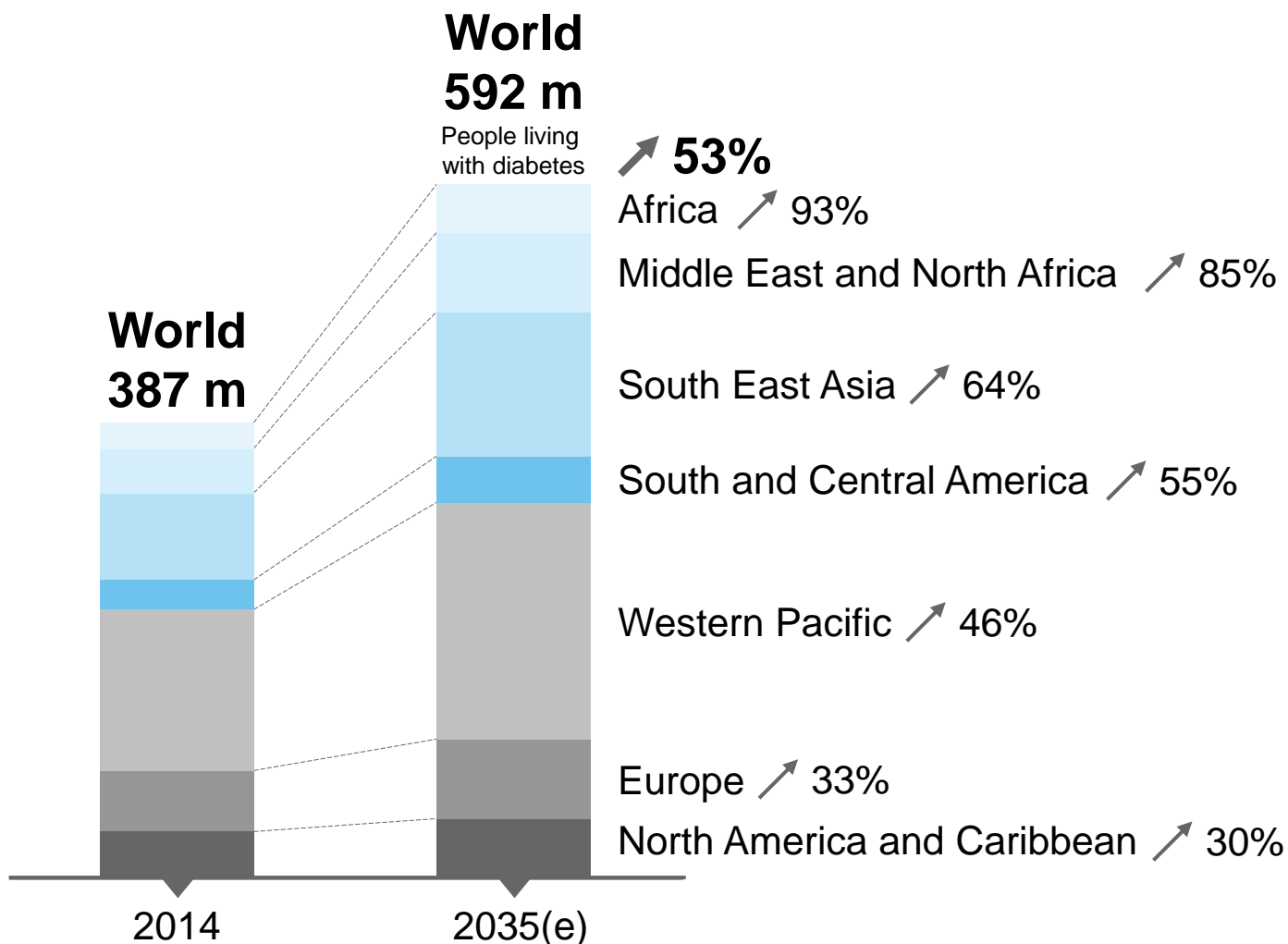
## Agreement with Sanofi

- Upfront fee of € 3 m
- Potential pre-clinical, clinical, regulatory and commercial milestones exceeding € 300 m
- Significant royalties upon commercialisation
- Integrated collaboration resources involving more than 15 scientists at Evotec and Sanofi

# Disease-modifying therapies are urgently needed

## The market opportunity – Diabetes

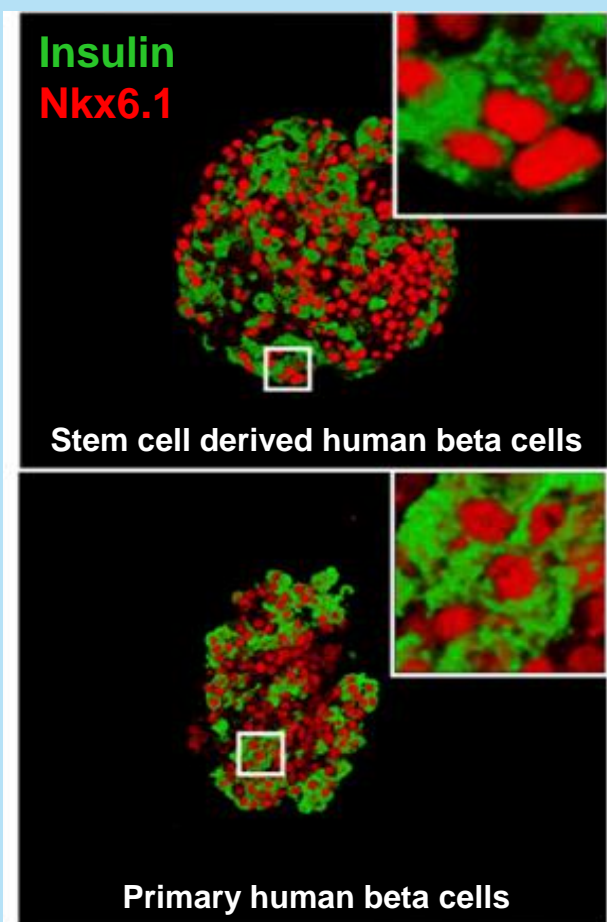
- Prevalence of diabetes is increasing at alarming rates
- Diabetes is driven by loss in beta cell function
  - Current insulin market exceeds >\$ 22 bn in 2014
- Human beta cells offer disease-modifying product opportunities
  - Beta cell replacement therapy
  - Beta cell protective/regenerative drugs



# Addressing the diabetes pandemic by restoring beta cell function

Human stem cell derived beta cells for transplantation









## Human beta cells from stem cells



- Edmonton protocol provides clinical POC for beta cell therapy
  - Transplantation of beta cells can effectively restore blood glucose control
- Clinical trial with embryonic stem cell derived beta cell therapy has been initiated
  - Viacyte: VC-01™ in Phase I/II
- Key issues
  - Immature beta cells with limited functionality
  - Requires large impractical device
- New differentiation protocols create mature beta cells
  - Fewer cells need to be transplanted
  - Encapsulation becomes more manageable

# EVT Innovate works

“The Bridge”

2011	2012	2013	2014	2015
<b>CureBeta</b> (Harvard Stem Cell Institute)  	<b>CureNephron</b>  (Harvard, BWH, USC, AstraZeneca) <b>TargetASIC</b>  (BMBF/undisclosed Pharma partner) <b>Somatoprim</b>  (Cortendo) <b>TargetPicV</b> (Haplogen)	<b>TargetImmuniT</b>  (Apeiron/Sanofi) <b>TargetDBR</b> (Yale) <b>TargetSP</b> (Internal) <b>TargetFX</b> (Internal) <b>TargetPGB</b> (Harvard) <b>TargetKDM</b> (Dana-Farber, Belfer) <b>CureMN</b> (Harvard) <b>TargetEEM</b> (Harvard) <b>TargetAD</b>  (NBB/J&J)	<b>TargetBCD</b>  (Sanofi) <b>TargetSX</b> (undisclosed) <b>TargetDR</b> (Internal) <b>TargetATD</b> (Internal) <b>TargetKX</b> (undisclosed) <b>TargetCytokine</b> (DRFZ) <b>Fraunhofer Initiative</b>	<b>French Academic Bridge</b>  <b>Ohio State University</b>  <b>New York University</b>  <b>Gladstone Institutes</b>  ...

# First-in-class discovery to build sustainable pipeline

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EVT Innovate strategy: Expected key milestones 2015

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- Phase IIb data with Roche in AD alliance



- Strong progress of clinical pipeline within partnerships

- Expansion of network of top-class academic alliances



- Partnering of Cure X/Target X initiatives



## Agenda

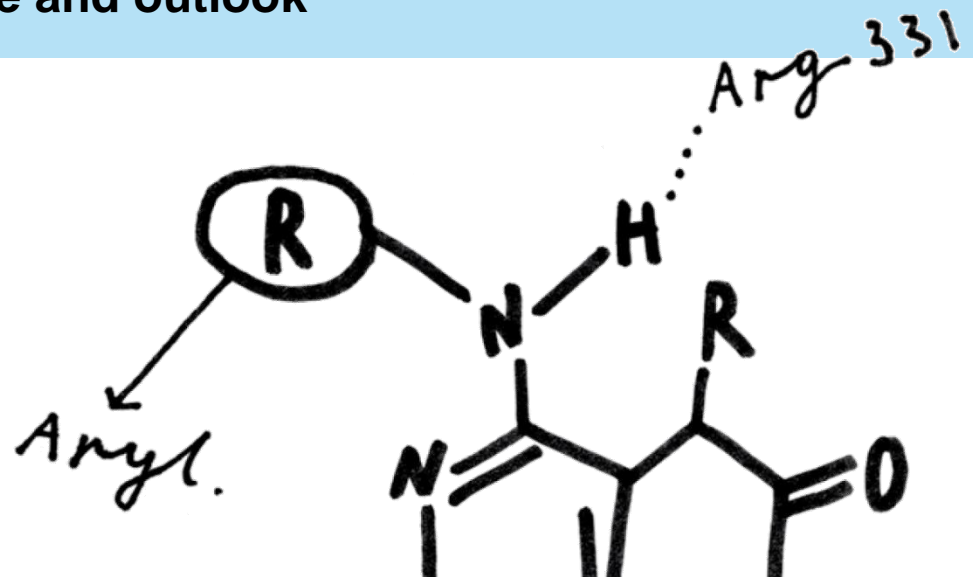
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Highlights H1 2015

EVT Execute

EVT Innovate

**Financial performance and outlook**



# Group revenues +37%, positive EBITDA, one-time effect leads to positive net income

Key financials H1 2015: Condensed income statement (IFRS)

in € m

	H1 2014	H1 2015	% vs. 2014
Revenues	40.1	<b>55.0</b>	37%
Gross margin	29.4%	<b>28.7%</b>	–
• R&D expenses	(6.3)	<b>(8.5)</b>	35%
• SG&A expenses	(8.9)	<b>(12.4)</b>	39%
• Amortisation of intangible assets	(1.4)	<b>(1.5)</b>	8%
• Impairment of intangible assets	–	<b>(0.1)</b>	–
• Income from bargain purchase	0.2	<b>18.5</b>	–
• Other op. income (expenses), net	1.0	<b>1.1</b>	10%
<b>Operating income (loss)</b>	<b>(3.6)</b>	<b>12.9</b>	–
<b>EBITDA<sup>1)</sup></b>	<b>0.6</b>	<b>0.8</b>	<b>31%</b>
<b>Net income (loss)</b>	<b>(4.4)</b>	<b>13.6</b>	–

- Revenue growth driven by base business, Sanofi collaboration, milestone contribution, and favourable fx effects
- Higher investment in EVT Innovate R&D
- Increase in SG&A driven by Sanofi transaction including higher compensation expenses
- Income from bargain purchase with regards to Evotec (France) still preliminary



## Sharp revenue increase in EVT Execute

Condensed income statement based on segments for H1 2015

in € m

	EVT Execute	EVT Innovate	Inter- segment elimination	Not allocated	Evotec Group
Revenues	<b>59.2</b>	<b>8.2</b>	(12.4)	–	<b>55.0</b>
Gross margin	<b>23.8%</b>	<b>45.7%</b>	16.6%	–	<b>28.7%</b>
• R&D expenses	<b>(0.2)</b>	<b>(10.4)</b>	2.1	–	<b>(8.5)</b>
• SG&A expenses	<b>(9.3)</b>	<b>(3.1)</b>	–	–	<b>(12.4)</b>
• Amortisation of intangible assets	<b>(1.3)</b>	<b>(0.2)</b>	–	–	<b>(1.5)</b>
• Impairment of intangible assets	–	<b>(0.1)</b>	–	–	<b>(0.1)</b>
• Income from bargain purchase	–	–	–	<b>18.5</b>	<b>18.5</b>
• Other op. income (expenses), net	<b>0.7</b>	<b>0.4</b>	–	–	<b>1.1</b>
<b>Operating income (loss)</b>	<b>3.9</b>	<b>(9.5)</b>	–	<b>18.5</b>	<b>12.9</b>
<b>EBITDA<sup>1)</sup></b>	<b>9.8</b>	<b>(9.0)</b>	–	–	<b>0.8</b>

- Revenue in EVT Execute: Primarily attributable to growth in base business (e.g. in anti-infectives and Sanofi collaboration)
- Increased investment in Cure X/Target X initiatives in EVT Innovate
- Strong adjusted EBITDA of € 9.8 m in EVT Execute

## Revenue increase of 49% in Q2

Key financials Q2 2015: Condensed profit & loss statement (IFRS)

In € m

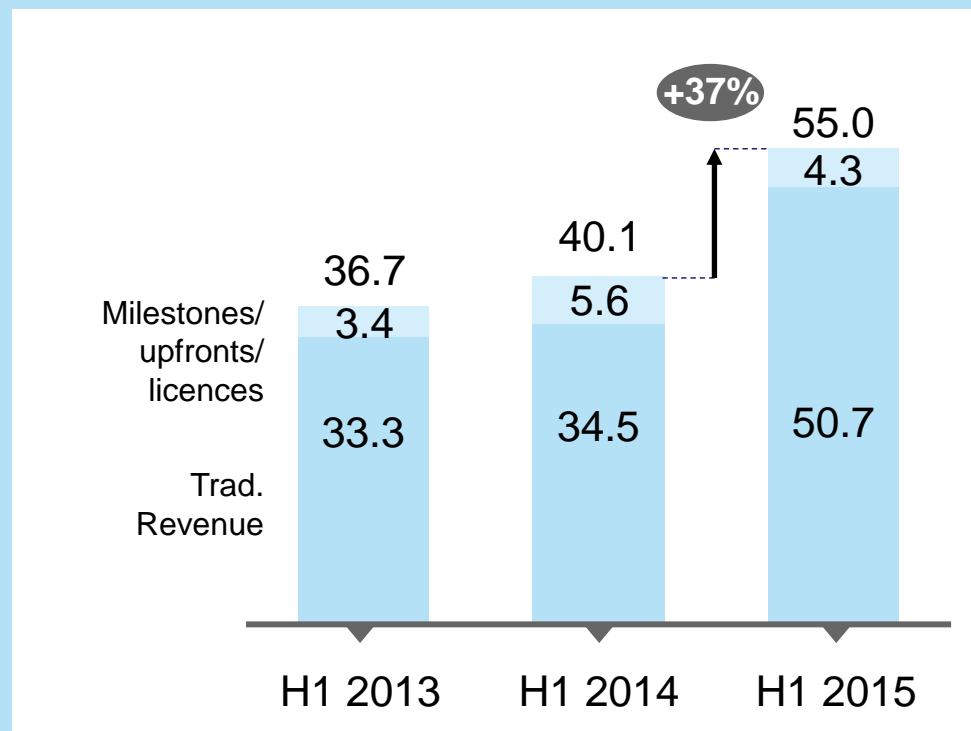
	Q2 2014	Q2 2015
Revenues	22.5	<b>33.4</b>
Gross margin	31.9%	<b>27.4%</b>
• R&D expenses	(3.3)	<b>(4.7)</b>
• SG&A expenses	(4.5)	<b>(7.3)</b>
• Amortisation of intangible assets	(0.6)	<b>(0.9)</b>
• Impairment of intangible assets	–	<b>(0.1)</b>
• Income from bargain purchase	0.2	<b>18.5</b>
• Other op. income (expenses), net	1.0	<b>1.5</b>
Operating income (loss)	(0.1)	<b>16.2</b>
Net income (loss)	(0.4)	<b>14.6</b>
<b>EBITDA, adjusted<sup>1)</sup></b>	<b>1.9</b>	<b>1.1</b>

- Revenue increase of 49% compared to Q2 2014
- Q2 2014 margin extraordinarily impacted by termination of *CureBeta* collaboration
- Increase in SG&A driven by Sanofi transaction including higher compensation expenses
- Income from bargain purchase with regards to Evotec (France) still preliminary

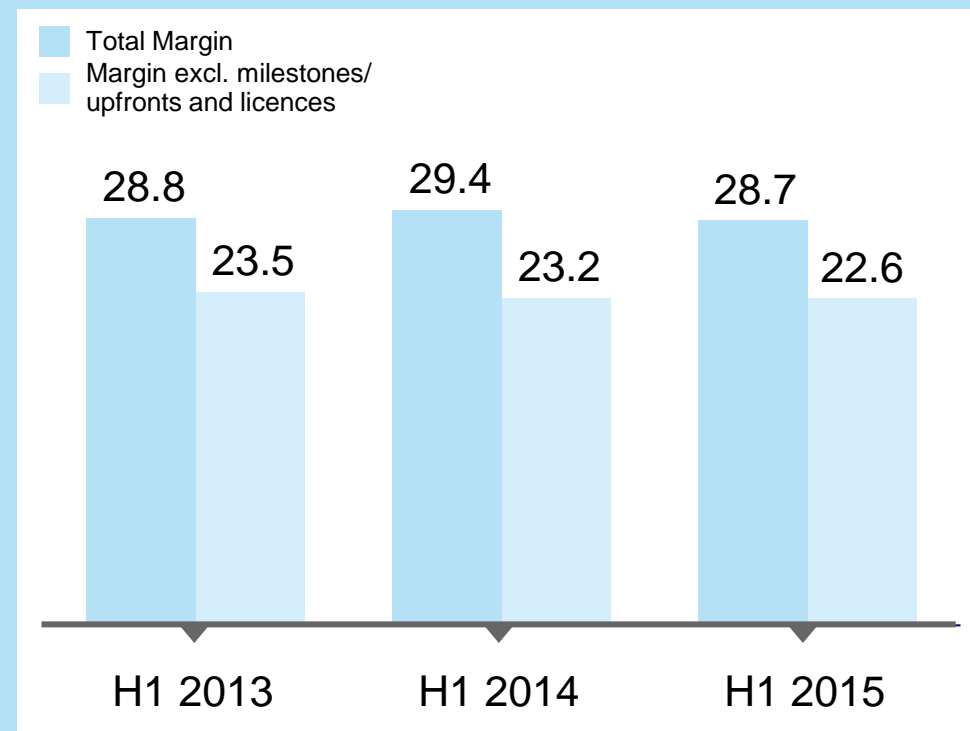
# Strong revenue growth and solid gross margin

## Revenues & gross margin H1

### Strong growth path of Group revenues (in € m)



### Solid gross margin for the Group (in %)

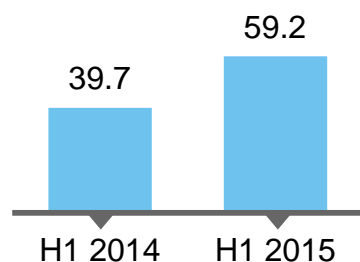


# Key figures illustrate clear strategy for both segments

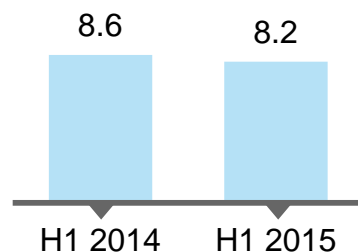
## Performance overview EVT Execute & EVT Innovate

### Revenues (in € m)

#### EVT Execute

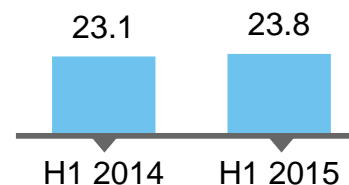


#### EVT Innovate

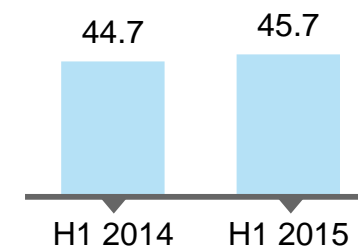


### Gross margin (in %)

#### EVT Execute

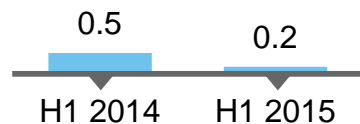


#### EVT Innovate

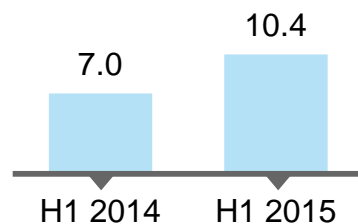


### R&D expenses (in € m)

#### EVT Execute

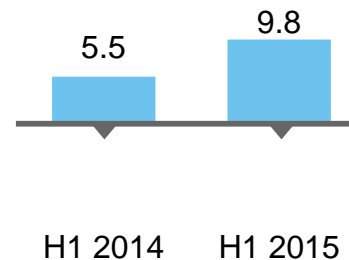


#### EVT Innovate

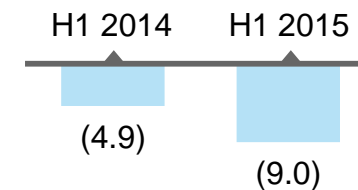


### EBITDA<sup>1)</sup> (in € m)

#### EVT Execute



#### EVT Innovate



# Guidance confirmed<sup>1)</sup>

## Guidance 2015

1	<b>Double-digit top-line growth</b>	<ul style="list-style-type: none"> <li>• More than 35% growth excluding milestones, upfronts and licences</li> </ul>
2	<b>Profitable</b>	<ul style="list-style-type: none"> <li>• Positive adjusted EBITDA<sup>2)</sup></li> <li>• Liquidity is expected to be well in excess of € 100 m<sup>3)</sup></li> </ul>
3	<b>Accelerated investments</b>	<ul style="list-style-type: none"> <li>• Increased R&amp;D investments of approx. € 15–20 m in strategic Cure X and Target X initiatives to accelerate long-term clinical pipeline building</li> <li>• Continued capacity and capability building with up to € 10 m</li> </ul>

<sup>1)</sup> As a result of the Sanofi collaboration, Evotec raised its revenue guidance that was published in Evotec's Annual Report 2014 two times, firstly on 24 March 2015 and secondly on 12 May 2015. All elements of the financial guidance 2015 as of 12 May 2015 are confirmed

<sup>2)</sup> Before contingent considerations and excluding impairments on other intangible and tangible assets and goodwill as well as the total non-operating result

<sup>3)</sup> Excluding any potential cash outflow for M&A or similar transactions


## Strong outlook for H2 2015

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Expected key milestones in 2015

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### EVT Execute

- New long-term deals with large and mid-sized Pharma, foundations and biotech
- New integrated technology/disease alliances
- Milestones from existing alliances 

### EVT Innovate

- Strong progress of clinical pipeline within partnerships
- Phase IIb data with Roche in AD alliance 
- Expansion of network of top-class academic alliances 
- Partnering of Cure X/Target X initiatives 

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QUESTIONS  
AND ANSWERS

