Evotec

Partnered Drug Discovery and Development
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Agenda

Overview

Partnered drug discovery & development

Financials & Outlook
Leading external drug discovery & development

Evotec – Company snapshot

100+
Co-owned pipeline programmes with significant milestone & royalty potential

€ 375 m+
Revenues\(^1\)

€ 95 m+
Adjusted Group EBITDA\(^1\)

25+
Years track record

2,700+
Top-class employees

200+
Long-term partnerships

\(^1\) In FY 2018
Medicine of the future will see radical change
Technologies & mega trends to more personalized medicine

NEXT WAVE OF TECHNOLOGIES

Next gen sequencing
More precise & early diagnostics
iPSC & CRISPR gene editing
RNAi technologies, CAR-T
Checkpoint inhibitors
Artificial intelligence, big data
3D printing, blockchain, wearables, sensors
Real-world data, …

HEALTHCARE MEGA TRENDS

Patient-centric medicine
Digital health
Predictive & preventive medicine
Value-based care

INTEGRATED DRUG DISCOVERY

evotec & Partners
Productivity challenge will increase

Development costs vs. average peak sales

Development Cost, $ m

- Cost per asset increased ~2/3rd since 2010

Sales, $ m

- Average peak sales almost halved since 2010

Source: Deloitte's Centre for Health Solutions: A new future for R&D? Measuring the return from pharmaceutical innovation 2017
From fixed to variable costs

R&D outsourcing

Source: Visiongain – Drug Discovery Outsourcing Market Forecast 2015-2025 and Evotec’s estimates
Building a co-owned portfolio in partnerships

Unique strategy and business approach – Action Plan 2022
R&D solutions up to IND and CMC manufacturing

Our core competencies

<table>
<thead>
<tr>
<th>R&amp;D Stages</th>
<th>Target Identification</th>
<th>Hit-identification</th>
<th>Lead optimisation</th>
<th>Pre-clinical Tox testing</th>
<th>INDiGO</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Approval</th>
<th>Market</th>
</tr>
</thead>
</table>

**Phase I**
- Pre-clinical Tox testing
- Hit-identification
- Lead optimisation
- Target ID/validation

**Phase II**
- INDiGO
- Phase I

**Phase III**
- Phase II
- Approval
- Market
Multimodality R&D becomes reality
Small molecules, biologics & other modalities in R&D

Global pharmaceutical market¹, ²

in US$ bn

CAGR 2017-22e

>50%

8%

5%

Small molecules – EVT Core Expertise

Cell/Gene therapy

Biologics

2017 2018e 2019e 2020e 2021e 2022e

670 703 743 794 856 918

+7%  

Source: EvaluatePharma

¹ Small molecules forecast from May 2017 and Biologics forecast from Dec 2017
² Excluding sales not classified by EvaluatePharma
> 2,700 x unique expertise

Global centres of excellence

Abingdon, Alderley Park
~680 employees

Hamburg, Göttingen, Munich
~610 employees

Verona, Basel
~660 employees

1st J.POD

Branford, Princeton, Seattle, Watertown
~140 + approx. 90 employees and growing

Toulouse, Lyon
~550 employees
Agenda

Overview

Partnered drug discovery & development

Financials & Outlook
ONE fully integrated platform

EVT Execute & EVT Innovate

IP stays with customers

IP stays with Evotec

IP = Intellectual Property
Improving quality and accelerating R&D

EVT Execute – Selected performance indicators

1,000,000+
Compounds in highly selective library

>50
IND\(^1\) – Pre-clinical & clinical candidates delivered (INDiGO)\(^2\)

>10
Technology acquisitions\(^2\)

92%
Repeat business\(^3\)

>1.8
Years average contract time

>25%
Faster delivery of data at improved quality

\(^1\) Investigational New Drug
\(^2\) Since 2012
\(^3\) In FY 2018
With “Just.Bio” – Even more integrated offering

Comprehensive service panel for external innovation
Building better molecules with better technologies

J.DESIGN Technology Platform

- **J.MD™ – Optimising molecules**: Using machine learning to design and select better biologics through molecular understanding and prediction with Abacus™, an ML software analysis tool.

- **JP3® – Optimising process**: Leverages high throughput technologies to rapidly deliver robust manufacturing processes.

- **J.POD® – Manufacturing**: Unique solutions for design of flexible, deployable technologies and facilities needed to improve speed and cost-effectiveness of manufacturing up to commercial supply.

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1) J.POD are currently under construction for fastest possible initiation to build in USA and potentially also EU – expected 2021.
**Strong and well-balanced global customer mix**

**EVT Execute – Who are our partners?**

<table>
<thead>
<tr>
<th>Customer type Q1 2019¹</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundations</td>
<td>6</td>
</tr>
<tr>
<td>Mid-sized Pharma</td>
<td>17</td>
</tr>
<tr>
<td>Top 20 Pharma</td>
<td>31</td>
</tr>
<tr>
<td>Biotech</td>
<td>46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue by region Q1 2019¹</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>36</td>
</tr>
<tr>
<td>Europe</td>
<td>61</td>
</tr>
<tr>
<td>RoW</td>
<td>3</td>
</tr>
</tbody>
</table>

¹ Third-party revenues only
Strong portfolio of highest quality partners

EVT Execute alliances – *Examples*

- **Partnership focused on Huntington Disease**
  - Initiated 2006

- **Partnership focused on various indications**
  - Initiated 2011

- **Partnership covering broad range of services**
  - Initiated 2015

- **Partnership focused on DMPK services**
  - Initiated 2016

- **Partnership focused on infectious diseases**
  - Initiated 2016

- **Partnership focused on various indications**
  - Initiated 2016

- **Partnership focused on dermatology**
  - Initiated 2018

- **Partnership focused on diabetes & obesity**
  - Initiated 2018

- **Partnership focused on reproductive medicine and women’s health**
  - Initiated 2018

- **Partnership for INDIGO, DD & CMC**
  - Initiated 2015

- **Partnership focused on oncology**
  - Initiated 2016

- **Partnership focused on CNS**
  - Initiated 2016

- **Partnership focused on oncology**
  - Initiated 2017

- **Partnership focused on oncology**
  - Initiated 2015

- **Partnership focused on dermatology**
  - Initiated 2018
Building a co-owned pipeline

EVT Innovate – Selected performance indicators

- **7** Disease areas of core expertise
- **>€ 1,000 bn** Unmet markets addressed
- **>100** Co-owned pipeline programmes
- **10** Clinical Co-owned assets
- **>10** Unpartnered large R&D initiatives
- **100%** First-in-class and best-in-class approaches “Going for Cure not Symptoms”

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1) CNS, Pain, Oncology, Respiratory, Diabetes/Metabolic diseases, Women’s health, Infectious disease
Creating massive upside with limited cost & risk

Example for co-owned deal structures

Performance-based components (Illustrative)

R&D cost

Upfront and/or research payments

MS 1

MS 2

MS 3

MS 4

Clinical Start

MS 5

MS 6

MS 7

Total

Royalties

🔗 € 200 m Milestones (MS) per project

🔗 € 5-65 m

🔗 Ø 8%
>100 projects in fully invested pipeline

<table>
<thead>
<tr>
<th>Molecule</th>
<th>Therapeutic Area/Indication</th>
<th>Partner</th>
<th>Discovery</th>
<th>Pre-clinical</th>
<th>Phase I</th>
<th>Phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVT281</td>
<td>CNS – Insomnia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAY-1817080</td>
<td>Chronic cough</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ND</td>
<td>Chronic cough</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGM-1019</td>
<td>Inflammation (NASH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EVT401</td>
<td>Immunology &amp; Inflammation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various</td>
<td>Women’s health – Endometriosis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various</td>
<td>Women’s health – Endometriosis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT7001</td>
<td>Oncology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various</td>
<td>Respiratory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ND</td>
<td>Oncology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Clinical

**Ph. II start**

Pre-clinical

**NEW collaboration**

Discovery

**NEW collaboration**

**>100 projects in fully invested pipeline**

**Partnership portfolio**

Note: Several projects have fallen back to Evotec, where Evotec does not intend to run further clinical trials unpartnered, e.g. EVT302, EVT101, ...

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10 Not disclosed
10 Under review – Clinical trial currently on hold
Co-owned projects with great partners

EVT Innovate alliances – *Examples*

**Oncology I**
- Multi-target alliance
- Initiated 2018

**Chronic kidney disease ("CKD")**
- Diabetic complications
- Initiated 2016

**Oncology**
- Small molecule-immuno-therapies to complement check-point inhibitors
  - Initiated 2015

**Fibrosis**
- Novel mechanisms in multi-organ fibrosis
  - Initiated 2015

**Neurodegeneration**
- iPSC-based drug discovery
  - Initiated 2016

**Picornavirus**
- Respiratory indications
  - Initiated 2017

**Oncology II**
- Targeted protein degradation
- Initiated 2018

**Endometriosis/Pain & Respiratory**
- Non-hormonal treatments
  - Initiated 2012

**Diabetes**
- iPSC Beta Cell – Diabetes alliance
  - Initiated 2015

**Infectious diseases**
- Open innovation alliance
  - Initiated 2018

**Oncology & Respiratory**
- Multi-target alliance
  - Initiated 2012

**Neurodegeneration**
- iPSC-based drug discovery
  - Initiated 2016

**Picornavirus**
- Respiratory indications
  - Initiated 2017

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1) Together with Apeiron
2) Together with Haplogen
Better translation for better drugs

Genetics, biomarkers, and better technologies improving success

Human genetics supported targets\(^1\) (% success)

- All programmes
- Genetically supported

Biomarker-based patient stratification\(^2\) (% success)

- No biomarker
- Selection biomarker

\(^1\) Source: Nelson et. al., Nat. Genet. 2015

Re-defining the drug discovery paradigm

Game-changing platforms for better translation

1) Artificial Intelligence & Machine Learning
“The anonymised data contained within the NURTuRE biobank has the potential to unlock answers to some of the biggest questions about CKD & NS.”

Elaine Davies, Director of Research – Operations at Kidney Research UK
“IPS cells can become a powerful tool to develop new drugs to cure intractable diseases because they can be made from patients’ somatic cells.”

Shinya Yamanaka, Nobel prize laureate

“It is possible to use patient-specific iPSCs to screen disease-specific drugs. Disease in a dish allows for the study of disease-affected cell types, i.e., neurons, …”

IPS cells = Induced pluripotent stem cells
Opening doors to new indications
Patient-derived disease models as starting points

Established protocols

**Motor neurons & Dopaminergic neurons**
- Neurodegenerative disease

**Cortical neurons**
- Neurodegenerative disease
- Lysosomal storage disease
- Neurodevelopmental disease

**Pancreatic beta cells**
- Diabetes & complications

Under development

**Microglia**
- Neurodevelopmental diseases

**Retina pigment epithelia**
- Retinopathies

**Kidney**
- Chronic Kidney Diseases
- Polycystic Kidney Disease

**Astrocytes**
- CNS diseases
- Many orphan diseases

**Oligodendrocytes**
- Multiple sclerosis
- Selected LSDs
BRIDGEs over the “Valley of death“

The funding gap

Source: Derived from an article by Sustainable Development Technology Canada (2013)
**Long-term optionality with efficient translation**

BRIDGEs & Equity participations – *Examples*

<table>
<thead>
<tr>
<th>Company</th>
<th>Initiative Description</th>
<th>Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exscientia</td>
<td>Equity participation Artificial Intelligence for automated drug design</td>
<td>2017</td>
</tr>
<tr>
<td>facio therapies</td>
<td>Equity participation Facioscapulohumeral muscular dystrophy</td>
<td>2017</td>
</tr>
<tr>
<td>Eternygen</td>
<td>Equity participation Metabolic disorders</td>
<td>2016</td>
</tr>
<tr>
<td>FIBROCOR</td>
<td>Equity participation Fibrosis partnership with MaRS Innovation</td>
<td>2017</td>
</tr>
<tr>
<td>FORGE Therapeutics</td>
<td>Equity participation Targeting metalloenzymes</td>
<td>2016</td>
</tr>
<tr>
<td>NURTOR</td>
<td>Consortium membership Kidney diseases</td>
<td>2017</td>
</tr>
<tr>
<td>Topas Therapeutics</td>
<td>Spin-off Nanoparticle-based therapeutics</td>
<td>2016</td>
</tr>
<tr>
<td>Carrick Therapeutics</td>
<td>Equity participation Innovative molecular pathways in oncology</td>
<td>2016</td>
</tr>
<tr>
<td>BRIDGE</td>
<td>Partnership with Oxford University and Oxford Sciences Innovation</td>
<td>2016</td>
</tr>
<tr>
<td>BRIDGE</td>
<td>Partnership with MaRS Innovation</td>
<td>2016</td>
</tr>
<tr>
<td>BRIDGE</td>
<td>Partnership with Arix and Fred Hutch</td>
<td>2018</td>
</tr>
<tr>
<td>BRIDGE</td>
<td>Partnership with Sanofi</td>
<td>2018</td>
</tr>
</tbody>
</table>
Agenda

Overview

Partnered drug discovery & development

Financials & Outlook
Culture to integrate talent is key for growth

Human Resources

- Scientific background: Approx. 2/3 Biologists, 1/3 Chemists
- > 70% of employees with at least one academic qualification
- Approx. 40% of employees have worked for Evotec > 5 years
- > 7.9 years on average drug discovery and development experience
- > 54% female; > 60 nationalities
- > 250 new talents planned for 2019
Long-term organic growth reflected in guidance

Financial history 2015-2019 (e) – Selected performance indicators

Approx. 10% Group revenue growth\(^1\) (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018(e)</th>
<th>2019(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>127.7</td>
<td>164.5</td>
<td>263.8</td>
<td>364.0</td>
<td></td>
</tr>
</tbody>
</table>

\(1)\) 2018 total revenues excluding revenues from recharges according to IFRS 15

€ 30-40 m unpartnered R&D expenses\(^2\) in 2019 (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018(e)</th>
<th>2019(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>18.3</td>
<td>18.1</td>
<td>17.6</td>
<td>22.9</td>
<td></td>
</tr>
</tbody>
</table>

\(2)\) Evotec focuses its guidance and upcoming reporting during the course of 2019 on the "unpartnered R&D" part. ID expenses will be fully reimbursed by its partner Sanofi ("partnered R&D"); total of R&D expenses in 2018 of € 35.6 m (incl. ID-related expenses).

Approx. 10% adj. Group EBITDA growth\(^3\) (in € m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018(e)</th>
<th>2019(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8.7</td>
<td>36.2</td>
<td>57.2</td>
<td>92.0</td>
<td></td>
</tr>
</tbody>
</table>

\(3)\) Before contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible assets and tangible assets as well as the total non-operating result; 2018 total adjusted Group EBITDA excluding € 3.5 m one-off effects in 2018

Strong gross margin\(^4\) (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018(e)</th>
<th>2019(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>27.5</td>
<td>35.6</td>
<td>31.0</td>
<td>29.8</td>
<td></td>
</tr>
</tbody>
</table>

\(4)\) Gross margin in the future may be more volatile due to the dependency of receipt of potential milestone or out-licensing payments, both having a strong impact on the gross margin, also new mix of business through Aptuit
Strong base business and important milestones

Condensed income statement Q1 2019 – Evotec SE and subsidiaries

in € m\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2018</th>
<th>% vs 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from contracts with customers(^2)</td>
<td>103.8</td>
<td>81.6</td>
<td>27%</td>
</tr>
<tr>
<td>Gross margin(^2)</td>
<td>30.5%</td>
<td>22.6%</td>
<td>–</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>(14.4)</td>
<td>(4.6)</td>
<td>211%</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>(14.8)</td>
<td>(13.3)</td>
<td>11%</td>
</tr>
<tr>
<td>Other op. income (expenses), net</td>
<td>16.5</td>
<td>6.0</td>
<td>178%</td>
</tr>
<tr>
<td>Operating result</td>
<td>19.1</td>
<td>6.5</td>
<td>192%</td>
</tr>
<tr>
<td>Adjusted Group EBITDA(^3)</td>
<td>30.0</td>
<td>14.0</td>
<td>114%</td>
</tr>
<tr>
<td>Net income</td>
<td>13.1</td>
<td>3.5</td>
<td>278%</td>
</tr>
</tbody>
</table>

- Revenue growth mainly due to strong performance in base business and milestone contributions
- Gross margin Q1 2019 impacted by better base margins, higher milestone contributions, and favourable FX effects
- Unpartnered R&D expenses of € 8.1 m (€ 4.6 m)
- Other operating income up due to reimbursement of ID expenses and increased R&D tax credits
- Adjusted Group EBITDA in Q1 2019 positively affected by IFRS 16 (€ 3.1 m)

\(^1\) Differences may occur due to rounding
\(^2\) 2018 data including reclasses of recharges according to IFRS 15
\(^3\) Before contingent considerations, income from bargain purchase and excl. impairments on goodwill, other intangible and tangible assets as well as the total non-operating result
Strong team and shareholders for innovation

Management & shareholder structure

Management Board
- Werner Lanthaler (CEO)
  Long-time experience in Pharma and biotech
- Cord Dohrmann (CSO)
  Long-time experience in drug discovery
- Craig Johnstone (COO)
  Strong drug discovery and commercial track record
- Enno Spillner (CFO)
  Long-time experience in finance and biotech

Supervisory Board
- Wolfgang Plischke
  Ex-Bayer
- Bernd Hirsch
  Bertelsmann
- Claus Braestrup
  Ex-Lundbeck
- Iris Löw-Friedrich
  UCB
- Michael Shalmi
  Novo Holdings A/S
- Elaine Sullivan
  Carrick Therapeutics

Number of shares: 149.9 m
Listing: Frankfurt Stock Exchange (MDAX, TecDAX), OTCBB
52 week high/low: €25.83/€14.28

-9% Roland Oetker/ROI
>3% AGI\(^1\)
>3% DWS\(^2\)
>5% Goldman Sachs
>3% BlackRock, Inc.
>3% Novo Holdings A/S
-61% Free float
-1% Management

\(^1\) Allianz Global Investors GmbH
\(^2\) DWS Investment GmbH, formerly Deutsche Asset Management Investment GmbH
Strong outlook for 2019

Expected key milestones 2019

- Continued strong growth and new integrated service alliances
- New co-owned partnerships from own R&D
- New clinical initiations and important progress of co-owned pipeline
- Important milestones from existing alliances
- Initiation of new BRIDGEs
- Corporate investing initiatives
Questions and Answers
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