



Evotec 2012 - Action Plan to Focus and Grow

FY 2008 results and strategy update





Forward-looking statements

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 about our expectations and assumptions concerning 2009 revenues, expenses and operating results and their effect on end of year cash, regulatory, clinical and business strategies, the progress of our clinical development programs and timing of the results of our clinical trials, strategic collaborations 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 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; 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; and risks of new, changing and competitive technologies and regulations in the U.S. and internationally.

The list of risks above is not exhaustive. Our most recent Annual Report on Form 20-F, filed with the Securities and Exchange Commission, and other documents filed with, or furnished to the Securities and Exchange Commission, contain 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 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.

Agenda

- 2008 summary
 - Corporate highlights & financial results
- Evotec 2012 – Action Plan to Focus and Grow
- Alliance & pipeline update
- Upcoming news flow

Highlights & lowlights

Summary 2008

- 1 Revenue growth driven by discovery alliances**
 - Very strong in 2008; robust order book in place for 2009
 - Three milestones achieved in Boehringer Ingelheim collaboration
 - New Novartis, Ono alliances
 - Discovery alliances strongly cash generative
- 2 Strong news flow but missed EVT 201 partnering milestone**
 - Phase II development alliance for EVT 101 signed with Roche
 - Phase II POC results for EVT 302 in Smoking Cessation in Q2 2009
 - Phase I with P2X₇ antagonist started
 - Phase I with VR1 antagonist started by Pfizer
 - Changed risk/reward ratio for EVT 201; investing stopped
- 3 Strong 08 results & liquidity but high R&D costs & impairment**
 - €92m liquidity position as of December 31, 2008
 - R&D expenses €42.5m
 - Impairment €27.6m
 - Fx loss €12.1m

ACTION:
**Cost –focused
strategy review
&
A fresh look at
discovery
alliances***

Accepting reality: We need to change

Key strength & weaknesses – Outcome of strategy review



- Outstanding, but early-stage pipeline programs
- Development alliance for EVT 101 with Roche
- Near-term POC clinical data for EVT 302
- Numerous mid-term partnering opportunities
- Strong discovery alliance business
- Solid liquidity position



- Failure to deliver on EVT 201 partnership
- Unsustainably high cost base and complexity in organization
- Sub-optimally diversified portfolio of opportunities
- Loss of investors' trust in short-term transformation strategy

ACTION ITEMS of
"Evotec 2012":
Significant cost reductions & focus on key strengths

Strong operational performance, but higher operating loss due to high impairments

Key financials 2008

Condensed Profit & Loss Statement (IFRS) – continuing business in €m

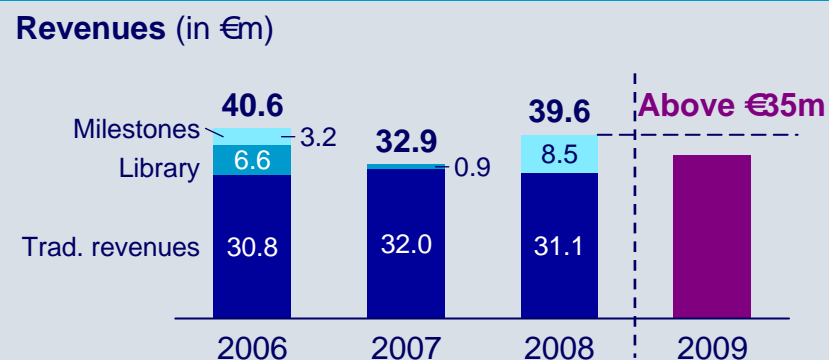
	2007 Actual	2008 Actual	% vs. Actual 07
Revenues	32.9	39.6	+20%
Gross margin	24.4%	44.5%	-
• R&D expenses	36.9	42.5	+15%
• SG&A expenses	17.8	20.0	+12%
• Amortization & impairment	11.1	28.1	+153%
<ul style="list-style-type: none"> • Amort. intan. assets € 0.6m • Imp. goodwill OAI € 20.3m • Imp. intan. assets ENS € 7.3m 			
• Restructuring expenses	0.4	0.1	-75%
• Other operating expenses	-0.1	0.1	-
Operating income (loss)	-58.1	-73.2	-26%
Net income (loss)	-48.1	-78.3	-63%

**Financial guidance achieved,
but cost basis must be reduced for 2009ff**

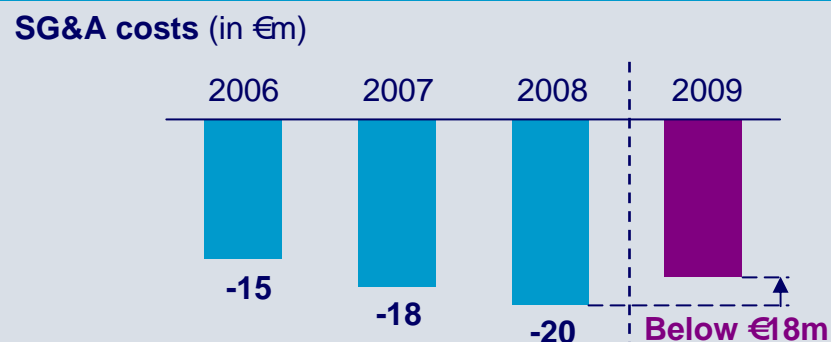
Extending cash reach beyond 2012

Key financials 2008 – Overview (1/2)

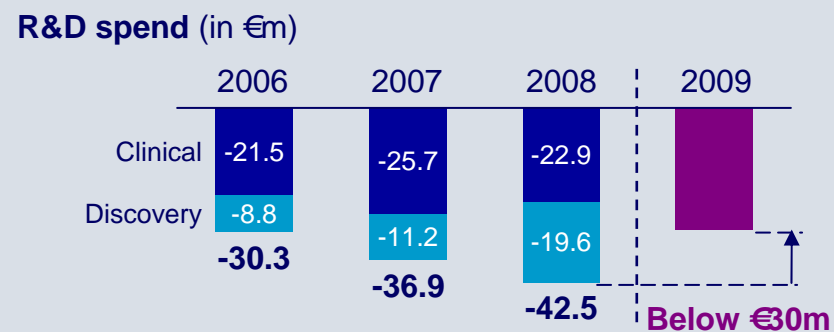
Revenues – continued solid performance expected



SG&A costs to be reduced

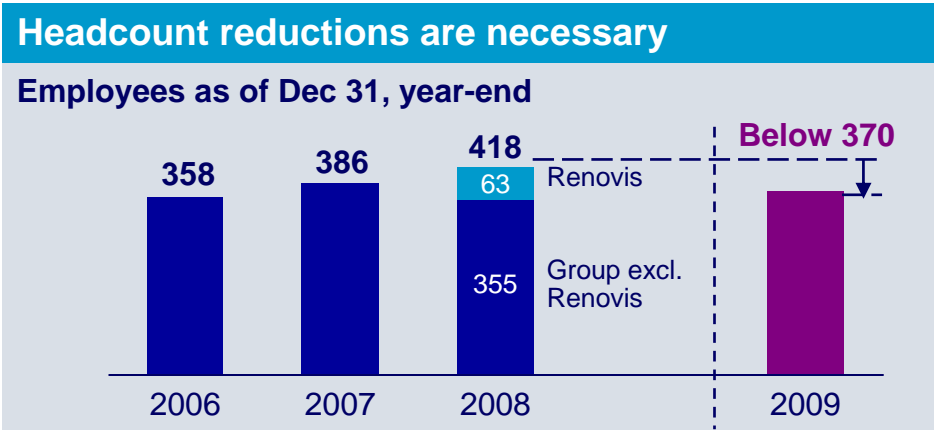
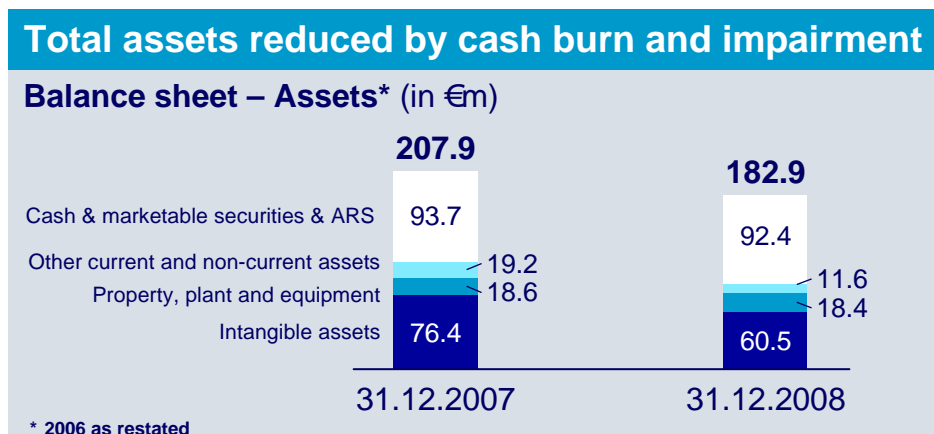
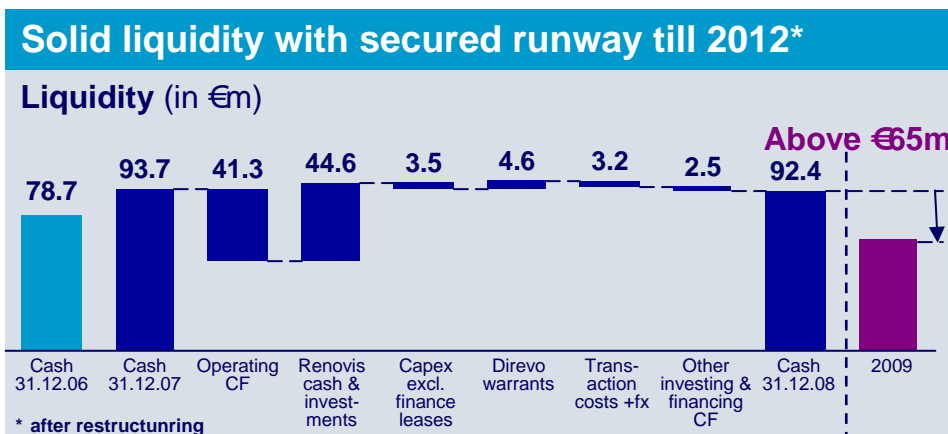


R&D expenses focused on key programs



Restructuring efforts will also effect headcounts

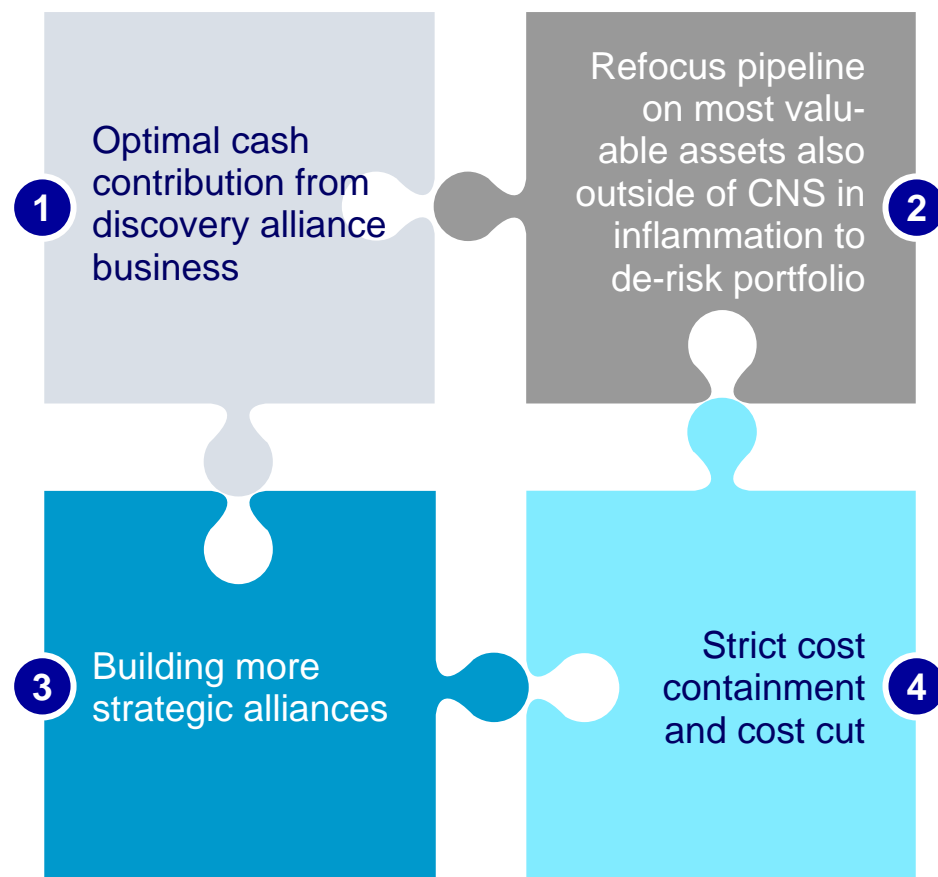
Key financials 2008 – Overview (2/2)



Agenda

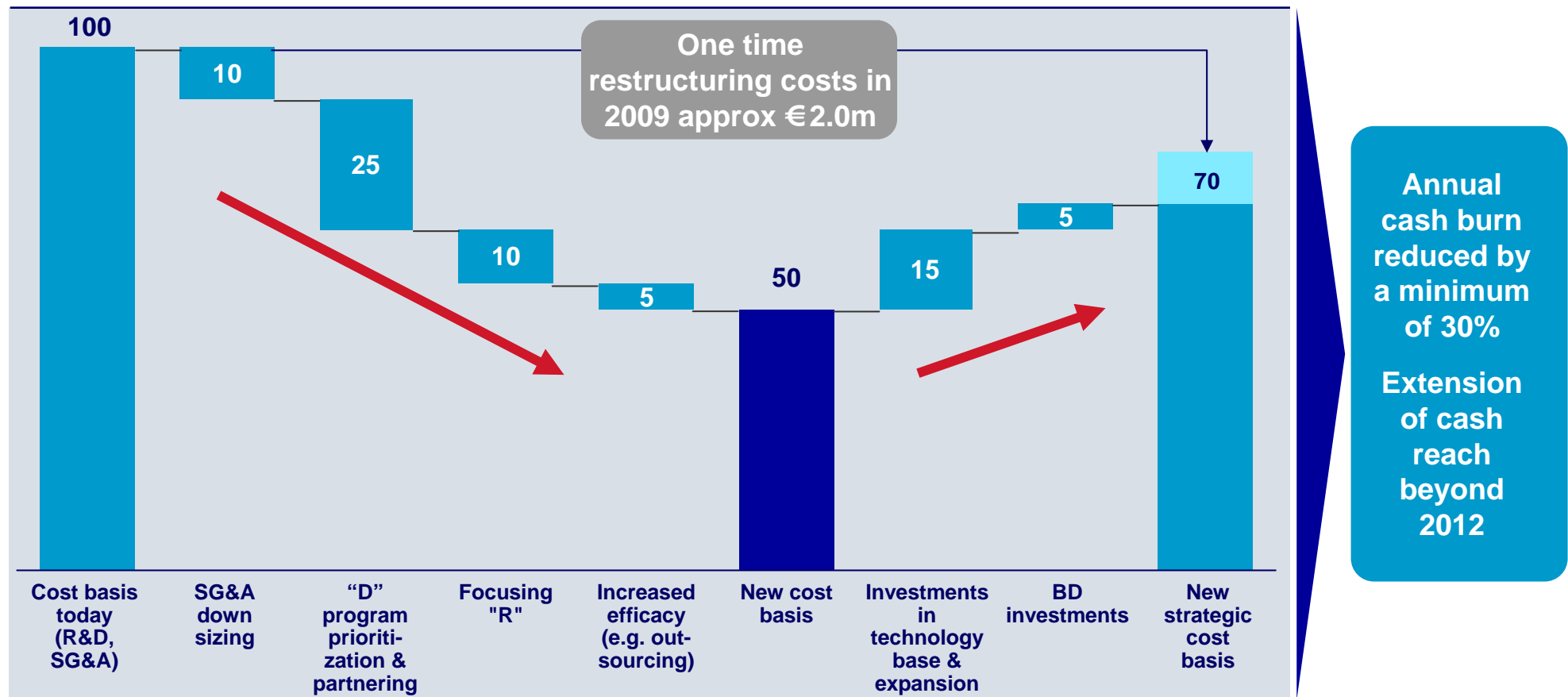
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Core elements of “Evotec 2012 – Action Plan to Focus and Grow”



Strict cost containment as basis for growth

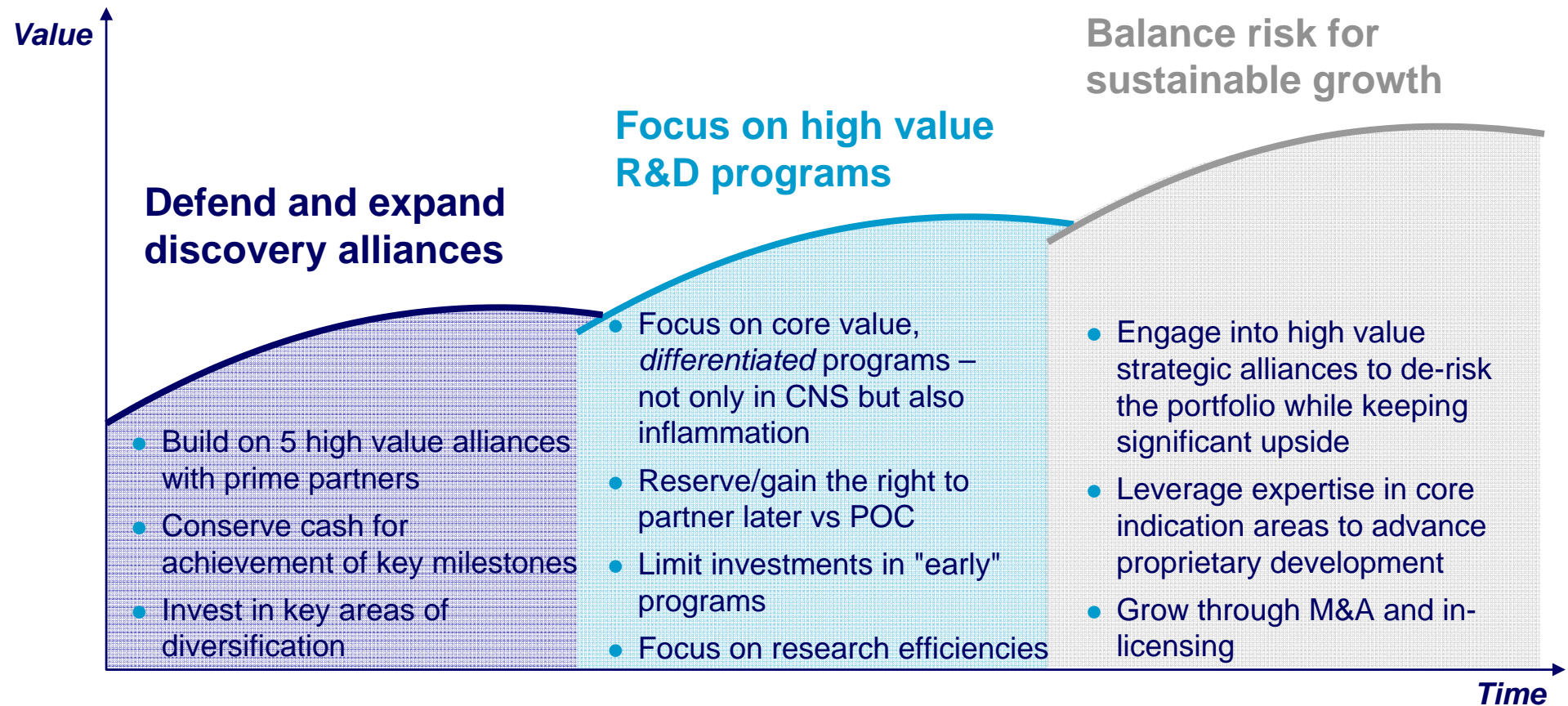
Restructuring efforts, (in %)



Our mission: Develop best-in-class *differentiated* therapeutics & deliver superior discovery alliances

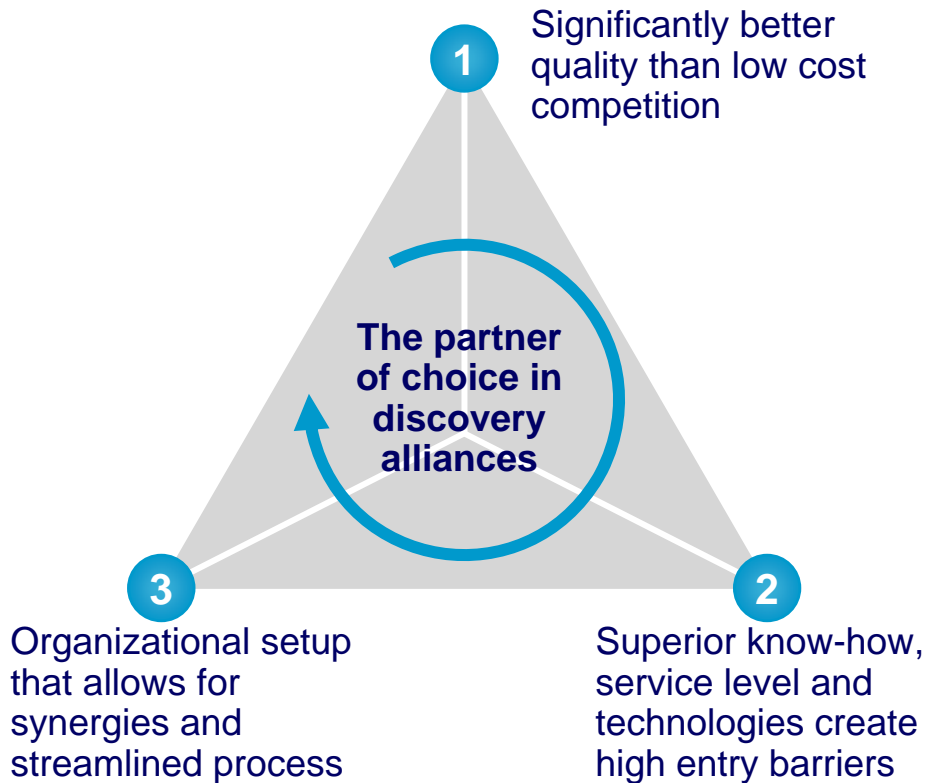
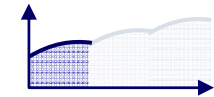


"Evotec 2012" – Restructuring for growth & sustainability

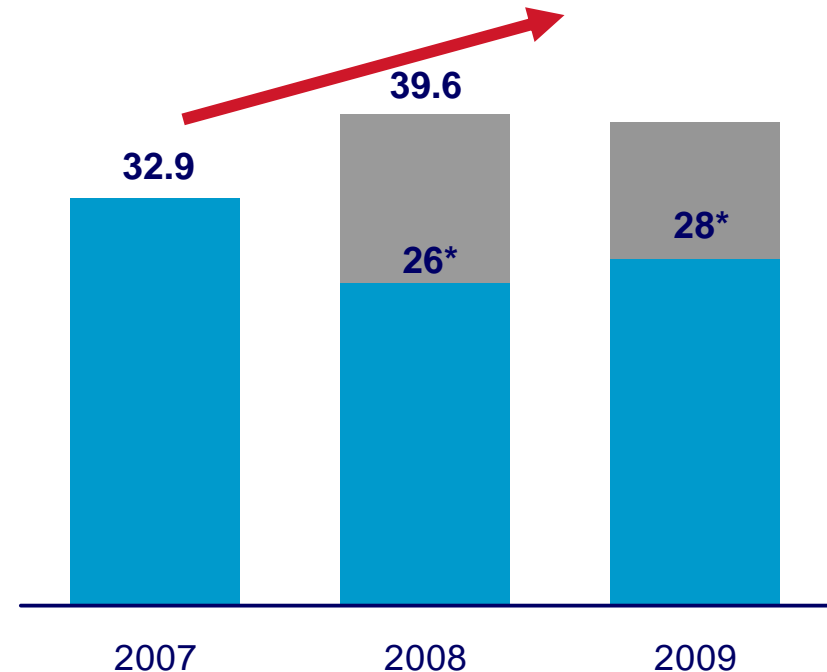


Build on unique strengths of discovery alliance business

Discovery alliance business



Cash generating solid growth business delivers downside protection

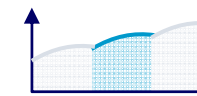


Solid profit center to fund development programs

* As of March already in order book/outlook for the year

Clear priorities will enhance value creation

Core unpartnered pipeline programs



Program	Indication	Market opportunity	Next value point	Potential filing
1 EVT 302	Smoking cessation*	> € 1bn	PII POC data (Q2 2009)	2013
2 P2X ₇	Rheumatoid arthritis**	> € 3bn	PI data (mid 09)	2014
3 H ₃	Narcolepsy*	> € 3bn	PI start (2010)	2015
4 P2X ₃	Pain	> € 3bn	PI start (2010)	2015
5 EVT 201	Insomnia***	> € 500m	No near-term partnering to be expected	unlikely

Less is more –
of 14 programs
only
4 will be fully
supported by
Evotec

* Potential other indications to be opened – depending on clinical data (e.g. AD)

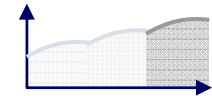
** Potential target also for other inflammatory diseases

*** No further investments

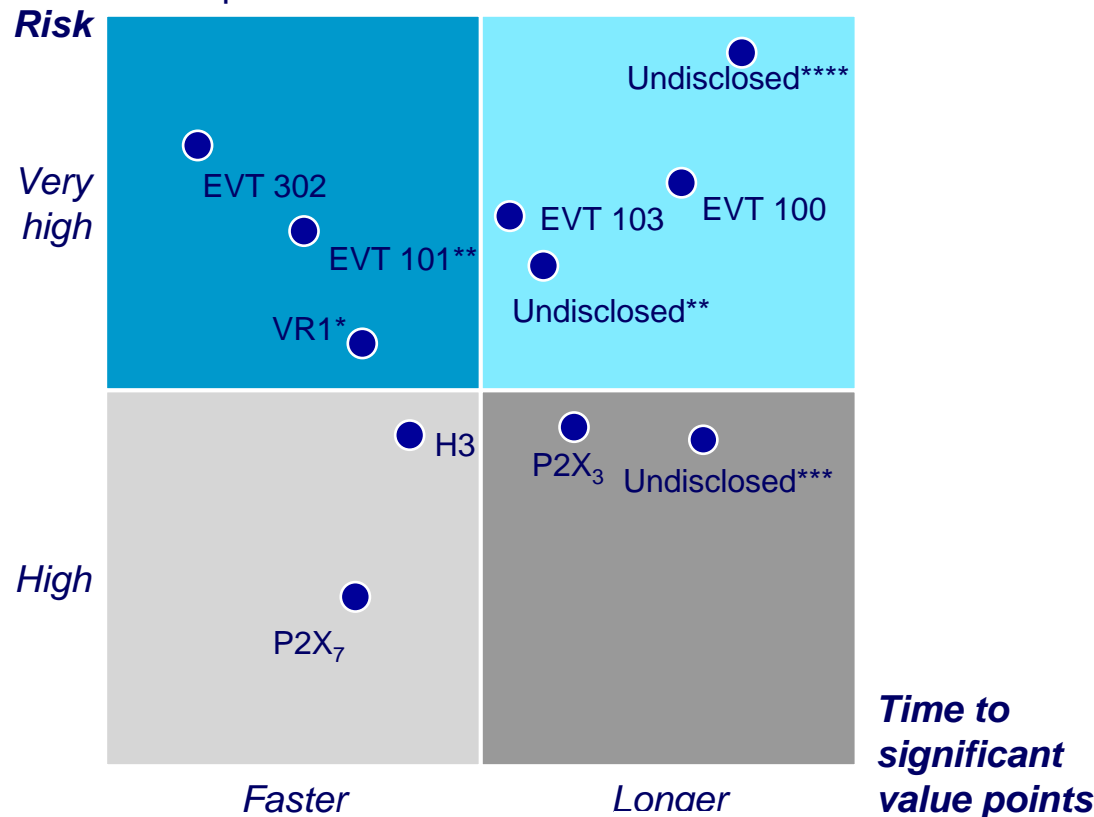
Strategic alliances to de-risk the portfolio

Roche great first step to higher-value partnerships

Risk diversification & optimal value creation



<Examples>



Expanding our portfolio of opportunities

- Secure path to sustainability by protecting downside, but keeping upside
- Optimize our cash investments based on early feedback from potential pharma partners

* Partnered with

** Partnered with

*** Partnered with

**** Partnered with

"Evotec 2012" implementation with clear milestones to audit success

Visibility for success – key performance parameters


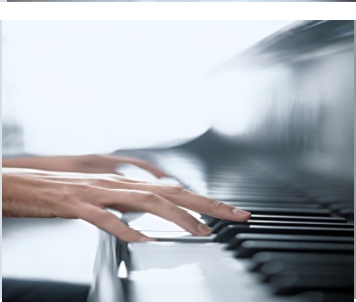
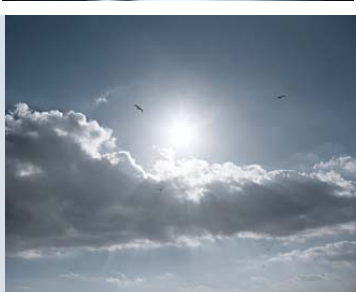
Key data	Better		Worse		
	1	2	3	4	5
Defend and expand discovery alliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Focus on high value development programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Balance risk for sustainable growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Strong assets justify strategy to become a drug development company

Selected examples

<p>1</p> <p>EVT 302</p> <p>Smoking cessation</p>	<p><i>...the development of more effective medicines for treating tobacco dependence, based on novel mechanisms, is a high priority...</i></p> <p><i>George & Weinberger, Clin. Pharm. & Ther., 2008</i></p>	
<p>2</p> <p>P2X₇</p> <p>Rheumatoid arthritis</p>	<p><i>...This would be a breakthrough in inflammation. Rheumatoid arthritis is a high unmet medical. In most people who develop RA, the disease starts between the ages of 30 and 55... Rheumatoid Arthritis Health Center</i></p>	
<p>3</p> <p>EVT 100</p> <p>"Roche alliance"</p>	<p><i>Our aim is to alleviate the suffering of the many patients with treatment-resistant depression. We believe that EVT 101 has the potential to become an effective new therapy for the high unmet need.</i></p> <p><i>Eugene Tierney, Head of CNS Roche</i></p>	

Near-term data point for high-risk but high-reward program

Overview 302 – POC data to be expected in Q2/2009

SMOKING CESSATION*

Approximately 50 million patients; low competition (e.g. Zyban, Chantix); high relapse rate; high willingness to pay

Clinical trial design

- Good Phase I safety data support POC Phase II study
- Phase II – Quit Rate study
 - 400 subjects
 - 8 weeks treatment, 4 groups in parallel design
 - EVT 302 once daily application
 - Placebo with and without Nicotine Replacement Therapy

Criteria for success

- 4 weeks Quit Rate
- 7 days prevalence Quit Rate and subjective assessments of withdrawal symptoms

* There is scientific rationale for EVT 302 in Alzheimer's disease

P2X₇ – potential best-in-class therapeutic

P2X₇ Antagonist – Overview

RHEUMATOID ARTHRITIS (RA)*

About 1% of the world's population afflicted by RA; disabling and painful condition, which can lead to substantial loss of functioning and mobility; no known cure; current therapeutic options have undesirable side effects

Rational supporting blockbuster potential

- Potential “best-in-class” small molecule
- Very good exposure, half life and safety profile
- Clinical validation and POM
- Potential across a range of indications
- Follow-on to Astra Zeneca and Pfizer compounds

Next steps

- Prepare for Phase I results mid 2009
- Aggressive partnering
- Parallel development towards Phase II

* Other inflammation indications also possibly opened

High value alliance with ROCHE against depression

Alliance overview



TREATMENT-RESISTANT DEPRESSION

More than 120 million depressed patients; persistent sadness, pessimism; 1/3 of patients treated don't respond to first antidepressant.

USP's of alliance

- Joint Phase II development of EVT 101 in treatment-resistant depression
- Next generation compound EVT 103 entering Phase I studies
- Roche has buy-back option for entire EVT 100 family post Phase II
- If Roche doesn't exercise the buy-back, Evotec will get rights to all indications under revised terms

Key commercials

- Potential deal value exceeding \$300m
- Roche has committed to fund clinical development of EVT 101 and EVT 103
- \$10m received; \$65m due with option exercise + up to \$220m in development and sales milestones + scalable double-digit commercial payments

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Strong news flow to come

Selected next milestones

	Milestone	When
1	Discovery alliances <ul style="list-style-type: none"> • New alliances with high value contracts (more milestone based) • Growth in revenues and strategic technology expansion 	H2 2009 2009 ff
2	Strategic alliances <ul style="list-style-type: none"> • New strategic partnerships • New Development Alliances (Roche) 	H2 2009 H1 2009 ✓
3	Clinical data <ul style="list-style-type: none"> • EVT 302 POC in smoking cessation • Strategic partnering of EVT 302 or own development • EVT 101 POC in depression/Roche buy-back • Phase I data P2X₇ • Phase I data P2X₃ • At least 1 new Phase I program 	Q2 2009 H1 2010 End 2010/2011 Mid 2009 H2 2010 H1 2010



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