

13 June 2011

Evotec

Year End	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/09	42.7	(21.7)	(20.6)	0.0	N/A	N/A
12/10	55.3	4.5	3.8	0.0	N/A	N/A
12/11e	69.5	5.8	4.2	0.0	N/A	N/A
12/12e	83.9	10.3	8.1	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: 1 step back, 5 forward

Evotec had a significant setback in its pipeline when it terminated its Phase II study with EVT101, but the rest of the business has maintained its momentum so far in 2011. Revenues in Q111 increased by 54%, it has formed two new alliances and a partnered product has started a Phase I trial. It has enhanced its growth prospects as well with the purchase of Compound Focus, a compound management company.

Termination of Phase II trial with EVT101

Evotec decided to terminate its Phase II trial with EVT101 in treatment resistant depression because of difficulty recruiting patients. This will almost certainly lead to Roche terminating the collaboration on this product family, removing the possibility of Evotec receiving a potential \$65m option payment in 2012. Should this occur, Evotec will probably attempt to partner EVT101/103 for the treatment of pain or Alzheimer's disease.

Drug alliance business maintaining momentum

Sales in Q111 were up 54% and the order book in April was up 57% compared to last year. It has formed a strategic alliance with PsychoGenics and a drug discovery collaboration with Active Biotech. Also Boehringer Ingelheim has started a Phase I trial with a compound developed by Evotec for the treatment of neuropathic pain, earning the latter a €2m milestone payment.

Acquisition of Compound Focus

Evotec has bought Compound Focus for €12.5m in cash from Galapagos. This is the third bolt-on acquisition made by Evotec in the last year. Compound Focus is a compound management company and has a complementary service offering to Evotec. The main reason for the acquisition are potential cross-selling opportunities.

Valuation: €347m based on DCF

Our valuation of Evotec has been lowered by €42m to €347m, suggesting that the shares are approaching fair value. The reduction is primarily because of the consequences of the Phase II trial termination; although it has been partially offset by the better commercial prospects of DiaPep277 in type 1 diabetes and an increase in our valuation of the drug alliance business.

Evotec is a research client of Edison Investment Research Limited

Price €2.75
Market Cap £325m

Share price graph

Share details

Code EVT
Listing Frankfurt, Prime Standard
Sector Pharmaceuticals & Biotech
Shares in issue 118.2m

Price

52 week High Low
€3.48 €1.87

Balance Sheet as at 31 March 2011

Debt/Equity (%) N/A
NAV per share (€) 1.14
Net cash (€m) 56.9

Business

Evotec is a drug discovery business that provides outsourcing solutions to the pharmaceutical industry and develops its own proprietary drugs.

Valuation

	2010	2011e	2012e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	4.4	4.0	3.4
ROE	N/A	N/A	N/A

Revenues on geography

UK	Europe	US	Other
N/A	N/A	N/A	N/A

Analysts

Dr Mick Cooper +44 (0)20 3077 5734
Robin Davison +44 (0)20 3077 5737
healthcare@edisoninvestmentresearch.co.uk

Investment summary: 1 step back, 5 forward

Company description: A leading drug discovery company

Evotec is a German biotechnology company that provides drug discovery services to the pharmaceutical industry and develops its own drugs. It was founded in 1993 by a group of eminent German scientists, including the Nobel Laureate Professor Manfred Eigen and employs c 175 people in Germany, c 225 in UK, c 140 in India and c 30 in the US. It can undertake all parts of the drug discovery process and has particular expertise in pain, CNS, metabolic and oncology indications, and regenerative medicine. It is also able to provide compound management services to companies following the acquisition of Compound Focus. It has a broad range of long-term collaborations with pharmaceutical companies, including Genentech and Boehringer Ingelheim.

Valuation: €347m based on DCF

We have reduced our risk-adjusted DCF valuation of Evotec by €42m to €347m, because of the termination of a Phase II trial with EVT101. The negative impact of this was partially offset by the improved commercial prospects of DiaPep277, which is in Phase III trials for type I diabetes, following the failure of two competing drugs in Phase III trials. Our valuation of the drug alliance business has also increased because of the Q111 results and acquisition of Compound Focus.

The shares appear to be fairly valued, although the shares could appreciate if its Q211 results on the 11 August exceed expectations or it is successful in forming major new drug alliances.

Sensitivities

Evotec's exposure to the outcome of clinical trials is limited, unlike with most biotechnology companies, following the termination of the Phase II trial with EVT101. This is because of the breadth and depth of its drug discovery alliances, in which its partners bear most of the risk. Thus, it is more sensitive to factors that affect its drug alliance business, which include:

- the outsourcing strategy of the pharmaceutical companies,
- Evotec's rate of innovation so that it can maintain its competitive advantage, and
- its ability to sustain its reputation as a leading provider of drug discovery solutions.

However, it is still sensitive to the outcome of the Phase III trials with DiaPep277, data from the first of which is due in H112.

Financials

Evotec remains on target to achieve sustainable profitability from FY12 with revenues (+54%) growing ahead of expenses (+37%) during Q111. It still has a strong cash position, despite acquiring Compound Focus with cash, so that it is still able to pursue its bolt-on acquisition strategy. We forecast that it will have a net cash position of €45m at FY11, after completing this purchase and spending c €8m on expanding all of its facilities.

We have raised our revenue forecasts in FY11 by €3.5m to €69.5m and in FY12 by €8.0m to €83.9m following the purchase of Compound Focus. Similarly adjusted profit before tax has been increased by €1.2m to €5.8m and by €2.3m to €10.3m in FY11 and FY12 respectively.

Review: One step back, five forward

Evotec has maintained its progress on the drug alliance business with a strong Q111 results, a partnered product entering clinical development and new alliances. However its pipeline has suffered a setback with the termination of a Phase II trial with EVT101. It has also acquired Compound Focus, a compound management business, from Galapagos for a total of €12.5m. This should help maintain the profitable growth of the company. The next catalyst for Evotec's shares is likely to be its Q211 results on 11 August 2011 or the announcement of a major new drug alliance, although the shares currently appear to be approaching fair value.

Q111 results

Evotec continues to make good progress to becoming a sustainably profitable biotechnology company. In Q111 its revenues increased by 54% to €15.1m, while its operating expenses only grew by 41% to €15.9m so that its operating loss was reduced by 45% from €1.5m to €0.8m. Revenues in Q111 were boosted by €1.4m because of the acquisition of DeveloGen last year, however organic growth was still 39%. The strong cash position was maintained at €68.7m. It reiterated its guidance for FY11 with profits ahead of last year, even though it expects to increase its R&D spending from €6m to c €10m. The extra investment in R&D should enable Evotec to advance its technologies and identify new drug targets to maintain its strong sales growth.

Evotec has since increased its revenue guidance for FY11 from by €4m to €68-70m, following the acquisition of Compound Focus (see below). But it could surpass its revised revenue guidance because the order book for this year was €47m in April (including only achieved milestones), up 57% on the comparable period last year. However, our FY11 sales forecast of €69.5m remains in line with current guidance.

New collaborations

Evotec has formed two more alliances during Q211: the first with PsychoGenics enhances its product offering to existing and potential clients, and the second with Active Biotech is a more standard drug discovery alliance (Exhibit 1 shows all of Evotec's drug discovery alliances).

The strategic alliance with PsychoGenics should enable Evotec to develop better drugs for CNS drugs for its partners. The two companies will work closely together on current and future clients in this field. PsychoGenics is a leader in preclinical neurobiology and has high-throughput behavioural testing platforms, which complements Evotec's capabilities. It works with over 60 corporate and academic institutions, including Harvard Medical School, Eli Lilly, J&J and Roche. For Evotec, this alliance should increase the likelihood of its alliance programmes progressing and it receiving more milestones, it should also help Evotec enter more drug discovery collaborations in the field of CNS as it can now provide potential clients with an even more complete service.

The medicinal chemistry collaboration with Active Biotech follows on from a previous high throughput screening project to identify small molecule modulators of a target involved in cancer and immune disorders. This collaboration is relatively limited in scope, but its significance is that it demonstrates that Evotec is able to extend alliances. Over the next two years Evotec needs several of them to be renewed to maintain its progress. Its management has signalled confidence that this should occur and this gives some support to its assertion.

Exhibit 1: Evotec's main collaboration partners

Partner	Value	Indications	Notes
Active Biotech	N/A	Immune disorders and oncology	Collaboration initiated in March 2010 to identify small molecule modulators against a target selected by Active Biotech. Extended in June 2011 to cover medicinal chemistry to optimise the compounds.
Almirall	N/A	Respiratory diseases	Collaborating dating from September 2010 to identify small modulators of an ion channel, selected by Almirall, that is involved in respiratory diseases.
Apeiron Biologics	N/A	Pain	Collaboration dating from October 2010 to identify compounds against DREAM (Downstream Regulatory Element Antagonistic Modulator) to treat pain.
Biogen Idec	N/A	N/A	Partnership started in September 2009 to identify compounds against a specified target, with the option of further targets being added at a later date.
Boehringer Ingelheim	Excl. diabetes: €15m over four years + milestones + royalties; Diabetes: €7m upfront + >€230m milestones + royalties	CNS, inflammation, cardiometabolic, respiratory and oncology	Collaboration commenced in September 2004 with a three-year contract to identify GPCR modulators to treat CNS diseases. The initial agreement has been extended on three occasions, with the latest extension in November 2009. Seven milestone payments have been received to date with the first one nine months after the collaboration started. First Phase I trial with one product was stopped, but a back-up compound started a Phase I trial in May 2011. A separate diabetes alliance was obtained with the purchase of DeveloGen. This involves the development of EVT070, which improves insulin sensitivity without causing weight gain, in Type 2 diabetes; 30% of milestones and royalties payable to vendors of DeveloGen.
CHDI	Up to \$37.5m over three years	Huntingdon's disease	CHDI is a not-for-profit organisation that is attempting to develop new therapies using an outsourcing approach. It also has collaborations with Galapagos, AMRI and Vertex. The partnership was initiated in March 2006 and was extended in February 2008 in a deal worth up to \$37m; this was extended further in January 2008 and again in January 2010.
Cubist	N/A	Anti-bacterial	Collaboration initiated in July 2009 to support two of Cubist's projects, and was extended in February 2010 for it to continue until the end of 2010.
Genentech (Roche)	N/A	CNS	The multi-year alliance started in May 2010, one of Evotec's largest alliances.
InterMune	N/A	N/A	Collaboration began in early 2007 with Evotec using a broad range of its drug discovery capabilities.
MedImmune (AstraZeneca)	€5m upfront + >€254m milestones + royalties	Diabetes	In December 2010, Evotec formed an alliance to develop EVT-770 and associated biological products to treat both Type 1 and Type 2 diabetes, by increasing the number of insulin-producing β cells in the pancreas. The programmes are currently in preclinical development. 30% of milestones and royalties are payable to original owners of DeveloGen.
Merck KGaA	N/A	CNS	Alliance initiated in October 2010; Evotec will conduct preclinical development of compounds for an undisclosed neurological disease as part of the NEU 2 consortium (partially funded by the German Government).
Ono	N/A	CNS	The partnership began in March 2008 with protease targets and was extended in October 2009 for ion channel targets. In December 2009, a milestone was achieved for progression into lead optimisation.
Novartis	Milestones >\$28m + royalties	N/A	Evotec is responsible for lead compound identification; Novartis is responsible for preclinical and clinical development. The deal was initiated in December 2008 and is due to be completed in three years. The agreement could be expanded to include a second target.
Pfizer	Milestones \$170m + double-digit royalties	Analgesia	The initial agreement was signed in May 2005 with Renovis, which Evotec bought in 2007. There are combined research teams working on developing treatments to relieve pain by targeting the ion channel, VR1 (vanilloid receptor 1). First Phase I trial has been stopped, and a back-up is in preparation.
Roche	>€200m in milestones + royalties	CNS and other indications	Global alliance formed in June 2006, continuing a relationship between that dates from June 2001. Although development in treatment-resistant depression has been discontinued, Roche continues at this point to hold an option to licence the EVT 100 family.
Shionogi	N/A	Inflammation and infectious diseases	October 2010 agreement to identifying small molecule modulators of protein-protein interactions of targets selected by Shionogi.
Spermatech	N/A	Contraception	Partnership began in March 2008. High throughput screening with Evotec's 250,000 drug-like compounds to identify compounds that inhibit a sperm-specific target protein, for non-hormonal reversible contraception.
Takeda	N/A	CNS and metabolic diseases	Alliance signed in January 2011 with Evotec small molecule modulators against GPCR and protease targets associated with CNS and metabolic diseases.
Vifor	>€5.5m	Anaemia	In February 2010, Evotec agreed to identify a preclinical candidate for the treatment of anaemia within an agreed budget.

Source: Edison Investment Research

Evotec still expects to sign two major collaboration deals before the end of 2011. These will probably be comparable to the alliance it formed with Genentech (Roche) last year.

Pipeline update

A partnered compound has entered clinical development, but Evotec has had to terminate the Phase II trial with EVT101 and it is now unlikely that Roche will exercise its option to re-acquire the rights to EVT101/103. The revised pipeline is detailed in Exhibit 2.

Exhibit 2: Updated Clinical R&D pipeline

Product	Development stage	Indication / Partner	Notes
DiaPep277	Phase III	Type I diabetes / Andromeda (Teva)	A synthetic peptide of 24 amino acids derived from human Hsp60. Phase II studies demonstrated that it can preserve β -cell function (assayed using c-peptide levels), and that more patients reached glycemic control of $HbA1c < 7\%$. Currently in two pivotal Phase III studies with 457 pts and 450 pts , due to report at the end of 2011 and in 2014 respectively. Teva is the exclusive distributor. Evotec could earn significant short- and mid-term milestones + single-digit royalties; 30% of which are payable to original shareholders of DeveloGen. Potential launch in 2015.
EVT 101/103	Phase II	Treatment resistant depression / Roche	NR2B-selective NMDA antagonists, originally discovered by Roche. EVT 103 is a back-up compound or for other CNS indications. Roche bought an option for \$10m in March 2009 to buy-back the rights to EVT 100 family at end of Phase II for \$65m, and is funding the current development programme. Milestones worth over \$235m, escalating double-digit royalties. Evotec terminated a Phase II PoC trial for EVT 101 in May 2011 because of difficulty recruiting patients. Successfully completed Phase I trial with EVT 103 (72 healthy males, with single and multiple dosing, safe and well tolerated). Roche is yet to indicate if it is interested in continuing with the partnership.
EVT 401	Completed Phase I	Rheumatoid arthritis, inflammatory diseases	Antagonist of P2X ₇ ATP-gated ion channel, thought to be involved in the inflammatory process. Phase I trial: 96 healthy males with ascending doses, no serious adverse events or withdrawals occurred. A pharmacodynamic assay demonstrated that EVT 401 blocked ATP-stimulated IL-1 β release in whole blood samples taken from the volunteers. A partner is needed to continue development.
EVT 302	Phase II	Alzheimer's disease	Monoamine oxidase-B (MAO-B) inhibitor, discovered by Renovis, initially developed for smoking cessation, but in April 2009 it failed to demonstrate any benefit over nicotine replacement therapy alone in a PoC Phase II study. It is now being developed for Alzheimer's disease, but a partner is needed to continue development.
EVT 201	Completed Phase II	Insomnia / Jingxin Pharma	GABA _A receptor modulator, shown efficacy in two Phase II trials. In one trial, 75 adults, doses 1.5mg and 2.5mg, both primary endpoints met with increased total sleep time (TST, 33.1, 45.0 min; both $p < 0.0001$) and reduced wake after sleep onset (-16.7, -25.7 min; $p < 0.0001$) in a dose responsive manner. In second trial, 149 elderly pts, doses 1.5mg and 2.5mg, TST increased (30.9, 56.4min; $p = 0.0001$, $p < 0.0001$). No serious or unexpected adverse events. Jingxin Pharma in-licensed the exclusive rights to drug in China and will initiate clinical trials in 2011; Evotec received a small upfront payment and could receive milestones and significant royalties. Further development in the rest of the world is on hold until the drug is partnered.
-	Phase I	Neuropathic pain / Boehringer Ingelheim	Boehringer Ingelheim initiated a Phase I trial in May 2011 with a back-up compound. The development of a different compound, which had started Phase I in May 2010, has been stopped.

Source: Edison Investment Research

Evotec decided to terminate the Phase II trial with EVT101 in treatment resistant depression (TRD) because of difficulty recruiting patients for the trial. There were plenty of people that were interested in taking part in the trial, but unfortunately too many people either did not meet the inclusion/exclusion criteria or were willing/able to go through the whole screening process for the trial.

The immediate effect of the termination is that Roche will probably not pay for any further trials with either EVT101 or EVT103. Also Evotec is now unlikely to receive the \$65m milestone from Roche, payable if the latter decided to exercise its option to acquire the rights to EVT101/103.

However it does not mean that these compounds do not have a commercial future, though probably not in TRD. Any future trials in this indication, would need to have a less stringent

screening process and consequently need to be much larger than the terminated Phase II trial (100 patient design) to detect an efficacy signal; this probably would not make economic sense. But EVT100/103 have the potential to treat pain and Alzheimer's disease as well, and Evotec will look to partner the products in these indications.

Boehringer Ingelheim has decided to take a compound into Phase I for the treatment of neuropathic pain. This led to Evotec receiving a €2m milestone payment, which is the thirteenth such payment it has received from Boehringer Ingelheim. This latest milestone shows the progress that Evotec has made in one of its most important alliances.

The next data from Evotec's lead product, DiaPep277, is due in H112, however its commercial prospects have recently improved because of the failure of both rhGAD65 (Diamyd, Diamyd Therapeutics/J&J) and otilixizumab (Tolerx/GSK) in Phase III trials. These failures highlight the challenges of developing new diseases in this indication, but should DiaPep277 successfully complete its Phase III programme it could face limited competition. Teva has indicated its confidence in the programme by exercising an option on Andromeda's shares last year (DiaPep277 is Andromeda's only product) and by initiating the second pivotal study ahead of the results of the first Phase III study.

Acquisition of Compound Focus

Evotec has bought Compound Focus from Galapagos for €10.25m in cash with an additional €2.25m in cash payable over the next two years if various revenue and corporate milestones are met. In 2010 it generated sales of \$11.9m (c €8.2) and an operating profit of \$3.6m (c €2.5m). This is a low-risk, bolt-on acquisition which adds a complementary service to Evotec's core drug discovery business, which will help it achieve sustainable profitability. It is the third acquisition within a year by Evotec and follows the purchase of DeveloGen in 2010 and Kinaxo earlier this year.

The company is based in South San Francisco and has an automated method of managing the complex storage of compounds (many of which need to be kept in specific conditions to preserve their integrity) and monitoring their condition. It also carries out compound procurement for its clients. It is the leading company in this field and its clients include the NIH (c 65% of revenues), Elan, Lundbeck and Sunovion (Dainippon Sumitomo). It was founded eight years ago and employs c 30 people. Galapagos acquired the Compound Focus in 2006 when it bought various assets from Discovery Partners International for €4.25m, but put the division up for sale last summer because it viewed it as a non-core business.

Evotec decided to acquire Compound Focus following discussions with its partners about which other services they would be interested in Evotec providing. Thus it believes that there are significant cross-selling opportunities between its main drug alliance business and Compound Focus, and for clients of the latter to become drug alliance partners. It will be interesting to see if Evotec is able to achieve these revenue synergies because Galapagos clearly felt that they were limited, otherwise it would not have sold the division to one of its main competitors in drug discovery. Evotec could also benefit from the trend in the pharmaceutical industry to increase the level of outsourcing or from a current initiative of the NIH. The latter wants a systematic screening of old and new drugs to be carried out to see if they might be rescued/repositioned to treat different indications and Compound Focus could have a key role in this activity.

Evotec's own compound handling system is largely manual, which is why this acquisition is needed to provide clients with this service. It is likely that at least some aspects of Compound Focus's technology will be used to improve the management of Evotec's own compound library and increase the efficiency of its drug discovery processes.

Valuation

Our DCF valuation of Evotec has decreased from €389m to €347m. This is primarily because we have removed the value of potential milestone payments for EVT101/103 from our valuation, and reduced potential peak sales by 50% to €1.4bn and delayed its launch date by a year to 2017. However the impact of this has been partially offset by an increase in the potential peak sales of DiaPep277 from \$450m to \$1.2bn following the failure of competing drugs for type 1 diabetes, and an increase in valuation of the drug alliance business following the good Q111 results and the acquisition. We estimate that the acquisition of Compound Focus is value accretive, increasing the value of Evotec by €12.5m if it is able to grow revenues as expected.

Exhibit 3 provides a breakdown of our valuation. It indicates that 68% of our valuation is supported by the drug alliance business and strong cash position.

Exhibit 3: Summary of DCF valuation

	Value (€m)	Value per share (€)	Notes
Drug alliance business	185	1.57	Includes Compound focus, previously valued at €151m
EVT 101/103	30	0.25	Previously valued at €116m
DiaPep277	52	0.44	Previously valued at €30m
EVT070 milestones	13	0.11	Collaboration with AstraZeneca
EVT770 milestones	11	0.09	Collaboration with Boehringer Ingelheim
Cash	57	0.48	
TOTAL	347	2.94	

Source: Edison Investment Research

Financials

We have altered our estimates as indicated in Exhibit 4. The main reason for the changes is the acquisition of Compound Focus which adds c €8m in revenues over the next year. Evotec is aiming to grow these revenues at c 15% and to achieve gross margins comparable with the rest of the business. Evotec's guidance for FY11 is for revenues to be €68-70m and for the operating and net incomes to be better than in FY10.

Exhibit 4: Summary of changes to estimates

Note: Figures in €m except per share data

	Sales			PBT			EPS		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2011e	66.0	69.5	5.3	4.6	5.8	25.5	3.3	4.2	28.7
2012e	75.9	83.9	10.6	8.0	10.3	28.6	6.2	8.1	29.5

Source: Edison Investment Research

Evotec remains in a strong financial position following the acquisition of Compound Focus and still has the financial capacity to make further bolt-on acquisitions. We forecast that it will have liquidity of €57m at FY11 (cash and non-current cash equivalents).

Exhibit 5: Summary of financial statements

Note: Company is targeting liquidity of over €55m at FY11, this is comprised of cash and non-current cash equivalents; we forecast liquidity of €57m at FY11. Net debt includes non-current cash equivalents.

Year end 31 December	€'000s	2008	2009	2010	2011e	2012e	2013e
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue		39,613	42,683	55,262	69,513	83,940	95,431
Cost of Sales		(21,977)	(24,262)	(30,916)	(39,620)	(47,873)	(53,617)
Gross Profit		17,636	18,421	24,346	29,893	36,068	41,814
EBITDA		(40,689)	(15,547)	6,480	8,376	15,356	20,112
Operating Profit (before GW and except.)		(44,942)	(19,157)	2,387	3,773	9,368	14,113
Intangible Amortisation		(553)	(455)	(672)	(787)	(676)	(671)
Exceptionals/Other		(27,715)	(22,687)	0	0	0	0
Operating Profit		(73,210)	(42,299)	1,715	2,986	8,692	13,443
Net Interest		(2,760)	(2,520)	2,152	1,977	933	1,123
Other		0	0	0	0	0	0
Profit Before Tax (norm)		(47,702)	(21,677)	4,539	5,750	10,301	15,236
Profit Before Tax (FRS 3)		(75,970)	(44,819)	3,867	4,963	9,625	14,565
Tax		(1,911)	(363)	(676)	(753)	(755)	(859)
Deferred tax		(406)	(315)	(206)	129	(0)	(0)
Profit After Tax (norm)		(49,613)	(22,040)	3,863	4,997	9,546	14,377
Profit After Tax (FRS 3)		(78,287)	(45,497)	2,985	4,339	8,870	13,706
Average Number of Shares Outstanding (m)		95.2	106.8	109.0	118.6	118.2	118.2
EPS - normalised (c)		(52.1)	(20.6)	3.8	4.2	8.1	12.2
EPS - FRS 3 (c)		(82.2)	(42.6)	3.0	3.7	7.5	11.6
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)		44.5	43.2	44.1	43.0	43.0	43.8
EBITDA Margin (%)		N/A	N/A	11.7	12.0	18.3	21.1
Operating Margin (before GW and except.) (%)		N/A	N/A	4.3	5.4	11.2	14.8
BALANCE SHEET							
Fixed Assets		89,822	77,642	105,167	129,253	129,715	129,771
Intangible Assets		60,455	45,567	83,594	96,072	96,646	96,975
Tangible Assets		18,468	19,162	18,487	30,106	29,994	29,721
Other		10,899	12,913	3,086	3,075	3,075	3,075
Current Assets		93,078	68,957	86,692	72,930	86,041	103,939
Stocks		2,139	2,425	2,819	4,342	5,246	5,876
Debtors		2,531	4,510	11,841	7,618	9,199	10,458
Cash		84,098	58,358	67,394	54,299	64,923	80,933
Other		4,310	3,664	4,638	6,672	6,672	6,672
Current Liabilities		(21,826)	(26,445)	(32,802)	(32,687)	(36,175)	(39,368)
Creditors		(19,247)	(17,358)	(24,446)	(23,858)	(27,346)	(30,539)
Short term borrowings		(2,579)	(9,087)	(8,356)	(8,829)	(8,829)	(8,829)
Long Term Liabilities		(11,215)	(8,667)	(26,420)	(25,753)	(26,467)	(27,022)
Long term borrowings		(8,047)	(3,757)	(3,500)	(3,000)	(3,000)	(3,000)
Other long term liabilities		(3,168)	(4,910)	(22,920)	(22,753)	(23,467)	(24,022)
Net Assets		149,859	111,487	132,637	143,743	153,113	167,319
CASH FLOW							
Operating Cash Flow		(42,562)	(19,915)	1,759	11,321	18,721	23,157
Net Interest		2,116	(29)	(299)	(896)	(242)	(213)
Tax		(832)	(1,909)	(561)	(1,376)	(728)	(209)
Capex		(3,447)	(1,893)	(2,432)	(8,598)	(5,876)	(5,726)
Acquisitions/disposals		34,491	0	1,202	(13,250)	(1,250)	(1,000)
Financing		(1,951)	234	123	0	0	0
Dividends		0	0	0	0	0	0
Other		10,706	157	0	0	0	0
Net Cash Flow		(1,479)	(23,355)	(208)	(12,798)	10,625	16,009
Opening net debt/(cash)		(83,254)	(81,775)	(57,750)	(58,545)	(45,477)	(56,101)
HP finance leases initiated		0	0	0	0	0	0
Exchange rate movements		0	(272)	(510)	(218)	0	0
Other		0	(398)	1,513	(52)	0	0
Closing net debt/(cash)		(81,775)	(57,750)	(58,545)	(45,477)	(56,101)	(72,111)

Source: Evotec accounts, Edison Investment Research

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Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk
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