Evotec AG

Close Brothers Seydler Research AG

Recommendation:	Risk:	Price Target:	
BUY (BUY)	Medium (Medium)	EUR 3.60 (3.60)	11 January 2012

Milestone payment from Boehringer Ingelheim

- Evotec AG announced that its research alliance with Boehringer Ingelheim (BI) has achieved a milestone triggering a payment of EUR 2.5m to Evotec. The milestone was achieved for the identification and selection of a compound to be advanced into extended profiling prior to pre-clinical development within an oncology programme. This is the fourth milestone achieved in 2011 and represents a total of EUR 10.5m of milestones achieved within the year.

- The alliance with BI continues to be very productive in terms of milestone payments. In late 2009 this collaboration was expanded into the oncology therapeutic area, and it is already the fifth milestone achieved as part of this alliance against an oncology target (2 in 2010 and 3 in 2011). Overall, it is the 15th milestone payment achieved within the alliance with Boehringer Ingelheim, which Evotec entered in 2004.

Milestone payments from Boehringer Ingelheim

	Year	Number of milestone payments from BI
Start of collaboration with BI	2004	0
	2005	1
	2006	1
	2007	0
	2008	3
Extension of the collaboration	2009	2
	2010	4
	2011	4
	Total	**15**

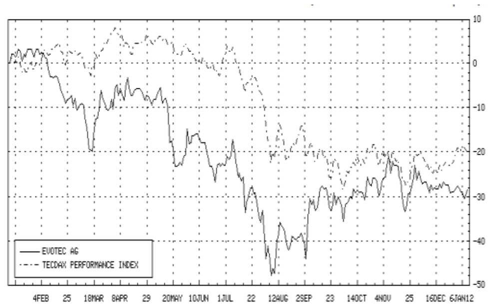
Source: Evotec AG; CBS Research AG

- We leave our price target at EUR 3.60 unchanged and retain BUY recommendation.

Y/E 31.12., EUR m	2008	2009	2010	2011E	2012E	2013E
Revenues	39.6	42.7	55.3	79.0	83.6	92.2
Gross profit	17.6	18.4	24.3	36.6	41.0	47.0
EBITDA	-68.4	-38.2	6.5	12.9	11.5	16.8
EBIT	-73.2	-42.3	1.7	7.2	6.6	11.8
Net income/loss	-78.3	-45.5	3.0	6.1	5.2	9.6
EPS	-0.82	-0.43	0.03	0.05	0.04	0.08
CPS	-0.43	-0.20	0.00	0.10	0.07	0.00
Gross margin	44.5%	43.2%	44.1%	46.3%	49.0%	51.0%
EBITDA margin	-172.7%	-89.6%	11.7%	16.3%	13.7%	18.2%
EBIT margin	-184.8%	-99.1%	3.1%	9.1%	7.9%	12.8%
EV/Sales	5.6	5.2	4.0	2.8	2.6	2.4

Source: Evotec AG; CBS Research AG;

Share price (dark) vs. TecDAX



Source: CBS Research AG, Bloomberg

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Revenue	-	79.0	-	83.6	-	92.2
EBIT	-	7.2	-	6.6	-	11.8
EPS	-	0.05	-	0.04	-	0.08

Internet: www.evotec.com
Sector: Biotechnology
WKN: 566480
ISIN: DE0005664809
Reuters: EVTG.DE
Bloomberg: EVT GY

Short company profile

Evotec is a drug discovery alliance and development partnership company focused on rapidly progressing innovative product approaches with leading pharmaceutical and biotechnology companies.

Share data:

Share price (last closing price, EUR):	**2.32**
Shares outstanding (m):	115.60
Market capitalisation (EURm):	267.61
Enterprise value (EURm):	220.00
Ø daily trading volume (3 m., no. of shares):	151,603

Performance data:

High 52 weeks (EUR):	3.48
Low 52 weeks (EUR):	1.58
Absolute performance (12 months)	-28.4%
Relative performance: (vs. TecDAX)	
1 month	-5.4%
3 months	-2.9%
6 months	15.3%
12 months	-11.5%

Shareholders:

Roland Oetker/ROI	13.5%
TVM V Life Science Ventures	10.5%
Free float	76.0%

Financial calendar:

2011 Figures	20 March 2012

Author **Igor Kim** (Analyst)

Close Brothers Seydler Research AG
Phone: +49 (0) 69-977 84 56 0
Email: research@cbseydlerresearch.ag

www.cbseydlerresearch.ag

Research

Close Brothers Seydler Research AG

Schillerstrasse 27 - 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

Roger Peeters Member of the Board	+49 (0)69 -977 8456- 12 Roger.Peeters@cbseydlerresearch.ag		
Martin Decot	+49 (0)69 -977 8456- 13 Martin.Decot@cbseydlerresearch.ag	Igor Kim	+49 (0)69 -977 8456- 15 Igor.Kim@cbseydlerresearch.ag
Anna von Klopmann	+49 (0)69 -977 8456- 10 Anna.Klopmann@cbseydlerresearch.ag	Gennadij Kremer	+49 (0)69 – 977 8456- 23 Gennadij.Kremer@cbseydlerresearch.ag
Daniel Kukalj	+49 (0)69 – 977 8456- 21 Daniel.Kukalj@cbseydlerresearch.ag	Ralf Marinoni	+49 (0)69 -977 8456- 17 Ralf.Marinoni@cbseydlerresearch.ag
Manuel Martin	+49 (0)69 -977 8456- 16 Manuel.Martin@cbseydlerresearch.ag	Felix Parmantier	+49 (0)69 -977 8456- 22 Felix.Parmantier@cbseydlerresearch.ag
Marcus Silbe	+49 (0)69 -977 8456- 14 Marcus.Silbe@cbseydlerresearch.ag	Veysel Taze	+49 (0)69 -977 8456- 18 Veysel.Taze@cbseydlerresearch.ag
Ivo Višić	+49 (0)69 -977 8456- 19 Ivo.Visic@cbseydlerresearch.ag		

Institutional Sales

Close Brothers Seydler Bank AG

Schillerstrasse 27 – 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

Raimar Bock Head of Sales	+49 (0)69 -9 20 54-115 Raimar.Bock@cbseydler.com		
Rüdiger Eich (Germany, Switzerland)	+49 (0)69 -9 20 54-119 Ruediger.Eich@cbseydler.com	Sule Erkan (Sales-Support)	+49 (0)69 -9 20 54-107 Sule.Erkan@cbseydler.com
Ulf Homeyer (Germany, Switzerland)	+49 (0)69 -9 20 54-111 Ulf.Homeyer@cbseydler.com	Dr. James Jackson (UK)	+49 (0)69 -9 20 54-113 James.Jackson@cbseydler.com
Klaus Korzilius (Benelux, Germany)	+49 (0)69 -9 20 54-114 Klaus.Korzilius@cbseydler.com	Stefan Krewinkel (Execution, UK)	+49 (0)69 -9 20 54-118 Stefan.Krewinkel@cbseydler.com
Markus Laifle (Execution)	+49 (0)69 -9 20 54-120 Markus.Laifle@cbseydler.com	Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 Bruno.deLencquesaing@cbseydler.com
Thomas Rosen (Germany, Switzerland)	+49 (0)69 -9 20 54-112 Thomas.Rosen@cbseydler.com	Christopher Seedorf (Sales-Support)	+49 (0)69 -9 20 54-110 Christopher.Seedorf@cbseydler.com
Janine Theobald (Austria, Germany)	+49 (0)69 -9 20 54-106 Janine.Theobald@cbseydler.com	Bas-Jan Walhof (Benelux)	+49 (0)69 -9 20 54-105 Bas-Jan.Walhof@cbseydler.com

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Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 6 months:

BUY: The expected performance of the share price is above +10%.
HOLD: The expected performance of the share price is between 0% and +10%.
SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
17 January 2011	BUY (Company Update)	EUR 3.33	EUR 3.70
11 February 2011	BUY (Company Update)	EUR 3.25	EUR 3.70
10 March 2011	BUY (Company Update)	EUR 3.00	EUR 3.70
24 March 2011	BUY (Company Update)	EUR 2.94	EUR 3.70
13 May 2011	BUY (Company Update)	EUR 3.00	EUR 3.70

14 June 2011	BUY (Company Update)	EUR 2.71	EUR 3.60
11 August 2011	BUY (Company Update)	EUR 1.74	EUR 3.60
12 September 2011	BUY (Company Update)	EUR 2.28	EUR 3.60
27 October 2011	BUY (Company Update)	EUR 2.38	EUR 3.60
11 November 2011	BUY (Company Update)	EUR 2.59	EUR 3.60
11 January 2012	BUY (Company Update)	EUR 2.32	EUR 3.60

Risk-scaling System:
Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 6 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark
MEDIUM: The volatility is expected to be equal to the volatility of the benchmark
HIGH: The volatility is expected to be higher than the volatility of the benchmark

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Responsible Supervisory Authority:
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)
Graurheindorferstraße 108
53117 Bonn

and

Lurgiallee 12
60439 Frankfurt

Close Brothers Seydler Research AG
Schillerstrasse 27 - 29
60313 Frankfurt am Main
www.cbseydlerresearch.ag
Tel.: 0049 - (0)69 - 97 78 45 60