# Deutsches Eigenkapitalforum 2007

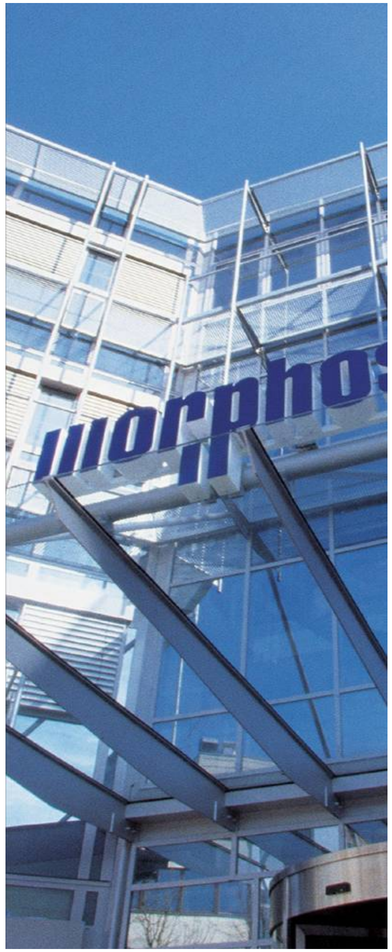

**Frankfurt, November 12, 2007**

# Safe Harbour

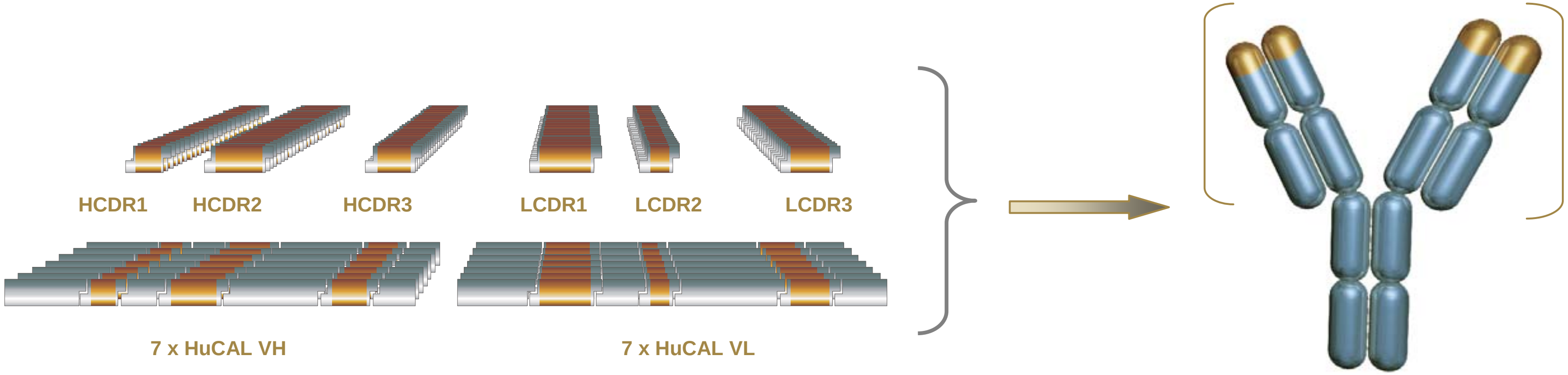
This presentation includes forward-looking statements.
Actual results could differ materially from those included in the forward-looking statements due to various risk factors and uncertainties including changes in business, economic competitive conditions, regulatory reforms, foreign exchange rate fluctuations and the availability of financing.
These and other risks and uncertainties are detailed in the Company's Prospectus.

# MorphoSys at a Glance

| | |
|---|---|
| **Listed** | ▪ In Frankfurt since 1999<br>▪ TecDAX |
| **Headquarters and Other Locations** | ▪ Headquartered in Martinsried/Munich<br>▪ Sales offices for Research Antibodies unit in the UK, US, D |
| **Strategy** | ▪ Balanced risk-reward business model comprising:<br>- Therapeutic Antibodies<br>- Research Antibodies (AbD) |
| **No. of Employees** | ▪ Approx. 300 |
| **Financials** | ▪ Profitable<br>▪ Revenues EUR 53 million (2006) |



# HuCAL: World Leading Antibody Technology




- **Antibodies can be…**
  systematically optimized to match therapeutic application
- **Antibodies are…**
  fully human
- **High throughput provides…**
  economy of scale for research uses
- **Proprietary to MorphoSys**

**HuCAL®**
(**Hu**man **C**ombinatorial **A**ntibody **L**ibrary):
A vast collection or „library" of over 12 billion human antibodies in a system that enables systematic optimization of antibody properties

# Robust Intellectual Property Protected by Core Patent Families

- **HuCAL Library Design and Use (~2016 expiry)**
  - 5 US Patents
  - 1 EU Patent (numerous EU states)
  - 1 AU Patent
  - Pending applications: CA EU JP US
- **TRInucleotide Mutagenesis (JHU excl. license) (~2012 expiry)**
  - 1 US Patent; EP upheld in amended form; pending in JP, CA
- **Disulfide Display (CysDisplay) (~2020 expiry)**
  - 1 US Patent
  - EU application in late stage prosecution
  - Pending applications: AU CA EU IL JP NO US
- **Various patent applications on:**
  - Ancillary technologies
  - Individual antibodies

# Business Segments

## Therapeutic Antibodies

**Partnered** | **Own products**

- Broad partnered pipeline maximizes potential product yield, minimizes risk
- Own programs offer even greater upside

## Research Antibodies

AbD serotec

- Among largest suppliers of research antibodies
- Solid platform to increase uptake of HuCAL technology

Antibodies by Design A Division of MorphoSys

Biogenesis A Division of MorphoSys

serotec A Division of MorphoSys

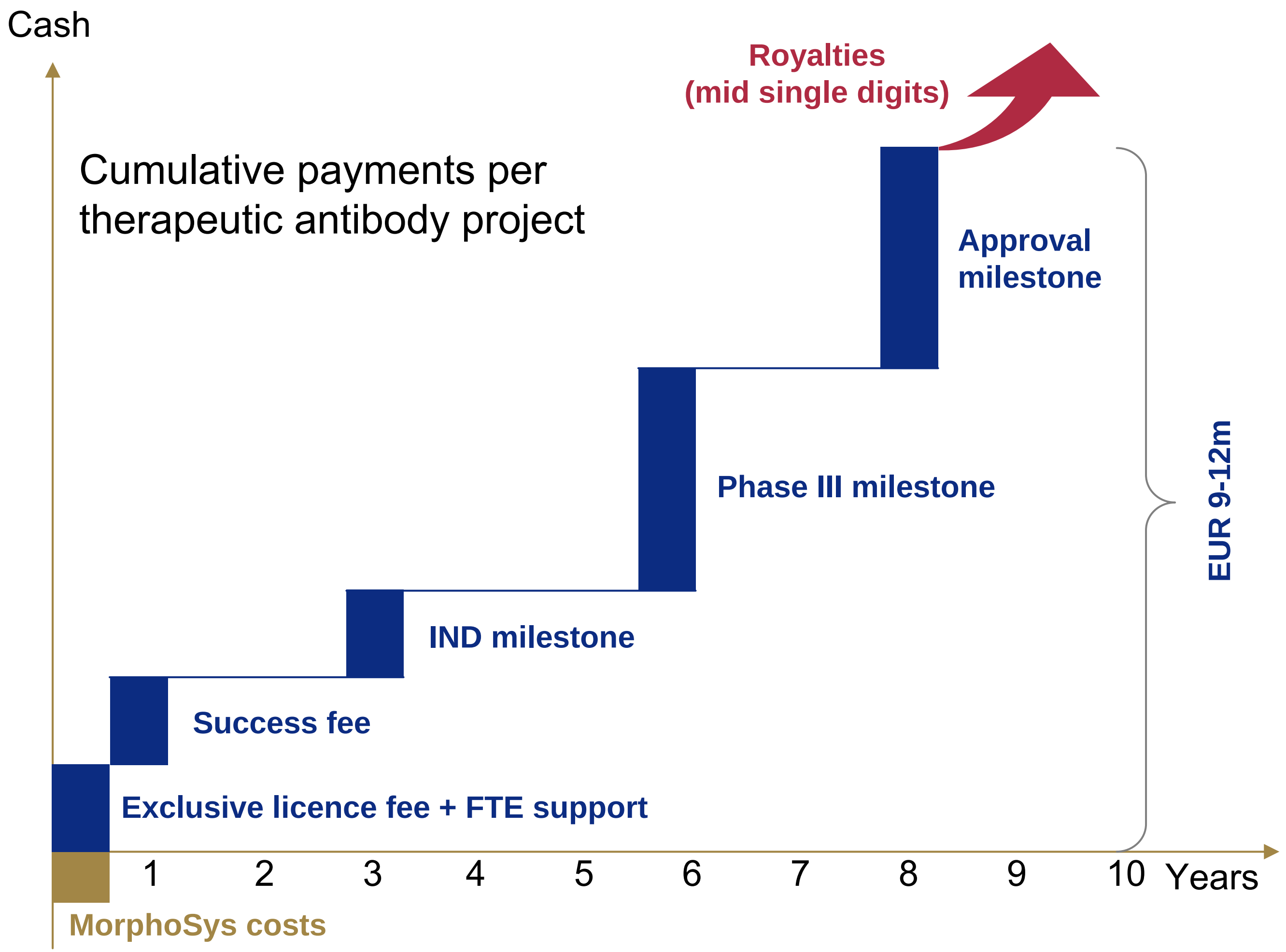
# Therapeutic Antibody Partnerships

- Partner provides target, initiates program, brings disease-specific expertise
- Responsibilities

| | MOR | Partner |
|---|---|---|
| Lead generation | ■ | ■ |
| Optimization | ■ | |
| Development | | ■ |
| Marketing | | ■ |

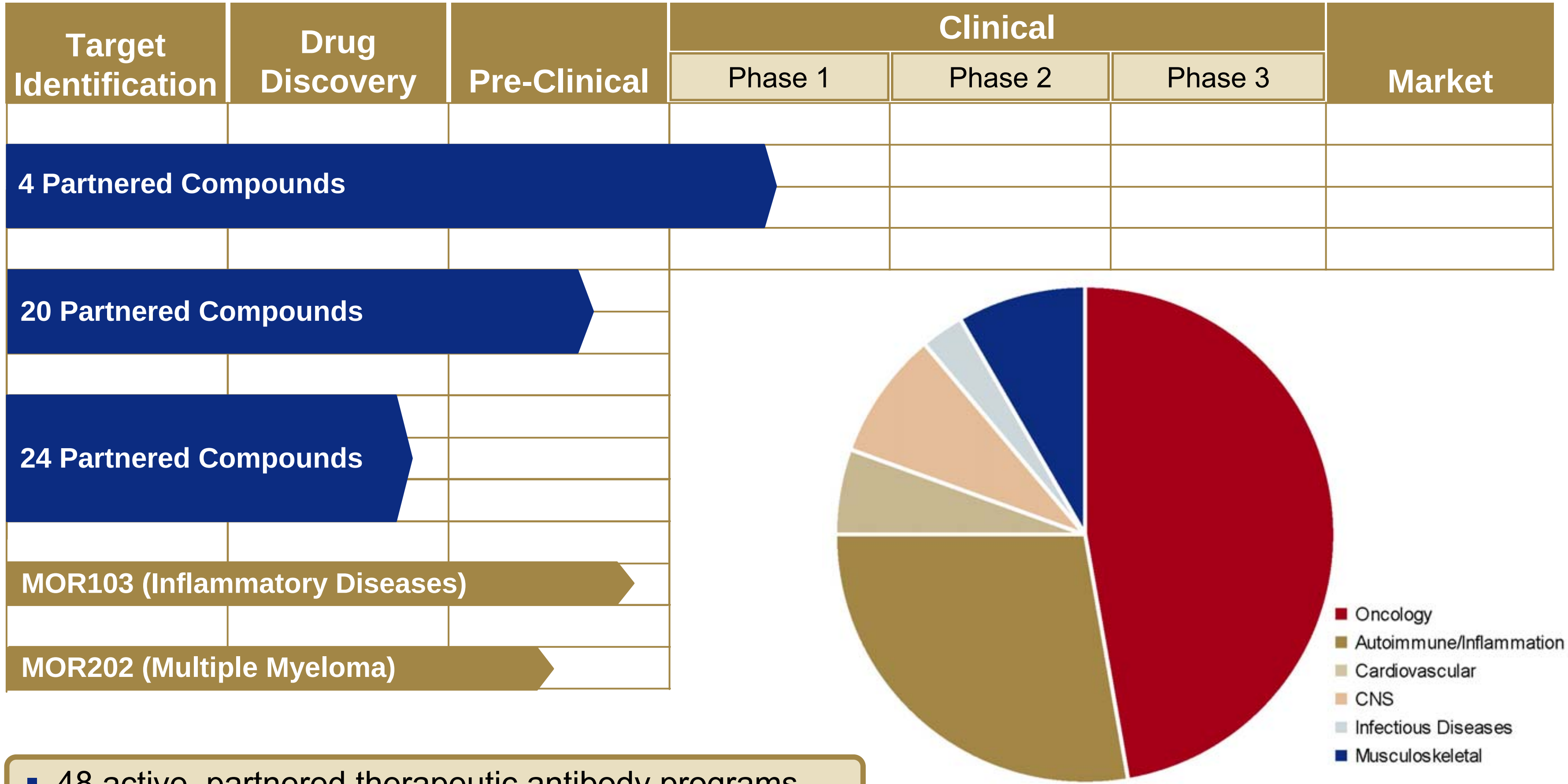
- Programs exclusive on „per target“ basis
- Partnerships typically multi-year, often multi-target

# Therapeutic Antibody Partnerships: Typical Program Deal Terms




- Each antibody project profitable from the beginning
- Milestones and royalties are pure profit

# HuCAL Therapeutic Antibody Pipeline




- 48 active, partnered therapeutic antibody programs
- 2 proprietary therapeutic antibody programs

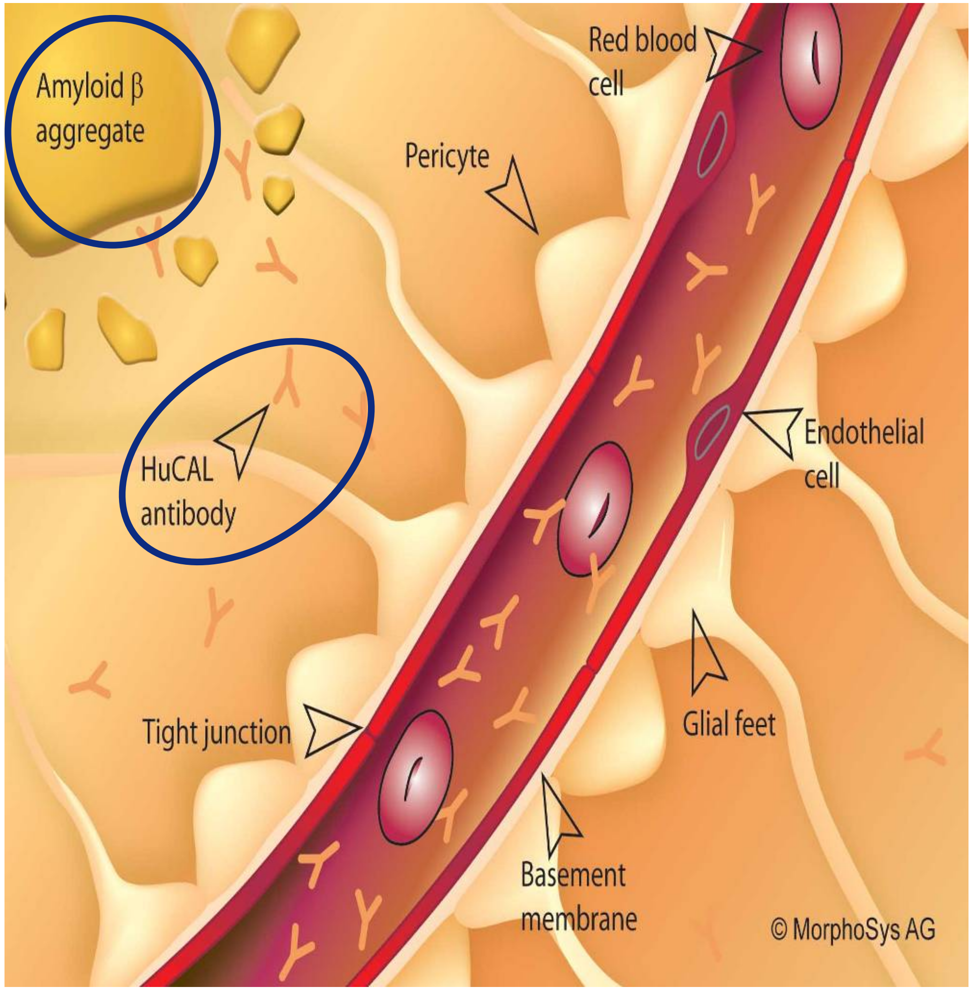
# Roche's Alzheimer Program R1450: Effectively Targeting Amyloid-β

**Mechanism**

- Plaques of the amyloid-β peptide are believed to be a cause of Alzheimer's disease
- HuCAL antibody aimed at binding and dissolving amyloid-β plaques in the human brain

**Status**

- Phase 1 studies ongoing in Denmark, Netherlands, Sweden and the UK
  - Single dose and dose escalation
  - Randomized, double-blind in patients
  - Both studies with target sample below 100
  - First results expected in 2008 (MorphoSys estimate)



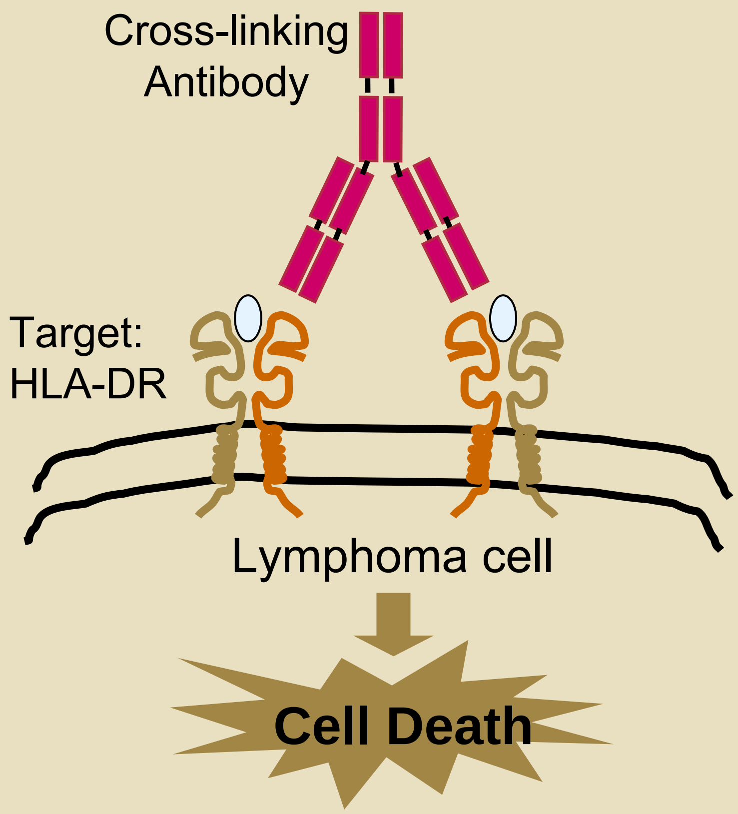
# GPC Biotech's Cancer Program 1D09C3: Effectively Targeting MHC II

**Mechanism**

- HuCAL-derived anti-MHC II antibody triggers programmed cell death in activated B-cells and certain tumor cell lines
- Bivalent interaction of MHC II molecules on the cell surface required

**Status**

- European phase 1 study at 3 sites
- Initial, promising phase 1 data published in Dec-2006
  - 1D09C3 well tolerated
  - Dose escalating study completed




*Source: Nagy ZA (2003) J Mol Med 81:757-765, Truman JP (1994) Int. Immunol., 6:887-896*

# Other Partnered Programs in the Clinic

## Novartis

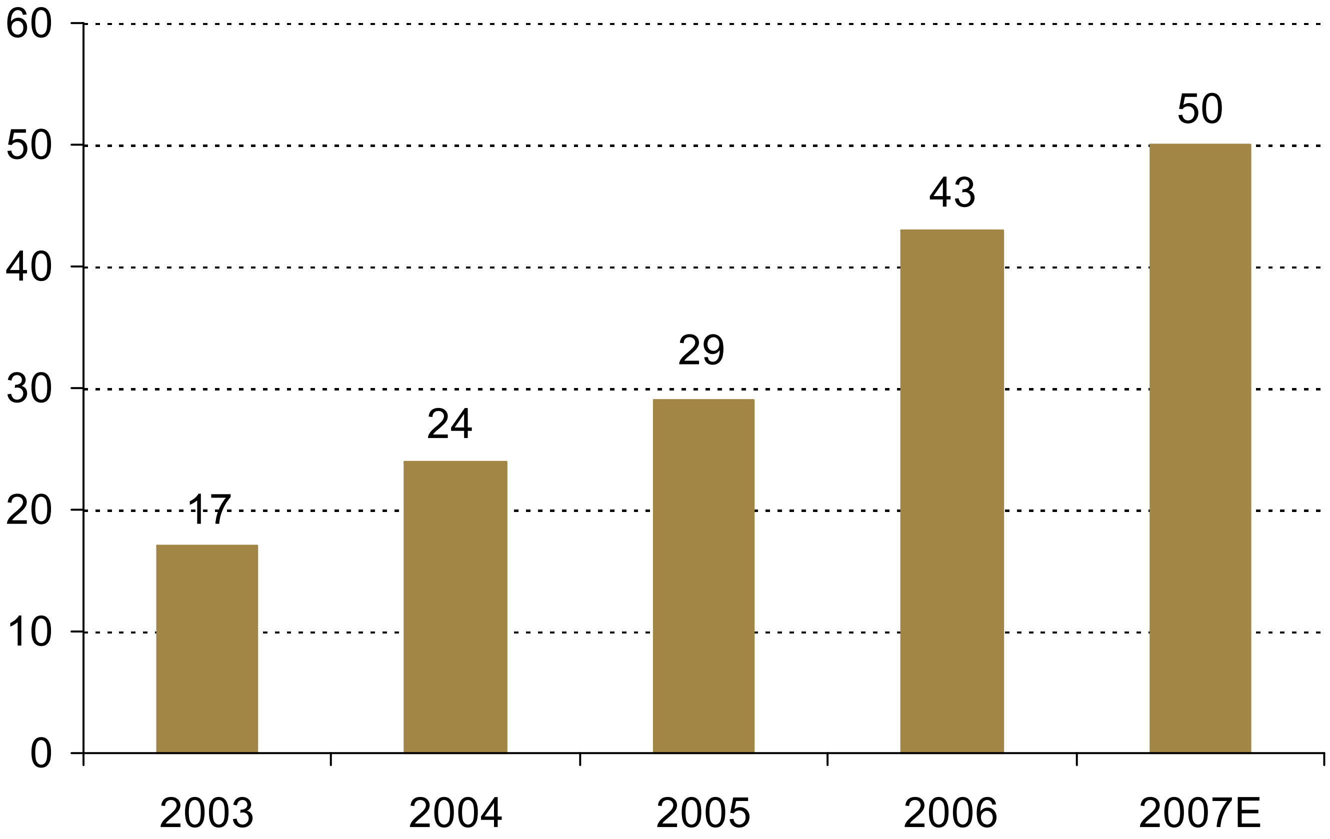
- HuCAL antibody vs. undisclosed cancer target
- 3 years from start of project to IND

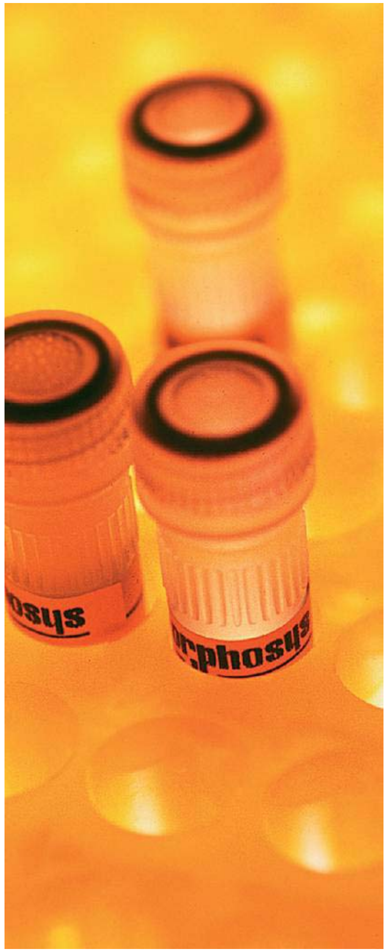
## Undisclosed Partner

- HuCAL antibody vs. undisclosed cancer target
- IND filing in June 2007

# Partnered Pipeline Growing at 30% p.a.

Number of active, partnered HuCAL programs at the end of each year



# MorphoSys's Proprietary Programs

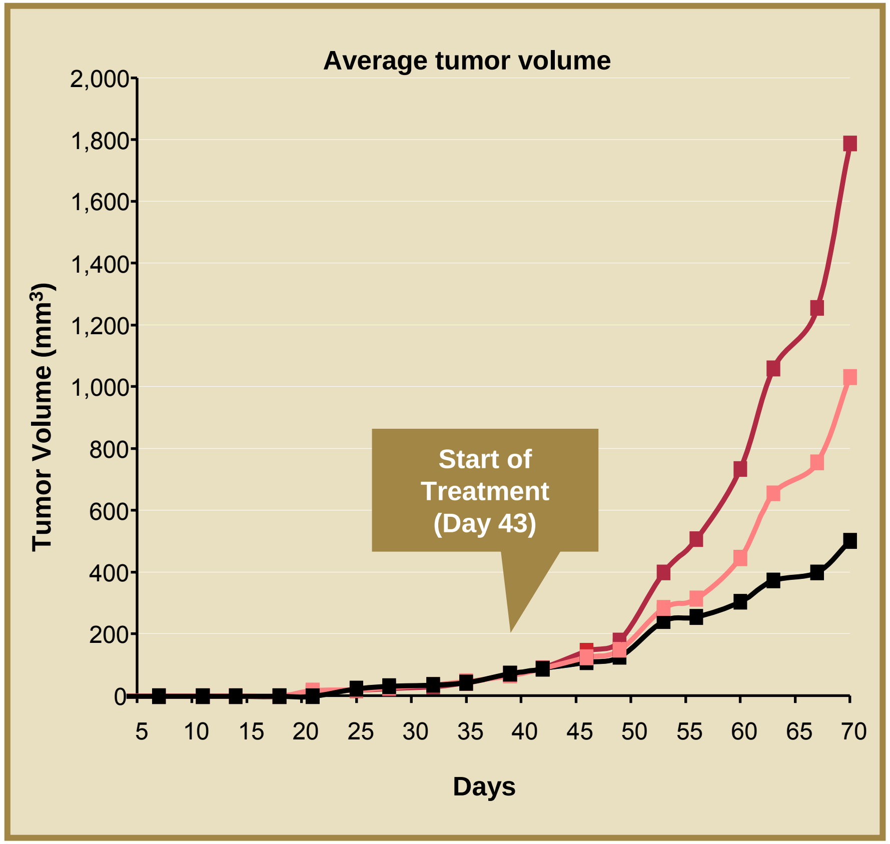
## MOR 103

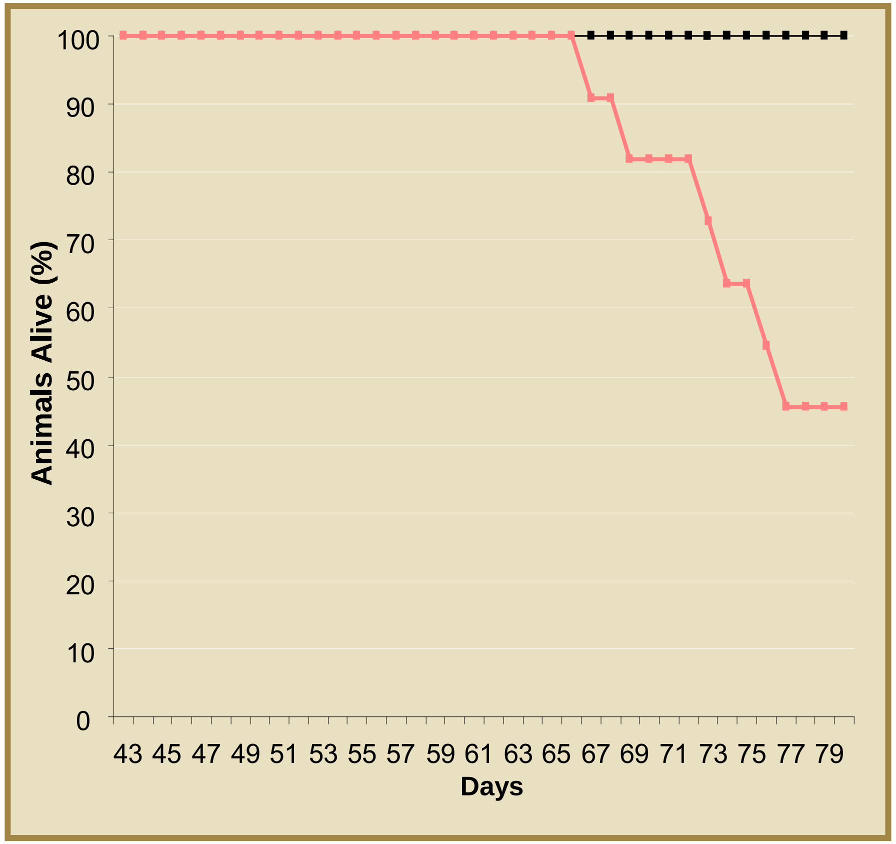
- **Primary Indication:**
  Rheumatoid arthritis
- **Medical Need:**
  - Fewer than 25% of RA patients are adequately treated
- **Drug Candidate:**
  - HuCAL antibody with very high affinity for undisclosed target
  - Potential in other inflammatory indications
- **Milestones:**
  - Clinical material produced ☑
  - H2 2007: CTA filing ☐

## MOR202

- **Primary Indication:**
  Multiple myeloma
- **Medical Need:**
  - Few available treatment options for MM, no curative therapies
- **Drug Candidate:**
  - HuCAL antibodies vs. CD 38, a 45kDa glycoprotein
  - Compelling efficacy data in vitro and in vivo (SCID mouse)
- **Milestones:**
  - 2007: Profiling of lead and one back-up candidate ☐

# MOR202 is Superior to Velcade in a Multiple Myeloma SCID Mouse Model




MOR202 (5 mg/kg)    Velcade (0.5 mg/kg)    Negative control antibody

# Business Segments

| Therapeutic Antibodies | Research Antibodies |
|---|---|
| Partnered / Own products | AbD serotec |

**Therapeutic Antibodies**

- Broad partnered pipeline maximizes potential product yield, minimizes risk
- Own programs offer even greater upside

**Research Antibodies**

- Among largest suppliers of research antibodies
- Solid platform to increase uptake of HuCAL technology

Antibodies by Design
A Division of MorphoSys

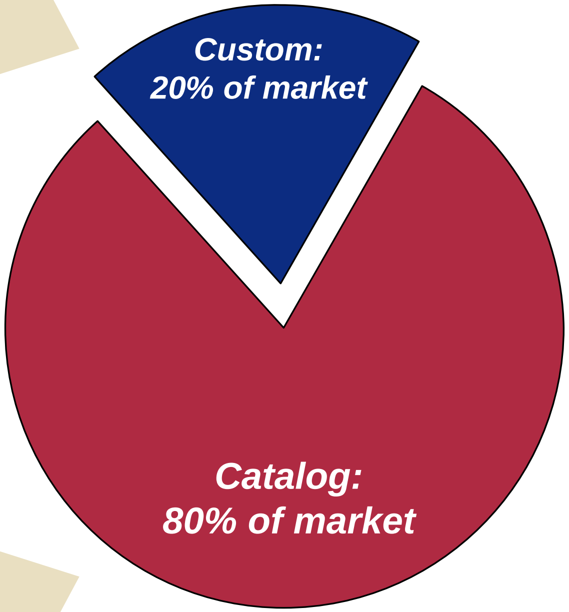
Biogenesis
A Division of MorphoSys

serotec
A Division of MorphoSys

# AbD Serotec: The Business

## *Research Antibody Market: US$ 1bn*

Custom service business
USP: MAbs in 8 weeks




Research applications with novel targets seed potential new HuCAL therapeutic and/or diagnostic opportunities

Catalogue antibody business
10,000 antibodies

# Synergies Between Therapeutic & Reagent Antibody Businesses

**Therapeutics**

**Technology**

**Reagents**

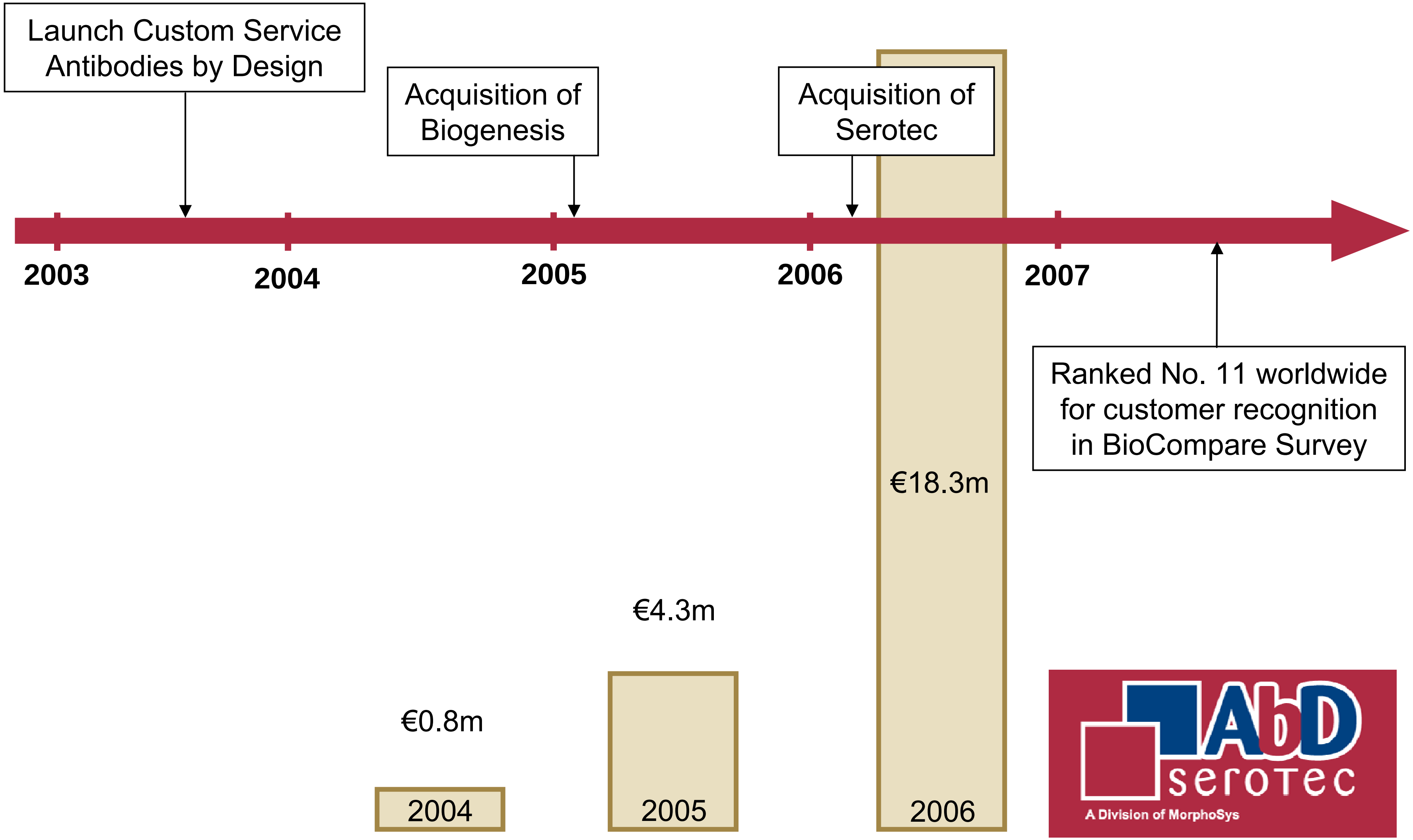
**Partnerships**

At least 2 therapeutic partners have tested HuCAL as AbD customers before committing to large therapeutics-focused collaborations.

**Targets**

Alliances with research institutes such as **The Burnham Institute** exchange access to HuCAL for rights to antibodies against newly discovered targets.

# AbD Serotec: Gaining Scale



# Financial Growth

| In EUR millions | Guidance 2007 | 2006 | 2005 |
|---|---|---|---|
| **Revenues** | | | |
| Segment Therapeutic Antibodies | 2/3 of total revenues | 34.7 | 29.1 |
| Segment AbD | 1/3 of total revenues | 18.3 | 4.3 |
| **Total Revenues** | **60 - 65** | **53.0** | **33.5*** |
| **Total Operating Expenses** | **-** | **46.9** | **27.3** |
| **Profit from Operations** | **7 - 10** | **6.2*** | **6.2** |

* Differences due to rounding

# Profit & Loss Statement (Group)
# 9-Months 2007

morphosys

| In EUR millions | 9-Months 2007 | 9-Months 2006 |
|---|---|---|
| **Revenues** | **44.1** | **39.0** |
| Cost of Goods Sold | 6.0 | 5.5 |
| R&D Expenses | 15.7 | 11.7 |
| S,G&A Expenses | 15.5 | 14.0 |
| **Total Operating Expenses** | **37.2** | **31.2** |
| **Profit from Operations** | **6.9** | **7.8** |
| Non-Operating Income/(Expenses) | 0.9 | (0.3) |
| **Profit Before Taxes** | **7.8** | **7.4*** |
| Income Tax Expense | 2.9 | 1.2 |
| **Net Profit** | **4.9** | **6.1*** |
| Earnings per Share (diluted) in EUR | 0.68 | 0.93 |

* Differences due to rounding

# Condensed Balance Sheets (Group)
# 9-Months 2007

| In EUR millions | 09/30/2007 | 12/31/2006 |
|---|---|---|
| **Assets** | | |
| Cash, Cash Equivalents & Marketable Securities | 105.0 | 66.0 |
| Other Current Assets | 15.5 | 10.1 |
| Total Non-Current Assets | 48.1 | 51.7 |
| **Total Assets** | **168.6** | **127.8** |
| | | |
| **Liabilities** | | |
| Total Current Liabilities | 18.4 | 18.3 |
| Total Non-Current Liabilities | 11.3 | 9.5 |
| Total Shareholders' Equity | 138.8 | 100.1 |
| **Total Liabilities** | **168.6*** | **127.8*** |

* Differences due to rounding

# Goals 2007

## Group

- Revenue EUR 60 – 65 million (2/3 therapeutics: 1/3 research products)
- Operating profit EUR 7 – 10 million

## Therapeutic Segment

- MOR103 IND
- With partners:
  - 1-3 INDs
  - 50 therapeutic programs by year-end
  - New / expanded partnerships

## AbD Serotec

- 20% revenue growth
  - Expecting 10-15%
- EBIT margin: 5-10%
  - Expecting up to 5%
- New marketing alliance to drive uptake of HuCAL in research community

Thank You.


**www.morphosys.com**