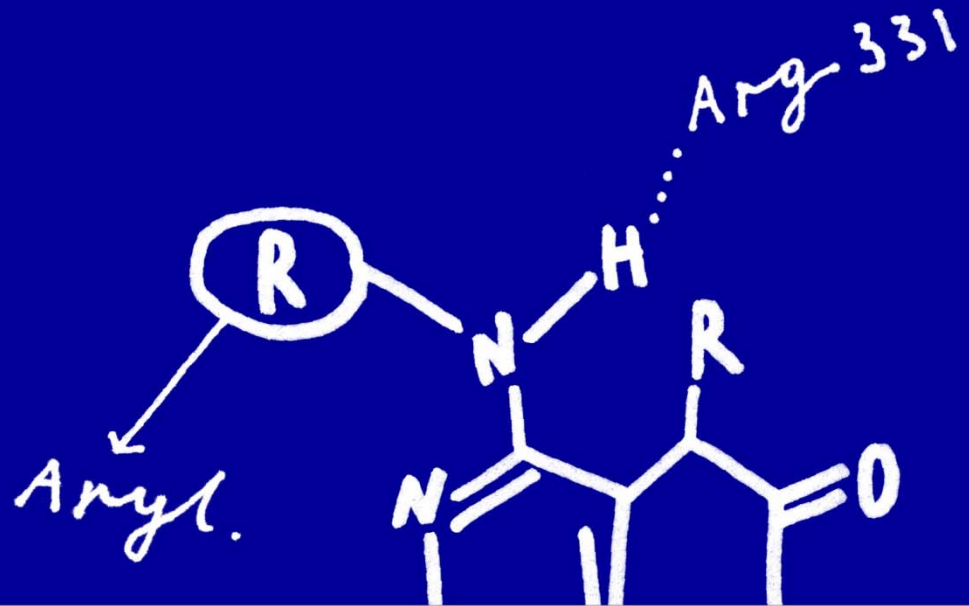


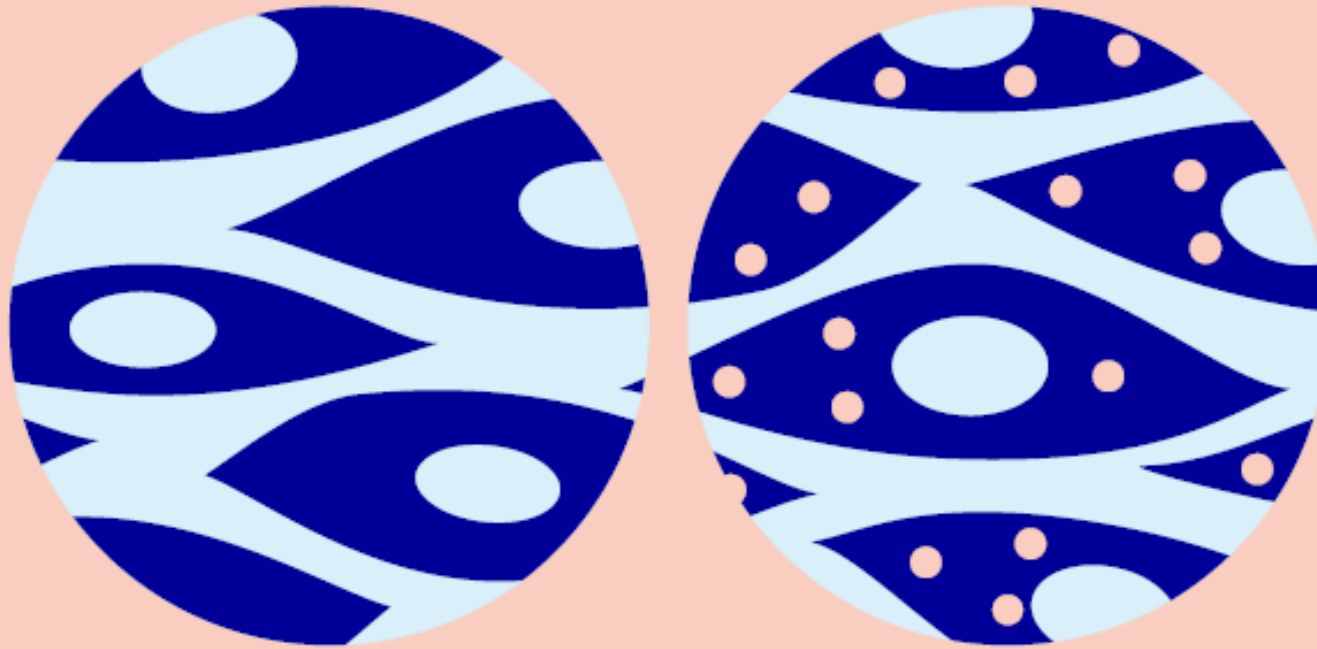
Shifting the drug discovery paradigm

Evotec and Celgene in exclusive drug discovery collaboration for neurodegenerative diseases



Forward-looking statement

Information set forth in this presentation contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this presentation. Such forward-looking 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. 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.



iPS cells – A paradigm shift in drug discovery

Evotec's industrialised iPSC infrastructure represents one of the largest and most sophisticated iPSC platforms in the industry

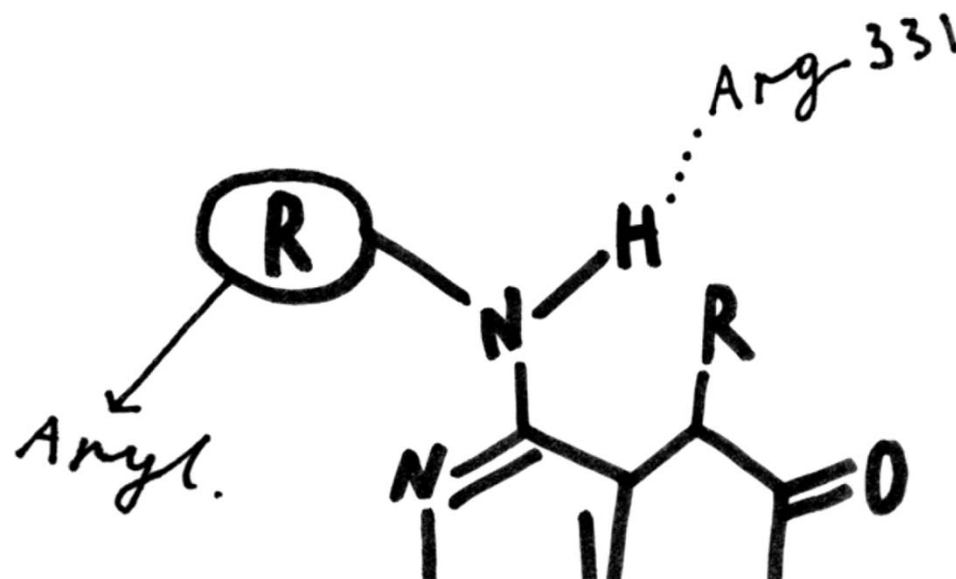
Agenda

Rationale for next generation drug discovery

Paradigm shift with iPS cells (“iPSC”)

Evotec and Celgene: Alliance in neurodegeneration

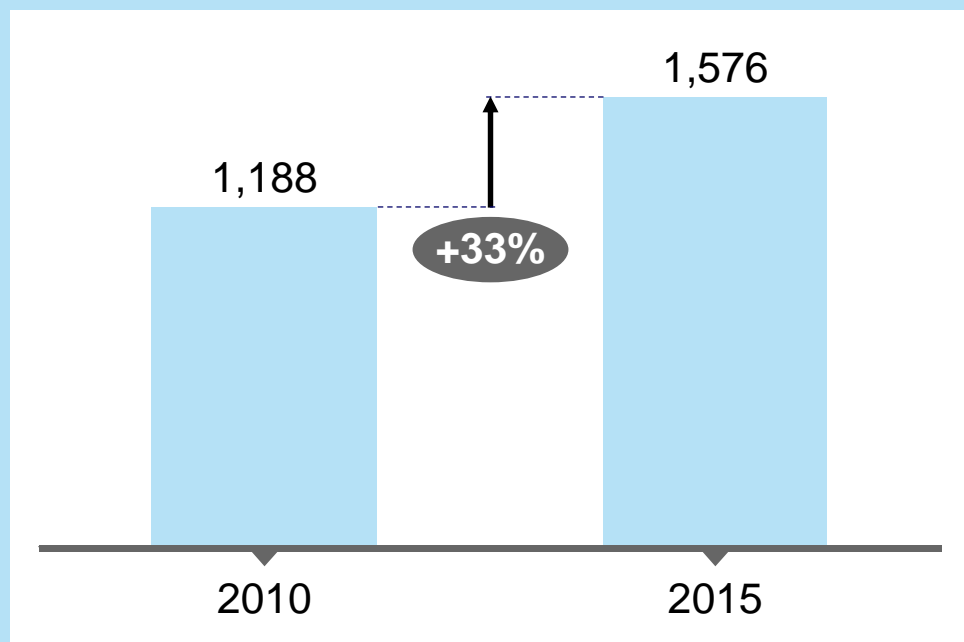
Next Steps



Improving R&D productivity in the pharmaceutical industry is imperative

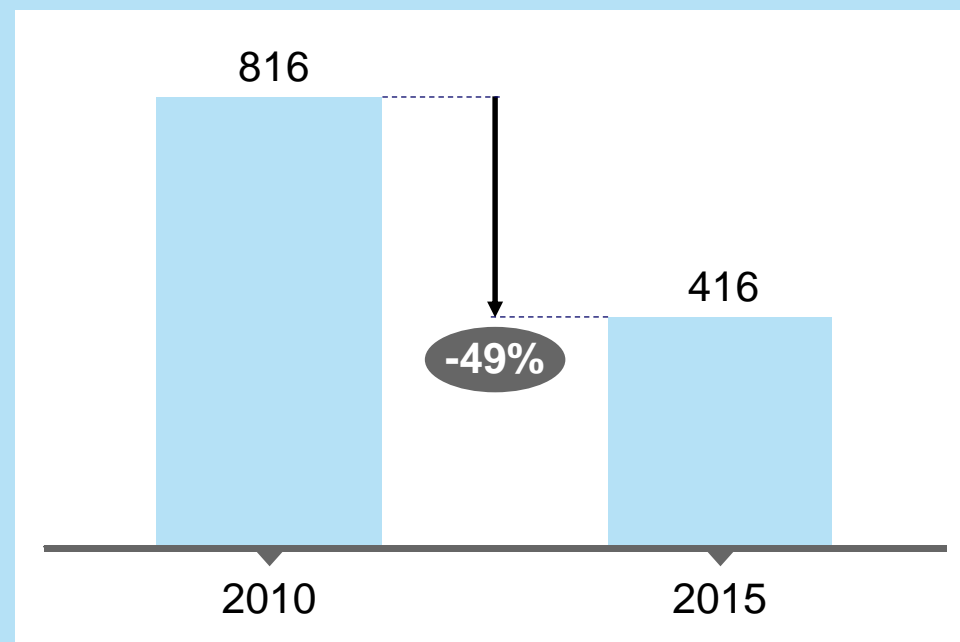
Development costs increase while average peak sales decrease

Cost, USD billion



Cost to develop an asset has increased by ~1/3rd since 2010

Sales, USD million



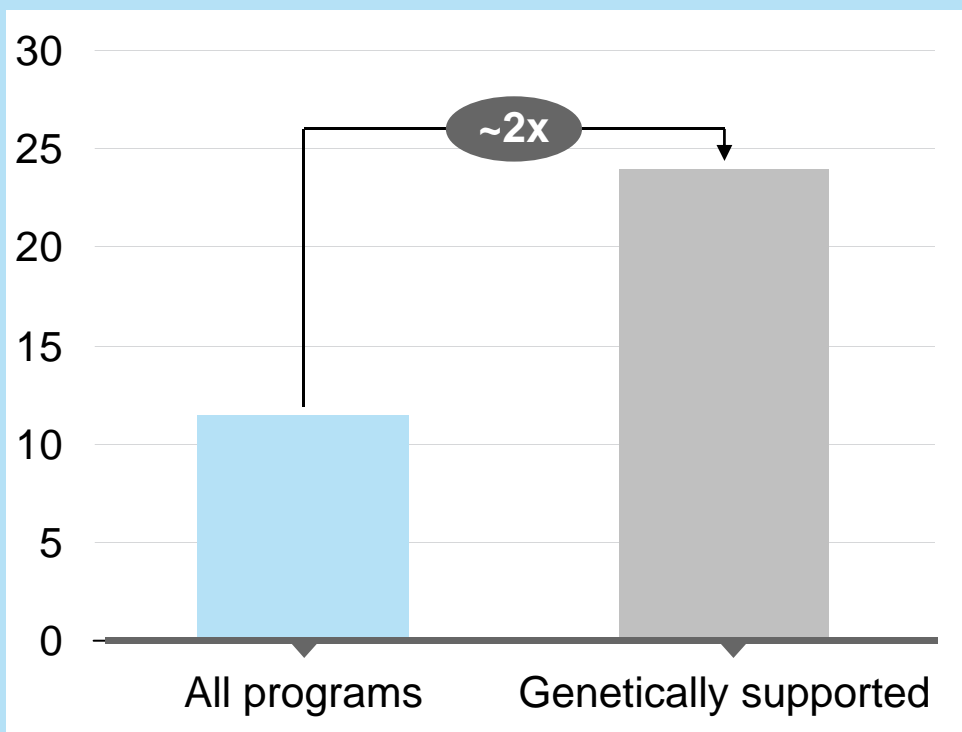
Average peak sales per asset have halved since 2010

Patient centric approaches improve success rates

Human genetics and biomarkers are improving the odds of success

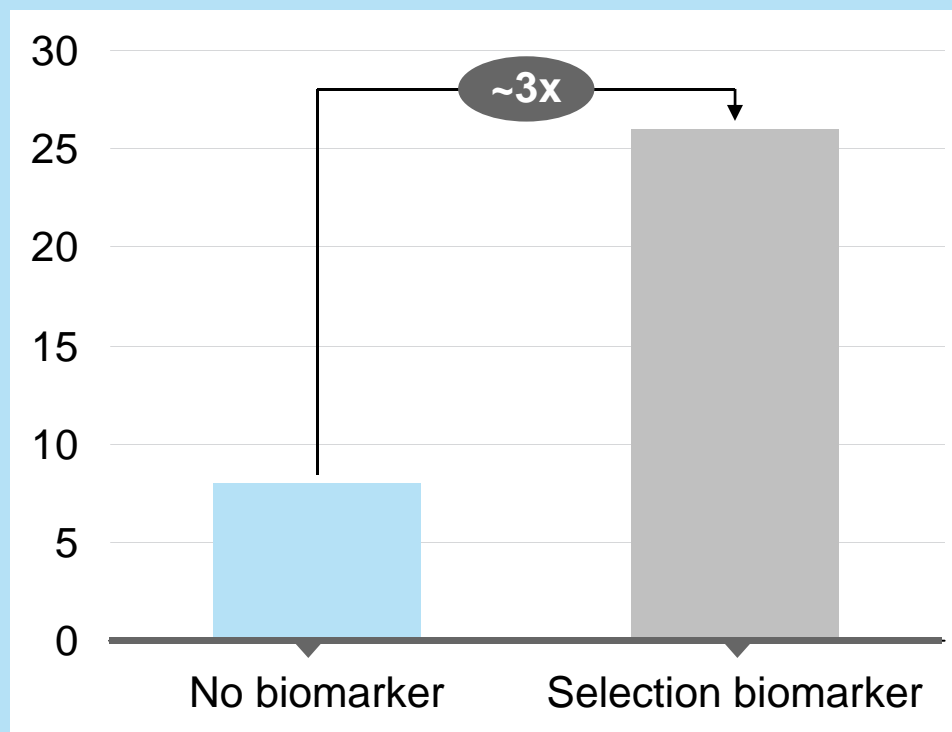
Human genetics supported targets ¹⁾

% success



Biomarker based patient stratification ²⁾

% success



Fully integrated iPSC-based drug discovery platform

The Evotec iPSC accelerator platform

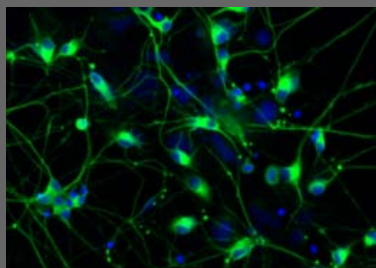
iPSC culture

- Access to iPSC lines
- Expansion & banking
- Quality control standards
- Scale up



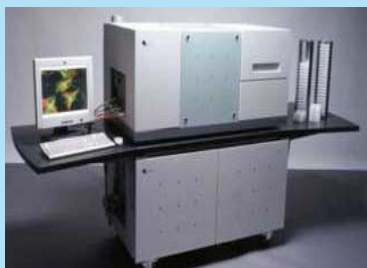
Patient-derived disease models

- SC-derived disease-relevant cell types
- Optimisation
- Scale up



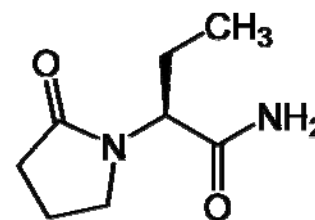
Hit identification

- High-content screening
- Electro-physiology
- Gene expression profiling



H2L/LO

- Cellular assays
- Medicinal chemistry
- Target deconvolution
- *In vitro* toxicity



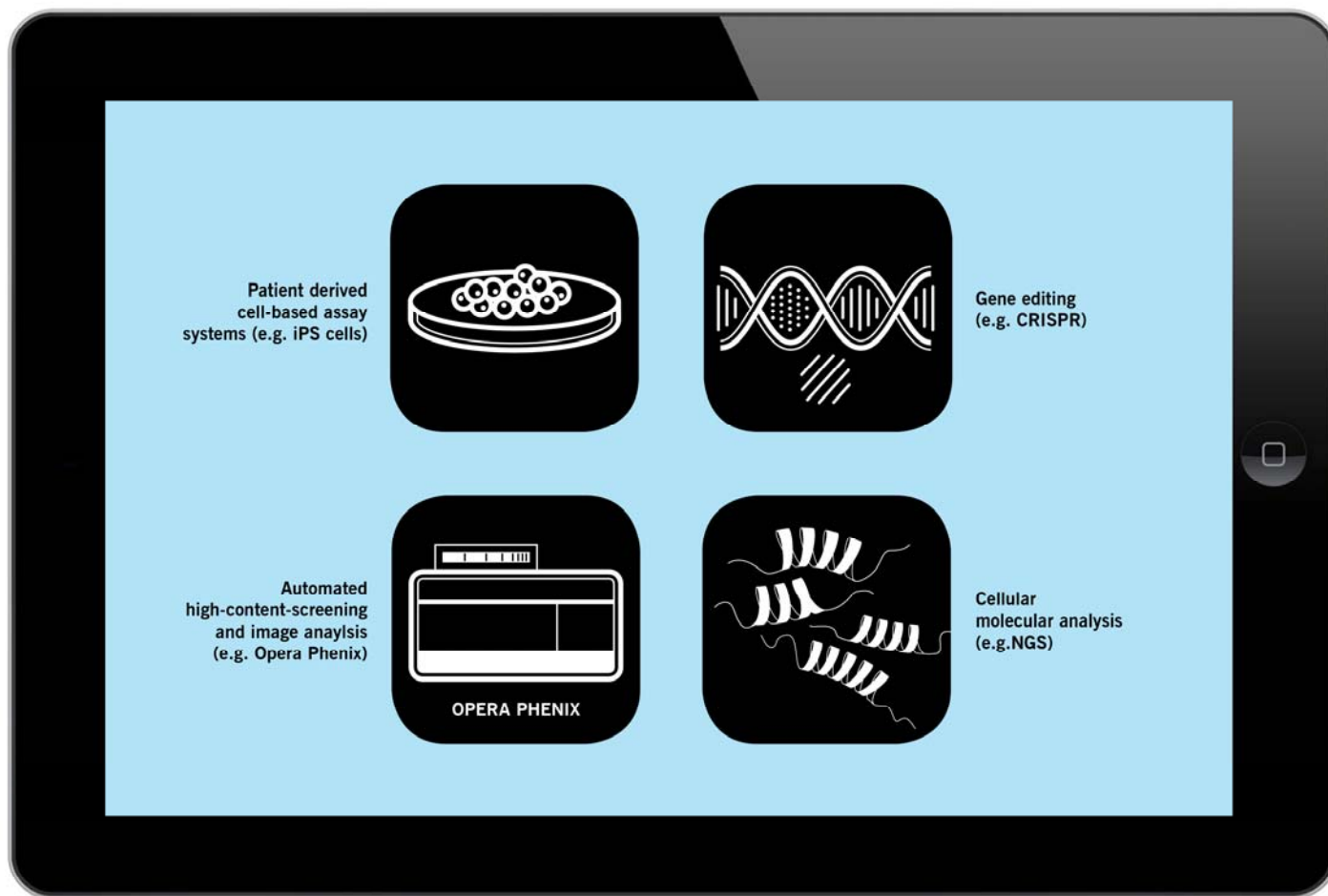
In vivo pharmacology

- PK/PD
- Biomarker driven *in vivo* disease models
- Biomarkers



Latest stage technologies open new horizons

Combining human genetics with disease relevant read-outs



Combination of breakthrough technologies enable a new era in drug discovery

- Patient derived cell-based assay systems (e.g. iPSC)
- Gene editing (e.g. CRISPR)
- Cellular molecular analysis (e.g. NGS)
- Automated high-content screening and image analysis (e.g. Opera Phenix)

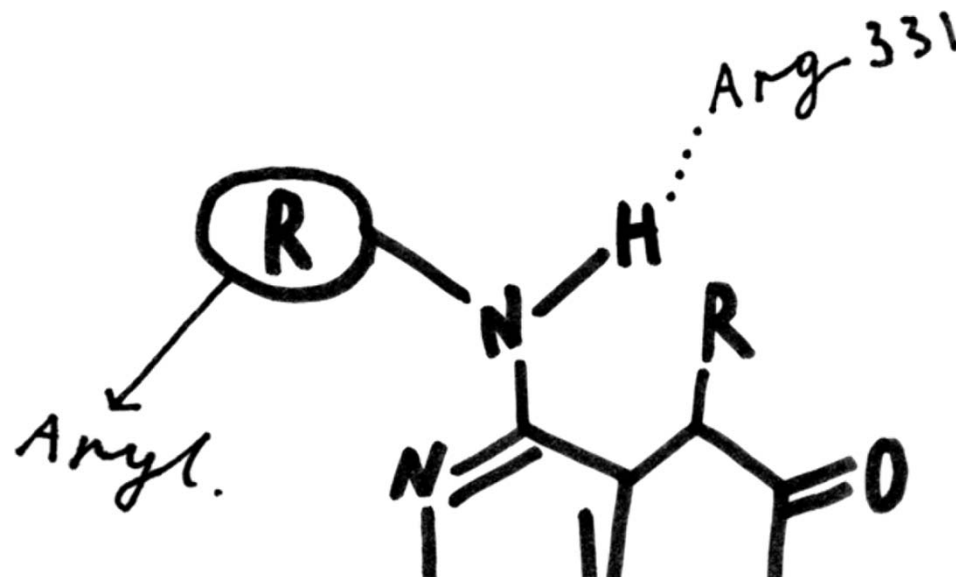
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Rationale for next generation drug discovery

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Next Steps



Only few moments in science are undisputed as genuine and elegant in creativity and simplicity

Shinya Yamanaka – Discovered iPSC in 2007 – Nobel prize in Medicine 2012

*“The induced pluripotent stem cells created by Shinya Yamanaka will allow us to interrogate and understand the full extent and variation of human disease, will enable us to develop new medicines and **will forever change the way science and medicine** will be conducted for the benefit of mankind.”¹⁾*

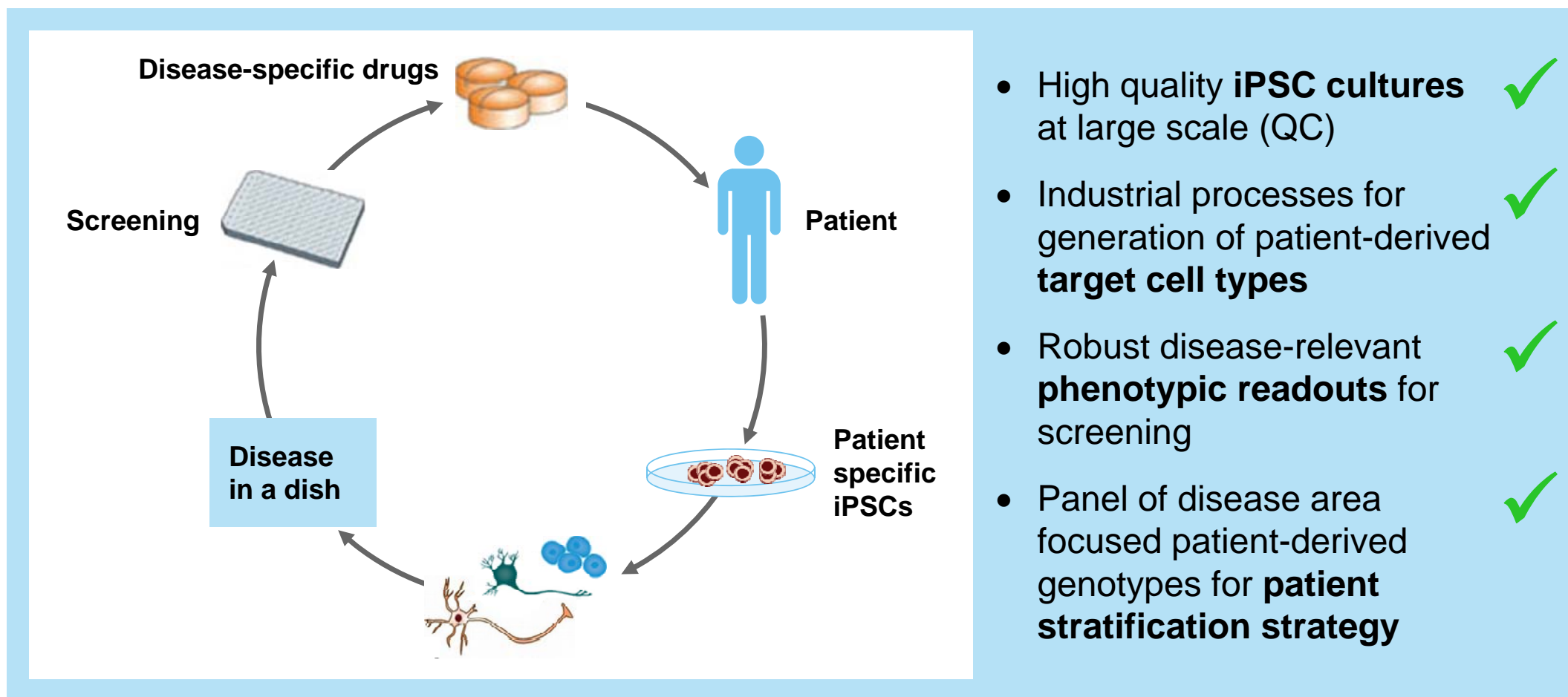
iPSC technology shifts the drug discovery paradigm in drug discovery as well as cell-based therapy

Advantages & hurdles with iPSC

	Drug discovery	Cell therapy
Key advantages	<ul style="list-style-type: none"> • Focus on human disease relevance already at screening stage <ul style="list-style-type: none"> – Replacement of rodent cell & <i>in vivo</i> models • Novel strategy for patient stratification <ul style="list-style-type: none"> – <i>In vitro</i> clinical trials / precision medicine • Novel translational biomarkers • Excellent basis for more complex <i>in vitro</i> models <ul style="list-style-type: none"> – Co-cultures / organoids 	<ul style="list-style-type: none"> • Autologous cell therapy can circumvent immune rejection • In combination with gene editing technology provides potential cures
Key challenges	<ul style="list-style-type: none"> • Standardisation • Industrialisation 	<ul style="list-style-type: none"> • Functional integration in tissues • Regulatory challenges

iPSC-based drug discovery platform has been established over the last 5 years

Key elements of drug discovery process with iPSC



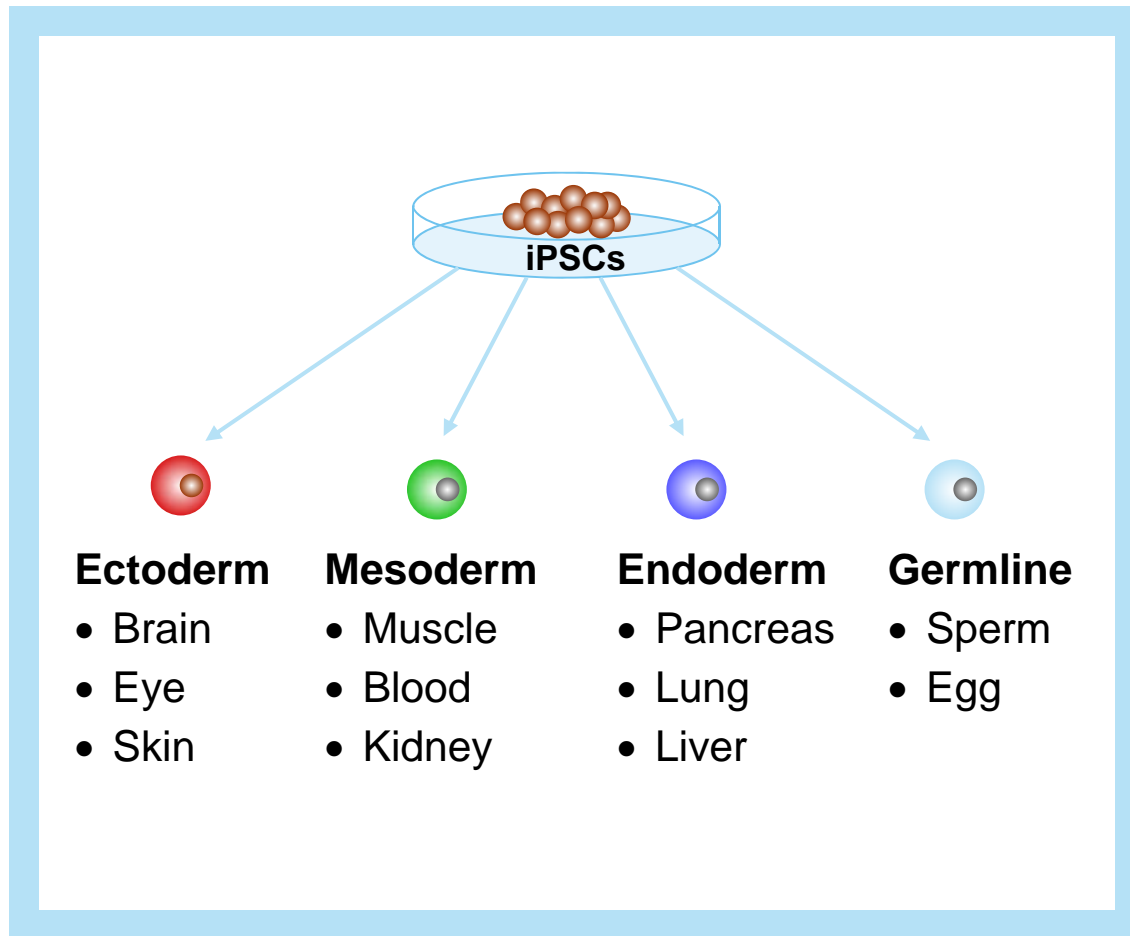
Focus on human disease relevance from the start

iPSC will shift the drug discovery paradigm

	Disease relevance		Key Advantage
	OLD	NEW with iPSC	
<i>In vitro</i> models for drug screening / profiling	Low	High	Patient-derived disease models for drug screening and profiling confers disease relevance early on
<i>In vivo</i> models for drug screening / profiling	Low	High	Efficacy testing in animal models focus more on MoA ¹⁾ and PK/PD profiles
Pre-clinical patient stratification	Not possible	Possible	Early patient stratification enables better focused clinical development
Success rate in clinical testing even in well defined patient populations	Low	High	With increased success rates, cost for development of and prices for medication will decrease

Initial focus on key neuronal cell types

From prototype protocol to industrial process



Motor neurons

- Amyotrophic lateral sclerosis

Cortical neurons

- Huntington's disease
- Frontotemporal dementia
- Alzheimer's disease

Dopaminergic neurons

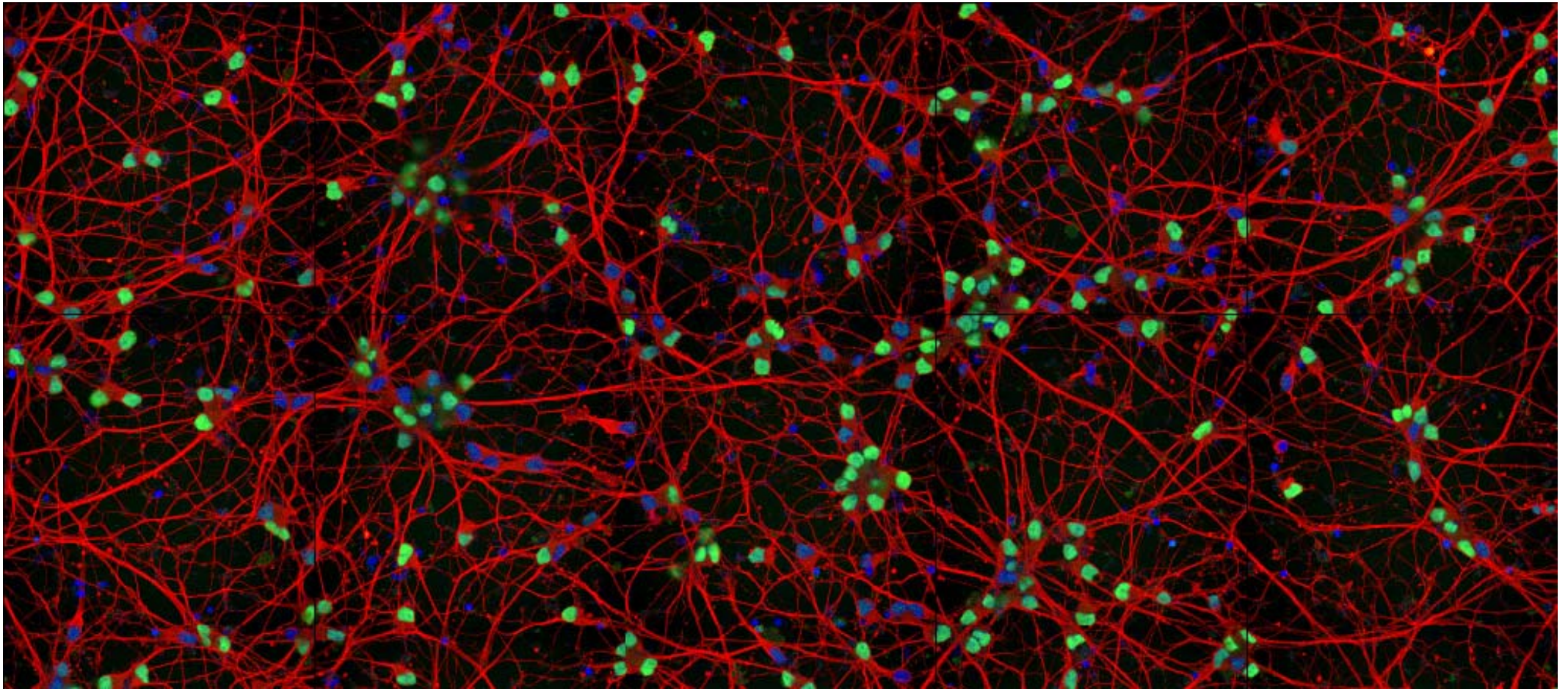
- Parkinson's disease

Microglia

- Alzheimer's disease

Patient derived functional neurons

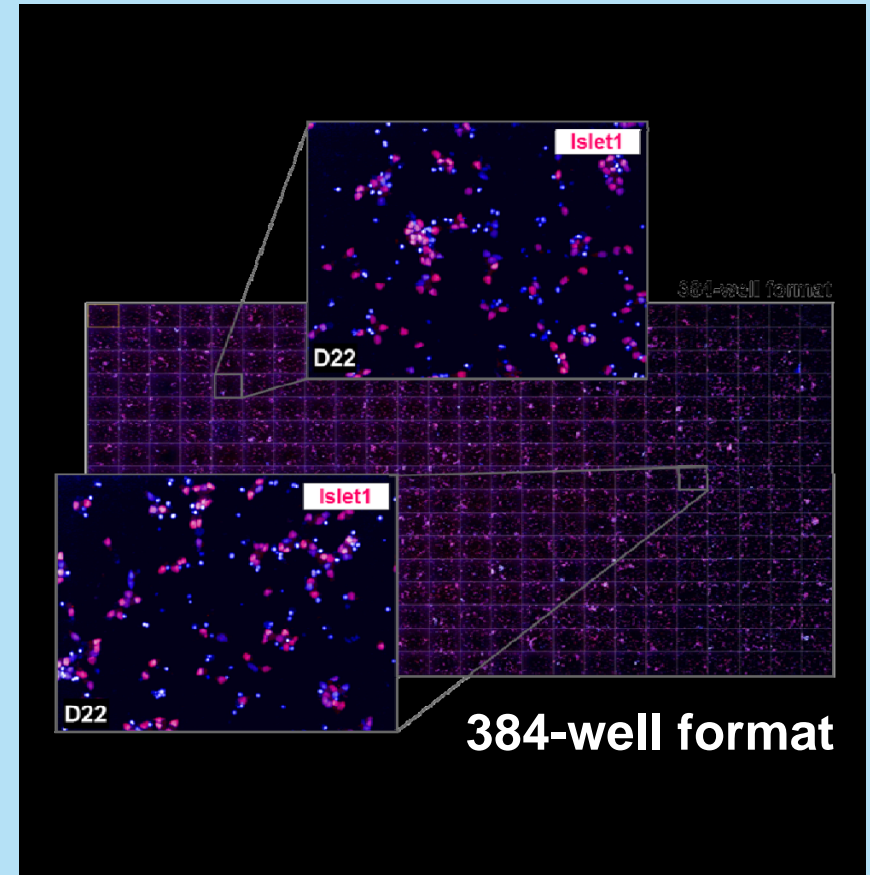
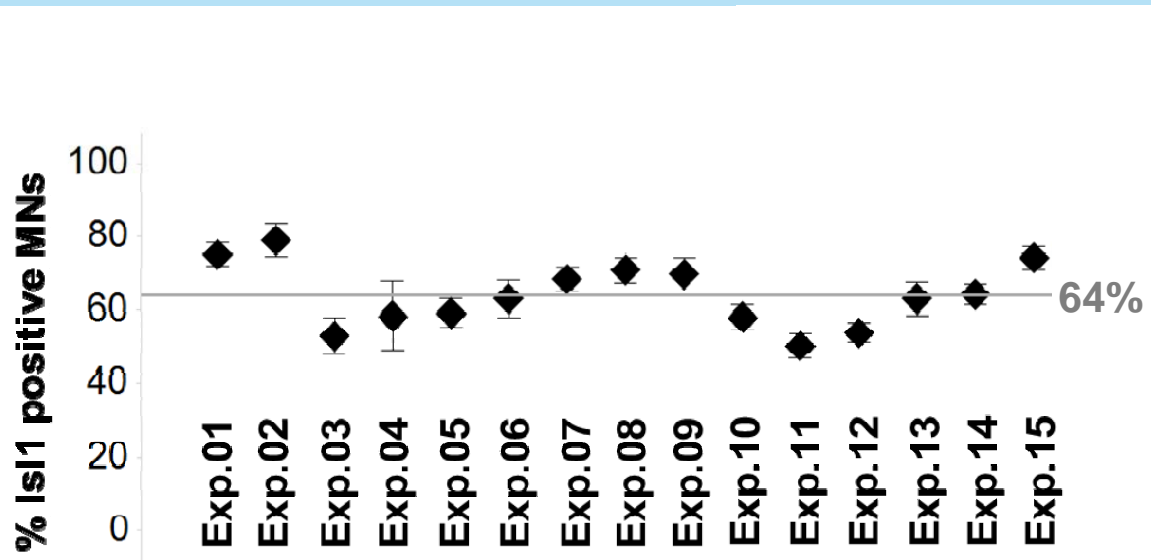
Manufacturing process adapted to 384-well format suitable for HCS



Industrialised process to generate patient neurons in 384 well format suitable for HCS

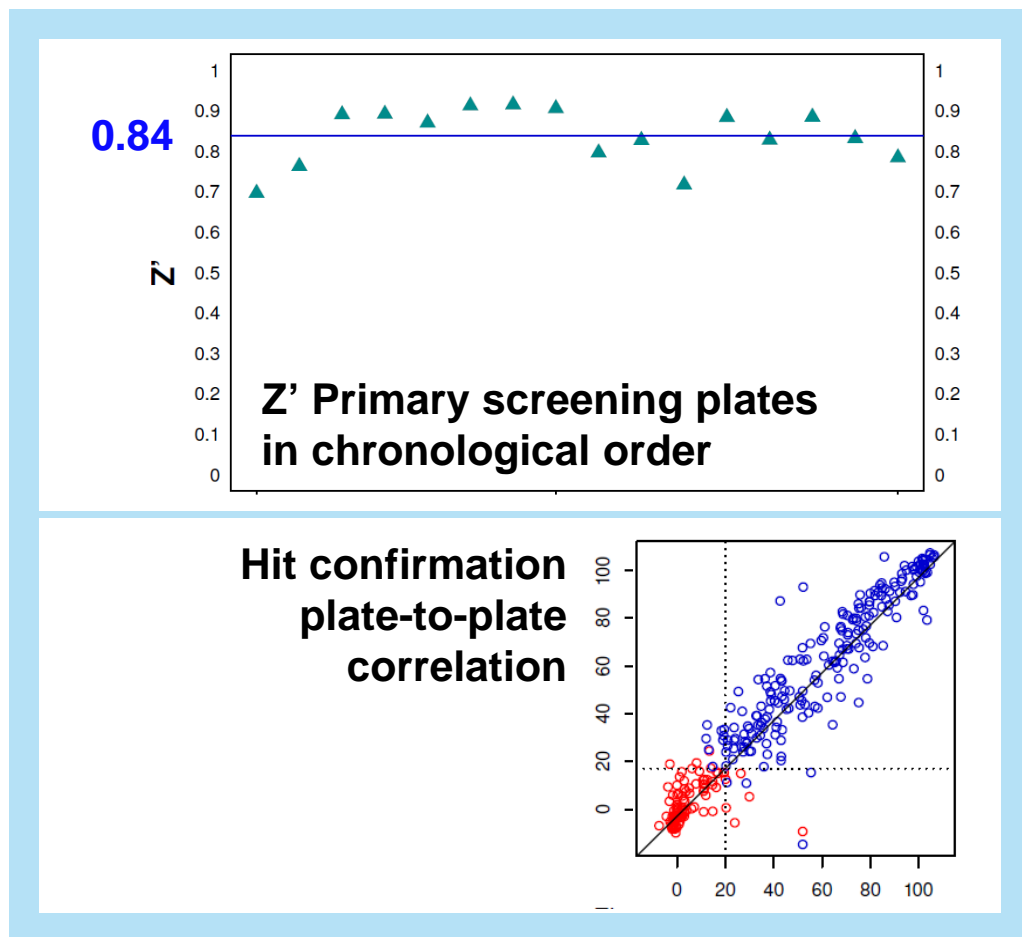
Highly robust, semi-automated human neuron manufacturing process

- Low inter / intra plate variability
- Low day-to-day variability



Unprecedented performance indicators in iPSC-derived human neuron assays

Excellent screening performance indicators throughout screening campaign

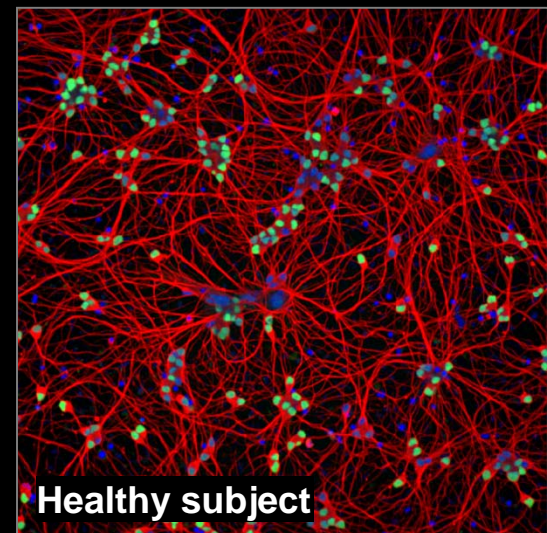
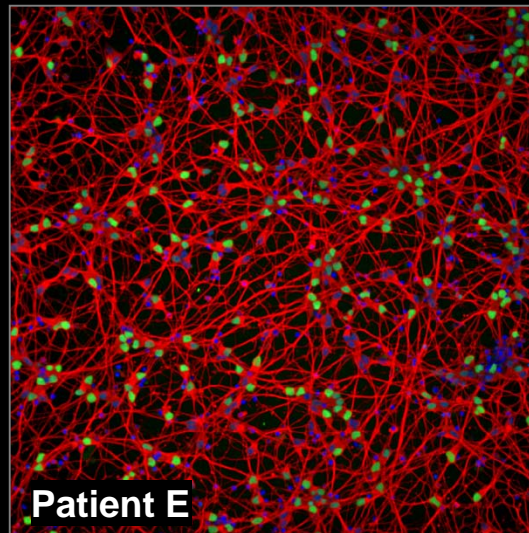
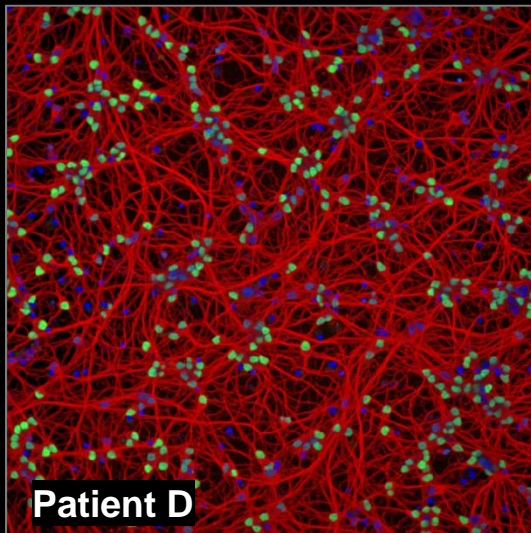
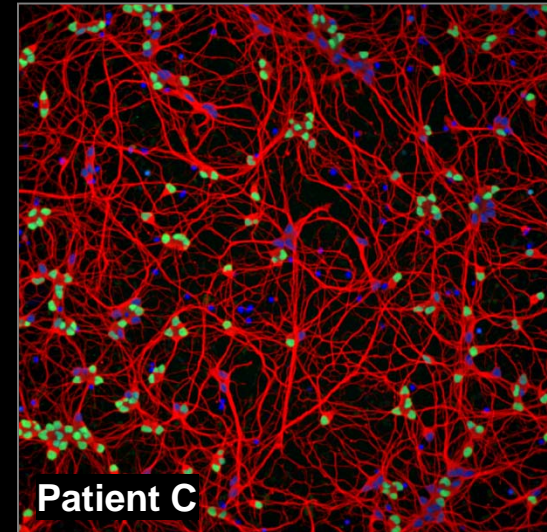
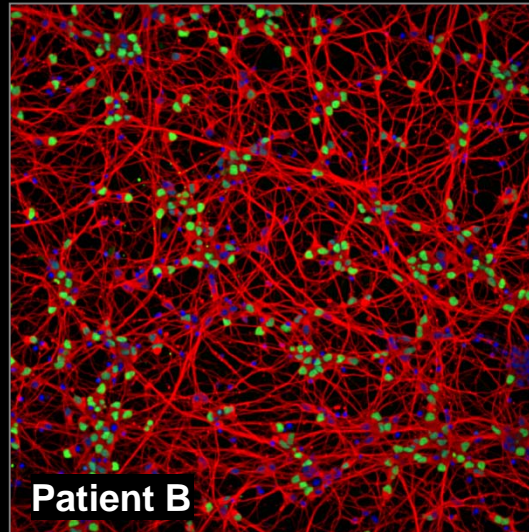
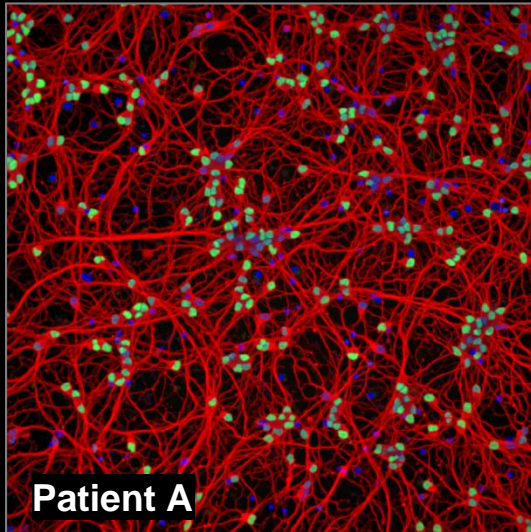


- **Pilot screening**
Z' Ø 0.7
Motor neuron yield ~55%
- **Primary screening**
Z' Ø 0.8
Motor neuron yield ~60%
- **Hit confirmation**
Z' Ø 0.8
Motor neuron yield ~74%
- **Hit profiling**
Z' Ø 0.85
Motor neuron yield ~74%



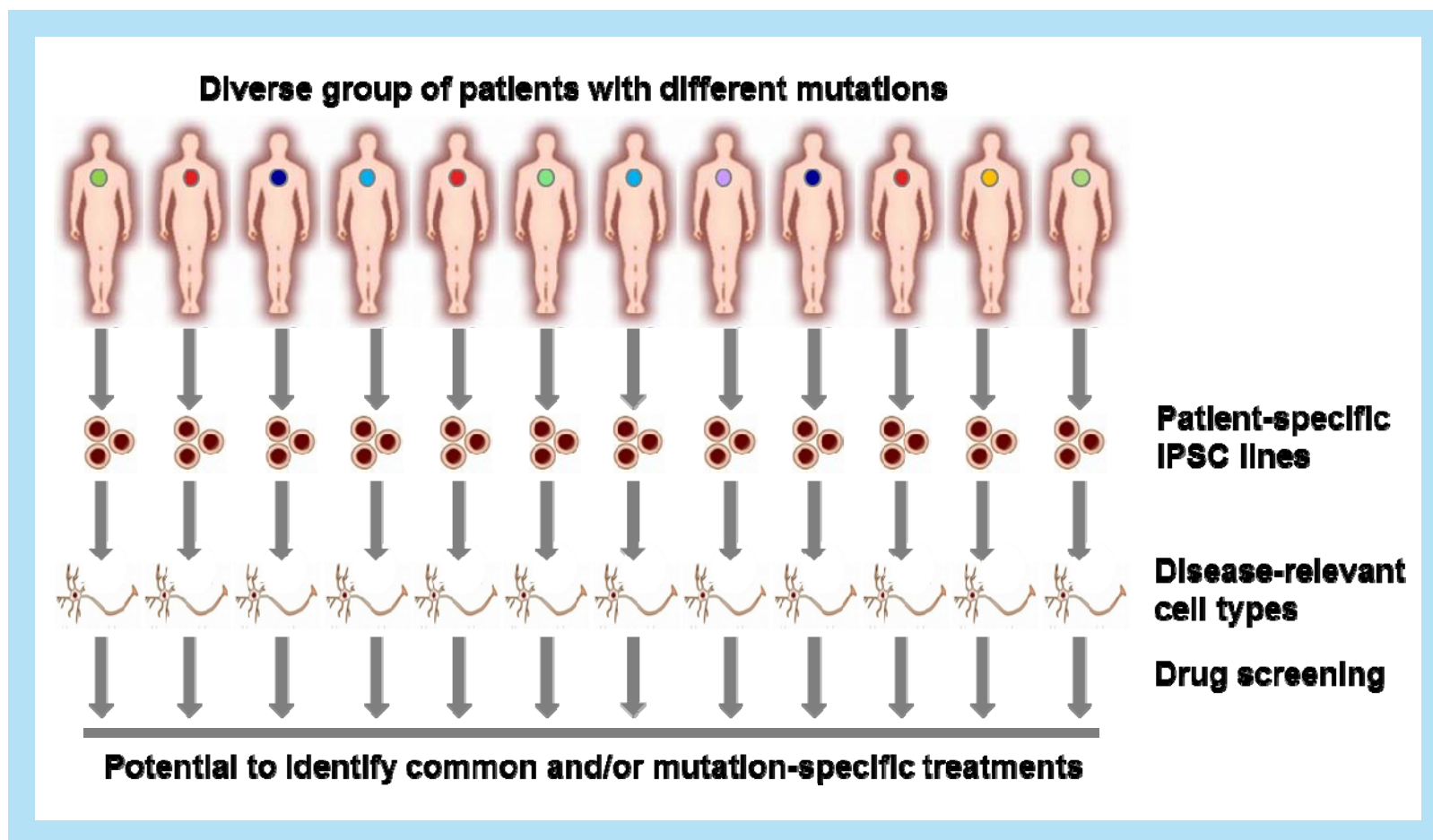
Highly robust manufacturing process works for all lines tested so far

General applicability of human neuron manufacturing process



Early patient stratification via 'clinical trial in a dish'

Patient-derived iPSC-lines available for multiple genotypes (e.g. ALS)



Focus on genetically defined subpopulations of widespread diseases

Many opportunities beyond neurodegeneration focus

Neurodegenerative diseases

- *Alzheimer's disease*
- *Parkinson's disease*
- *Amyotrophic lateral sclerosis*
- *Huntington disease*
- *Frontotemporal dementia*
- ...
- ...

Neurodevelopmental diseases

- Autism related spectrum disorders
- Spinal muscular atrophy
- Bipolar disorders
- Epilepsy

Lysosomal storage diseases

- Gaucher, Fabry
- Batten, MLIV¹⁾

Myopathies

- FSHD²⁾
- Duchenne

Diabetes

- Drug discovery
- Cell therapy

Diabetic complications

- Nephropathy
- Retinopathy

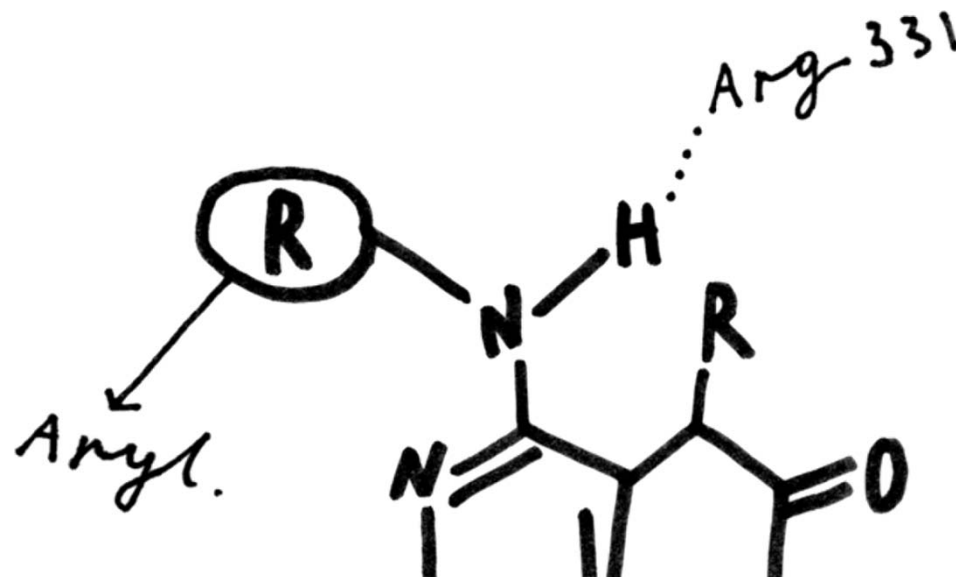
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Rationale for next generation drug discovery

Paradigm shift with iPS cells ("iPSC")

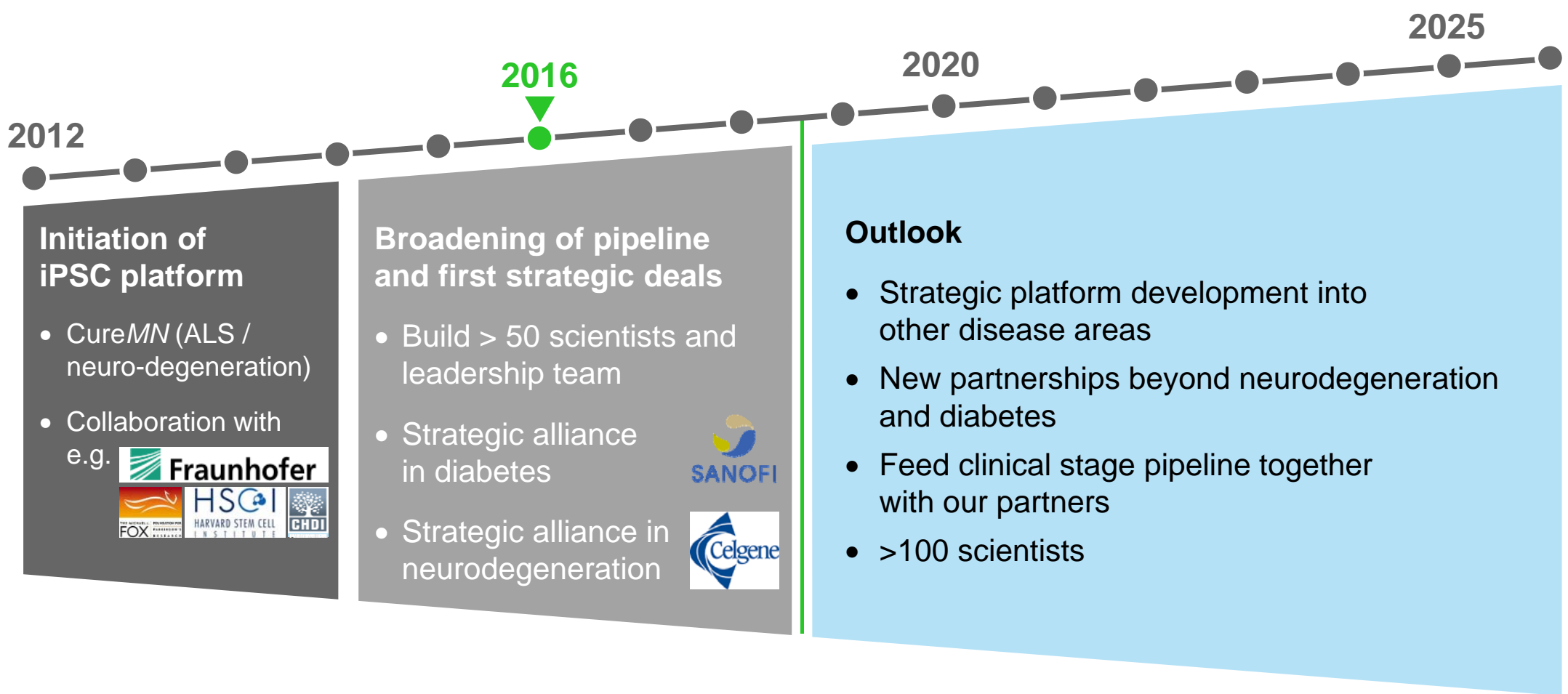
Evotec and Celgene: Alliance in neurodegeneration

Next Steps



Clear strategy towards global leadership in iPSC- based drug discovery

From scientific discovery to strategy



Neurological diseases will remain a serious threat to public health

Societal burden of CNS related diseases is daunting¹⁾

Why CNS diseases?

Constitute the biggest health care challenge

- Dementia accounted for 46 Mio. patients in 2015
- Cost of care globally exceeded USD >650 billion in 2015³⁾
- No effective treatments for most CNS diseases as of today

Why neurodegenerative diseases (ND)?

ND cause progressive loss of neurons in the brain

- Genetically inherited or of unknown etiology
- Severe debilitating effects causing ataxia and dementia
- Dementia is expected to account for >131 million patients by 2050³⁾

Why patient derived ?

iPSC technology is uniquely suited to approach ND

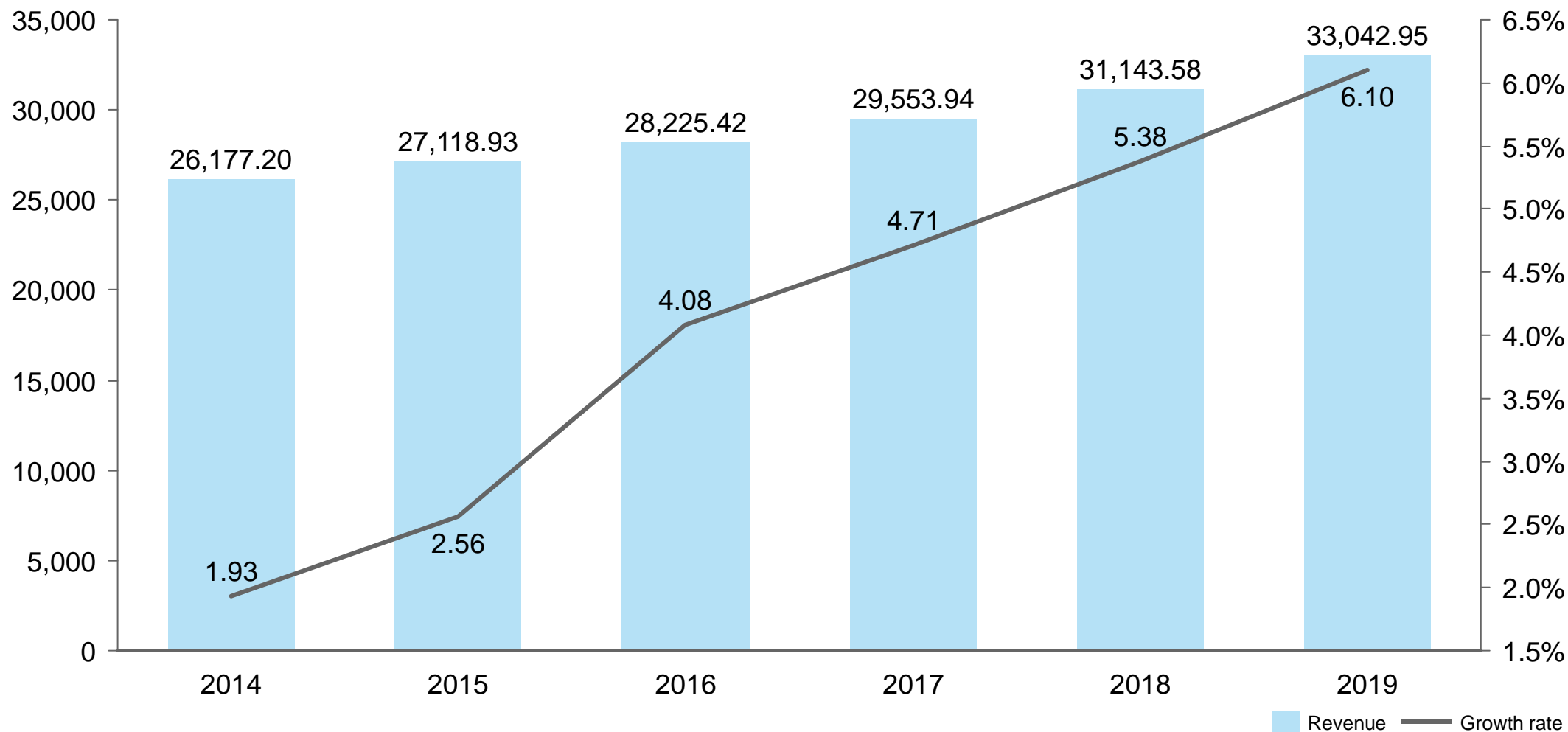
- Patient derived disease models are expected to be more predictive than traditional animal models
- Allow systematic screening and profiling of compounds
- Allow early patient stratification

Global cost of care is approx. \$650 billion, and expected to reach over \$1 trillion by 2030

Global neurodegenerative disease market

Market overview

in mio USD



Major exclusive alliance in Neurodegeneration

Celgene & Evotec

Mission

- Develop novel therapies for a broad range of neurodegenerative diseases, based on Evotec's unique patient-derived drug screening platform ("iPSCs")

Strategic alliance Celgene & Evotec

- Upfront payment of \$ 45 m
- Potential milestones up to \$ 250 m and up to low double-digit royalties on all in-licensed programmes
- Initial term of the collaboration is five years
- Focus on Amyotrophic lateral sclerosis ("ALS"), Alzheimer's disease ("AD"), Parkinson's disease ("PD"), and multiple other neurodegenerative diseases
- Celgene holds exclusive options to in-license worldwide rights to Evotec programmes developed from the company's compound library



#RESEARCHNEVERSTOPS

NEWS RELEASE, 15 DECEMBER 2016

EVOTEC AND CELGENE ENTER INTO DRUG DISCOVERY COLLABORATION FOR NEURODEGENERATIVE DISEASES

- Exclusive broad R&D collaboration based on Evotec's unique induced pluripotent stem cell ("iPSC") platform which enables systematic drug screening in patient-derived disease models

Hamburg, Germany, 15 December 2016:

Evotec AG (Frankfurt Stock Exchange: EVT, TecDAX, ISIN: DE0002664809) announced today that Evotec and Celgene Corporation have entered into a strategic drug discovery and development collaboration to identify disease-modifying therapeutics for a broad range of neurodegenerative diseases. Initial disease areas of focus will include Amyotrophic lateral sclerosis, Alzheimer's disease, Parkinson's disease, and multiple other neurodegenerative disorders.

Evotec has built an industrialised iPSC infrastructure that represents one of the largest and most sophisticated iPSC platforms in the industry. Evotec's iPSC platform has been developed over the last five years with the goal to industrialise iPSC-based drug screening in terms of throughput, reproducibility and robustness to reach the highest industrial standards. This effort was enabled by a research collaboration and licence agreement with Harvard University involving world-leading scientists at the Harvard Stem Cell Institute. In particular, a collaboration termed *CureMotorNeuron* that was initiated in 2013 with the laboratories of Professors Kevin Eggan, PhD, and Lee Rubin, PhD, resulted in significant contributions to the platform. Additional aspects of the platform were built up through Evotec's more than 10-year collaboration with the CHDI Foundation in the field of Huntington's disease.

Under the terms of the agreement, Evotec will receive an upfront payment of \$ 45 m. Celgene holds exclusive options to in-license worldwide rights to Evotec programmes developed from the company's compound library. Evotec may be eligible to receive up to \$ 250 m in milestones as well as up to low double-digit royalties on in-licensed programmes. As part of the collaboration, Celgene may also elect to screen

For further information, please contact: Gabriele Hansen VP, Corporate Communications & Investor Relations, gabriele.hansen@evotec.com, T. +49 (0)40.560 81-255, F. +49 (0)40.560 81-333, www.evotec.com

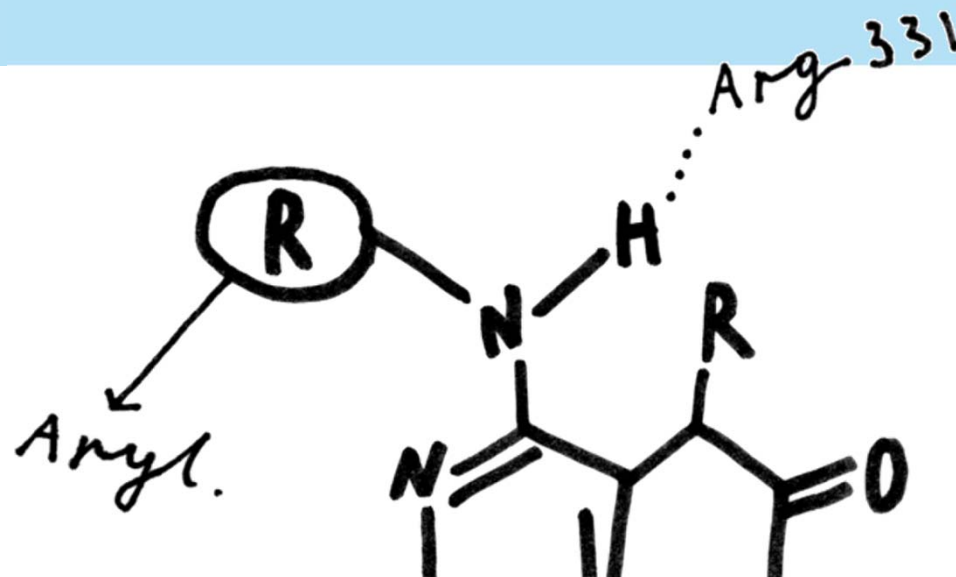
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Last tick for 2016 done – A strong 2017 ahead of us

EVT Execute & EVT Innovate – Expected key milestones 2016

- New long-term deals with large and mid-sized Pharma



- New clinical initiations and good progress of clinical pipeline within partnerships



- Expansion of foundations and biotech network in USA/EU



- Expansion of network of top-class academic alliances



- New performance-based integrated technology / disease alliance



- Partnering of Cure X/Target X initiatives



- Milestones from existing alliances



- Strong focus on iPSC (induced pluripotent stem cells) platform



QUESTIONS
AND ANSWERS

