

Recommendation:  
**BUY** (BUY)

Risk:  
**HIGH** (High)

Price Target:  
**EUR 4.60** (4.60)

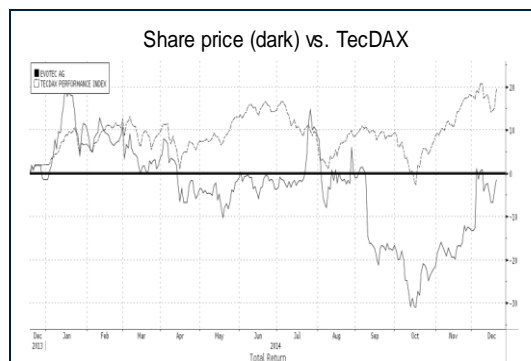
18 December 2014

## EUR ~8m from multiple milestones alliances To be recognized in FY 2014

- What happened:** Evotec achieved multiple milestones in ongoing alliances with its strategic research partners Bayer (in endometriosis) and Janssen (for the EVT100 series for the treatment of CNS diseases). These milestones trigger revenues of ~EUR 8m in total which will be recognized in FY 2014.
- Multi-target collaboration with Bayer:** In its multi-target collaboration with Bayer, Evotec has reached important milestones for the transition of certain molecules into pre-clinical development for the treatment of endometriosis. The goal of this collaboration (signed in October 2012) is to identify three clinical candidates within the five-year alliance. Both parties contribute innovative drug targets and high-quality technology infrastructures and share the responsibility for early research and pre-clinical characterisation of potential clinical candidates in the disease area of endometriosis.
- Cooperation with Janssen:** In its collaboration with Janssen on a NR2B subtype selective NMDA-antagonist portfolio for development against CNS diseases, Evotec has reached an important validation milestone for a new compound.
- Lifted estimates for FY 2014:** Considering that the milestone payments from both alliances will be recognized in FY 2014, we have increased our estimates for the current year. We also positively assess that the resumed development of EVT 100 program has resulted in this validation milestone.
- PT EUR 4.60; BUY recommendation:** Having adjusted 2014E estimates, our SOP-valuation increased to EUR 4.66/share (Old: EUR 4.64/share). We leave our PT at EUR 4.60 unchanged and confirm BUY recommendation.

Y/E 31.12., EUR m	2010	2011	2012	2013	2014E	2015E	2016E
Revenues	55.3	80.1	87.3	85.9	93.0	101.5	110.6
Gross profit	24.3	35.0	31.0	31.2	35.0	38.5	43.1
EBITDA adj.	n.a.	n.a.	9.4	12.9	10.5	11.2	12.9
Operating result	1.7	5.2	-3.2	-21.4	-6.9	2.7	4.4
Operating result adj.	1.7	5.8	1.4	1.2	1.8	2.7	-24.7
Net income/loss	3.0	6.7	2.5	-25.4	-7.3	1.3	2.9
EPS	0.03	0.06	0.02	-0.21	-0.06	0.01	0.02
Gross margin	44.1%	43.7%	35.6%	36.3%	37.6%	37.9%	39.0%
EBITDA margin	11.7%	14.2%	6.4%	-14.2%	1.9%	11.0%	11.7%
EBITDA margin (adj.)	n.a.	n.a.	10.8%	15.0%	10.4%	10.9%	11.7%
Operating margin	3.1%	6.5%	-3.7%	-24.8%	-7.4%	2.6%	4.0%
EV/Sales	6.2	4.3	3.9	4.0	3.7	3.4	3.1

Source: Evotec AG; CBS Research AG



Source: CBS Research AG, Bloomberg

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Revenue	93.0	90.0	-	101.5	-	110.6
adj. EBITDA	10.5	9.30	-	11.2	-	12.9
EPS	-0.06	-0.06	-	0.01	-	0.02

www.evotec.com

WKN: 566480

Reuters: EVTG.DE

Sector: Biotechnology

DE0005664809

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):	<b>3.57</b>
Shares outstanding (m):	130.13
Market capitalisation (EURm):	464.97
Enterprise value (EURm):	341.19
Ø daily trading volume (3 m., no. of shares):	670,492

### Performance data:

High 52 weeks (EUR):	4.57
Low 52 weeks (EUR):	2.42
Absolute performance (12 months):	-0.01
Relative performance: (vs. TecDAX)	
1 month	13.3%
3 months	8.9%
6 months	-1.8%
12 months	-17.6%

### Shareholders:

Roland Oetker/ROI	<15%
TVM V Life Science Ventures	<10%
BVF	<10%
Free float	>68%

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**Sum-of-the-parts valuation**

	Status	Indication	Valuation approach	NPV in EUR m	NPV in EUR/share	NPV contribution
Alliance with Sanofi	to be signed in 1H15	-	DCF	83.4	0.64	14%
Discovery alliance business (excl. Alliance with Sanofi)	-	-	DCF	240.8	1.85	40%
EVT 302 (Roche)	Phase IIb	Alzheimer Disease	rNPV	160.0	1.23	26%
EVT 201 (Jingxin)	Phase IIb planned to start in 2H/14	Insomnia	rNPV	31.7	0.24	5%
Net cash	-	-		90.3	0.69	15%
<b>Total value</b>				<b>522.76</b>	<b>4.66</b>	<b>100%</b>

Source: CBS Research AG

## Research



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

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

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

Date	Recommendation	Price at change date	Price target
18 December 2014	BUY (Company Update)	EUR 3.57	EUR 4.60
03 December 2014	BUY (Company Update)	EUR 3.25	EUR 4.60
12 November 2014	BUY (Company Update)	EUR 3.08	EUR 4.00
22 September 2014	BUY (Company Update)	EUR 3.10	EUR 4.00

09 September 2014	HOLD (Company Update)	EUR 3.69	EUR 4.00
12 August 2014	BUY (Company Update)	EUR 3.58	EUR 4.70
14 May 2014	BUY (Company Update)	EUR 3.64	EUR 4.50
02 April 2014	BUY (Company Update)	EUR 3.88	EUR 4.50
26 March 2014	BUY (Company Update)	EUR 3.83	EUR 4.30
13 December 2013	BUY (Company Update)	EUR 3.94	EUR 4.30

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