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EVOTEC BioSystems AG - 2000 annual financial statements: Dynamic growth together with Oxford Asymmetry International

- **Sales increase by 189% to EUR 28.3 million**
- **Integration of Oxford Asymmetry International well advanced**
- **Annual results meet analyst forecasts**
- **Strong cash position of EUR 49 million**
- **First integrated service deal signed**

Hamburg, Germany | Abingdon, UK - EVOTEC BioSystems AG (Neuer Markt: EVT) continued its strong growth in fiscal year 2000. Substantial organic growth and the consolidation of Oxford Asymmetry International (OAI) as of the fourth quarter of 2000, took sales up 189% to EUR 28.3 million.

Before the consolidation of OAI, EVOTEC's sales after nine months amounted to EUR 9.8 million, a 106% increase as against the same period last year. On consolidation of OAI, Q4 revenues were EUR 18.5 million, 33% from the technology development and biological services and 67% from the chemical services.

57% of sales were in Europe, 42% in the USA and 1% from the rest of the world.

The company has thus achieved the sales forecasts it announced for the past year.

Orders. The intention behind the merger between EVOTEC and OAI was to integrate each company's expertise in the areas of biology and chemistry. This merger brings us considerably nearer our goal of offering pharmaceutical and biotechnology companies a completely integrated range of products and services for the pre-clinical development of new pharmaceutical drugs. Our offering now covers the entire process, from identifying target structures relevant to diseases through searching for a lead structure down to the supply of active pharmaceutical ingredients for clinical trials.

After the merger was completed in December 2000, we entered into an agreement with the biotechnology company MediGene AG, in which we use for the first time our integrated biological and chemical offering to sup-

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port MediGene's drug discovery programmes. The contract includes provisions for one-off payments, milestones and royalty payments. In 2000 we also gained a large number of new customers and continued to expand programmes with existing customers.

Integration of Oxford Asymmetry International well advanced. The merger with OAI was completed on 27 December 2000 with retroactive effect from 30 September 2000. To date, we have implemented the following key measures in order to integrate the two firms successfully:

We have defined the strategy of the new company and developed a uniform corporate identity which underlines the unified strengths of the two companies. We have standardised the new company's management functions and amalgamated general departments, such as Business Development and Investor Relations. All the Group's new employees received stock options following the merger. We have successfully completed the initial stages of integrating the two company's management and information systems (including the restatement of the entire Group's accounts to US GAAP).

Research and development activities expanded according to plan. Research and development expenses rose from EUR 13.0 million to EUR 18.5 million. The company's development activities focused on further developing and supplying the EVOscreen® technology platform to our customers Novartis, Glaxo SmithKline and Pfizer. We also gave priority to extending our assay portfolio to include proprietary cell-based systems, as well as to developing an automated resin dispenser and a device for synthesising chemicals.

Operating result develops in line with forecasts. At EUR 14.3 million, the operating loss (before goodwill amortisation resulting from the acquisition of two subsidiaries) was in line with our forecasts (1999: EUR 10.2 million). This figure includes the positive contribution of EUR 2.2 million made by OAI in the fourth quarter.

Goodwill. The acquisition of two subsidiaries (OAI and GENION) by means of a non-cash share for share transaction resulted in capitalised goodwill of EUR 434 million. In accordance with current US GAAP regulations, this amount should be written down over a defined period. We are conservatively writing down the greater part of this goodwill over three years. The proportion amortised in 2000 amounts to EUR 34.6 million. This amortisation has no impact on the company's liquidity position which continues to be strong.

Net loss for the year. The net loss for the year (US GAAP) amounts to EUR 47.1 million, including the amortisation of non-cash goodwill. Excluding the extraordinary factors caused by the acquisitions the net loss for the year stands at EUR 12.5 million (1999: EUR 9.5 million). This figure includes the net profit of EUR 2.2 million generated by OAI in the last quarter. Earnings per share amount to EUR -1.75 or to EUR -0.46 adjusted for goodwill, an improvement of 23% over the previous year.

EBITDA. Earnings before interest and taxes, depreciation and amortisation (EBITDA) are EUR -9.5 million. EBITDA per share reached EUR -0.35, a 30% improvement compared to last year.

Strong cash position. As of the end of fiscal year 2000, EVOTEC held cash and cash equivalents of EUR 48.9 million. This high figure enables us to implement our corporate strategy and to ensure that the company develops in line with planning.

With this sales and earnings data, we have fulfilled analyst expectations, despite the considerable efforts and expenses incurred by integrating OAI.

Outlook. Evotec OAI is expected to grow substantially with sales in 2001 of more than EUR 70 million. We project considerable organic growth in our service business, to which OAI will make a major contribution. We also predict a further improvement in earnings. We anticipate a positive operating result before merger accounting in 2002. The integration of OAI will be completed within the first half of 2001. Together we will expand and improve our technologies to add even more value to the products and services we offer our customers. In the second quarter, our new pilot plant will be used for the benefit of our customers for the first time. In addition, the expansion of our assay portfolio as well as the further improvement of our screening platform will broaden our range of services. Our customers have already shown considerable interest in our complete offering. Additional agreements using our integrated biological and chemical services are anticipated.