Media Release
Planegg/Munich, Germany, March 13, 2018

MorphoSys Presents Results for Fiscal Year 2017

Conference call and webcast (in English) at 2:00pm CET (1:00pm GMT/9:00am EDT)

- Revenues 2017 up 34% to EUR 66.8 million (guidance EUR 63 to 66 million)
- EBIT loss 2017 as expected at EUR -67.6 million (guidance EUR -66 to -71 million)
- Proprietary R&D expenses 2017 up 26% to EUR 99.1 million (guidance EUR 96 to 100 million)
- EUR 312 million cash at end of 2017
- Market launch of Janssen's Tremfya® resulting in first product-based royalty revenue for MorphoSys of EUR 1.9 million in 2017
- New L-MIND study data reported today with MOR208 plus lenalidomide in aggressive lymphoma (r/r DLBCL) consistent with earlier L-MIND data reported: overall response rate (ORR) of 49% with 29 out of 33 responses ongoing; complete remission (CR) rate of 31%; progression free survival (PFS) rate at 12 months of 50.4%
- MorphoSys continues to have productive discussions with the FDA under the current breakthrough therapy designation on the path to market for MOR208, including the possibility of an expedited regulatory submission and approval for MOR208 based primarily on the L-MIND study

MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX; OTC: MPSYY) today reported results for the financial year 2017, as well as a financial and operational outlook for 2018.

"The year 2017 was extremely positive for us, marked by events that highlight our maturing product pipeline. Tremfya®, developed by our partner Janssen, received regulatory approval in the U.S., Europe, and Canada, and became the first marketed drug based on our technology," said Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG. "A major highlight was the Breakthrough Therapy Designation granted by the FDA for our lymphoma antibody MOR208. We are in productive discussions with the FDA regarding the path to regulatory submission and FDA review for MOR208. Overall, we have seen significant progress in our entire development portfolio during 2017, which closed the year at a record-high of 114 programs in R&D. The partnering deal for our cancer antibody MOR202 in China with I-Mab Biopharma and phase 1 results showing first signs of clinical activity in atopic dermatitis on our joint MOR106 antibody program with Galapagos were additional highlights."

"In the event that MOR208 receives regulatory approval, we intend to pursue a commercialization strategy that focuses on maximizing its value," commented Jens Holstein, Chief Financial Officer of MorphoSys AG. "We expect a growing royalty stream from Tremfya®, as well as the potential for other partnered products in the years to come. We intend to invest in the further development of our proprietary product candidates in order to continue to build value for shareholders."

Financial Review for the Fiscal Year 2017 (IFRS)

In 2017, MorphoSys continued to focus on applying its proprietary technology and expertise to the research and development of innovative drug candidates, both for partners and for its own account.Group revenues for 2017 increased 34% to EUR 66.8 million (2016: EUR 49.7 million) and were thus slightly above the updated guidance from November 2017 (EUR 63-66 million). Revenues include royalties on net sales of Tremfya® amounting to EUR 1.9 million for Q3 and Q4 of 2017. Following FDA approval in mid July 2017, Tremfya® was launched in the U.S. in Q3 2017. Approval was granted in Europe and Canada in November 2017, followed by launches in the respective territories. Due to currency effects, the Tremfya® royalty revenue was lowered by EUR 0.2 million.

In its Proprietary Development segment, MorphoSys focuses on the research and clinical development of its own drug candidates in the fields of cancer and inflammation. In 2017, this segment recorded revenues of EUR 17.6 million (2016: EUR 0.6 million), mainly due to the upfront payment of EUR 16.8 million (US$ 20.0 million) received from I-Mab in connection with a licensing agreement for MOR202 for Greater China.

In the Partnered Discovery segment, MorphoSys applies its proprietary technology to the discovery of new antibodies for pharmaceutical companies, benefiting from the partners' development advancements through R&D funding, licensing fees, success-based milestone payments and royalties. In 2017, segment revenues amounted to EUR 49.2 million, in line with the previous year (2016: EUR 49.1 million). Segment revenues in 2017 comprised EUR 41.9 million in funded research and license fees (2016: EUR 43.6 million) and EUR 7.3 million in success-based payments (2016: EUR 5.6 million).

Total operating expenses came in at EUR 133.8 million, exceeding last year's number by 22% (2016: EUR 109.8 million). Proprietary R&D expenses, including technology development, rose by 26% to EUR 99.1 million (2016: EUR 78.5 million), fully meeting the Company's updated guidance as of November 2017 (EUR 96-100 million).

Earnings before interest and taxes (EBIT) stood at EUR -67.6 million (2016: EUR -59.9 million) in line with the updated guidance from November 2017 (EUR -66 to -71 million). The Proprietary Development segment reported an EBIT of EUR -81.3 million (2016: EUR -77.6 million). EBIT in the Partnered Discovery segment was EUR 30.2 million (2016: EUR 31.0 million). In 2017, the consolidated net result amounted to EUR -69.8 million (2016: EUR -60.4 million). The loss per share for 2017 was EUR -2.41 (2016: EUR -2.28).

At year-end 2017, the Company had a cash position of EUR 312.2 million compared to EUR 359.5 million on December 31, 2016. On the balance sheet, this cash position is reported under the items: cash and cash equivalents; available-for-sale financial assets; bonds, available-for-sale; and current and non-current financial assets classified as loans & receivables. The number of shares issued totaled 29,420,785 at year-end 2017 (year-end 2016: 29,159,770).

Financial Guidance and operational outlook for 2018

For the financial year 2018, MorphoSys intends to significantly increase its expenditures with the goal of driving MOR208 to market and preparing the Company for its commercialization. As the Company continues to transition towards an income statement that depends on products rather than services, in 2018 it expects to generate Group revenues in the range of EUR 20 to 25 million. Revenues are expected to include royalty income from Tremfya® ranging from EUR 12 to 17

million at constant exchange rate for the US dollar. Expenses for proprietary R&D are anticipated in a corridor of EUR 95 to 105 million. The Company expects earnings before interest and taxes (EBIT) of EUR -110 to -120 million. This guidance does not include revenues from potential future partnerships or licensing agreements or milestone payments for MOR103 or MOR202 that could occur in the course of 2018. Effects from potential in-licensing or co-development deals for new development candidates are also not included in the guidance.

“In 2018, our main focus will be on MOR208. We plan to continue the analysis of maturing data from the L-MIND study and to continue the ongoing discussion with the FDA regarding a potential expedited regulatory submission. Building commercial capabilities for MOR208, preferably in the U.S., is also a key part of our activities in 2018. At this stage we are working under the assumption that we will need to be ready to commercialize MOR208 starting in the first half of 2020,” said Dr. Simon Moroney. “For MOR202, currently in development to treat multiple myeloma, pre-clinical findings with other CD38 antibodies in solid cancers suggest potential for this program in these cancers, and we therefore intend to start clinical development with MOR202 in non-small-cell lung cancer (NSCLC) in 2018. Following the latest phase 1 data presented at the AAD 2018 conference in February, we plan to start a phase 2 study of MOR106 in patients with atopic dermatitis together with our partner Galapagos in the second quarter of 2018.”

In its Proprietary Development segment, MorphoSys expects the following events and activities in 2018:

- MOR208
    - L-MIND: Continue analysis of maturing data of all 81 patients enrolled in the trial
    - B-MIND: Continue the pivotal phase 3 study evaluating MOR208 plus bendamustine versus rituximab plus bendamustine in r/r DLBCL.
    - COSMOS: Continue the phase 2 trial of MOR208 plus idelalisib or venetoclax in CLL/SLL and present data at an appropriate medical conference.
    - Commercial activities: Begin setup of commercial capabilities for MOR208 in line with ongoing development and discussion process with the FDA, with the goal of preparing potential commercialization, preferably in the U.S.
- MOR202
    - Multiple myeloma: Complete current phase 1/2a dose-escalation trial of MOR202 in multiple myeloma and present study data at an appropriate medical conference; evaluate further partnering opportunities with the goal to secure future development of MOR202 in multiple myeloma.
    - NSCLC: Start an exploratory phase 1/2 clinical trial.
- MOR106: Initiate a phase 2 trial in atopic dermatitis together with Galapagos.
- MOR107: Following the completion of a phase 1 clinical study in healthy volunteers in 2017 and initial preclinical anti-tumor data, continue preclinical investigations of MOR107 with a focus on oncology indications to inform a decision regarding potential further clinical testing.
- MOR103/GSK3196165: For this HuCAL antibody out-licensed to GSK, the publication of data from a phase 2b study in rheumatoid arthritis and a phase 2a study in hand osteoarthritis, both conducted by GSK, is expected.

In its Partnered Discovery segment, MorphoSys expects the following events in 2018:

- Tremfya® (guselkumab): Janssen is currently investigating guselkumab in phase 3 trials in psoriasis and in psoriatic arthritis and plans to develop the product in Crohn’s disease.

Several phase 3 trials in psoriasis are scheduled for primary completion in 2018, including a head-to-head trial comparing Tremfya® to secukinumab in plaque psoriasis.

- Gantenerumab: MorphoSys's partner Roche is expected to initiate two new pivotal phase 3 trials (GRADUATE-1 and GRADUATE-2) in 2018 in Alzheimer's disease.
- Clinical data and potential regulatory milestones from a number of other partnered programs could be published during the year.

MorphoSys will continue to support its proprietary development activities by evaluating potential in-licensing, co-development, and/or acquisition opportunities or the potential initiation of new proprietary development programs with the goal of maintaining and expanding the Company's position in its current therapeutic and technological fields of activities.

MorphoSys Group Key Figures (IFRS, end of financial year: December 31)

in EUR million	2017	2016	Change	Q4/2017	Q4/2016	Change
Revenues	66.8	49.7	+34%	28.2	13.0	>+100%
Total operating expenses	133.8	109.8	+22%	41.3	40.7	+1%
R&D expenses	116.8	95.7	+22%	36.3	36.9	-2%
thereof expenses for proprietary R&D and technology development	99.1	78.5	+26%	31.2	32.3	-3%
G&A expenses	17.0	14.1	+21%	4.9	3.8	+29%
Other income/ expense	-0.6	0.2	>-100%	-0.7	+0.1	>-100%
EBIT	-67.6	-59.9	-13%	-13.8	-27.6	+50%
Net loss (Net result)	-69.8	-60.4	-16%	-14.7	-28.7	+49%
Net loss per share (in EUR)	-2.41	-2.28	-6%	-0.51	-1.05	+51%
Cash position (end of period)	312.2	359.5	-13%	312.2	359.5	-13%
Equity ratio (end of period) (in %)	86%	90%	-4 PP*	86%	90%	-4 PP*
No of R&D programs (end of period)	114	114	-	114	114	-
No of clinical programs (end of period)**	28	29	-1	28	29	-1
No of proprietary clinical programs (end of period)***	5	5	-	5	5	-

* Percentage point

** Including MOR107, which concluded a phase 1 study in 2017 and is currently in preclinical investigation with a focus on oncology indications. Tremfya® is still considered as a clinical program due to ongoing studies in various indications.

*** Including MOR103/GSK3196165 which is fully out-licensed to GSK

MorphoSys will hold its conference call and webcast today to present the annual financial results 2017 and the outlook 2018.

Dial-in number for the analyst conference call (in English) at 2:00 pm CET; 1:00 pm GMT; 9:00 am EDT (listen-only):

Germany:	+49 (0) 69 201 744 210
For UK residents:	+44 (0) 203 009 2470
For US residents:	+1 (0) 877 423 0830
Participant PIN:	12211431#

Please dial in 10 minutes before the beginning of the conference.

A live webcast and slides will be made available at http://www.morphosys.com.

Approximately two hours after the press conference, a slide-synchronized audio replay of the conference and a transcript will be available on http://www.morphosys.com.

Consolidated Financial Statements 2017 (IFRS) are available for download at: http://www.morphosys.com/FinancialReports

About MorphoSys:

MorphoSys a late-stage biopharmaceutical company devoted to the development of innovative and differentiated therapies for patients suffering from serious diseases. Based on the our proprietary technology platforms and leadership in the field of therapeutic antibodies, we, together with our partners, have participated in the development of more than 100 therapeutic product candidates currently in R&D, 28 of which in clinical development. Our broad pipeline spans two business segments: Proprietary Development, in which we invest in and develop product candidates, and Partnered Discovery, in which we generate product candidates for our partners in the pharmaceutical and biotechnology industries against targets identified by our partners. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit http://www.morphosys.com.

This communication contains certain forward-looking statements concerning the MorphoSys group of companies, including its financial guidance for 2018, timing and/or results of clinical trials, investment in commercial capabilities in particular with respect to MOR208, interaction with regulators, including the potential approval of MorphoSys' current or future drug candidates, including discussions with the FDA regarding the potential approval to market MOR208. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve known and unknown risks and uncertainties, which might cause the actual results, financial condition and liquidity, performance or achievements of MorphoSys, or industry results, to be materially different from any historic or future results, financial conditions and liquidity, performance or achievements expressed or implied by such forward-looking statements. In addition, even if MorphoSys' results, performance, financial condition and liquidity, and the development of the industry in which it operates are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Among the factors that may result in differences are that MorphoSys' expectations regarding its 2018 results of operations may be incorrect, MorphoSys' expectations regarding its development programs may be incorrect, the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements (including that MorphoSys may fail to obtain regulatory approval for MOR208 and that data from MorphoSys' ongoing clinical research programs may not support registration or further development of its product candidates due to safety, efficacy or other reasons), MorphoSys' reliance on collaborations with third parties, and estimating the commercial potential of its development programs. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this document. MorphoSys expressly disclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations with regard thereto or any

change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.

For more information, please contact:

MorphoSys AG
Jochen Orlowski
Associate Director Corporate Communications & IR

Alexandra Goller
Associate Director Corporate Communications & IR

Tel: +49 (0) 89 / 899 27-404
investors@morphosys.com