Media Release
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MorphoSys AG Reports Solid First Quarter 2017

Advancing number of programs in clinical trials
reflects operational progress and maturing pipeline

Conference call and webcast (in English) at 3:00pm CEST (2:00pm BST/9:00am EDT)

MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX; OTC: MPSYY), a leader in the field of therapeutic antibodies, today reported results for the first quarter of 2017.

“We have seen significant progress both with our own and our partners’ drug candidates in the first quarter of 2017. This was particularly evidenced by our partner Roche’s decision to start a new pivotal phase 3 program with the antibody gantenerumab in Alzheimer’s disease,” said Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG. “We expect 2017 to be a year rich in clinical read-outs from our pipeline, with key data from several phase 2 studies pending. We are optimistic about the market approval of guselkumab, an antibody against psoriasis being developed by our partner Janssen, which is under FDA review for approval with a decision expected in the second half of this year.”

“If approved, guselkumab could start to contribute to our earnings in the form of royalties on product sales most likely starting early 2018,” commented Jens Holstein, Chief Financial Officer of MorphoSys AG. “With our strong cash position, we will continue to drive forward our proprietary portfolio of innovative biopharmaceuticals for the treatment of serious diseases, in particular starting a phase 3 trial with our blood cancer candidate MOR208 this year. In addition, we expect that our maturing partnered portfolio will produce increasing cash inflows from royalties in the years to come.”

Financial Review for Q1 2017 (IFRS)

In Q1 2017 MorphoSys continued to focus on the research and development of drug candidates both for its own account as well as with its partners. Group revenues amounted to EUR 11.8 million, in line with the level of the first quarter of 2016 (EUR 12.1 million).

In the Proprietary Development segment, MorphoSys focuses on the research and clinical development of its own drug candidates in the fields of cancer and inflammation. In Q1 2017, this segment recorded revenues of EUR 0.2 million (Q1 2016: EUR 0.1 million).

In the Partnered Discovery segment, MorphoSys applies its proprietary technology to discover new antibodies for pharmaceutical companies, benefiting from the partners’ development progress through success-based milestone payments and royalties. In Q1 2017, revenues in this segment reached EUR 11.6 million (Q1 2016: EUR 12.0 million).

Earnings before interest and taxes (EBIT) in Q1 2017 stood at EUR -14.9 million (Q1 2016: EUR - 9.7 million). As expected, the operational loss reflects increased activities in the clinical development of the Company's proprietary drug candidates, in particular three phase 2 studies started with MOR208 in blood cancer indications after the end of Q1 2016. Accordingly, the Proprietary Development segment reported an EBIT of EUR -18.9 million after being EUR -14.3 million in Q1 2016. EBIT in the Partnered Discovery segment was EUR 7.3 million (Q1 2016: EUR 7.7 million).

In Q1 2017, the consolidated net result amounted to EUR -15.0 million (Q1 2016: EUR -7.2 million). The diluted net result per share for Q1 2017 was EUR -0.52 (Q1 2016: EUR -0.28).

At the end of Q1 2017, the Company had a cash position of EUR 349.9 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 29,159,770 at the end of Q1 2017 (year-end 2016: 29,159,770).

Financial Guidance and operational outlook for 2017

For the financial year 2017, MorphoSys continues to expect Group revenues in the range of EUR 46 to 51 million. R&D expenses for proprietary drug development are confirmed to be in a corridor of EUR 85 to 95 million. The Company confirmed its guidance for earnings before interest and taxes (EBIT) of EUR -75 to -85 million. This guidance does not include any additional revenue from potential future collaborations and/or licensing partnerships nor effects from potential in-licensing or co-development deals for new development candidates.

In the Proprietary Development segment, MorphoSys expects the following events in 2017:

- MOR208: Completion of the phase 2 safety run-in of the B-MIND clinical trial and initiation of the pivotal phase 3 part of the study, in which MOR208 will be tested in combination with bendamustine in comparison to rituximab and bendamustine in DLBCL.
- MOR208: Presentation of first data from the phase 2 trial of MOR208 in combination with lenalidomide in DLBCL (L-MIND study).
- MOR208: Initiation of the second study arm of the ongoing phase 2 COSMOS trial with MOR208 in CLL in order to test MOR208 with venetoclax. Currently, the Company is investigating the combination of MOR208 and idelalisib in this study.
- MOR202: Completion of the phase 1/2a dose-escalation trial in multiple myeloma, including MOR202 in combinations with pomalidomide and with lenalidomide.
- MOR209/ES414: Continuation of the phase 1 trial of MOR209/ES414 with an adapted dose regimen in prostate cancer (mCRPC) as part of the collaboration with Aptevo.
- MOR106: Completion of the phase 1 trial of MOR106, co-developed with Galapagos, in atopic dermatitis.
- MOR107: Completion of a phase 1 study in healthy volunteers.
- MOR103/GSK3196165: MorphoSys expects data from a phase 2b study in rheumatoid arthritis and from a phase 2a study in hand osteoarthritis, both conducted by GSK. This HuCAL antibody originated in the Company's Proprietary Development segment, and has been fully out-licensed to GSK.

In its Partnered Discovery segment, MorphoSys expects the following events in 2017:

- Guselkumab: the first partner-developed therapeutic antibody based on MorphoSys's HuCAL technology could receive market approval in 2017. MorphoSys expects the US regulatory authority FDA to make a decision in the second half of 2017 on Janssen's application for the approval of guselkumab to treat adults with moderate to severe psoriasis. In addition, a regulatory filing for guselkumab in Europe has been submitted.
- Anetumab ravtansine, a HuCAL antibody drug conjugate being developed by Bayer, is expected to report results in 2017 from a pivotal phase 2 trial in the cancer indication mesothelioma. Favorable results could support a regulatory filing of the compound.
- Novartis collaboration: As previously communicated and as reflected in the Company's 2017 guidance, the collaboration with Novartis will conclude at the end of November 2017 in accordance with the contract.
- For the remaining year, results may be disclosed from up to 27 different clinical studies in various phases conducted by partners with antibodies based on MorphoSys technology.

As always, MorphoSys is in discussions with other companies in the pharmaceutical industry about technology and/or product-based collaborations, with the goal of strengthening its participation in drug programs aimed at unmet medical needs.

MorphoSys Group Key Figures (IFRS, end of reporting period: March 31)

in EUR million	Q1/2017	Q1/2016	Change
Revenues	11.8	12.1	-2%
Operating expenses	26.9	21.9	+23%
R&D expenses	23.3	18.6	+25%
Proprietary R&D expenses	19.2	14.6	+32%
G&A expenses	3.6	3.2	+13%
Operational loss (EBIT)	-14.9	-9.7	+54%
Net loss (Net result)	-15.0	-7.2	>100%
Net loss per share (diluted, in EUR)	-0.52	-0.28	+86%
Cash position (end of period)	349.9	287.0	+22%
Equity ratio (end of period) (in %)	0.88	0.90	-2 PP*
No. of R&D programs (end of period)	114***	104	+10%
No. of clinical programs (end of period)	30***	26	+15%
No. of proprietary clinical programs (end of period)	6**	4**	+50%

* Percentage points

** Thereof one proprietary program fully outlicensed to GSK (MOR103/GSK3196165)

*** Shortly after the end of the first quarter of 2017, MorphoSys has been informed that one program in the partnered discovery pipeline (tarextumab) was discontinued.

MorphoSys will hold its conference call and webcast today to present the first quarter 2017 financial results and the further outlook for 2017.

Dial-in number for the analyst conference call (in English) at 3:00 pm CEST; 2:00 pm BST; 9:00 am EDT (listen-only):

Germany:	+49 (0) 89 2444 32975
For UK residents:	+44 (0) 20 3003 2666
For US residents:	+1 202 204 1514

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.

The interim statement for the first quarter of 2017 (IFRS) is available online:
http://www.morphosys.com/FinancialReports

About MorphoSys:
MorphoSys developed HuCAL, the most successful antibody library technology in the pharmaceutical industry. By successfully applying this and other patented technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human healthcare.
Together with its pharmaceutical partners, MorphoSys has built a therapeutic pipeline of more than 100 human antibody drug candidates for the treatment of cancer, rheumatoid arthritis, and Alzheimer's disease, to name just a few. With its ongoing commitment to new antibody technology and drug development, MorphoSys is focused on making the healthcare products of tomorrow. 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. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

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