Media Release
Planegg/Munich, Germany, November 7, 2017

MorphoSys Announces Third Quarter 2017 Results

Company With Strong Newsflow in Q3 2017

Conference call and webcast (in English) at 2:00pm CET (1:00pm GMT/8:00am EST)

- FDA Breakthrough Therapy designation for MOR208 in blood cancer indication DLBCL
- US market launch of partnered antibody Tremfya™ (guselkumab)
- Positive recommendation for approval in the EU for Tremfya™ (guselkumab)
- Royalties on Tremfya's™ (guselkumab) Q3 sales will be part of Q4 2017 results
- Group revenue for Q3 2017 up 20% to EUR 15.0 million (Q3 2016: EUR 12.5 million)
- Dr. Markus Enzelberger, Interim CSO, now appointed CSO
- Company confirms financial guidance

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

"Our proprietary development program MOR208 for aggressive lymphoma was recently awarded Breakthrough Therapy designation by the FDA based on encouraging clinical data from our L-MIND trial in relapsed/refractory DLBCL. We are now focused on working closely with the regulatory authorities to bring MOR208 to market as fast as possible. The launch in the United States of Janssen's Tremfya™ (guselkumab) for moderate to severe plaque psoriasis was a major highlight of this quarter. Approval in a second major territory may be imminent based on the positive recommendation for guselkumab by the European regulatory authority. We expect guselkumab to become an important pillar of our revenue in the years ahead", commented Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG.

"We will continue to drive our proprietary portfolio forward. The approval of Tremfya™ (guselkumab) marks our transition to a company whose revenues will be increasingly based on recurring income from product sales in the years to come. This will contribute to the funding of our proprietary development activities," stated Jens Holstein, Chief Financial Officer of MorphoSys AG.

Financial Review for the third quarter of 2017 (IFRS; all figures rounded)

MorphoSys continues to focus on applying its proprietary technology and expertise to the research and development of innovative drug candidates. In the third quarter of 2017, group revenues amounted to EUR 15.0 million, up 20% compared to Q3 2016 (EUR 12.5 million). The revenue increase was mainly driven by licence income as well as milestone payments from Janssen. Q3 2017 revenues do not include royalties on Tremfya™ (guselkumab) sales as the first royalty reporting from Janssen has not yet been received. Thus, royalties on Tremfya™ (guselkumab) sales for Q3 2017 since launch in late July 2017 will be part of Q4 2017 results.

In the Proprietary Development segment, MorphoSys focuses on research and clinical development of its own drug candidates in cancer and inflammation. In Q3 2017, this segment recorded revenues of EUR 0.2 million (Q3 2016: EUR 0.1 million).

In the Partnered Discovery segment, MorphoSys applies its proprietary technology to discover new antibodies for pharmaceutical companies, receiving R&D funding and licensing fees from its partners and benefiting from the partners' development progress through success-based milestone payments and royalties. In Q3 2017, revenues from this segment reached EUR 14.8 million (Q3 2016: EUR 12.3 million). The increase was particularly based on license income as well as milestone payments from Janssen.

Earnings before interest and taxes (EBIT) in Q3 2017 amounted to EUR -23.5 million (Q3 2016: EUR -13.1 million). As anticipated, the Proprietary Development segment reported an EBIT of EUR -29.8 million in Q3 2017 (Q3 2016: EUR -17.7), while the Partnered Discovery segment achieved an EBIT of EUR 10.4 million (Q3 2016: EUR 7.7 million).

In Q3 2017, the consolidated net loss amounted to EUR 24.0 million (Q3 2016: consolidated net loss of EUR 12.8 million). The consolidated net loss per share for Q3 2017 was EUR 0.83 (Q3 2016: consolidated net loss per share of EUR 0.49).

At the end of Q3 2017, the Company had a cash position of EUR 319.5 million compared to EUR 359.5 million on December 31, 2016. On the balance sheet, this cash position is reported under the following 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 29,345,748 at the end of Q3 2017 (year-end 2016: 29,159,770).

Results for the first nine months 2017

During the first nine months of 2017, group revenues amounted to EUR 38.6 million, 5% higher than the previous year (Q1-Q3 2016: EUR 36.7 million). For the first nine months of 2017, revenues do not include royalties on Tremfya™ (guselkumab) sales as the first royalty reporting from Janssen has not yet been received. Thus, Q3 2017 royalties on Tremfya™ (guselkumab) sales since launch in late July 2017, will be reflected in the Company's Q4 2017 revenues.

As planned, R&D expenses for proprietary drug development and technology development increased considerably to EUR 67.9 million in the first nine months of 2017 (Q1-Q3 2016: EUR 46.2 million). This increase is due to intensified activities in the clinical development of proprietary drug candidates that are transitioning into advanced development stages, requiring larger clinical studies. Consequently, the EBIT in the first nine months of 2017 amounted to EUR -53.8 million (Q1-Q3 2016: EUR -32.3 million).

Financial guidance confirmed

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 and technology development are confirmed to be in a corridor of EUR 85 to 95 million. Guidance for earnings before interest and taxes (EBIT) continues to be in the range 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. As first royalty reporting from Janssen has not been received yet, royalties on net sales for Tremfya™ (guselkumab) cannot be accurately projected at this point in time. Hence the guidance for the financial year 2017 does not include any assumptions on royalty income for sales on Tremfya™ (guselkumab).

Transition in the CSO position

Dr. Markus Enzelberger, who has been serving as Interim CSO since April 15, 2017, was appointed Chief Scientific Officer (CSO) effective November 1, 2017. He succeeds Dr. Marlies Sproll who resigned from her CSO position effective end of October 31, 2017 due to ongoing family reasons. Dr. Sproll has taken on a new part-time role at MorphoSys as Special Adviser to the CEO as of November 1, 2017.

Operational outlook for 2017

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

- MOR208: Presentation of further data from more patients in the ongoing phase 2 trial of MOR208 in combination with lenalidomide in DLBCL (L-MIND study) at the ASH 2017 conference in December.
- MOR202: Continuation of phase 1/2a dose-escalation trial in multiple myeloma, including MOR202 in the highest dosing cohorts in combinations with pomalidomide and with lenalidomide. The Company is currently pursuing opportunities for a deal with MOR202 with an external partner in order to facilitate its further clinical development.
- MOR103/GSK3196165: According to clinicaltrials.gov, several studies conducted by GSK may reach primary completion including a phase 2b and a phase 2a study in rheumatoid arthritis as well as a phase 2a study in hand osteoarthritis. MorphoSys does not control its partners' mode of communication. This HuCAL antibody originated in MorphoSys's Proprietary Development segment, and has been fully out-licensed to GSK.

In its Partnered Discovery segment, the following events are expected:

- Tremfya™ (guselkumab): after the positive opinion of European Medical Agency's CHMP in September 2017 recommending EU approval for treatment of patients with moderate-to-severe plaque psoriasis, the Company expects a decision by the European Commission soon.
- 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 remainder of the year, up to 19 different clinical studies in various phases conducted by partners with antibodies made using MorphoSys technology may reach primary completion according to clinicaltrials.gov. MorphoSys does not control its partners' mode of communication.

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: September 30)

in EUR million	Q3 2017	Q3 2016	Change	Q1-Q3 2017	Q1-Q3 2016	Change
Revenues	15.0	12.5	20%	38.6	36.7	5%
Total operating expenses	38.2	25.6	49%	92.6	69.1	34%
R&D expenses	34.1	22.1	54%	80.5	58.8	37%
thereof expenses for proprietary R&D and technology development	30.0	17.9	68%	67.9	46.2	47%
G&A expenses	4.1	3.4	21%	12.1	10.3	17%
EBIT	-23.5	-13.1	79%	-53.8	-32.3	67%
Net loss (Net result)	-24.0	-12.8	88%	-55.1	-31.6	74%
Net loss per share (in EUR)	-0.83	-0.49	69%	-1.91	-1.21	58%
Cash position (end of period)	319.5	267.2	35%	319.5	267.2	35%
Equity ratio (end of period) (in %)	88%	88%	-	88%	88%	-
No. of R&D programs (end of period)	113	110	3%	113	110	3%
No. of clinical programs (end of period)	28	28	-	28	28	-
No. of proprietary clinical programs (end of period)	5*	5*	-	5*	5*	-

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

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

Dial-in number for the analyst conference call (in English) at 2:00 pm CET; 1:00 pm GMT; 8:00 am EST (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.

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

The third quarter interim statement (January – September 2017) (IFRS) is available online: http://www.morphosys.com/FinancialReports

About MorphoSys:

MorphoSys's mission is to make exceptional, innovative biopharmaceuticals to improve the lives of patients suffering from serious diseases. Innovative technologies and smart development strategies are central to our approach. Success is created by our people, who focus on excellence in all they do, collaborate closely across disciplines and are driven by a desire to make the medicines of tomorrow a reality. Success benefits all of our stakeholders.

Based on its proprietary technology platforms, particularly in the field of fully human therapeuc antibodies, MorphoSys, together with its partners, has built a therapeutic pipeline of more than 110 programs in R&D, around a quarter of which is currently in clinical development.

In its proprietary development segment, MorphoSys, alone or with partners, is developing new therapeutic candidates, mainly focusing on cancer and inflammation. In its partnered discovery segment, MorphoSys uses its technologies to discover new drug candidates for pharmaceutical partners and participates from the programs' further development success, through success-based payments and royalties. 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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