

## Cerep reports year end and fourth quarter revenues

**Paris, France, 15 February 1999** - Cerep (Nouveau Marché : CEREP), the French drug discovery company, today announced fourth quarter and year end revenues for the period ended December 31, 1998.

For the fiscal year 1998, total reported revenues increased 16% to FF 56.1 million (8.6 million Euros) from FF 48.4 million (7.4 million Euros) for the comparable period in 1997. The revenues for the fourth quarter ending December 31, 1998 decreased 39%, to FF 11.3 million (1.7 million Euros), from FF 18.5 million (2.8 million Euros) for the same quarter in 1997.

Thierry Jean, CEO of Cerep commented, "We saw strong growth in our profiling revenues for 1998 through the renewal of our existing 125 global pharmaceutical and bio-pharmaceutical partnerships as well as the addition of 15 new customers. The revenue expansion in newly generated activities was slower than anticipated due to increased price pressure in the combinatorial chemistry area and the deferment of the marketing launch, by three months of our HTLD assays in Seattle. The drug discovery industry witnessed a significant decrease in technology alliances in 1998, which impacted our abilities to close a drug discovery deal in the past six months. We maintain a very strong commitment to completing an international collaboration in 1999. We look back on 1998, as an important year where we made several key advances in technology development, sales and marketing and financing."

### 1998 HIGHLIGHTS

#### Technology Development

Cerep initiated a significant development program at the Poitiers facility to increase the compounds throughput of its profiling activities in March 1998. As part of this program Cerep undertook the development of a new robotic system which the company expects to be on line in the beginning of the second quarter of 1999. In conjunction with this project, construction was started to double the existing laboratory space, which is due for completion in the middle of March 1999.

In June of 1998, Cerep signed a licensing agreement with Xenometrix, a biotechnology company based in Colorado, that has developed proprietary technology designed to help companies in the life sciences to accelerate the selection of promising drug and chemical leads. As part of the Agreement, Cerep receives access to an issued European patent and pending U.S. patent and certain rights of sub-license. Access to this technology allows Cerep to investigate gene response profiles of compounds. Consequently this provides the Company with the necessary tools to increase efficiency and lower costs - both challenges inherent in drug lead optimisation.

As part of Cerep's reorganisation of its research operations the position of VP Technology Development was created in June. *(Note: In early 1999 this position was taken up by Michael Entzeroth, PhD. Dr. Entzeroth will be instrumental in assuring Cerep retains its competitive advantages, in such key areas as high throughput profiling, high throughput screening, high throughput lead development, data management and virtual screening.)*

#### Sales and Marketing

To address the challenges of the quickly evolving market place Cerep has strengthened its sales and marketing organisation by hiring 6 additional employees for its Seattle, Paris and Poitiers operations. In Seattle, two positions were added to address the increased demand for HTLD activities. Growth in profiling activities and the launch of HTLD in Europe have also ensued with additional filling of key positions including Karen Manson, BVSc, MBA, as Vice President of Business Development.

## Drug Discovery

### Strategic Collaborations

The collaboration signed with ExonHit in November demonstrates Cerep's commitment to developing a broad-based combination of technologies in order to build its multi product-oriented R&D platform. "This agreement was the first step forward for Cerep to access proprietary targets for its internal drug discovery efforts," Thierry Jean commented. The two companies will collaborate in target identification and validation in the field of neurodegenerative diseases. Cerep will finance research and acquire exclusive worldwide rights for two genes or coding sequences identified by ExonHit's DATAS technology. Cerep will independently undertake the discovery and development of chemical entities against selected targets.

### R & D Expertise

In 1998 Cerep implemented several organisational changes to address the rapid development and expansion of its research operations. This included the creation of the positions of VP Drug Discovery and VP of Technology Development. Dr. Revah was appointed Vice President of Drug Discovery in November 1998. "Dr. Revah will play a key role in assisting Cerep push ahead our drug discovery and development programs and promoting our strategy of progressing lead compounds through to Phase II clinical trials," said Thierry Jean.

### Financing Milestones

In February 1998 Cerep successfully completed an initial public offering on the Nouveau Marché, raising FF 67.8 million, (10.4 million Euros). As part of the offering, the French pharmaceutical company Sanofi made an equity investment of FF22.5 million (3.5 million Euros) which was part of a collaboration agreement the two companies entered into in December 1997. As part of this four-year collaboration, Sanofi is providing Cerep with research funding, milestone payments and royalties relating to lead discovery and potential revenues on resulting drugs.

*Cerep is a drug discovery company that focuses on finding new and effective drugs that correspond to unmet medical needs. The Company's mission is to develop integrated technologies and tools to overcome the current obstacles and challenges of the drug discovery process. Cerep assists pharmaceutical companies by incorporating all the facets of innovative technologies for the discovery of novel and effective drugs. In Europe and North America, the Company has developed an extensive R&D capacity in the areas of high-throughput profiling, lead development and screening, high-throughput organic synthesis and computational chemistry. Cerep has a unique business model combining revenue generating drug discovery services with strategic collaborations in drug discovery.*

*Statements included in this press release which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbour provided by Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The company cautions readers that forward-looking statements, including without limitation those relating to the company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Factors that may affect future operations and business prospects include, but are not limited to, clinical and scientific results and developments concerning corporate collaborations and the company's proprietary rights and other factors described in the prospectus relating to the company's recent public offering.*