

Cerep announces 6 months consolidated financial results

Paris, France, 14 October 1999 - Cerep, SA (Nouveau Marché, CEREP) the French Drug Discovery Company, today announced consolidated financial results for the six months ending June 30, 1999.

Cerep reported total revenues of FF 30.0 million (Euros 4.6 million) for the first six months ending June 30, 1999, compared to total revenues of FF 31.5 million (Euros 4.8 million) for the six months ending June 30, 1998. Product revenues amounted to FF 1.5 million (Euros 0.2 million) and contract service revenues were FF 20.9 million (Euros 3.2 million) or 70% of total revenues.

Cerep's operating expenses increased 48% to FF 50.0 million (Euros 7.64 million) for the first six months of 1999 compared with the same period in 1998. The Company's R&D expenses amounted to FF 16.4 million (Euros 2.5 million) for the six months ending June 30, 1999, compared to FF 21.8 million (Euros 3.3 million) for the twelve months ending June December 31, 1998.

As of June 30, 1999, Cerep had cash and cash equivalents of approximately FF 47 million (Euros 7.2 million), compared to FF 78 million (Euros 11.9 million) for the six months ending in December 31st of June 30, , 1998.

Cerep's income before taxes was a loss of FF 14.5 million (Euros 2.2 million) for the six months ending June 30, 1999, compared to a loss of FF 1.5 million (Euros 0.2 million) over the same period in 1998.

The Company reported a net loss of FF 12.9 million (Euros 2 million) compared to a loss of FF 1.9 million (Euros 0.3 million) for the six months ending June 30, 1998.

"During this period Cerep has developed a range of new products and technologies that will contribute to its growth and to the increase of its short- and medium-term cash needs. Although delayed, the commercial launch of the pharmaceutical profiling activity developed by Cerep, Inc. took place in the first half of 1999, and that of Odyssey 5000 in the second half of 1999. In the past 8 months The main R&D efforts has have been essentially dedicated to the development of the database BioPrint™ database and its associated visualisation and analysis tools, which was completed faster than originally planned. Thus, in the past 8 months, close to BioPrint™ includes around 100,000 chemical and pharmacological data have been generated and the visualisation and analysis tools of the database have been developed. The quality of research undertaken provided Cerep with competitive assets in order to secure a strategic alliance with Bristol-Myers Squibb. The quality of the research has been immediately recognised since BioPrint™ is the basis of our strategic alliance with Bristol-Myers Squibb" commented Thierry Jean, president and CEO of Cerep. "We are confident that our efforts will be rewarded by an increase in shareholder value during the year 2000. The combination of an alliance with Bristol-Myers Squibb and a strict management of the burn-rate will allow us to secure a healthy financial position until the Company becomes profit-making."

HIGHLIGHTS

Technology and products

Cerep has developed proprietary tools designed to help companies in the life sciences accelerate the selection of more promising drug and chemical leads:

* Cerep has undertaken the development of a new robotic system which the company expects to be on line in December 1999. This will allow the Company to have a screening capacity of 30,000 points per day and manage the growing demand for its screening services.

* BioPrint™ is a rapidly growing database that relates chemical structure to *in vitro* test results and *in vivo* activities with the purpose of better selecting promising drug candidates. Bristol-Myers Squibb became BioPrint™'s first subscriber earlier this year and will contribute to the financing of the database in the coming five years. A strong commercial effort, involving the executive

management team, is currently undergoing to convince other pharmaceutical companies to contribute to the development of BioPrint™.

* The virtual screening is an innovative molecular modelling software used for the optimisation of the lead discovery process across a variety of fields as demonstrated by Cerep's recent collaboration with Rhone-Poulenc-Agro in the field of agro-chemistry.

* Odyssey 5000 is a new library based on Cerep's unique collection of building blocks designed for primary screening in drug discovery programs. The Company expects the sales of Odyssey 5000 to begin during the second semester 1999.

* The pharmaceutical profiling activities developed by Cerep, Inc. were launched at the end of first half of 1999.

These recent developments demonstrate Cerep's commitment to developing a broad-based combination of technologies and products to address both the current and the future needs of the pharmaceutical industry. The Company's commitment to developing new technologies will provide financial returns within the short to medium term. In order to address the growth and diversity of its products and technologies, Cerep intends to strengthen its sales and marketing force.

The rapid growth and the diversity of Cerep's products and technologies, requires the strengthening of its sales and marketing force. Additional resources are being hired.

Strategic collaborations

Cerep has entered several long-term strategic collaborations over the last nine months. These new agreements validate the potential of Cerep's platform in the discovery of active compounds across a variety of fields.

* February - Cerep expanded its original research and development collaboration signed in 1997 with Sanofi to include the screening of two additional targets using its proprietary integrated drug discovery technology platform. Cerep will receive additional research funds based on Sanofi's commitment to double its annual R&D funding in 1999.

* May - Cerep entered into a three year research collaboration with Pfizer. Under the terms of this worldwide collaboration, Cerep will provide its High Throughput Profiling and High Throughput Lead Development technologies for lead and pre-clinical optimization purposes for the identification and selection of drug candidates originating from Pfizer's human and animal health divisions.

* June - Cerep announced a new drug discovery collaboration with Tibotec NV. The companies are combining their complementary resources toward the discovery of new drug candidates for the treatment of HIV.

* July - Cerep entered a five year strategic alliance with Bristol-Myers Squibb in July this year that could exceed USD 43 million. Under the terms of the Agreement, Bristol-Myers Squibb will be the first subscriber to the BioPrint™ database. This alliance also includes a drug discovery collaboration, the benefit of the transfer of certain UPSA's (a wholly owned French subsidiary of Bristol-Myers Squibb) scientific staff, research equipment and facilities to Cerep and an equity stake by Bristol-Myers Squibb, of approximately USD 3 million. The R&D payments will be USD 5 million per year, scheduled to start in November 1999. In signing this strategic partnership, Cerep reached one of its major milestones for 1999.

* September - Cerep announced two collaborative agro-chemistry agreements with Rhône-Poulenc Agro under which Cerep will provide its combinatorial chemistry and molecular modelling technologies. The collaboration for the synthesis of focused libraries includes milestones payments. Both contracts entitle Cerep to receive royalties on the potential sales of compounds jointly discovered.

* September - Cerep renewed its commitment to the MSI Combinatorial Chemistry Consortium, for the development of computer simulation software tools.

* October - Cerep suspended its collaboration with ExonHit Therapeutics. Cerep intends to refocus its R&D efforts exclusively on programs which ensure a faster return to investment. Furthermore, Cerep will be considering only third party funded R&D collaborative agreements.

Human resources

Cerep has 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 (Dr Frédéric Révah) and VP of Technology Development (Dr Michael Entzeroth).

Since he joined the company, Dr. Revah has played a key role in organising implementing and developing efficient the research teams for an increase efficacy in current and future drug discovery and development programs.

Dr. Entzeroth has taken the development of Cerep's technology platform in charge. Dr Mark Crawford (President of Cerep, Inc.) co-ordinated a team of chemists, biologists, informaticians and statisticians to develop BioPrint™ from a scientific concept to a commercial reality.

Dr Mark Crawford (President of Cerep, Inc.) coordinated a team of experts to develop BioPrint™ from scientific concept to commercial reality.

Through the organisation of its complementary resources, Cerep continues to implement its strategic plan which provides the company a leadership in an highly dynamic sector.

The complementary and balanced nature of Cerep's management team will secure the Company's leadership in this highly competitive and dynamic sector.

Cerep is a drug discovery company that focuses on finding new and effective drugs. 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.