

Consolidated sales for first quarter of 2003

Service activity growth in a difficult economic environment

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Sales

Cerep consolidated sales (Nouveau Marché : Cerep) for the first quarter of 2003 were M€ 7.88 against M€ 7.73 for the first quarter of 2002, up 2%. Based on the dollar/euro rate for the first quarter of last year, the increase in sales for the period would have been 13%. Exchange hedging set up at the end of 2002 partially offset the negative exchange difference recorded for the first quarter of 2003 compared to the first quarter 2002. These revenues are to be reported under financial income.

As at March 31, 2003, service activities alone had generated sales worth M€ 6.76, up 13.4% compared to the M€ 5.96 for the same period of 2002. At a constant dollar rate, the increase in services sales would have been 26%.

Sales for strategic partnerships amounted to M€ 1.13 for the first quarter of 2003, against a figure of M€ 1.77 in 2002, down 36.3% (- 31.1% at a constant dollar rate), due principally to termination of research phase funding under the terms of our partnership agreement with Bristol-Myers Squibb.

Operating Income

Operating income for the first quarter of 2003 was a loss of M€ 0.75, compared to a profit of M€ 0.64 for the same period of 2002. Apart from the impact of the dollar rate, this drop principally reflects costs incurred for the incorporation of a sales subsidiary in Japan, and R&D investment relating to the supply of services under the terms of a contract signed with Lilly in late December 2002. Revenues from this contract made a minor contribution to sales in the first quarter of 2003. The bulk of these revenues are anticipated during the last 9 months of the year.

Cash position

Cerep's cash position (excluding treasury shares and related cash equivalents) was M€ 22.30 at March 31, 2003, compared to M€ 20.51 at December 31, 2002, and M€ 20.26 at March 31, 2002.

Sales by activity

Sales (k€)	1 st quarter 2003	1 st quarter 2002	Change
Services	6,759	5,961	13.4%
Strategic partnerships	1,126	1,768	- 36.3%
Total	7,885	7,729	2.0%

Prospects for 2003

Cerep has introduced a number of measures during the last six months designed to increase its revenues and profitability, with particular emphasis on the following:

- production of new focused compound libraries,
- optimization of production methods,
- Cerep production of part of its raw material requirements,
- increase in sales drive,
- identification of a partner for development of the first product emerging from Cerep's internal drug discovery programs.

Cerep should also receive the first milestone payment associated with commencement of the clinical phases for a product developed jointly with Bristol-Myers Squibb under the terms of the partnership agreement. Cerep also anticipates an increase in revenues associated with the new agreement signed with Lilly in the second quarter. These measures and anticipated revenues should have a positive impact on income in the coming months.

Cerep's mission is to build a pipeline of drug candidates aimed to be licensed out at the beginning of clinical phases. The drug discovery effort is financed through profitable fee for service activities.

Cerep provides solutions allowing faster and cost effective drug discovery by identifying at early stages the most promising drug candidates as well as eliminating those compounds likely to fail in development. Cerep's integrated platform encompasses a complete range of technologies including chemistry, biology, and informatics.

Cerep's technologies benefit to more than 290 pharmaceutical and biotechnological companies worldwide including most of the top pharmaceutical firms.

Cerep's drug pipeline includes collaborative drug candidates developed with Bristol-Myers Squibb, Sanofi-Synthélabo and Sepracor, as well as products discovered on its own.

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 harbor 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 company's Document de référence.

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