

Cerep revises its guidance for 2003

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Reminder

When reporting its consolidated result for 2002, Cerep had announced that assuming comparable economic conditions, the Company expected an increase in sales revenue for 2003 in the range of 15 to 25 % compared to 2002, including at least 25 % growth for service activities. In addition Cerep had published that the Company intended to maintain a positive operating result in 2003 while continuing its sustained investment in research and development.

Revision of 2003 prospects

Considering the difficult economic environment and the change in the dollar to euro exchange rate, Cerep lowers its guidance for 2003 revenue.

Cerep now anticipates a growth of the service activities of 10 to 15 % and the total revenue to remain comparable to 2002. The growth of service activities will compensate for the termination of the R&D payments by Bristol-Myers Squibb announced last October, as part of the agreements signed in 1999. These numbers do not take into account the signature of new major strategic alliances in 2003 which would improve these figures. In this category are the conclusion of a major drug discovery collaboration, a BioPrint® subscription agreement, or the out-licensing of the first drug candidate resulting from internal drug discovery programs.

The Company realizes more than 50 % of its sales in dollars. The decrease of this currency compared to the euro significantly affects the revenue and the operating result. The hedging policy put in place at the end of 2002 will result in an increased financial income in 2003.

In addition to the currency effect the current budget constraints of pharmaceutical companies have slowed the request for products and services while increasing the pressure on prices.

Considering the expected sales for the current year and taking into account the Company's decision to maintain its R&D effort at a level to sustain its long term growth, the operating result of Cerep for 2003 is anticipated to be negative.

Future prospects

In the past several months, Cerep has put in place measures focused on increasing revenue. These measures include the development of new products and services and the reinforcement of the commercial effort. The latter includes the creation of a commercial subsidiary in Japan.

The revenue coming from the agreement with Lilly announced in January 2003 will increase in the second half of the year. Cerep should moreover receive during 2003 the first milestone payment related to the entry into clinical phases of the drug candidate co-developed with Bristol-Myers Squibb in the field of inflammation.

In parallel, actions have been initiated to increase the profitability of Cerep activities. Measures are being taken by Cerep to further optimize its production processes. This includes implementation of a strategy to generate internally, biological reagents that represent a significant part of the operating expenses.

These measures will start producing effects in the fourth quarter of 2003 and will result in a significant improvement of the profitability of the Group in 2004.

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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