

Cerep reports consolidated results for first half 2003

Rueil-Malmaison (France), October 1, 2003 - press release 2003/10

Sales revenue

For the six months ended June 30, 2003 consolidated sales revenue for the Group was EUR 14.91 million reflecting a decrease of 4.8% from EUR 15.66 million for the same period last year. At a constant dollar/euro exchange rate total sales for the period would have increased 5.8% compared to 2002.

Service activities represented consolidated sales revenues of EUR 12.87 million for the six months ended June 30, 2003, a 11.3% increase from EUR 11.56 million for the first half of 2002. At a constant dollar rate, the growth in service revenue would have been 24.6%. During the same period, consolidated revenue from strategic collaborations decreased 50.1% (47.2% at a constant dollar rate) to EUR 2.05 million from EUR 4.10 million for the same period last year.

Results

Consolidated operating result for the first half of 2003 is a loss of EUR 2.28 million, compared to an operating profit of EUR 1.01 million for the first half of 2002.

Net financial result for the Group is a gain of EUR 0.42 million for the first half of 2003, compared to a loss of EUR 0.55 million for the same period last year. Financial result in 2003 includes a net foreign exchange gain of EUR 0.52 million.

For the six months ended June 30, 2003, the Group reported a consolidated net income of EUR 1.89 million, compared to a consolidated net income of EUR 0.48 million for the first half of 2002.

The following is an extract of key consolidated figures:

K€	1 st half year 2003	1 st half year 2002
Net sales revenue	14,914	15,659
Operating result	<2,280>	1,012
Financial result	425	<551>
Net income before exceptional and tax	<1,855>	461
Exceptional result	<38>	11
Net income	<1 895>	483

Research and development expenses

R&D costs for the six months ended June 30, 2003 are EUR 5.76 million compared to EUR 5.46 million for the same period in 2002. R&D costs are expensed to the income statement as incurred.

Cash position

At June 30, 2003, Group cash and cash equivalents (which excludes treasury shares and related cash) amounted to EUR 20.89 million, compared to EUR 22.30 million at March 31, 2003, and EUR 19.44 million at June 30, 2002.

Operating activities for the first half of 2003 provided cash flows of EUR 2.17 million, compared to EUR 2.88 million for the same period in 2002 and EUR 4.30 million for the year ended December 31, 2002. Fixed and intangible assets acquired during the period were financed on the Group's funds in the amount of EUR 0.89 million, along with financial leases of EUR 0.51 million and medium-term debt of EUR 0.48 million.

Significant events since January 1, 2003

During the first half of the year, Cerep has introduced a number of measures to increase the profitability of its activities. On one hand, the Company focuses on optimizing its processes through the reorganization of production units. On the other hand, Cerep has initiated the production of part of its raw material requirement that represent a significant part of operating expenses. These measures should have a positive impact in the fourth quarter of 2003, and should result in an increased profitability for the Group in 2004.

On January 17, 2003, Cerep announced the signature of a strategic collaboration with Pfizer based on BioPrint® technology. Through this alliance Pfizer will have access to BioPrint® data and the derived pharmaco-informatics tools. The goal of the collaboration is to develop improved methods for the early prediction of adverse clinical events.

The strategic collaboration signed in December 1997 with Sanofi-Synthélabo has been renewed for 2003 (February 10, 2003 press release). The results obtained in the lead optimization programs make Cerep confident in its ability to select a drug candidate during 2003.

On February 18, 2003, the signature of a major scientific agreement with Eli Lilly and Company for profiling and BioPrint® related information. Under the terms of the agreement, Lilly and Cerep will undertake an intensive profiling project to define the chemical space that is most suitable for use in discovering lead compounds active against important target classes. As part of the collaboration, Lilly will gain access to selected parts of Cerep's proprietary BioPrint® database. This agreement is a recognition by Lilly of the value of BioPrint® and of Cerep's profiling expertise, a key technology for potential early generation of lead compounds.

On September 16, 2003, Cerep announced an Investigational New Drug (IND) filing with the U.S. Food and Drug Administration (FDA) for a novel LFA-1 antagonist as a result of its collaboration with Bristol-Myers Squibb Company. Under the terms of the agreement signed with Bristol-Myers Squibb in late 1999, the IND filing triggers the first milestone payment to Cerep.

The collaboration agreement signed with Sepracor in October 2001 has been terminated during the third quarter, reflecting the change in Sepracor's R&D strategy. Cerep did not dedicate any resource to this project and the agreement did not generate any revenue for Cerep. Sepracor remains a major client of Cerep's service activities.

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 and Sanofi-Synthélabo, 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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