

## Cerep announces consolidated results for the first half 2009

- Sales decrease 13.3% compared to 2008
- Marked recovery of the activity during the 2<sup>nd</sup> quarter compared to the first 3 months 2009
- Updated guidance for 2009

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During the first half of 2009, Cerep earned sales revenue from continuing service activities of EUR 12.34 million, down 13.3% from EUR 14.24 million in 2008 (-21.1% at constant currency rate).

The decline in sales revenue for the first half 2009 is primarily impacting North America compared to other geographical areas. It is partly due to delayed initiation of some major annual contracts. However these contracts are scheduled to be completed before year end.

The second quarter sales revenue partially reflects the expected growth over the year and amounts to EUR 6.4 million, an increase of 7.7 % compared to the first quarter of 2009 which showed sales revenue of EUR 5.94 million. At first quarter 2009 exchange rate, the sales revenue for the second quarter would have amounted to EUR 6.71 million, increasing by 13.0% compared to the first quarter of the year. These results are due to a marked recovery in pharmacological profiling services during the second quarter.

### ■ Revenue from continuing activities

(kEUR)			06.30.09		06.30.08	
	Amount	%	Amount	%	Amount	%
			Changes H1 2009/2008			
Europe	5,023	40.7%	-392	-7.2%	5,415	38.0%
Of which, France	1,551	12.6%	-11	-0.7%	1,562	11.0%
North America	6,504	52.7%	-1,325	-16.9%	7,829	55.0%
Asia	781	6.3%	-85	-9.8%	866	6.1%
Other	32	0.3%	-96	-75.0%	128	0.9%
<b>Total</b>	<b>12,340</b>	<b>100.0%</b>	<b>-1,898</b>	<b>-13.3%</b>	<b>14,238</b>	<b>100.0%</b>

### ■ Group result

#### Earnings before interests, taxes, depreciation and amortization (EBITDA)

During the first half 2009, consolidated EBITDA from continuing activities was negative at EUR -0.82 million compared to EUR +0.82 million at June 30, 2008.

EBITDA decrease is consistent with the sales revenue for the period.

#### Operating result

Consolidated operating result from continuing activities during the first half of 2009 is a loss of EUR 1.82 million compared to a loss of EUR 0.22 million for the same period in 2008.

This result is consistent with EBITDA decrease.

#### Financial result

Consolidated financial result of continuing activities is a loss of EUR 0.15 million compared to a profit of EUR 0.69 million for the same period in 2008.

This loss reflects a decrease of profits from the hedging options compared to the first quarter of 2008 which encountered a strong decline of the dollar with regard to the euro, and also reflects a decline in interest rates of the Group investments.

The financial result, for the same period, reflects the expenses related to interest-bearing debts of EUR 0.22 million.

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## Net result

For the first six months of 2009, consolidated net result of continuing activities is a loss of EUR 1.93 million compared to a profit of EUR 0.10 million for the same period of 2007.

## Result of discontinued activities

The net result of discontinued activities for the first six months of 2009 is a loss of EUR 0.46 million compared to a loss of EUR 0.75 million for the first half of 2008.

Thierry Jean, President & CEO, commented: "In the absence of a clear visibility on the upcoming trends in the field where we operate, we will maintain our cost saving policy. The return on these savings, although not noticeable in the first half of the year, together with the anticipated growth of the revenues for the last 4 months of the year, should lead to a positive EBITDA in the second half 2009. Despite a continuing slowdown in demand from the pharmaceutical industry resulting from budget restrictions that naturally accompany consolidations and restructurings in this business sector, we remain confident that this change announces at medium term a growth in outsourcing in the fields where we already hold a leading position."

## ■ Key figures

(kEUR)	06.30.09	06.30.08
<b>Continuing activities</b>		
Net sales revenues	12,340	14,238
EBITDA	-820	820
Operating result	-1,817	-216
Financial result	-153	685
Net tax benefit/expense	-36	368
<b>Net result of continuing activities</b>	<b>-1,934</b>	<b>101</b>
<b>Discontinued activities</b>		
Net result of discontinued activities	-464	-749
<b>Consolidated net result</b>	<b>-2,398</b>	<b>-648</b>

## ■ Research and development (R&D)

Research and Development (R&D) expenses of continuing activities amounted to EUR 2.84 million, quite similar to those recorded for the same activities and for the same period in 2008 (EUR 2.75 million).

To capture new market shares, the Group R&D programs remain ambitious. During the first half of 2009, the Group developed more than 120 *in vitro* profiling assays which will expand Cerep offer or replace existing models. R&D efforts also focused on the development of new tools for BioPrint® data processing, mainly focusing on the development of a web access version of BioPrint® database.

## ■ Cash position

The Group cash and cash equivalent (excluding treasury shares) was EUR 18.95 million at June 30, 2009 compared to EUR 19.21 million at March 31, 2009 and EUR 21.20 million at June 30, 2008.

The continuing activities have generated a net cash flow of EUR -0.10 million. Investments of continuing activities during the period generated a negative cash flow of EUR 0.48 million; the Group acquisition of immobilization was worth EUR 0.49 million.

Cash flow linked to the financing of continuing activities mainly consists in reimbursements of loans and real estate lease for an amount of EUR 2 million.

Cash flow of discontinued activities was EUR -0.73 million, of which EUR 0.18 million linked to activities and EUR 0.38 million of debt reimbursement.

## ■ Significant events in H1 2008

### Continuing activities

- Cerep has extended in the beginning of 2009 its major service agreements as well as its strategic collaborations signed in 2002 and 2003 with Pfizer and Eli Lilly & Company.
- The supply and co-marketing agreement signed with PerkinElmer in April 2008 has been expanded in April 2009 to include a broader kinase assay offering. One of the first success of this expansion is the signature, in June 2009, of a kinase profiling agreement with Lilly.
- During the second quarter 2009, Cerep signed a 3-year collaboration agreement with Servier for drug discovery and lead optimization services.





Focussing on *in vitro* pharmacology and ADME-Tox, Cerep [Nyse Euronext – CER] provides solutions allowing cost-effective drug discovery by identifying at early stages the most promising drug candidates and eliminating compounds likely to fail in development. Cerep's technologies benefit to more than 460 pharmaceutical and biotechnological companies worldwide including most of the top pharmaceutical firms.

*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.*

### Discontinued activities

- In January 2009, the Company announced the signature of license agreement with Thea laboratories for the development in ophthalmology of Cerep LFA-1 receptor antagonist.
- In February 2009 Cerep announced its decision to stop all expenses associated to its oncology program (including research for potential partners and the maintenance of intellectual property). The financial impact of this decision was totally reflected in the results of year 2008.
- During the first half 2009, Sanofi-aventis decided to stop the program on the NPY1 antagonist receptor co-discovered with Cerep.

### ■ Outlook for 2009

Cerep is expecting higher sales revenue in the second half of the year compared to the first six months of 2009.

Based on both the results as of June 30, 2009 and the anticipated growth in the second half of the year, Cerep confirms that it does not anticipate an increase of revenue in 2009 compared to 2008 for its recurrent activities. Sales revenue might be down 11 to 14% compared to sales revenue recorded in 2008<sup>1</sup>. This decline results primarily from careful and restricted expenses by Cerep clients.

Considering the continuing softness in demand in 2009, Cerep implemented, since the beginning of the year, new cost saving actions to partially offset the impact of the decrease in sales revenue on the Group results. Cost savings include essentially headcount reductions and should have a net positive impact in 2009, despite an associated cost of approximately EUR 0.3 million. The annual run rate of cost savings (starting 2010) should reach around EUR 1 million (about 10% of the total salaries and wages of the current structure).

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<sup>1</sup> based on constant currency exchange rates for the rest of the year compared to exchange rates as of August 27, 2009.