

## 2009 consolidated results

### Positive EBITDA in the second half

Paris, March 26, 2010 - press release 2010/05

#### Contacts

Thierry Jean  
Chairman & CEO

Sophie Macault  
General Counsel  
& Corporate Secretary  
Tel. 01 45 64 44 60  
fincom@cerep.fr

**ALCER**  
**LISTED**  
**NYSE**  
**ALTERNEXT**

Code ISIN FR0004042232  
NYSE Alternext Paris

Cerep SA  
155 boulevard Haussmann  
75008 Paris (France)  
tel + 33 (0)1 45 64 44 60  
fax +33 (0)1 45 64 44 64  
e-mail: fincom@cerep.fr  
[www.cerep.com](http://www.cerep.com)

Focussing on *in vitro* pharmacology and ADME-Tox, Cerep [Nyse Alternext – ALCER] 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.

#### ■ 2009 achievements

2009 has been a particularly difficult year in an international environment characterized by a still weak dollar, the development of the competition, mainly in Asia and in North America, the sustained financial crisis impacting all industrial sectors since 2008 and the major consolidation and restructuring initiatives taken by several pharmaceutical firms.

In these conditions, some Cerep [Nyse Alternext: ALCER] clients have frozen their research projects. These decisions have impacted the activity all over the year. With a strong international reputation, especially for the quality of its services, Cerep remains confident in its ability to pursue its development in the coming years by capturing new markets arising from the increasing tendency of pharmaceutical companies to outsource their research.

Cerep has stabilized its client portfolio during the past two years. In 2009, Cerep contracted with more than 460 pharmaceutical companies.

Over the past year, Cerep dedicated substantial efforts on reducing operating expenses. Consequently, EBITDA has significantly improved in the second half compared to the first six months, without any specific increase in the activity at the end of the year.

The Group has continued implementing its "satellite" strategy to establish local screening and profiling units in the neighbourhood of its clients' research centres. Thus, in 2009, Cerep has set up a laboratory in Shanghai, close to chemistry CROs used by pharmaceutical companies for compound synthesis.

#### ■ Sales revenue

Cerep consolidated sales revenue from continuing activities in 2009 reached EUR 26.30 million compared to EUR 30.80 million in 2008, a decrease of 14.6% (18.1% at constant currency exchange rates<sup>1</sup>). These revenues are in line with the Company expected trend as announced by the Group (see press releases dated March 23 and August 28, 2009).

The decrease in sales revenue results primarily from the careful management of R&D expenses by Cerep customers linked to the current unfavourable environment. It impacts mainly ADME services with sales revenue of EUR 4.25 million compared to EUR 5.97 million in 2008, hence a decrease of 28.8%. Pharmacology services revenue are down 11.2%, from EUR 24.83 million in 2008 to EUR 22.05 million in 2009.

The decrease in revenues is more important in North America, down 20.4% compared to 2008. It is less significant in Europe and Asia. Sales revenue in France was stable compared to 2008.

#### Components of sales revenue

(kEUR)	12.31.09	12.31.08	Change
Preclinical services	26,299	30,799	-14.6%
Net Company contribution to consolidated sales revenue:			
- Cerep SA	22,048	24,829	-11.2%
- Cerep, Inc.	4,251	5,970	-28.8%

#### Sales revenue by geography

(kEUR)	12.31.09		12.31.08		Change
	Amount	%	Amount	%	
Europe	10,989	41.8%	11,799	38.3%	-6.9%
Of which, France	3,593	13.7%	3,566	11.6%	0.8%
North America	13,804	52.5%	17,336	56.3%	-20.4%
Asia	1,405	5.3%	1,462	4.7%	-3.9%
Other	101	0.4%	202	0.7%	-50.0%
<b>Total</b>	<b>26,299</b>	<b>100.0%</b>	<b>30,799</b>	<b>100.0%</b>	<b>-14.6%</b>

<sup>1</sup> Dollar and Yen

■ **Earnings before interest, tax, depreciation and amortization (EBITDA)**

Consolidated EBITDA of continuing activities was EUR 0.17 million in 2009, compared to EUR 3.93 million in 2008, at constant perimeter.

The research tax credit is accounted as "other income" and amounted to EUR 0.43 in 2009 compared to 0.66 million in 2008.

Material consumption decreased 4.3% compared to 2008.

Personnel and related expenses amounted to EUR 14.33 million in 2009, down 4.4% compared to 2008.

Other supplies and external expenses amounted to EUR 4.73 million in 2009, compared to EUR 5.07 million in 2008, a decrease of 6.7%. Together these expenses totalled a decrease of EUR 1 million and reflect the Group continuous efforts to reduce operating expenses in 2009.

The decrease in expenses is particularly noticeable during the second half of the year, with a positive EBITDA amounting to EUR 0.99 million, compared to a negative EBITDA of EUR 0.82 million during the first half 2009. This progress is merely due to the decrease in personnel and other supplies/external expenses, totalling a decrease of EUR 1.33 million during the last six months 2009, compared to the first half.

■ **Operating result**

Consolidated operating result of continued activities before financial result and taxes is a loss of EUR 1.71 million in 2009 compared to a profit of EUR 1.95 million in 2008.

This performance is in line with EBITDA.

■ **Financial result**

Consolidated financial result of continued activities in 2009 is negative at EUR 0.21 million in 2009 compared to a profit of EUR 0.31 million in 2008. Due to the variations in US dollar against euro in 2009, the exchange transactions and hedging operations have represented a net loss of EUR 0.06 million in 2009 compared to a loss of EUR 0.14 million in 2008.

The decrease in expenses related to the interestbearing debts of continuing activities (from EUR 0.63 million in 2008 to 0.54 million in 2009) is attributable to the reimbursement of the three year bank loan of EUR 6 million signed by Cerep at the beginning of 2007, with a termination at April 2010.

■ **Net result of continuing activities**

Consolidated net result of continuing activities is a loss of EUR 1.40 million in 2009 compared to a profit of EUR 1.92 million in 2008.

■ **Net result of discontinued activities**

The net result of discontinued activities at December 31, 2009 was loss of EUR 0.77 million compared to a loss of 4.06 million in 2008.

■ **Net result**

Net result of the Group is in 2009 a loss of EUR 2.17 million, almost stable compared to the loss in 2008 of EUR 2.15 million.

■ **Research and development (R&D)**

The Group R&D expenses of continuing activities incurred during the year 2009 reached EUR 5.66 million compared to EUR 6.78 million in 2008.

These expenses represent about 21.5% of the sales revenues (comparable to the 22.0% in 2008) and reflect a continuous significant investment for the development of new assays and new technologies both in France and in the USA.

■ **Cash position**

The Group's cash and cash equivalents (including financial instruments held for trading) amounted to EUR 17.10 million at December 31, 2009 compared to EUR 22.26 million at December 31, 2008.

This change in cash results from cash flow used in operations excluding interest and tax of EUR 0.82 million, net change in working capital of EUR 0.36 million, net cash used in investment activities of EUR -0.70 million, net cash used in financing activities of EUR -3.90 million and net cash related to discontinued activities of EUR -1.73 million.

The working capital represents EUR 14.14 million compared to EUR 17.50 million one year before.

(K€)	31.12.09	31.12.08
Gross cash and equivalents	17,169	22,297
Debt with financial institutions, and financial leases	17,502	21,565
Advances	164	163
Net debt	-497	569

## ■ Key figures

Continuing activities (K€)	31.12.09	31.12.08
Net sales revenues	26,299	30,799
EBITDA	172	3,933
Operating result	-1,712	1,950
Financial result	-206	310
Consolidated net result	-1,918	2,260
<b>Net result of continuing activities</b>	<b>-1,403</b>	<b>1,918</b>

## ■ Significant events in 2009

### Continuing activities

- Cerep has extended for the year 2009 its major service agreements as well as its strategic collaborations signed in 2002 and 2003 with Pfizer and Eli Lilly & Company respectively.
- The supply and co-marketing agreement signed with PerkinElmer, Inc. in April 2008 has been extended to kinases. One of the first successes of this extension is the signature with Eli Lilly & Company of a major kinase profiling agreement in June 2009.
- During the second quarter 2009, Cerep announced the signature of a 3-year collaboration agreement with Servier for the discovery and optimization of new drugs.
- In October 2009, Cerep announced the signature of a BioPrint® evaluation licence with Roche. Under the terms of the agreement Roche will be granted access to the BioPrint® database and related pharmacoinformatics tools. At the end of the evaluation period, Roche will have the option to subscribe a perpetual licence at a predetermined price.

### Discontinued activities

At the end of 2006, Cerep decided to refocus all efforts on the development of profitable activities only; the Company had also announced, in early 2009, its decision to stop all expenses associated to its oncology program. Financial impacts of these decisions are totally reflected in the Group results.

As part of its annual portfolio review and arbitration, sanofi-aventis decided during the first half of the year, to discontinue the program on the NPY1 antagonist co-discovered by Cerep and sanofi-aventis.

In January 2009, Cerep announced the signature of a license agreement with Thea for the development of an LFA-1 antagonist. Several months of assays and research led Thea to the conclusion that the licensed product was not appropriate for the development in ophthalmology and thus decided to discontinue this program. The termination of the license agreement triggered the payment to Cerep of a termination fee paid in January 2010.

## ■ Recent events

### Continuing activities

After the end of the year, the Company shares have been subject to a change of market place. As of March 19, 2010 Cerep shares have been transferred from NYSE Euronext Paris to NYSE Alternext.

### Discontinued activities

In 2006, two former employees of Anceris initiated an action in a civil court, claiming damages of EUR 9 million. The Court (Paris Tribunal de Grande Instance) rendered its judgment on March 2010 and dismissed Anceris employees' claim which was judged unfounded.

## ■ Outlook for 2010

In 2010, Cerep will focus on developing revenues from the sales of both existing and new services and from the capture of novel markets.

In Asia, the Group derives its revenues mainly from Japan. The presence of Cerep laboratories in China, scheduled to start commercialising services in the coming months, should bring new business opportunities in 2010.

Considering the difficulty to predict the timing of market recovery, and taking into account the persistent restructuring efforts of Cerep clients which impact outsourcing decisions, the Group is not in the position to announce specific guidelines for the year in progress.

Cerep efforts to decrease operating expenses in 2009 should allow, at constant revenue, to significantly improve EBITDA of continuing activities on a full year basis.