

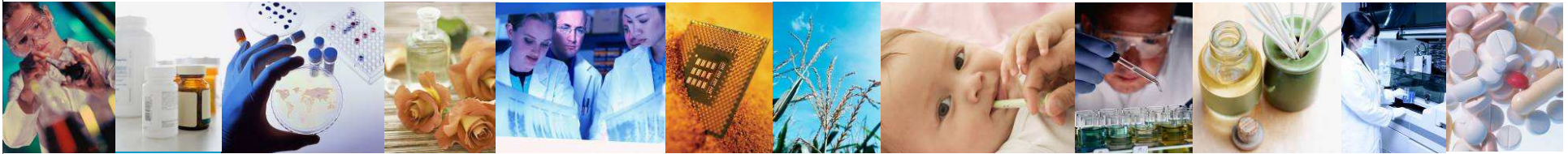
21st September 2007

## 2007 Half Year Results



# AGENDA

- 1 | PCAS GROUP**
- 2 | 2007 HALF YEAR RESULTS**
- 3 | PHARMACEUTICAL SYNTHESIS**
- 4 | FINE SPECIALITY CHEMICALS**
- 5 | RESEARCH & DEVELOPMENT**
- 6 | FORECAST**



1 |

# PCAS GROUP

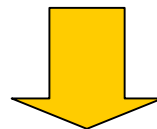


# PCAS GROUP

## 2 fields of activity

**Pharmaceutical  
Synthesis  
60%**

**Fine Speciality  
Chemicals  
40%**

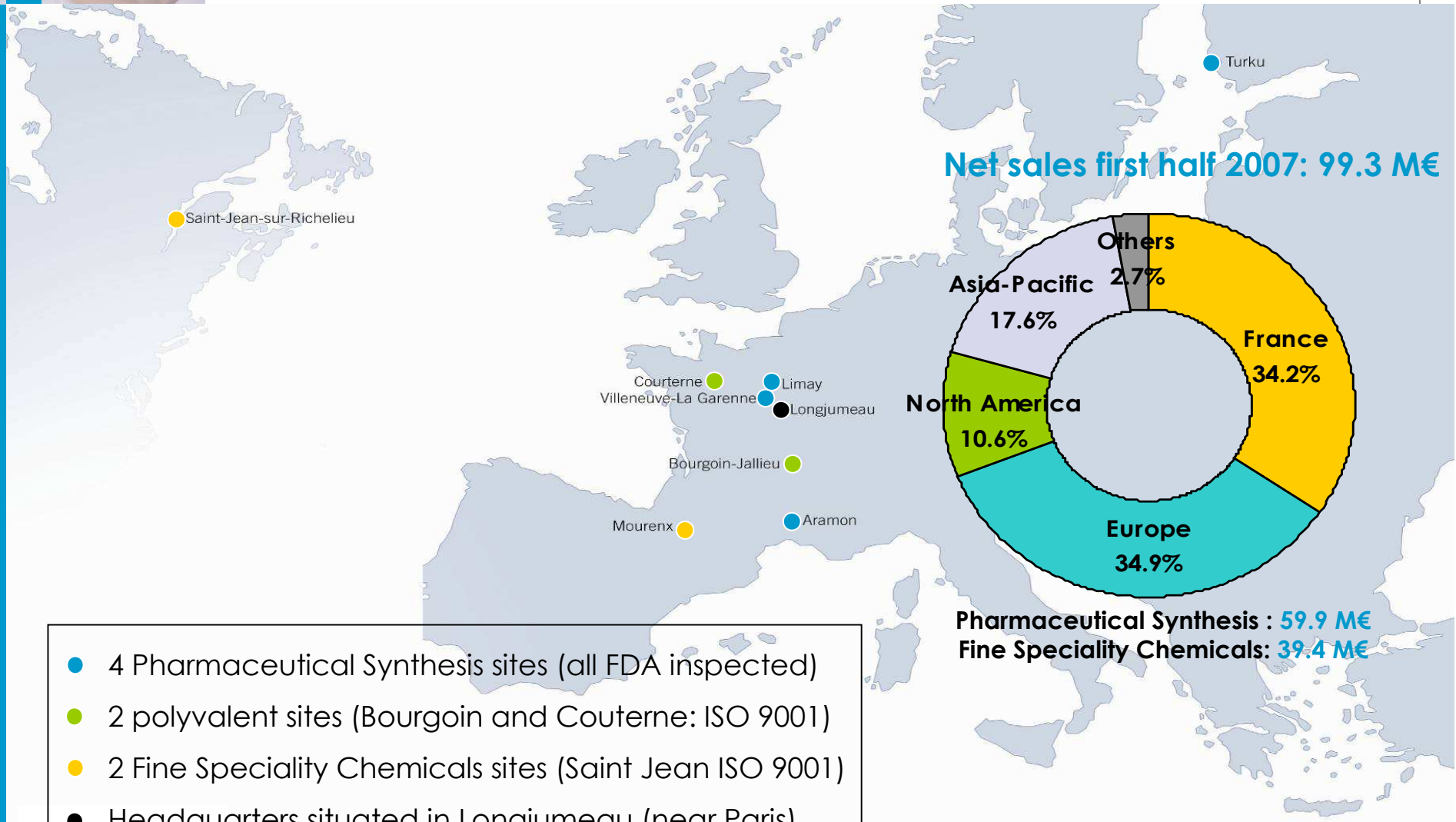


**Manufacturer of complex molecules,  
of very high added-value,  
sold around the world  
and applying leading-edge technologies**



# PCAS GROUP

## An international Group



- 4 Pharmaceutical Synthesis sites (all FDA inspected)
- 2 polyvalent sites (Bourgoin and Couterne: ISO 9001)
- 2 Fine Speciality Chemicals sites (Saint Jean ISO 9001)
- Headquarters situated in Longjumeau (near Paris)



# PCAS GROUP

## An exceptional clients' portfolio

**Pfizer**  **Bristol-Myers Squibb Company**  
**Wyeth** **Lilly** **Infineum** **sanofi aventis**  
**COOPER**  **MERCK**  **Roche**  **AKZO NOBE** **bp**  
**NOVARTIS**  **SERVIER** **SOLVAY**  **SCHERING**  
**SCHWARZ PHARMA**  **MILLENNIUM**  **PLIVA** **SHIONOGI**  
**CHIRON** **Givaudan** **RIGOH** **BDF Beiersdorf**  
**Firmenich**  **alza** **L'ORÉAL** **Procter & Gamble** **IFF**  
**TAKASAGO** **ABB** **ROBERTET** **SHIPLEY** **Chevron**  
 **COLGATE-PALMOLIVE COMPANY**  **Kodak** **PECHINEY**  **Unilever** **BEAUFOR IPSEN**  
**pcas** **more than chemistry** **S A F T** **Johnson & Johnson**



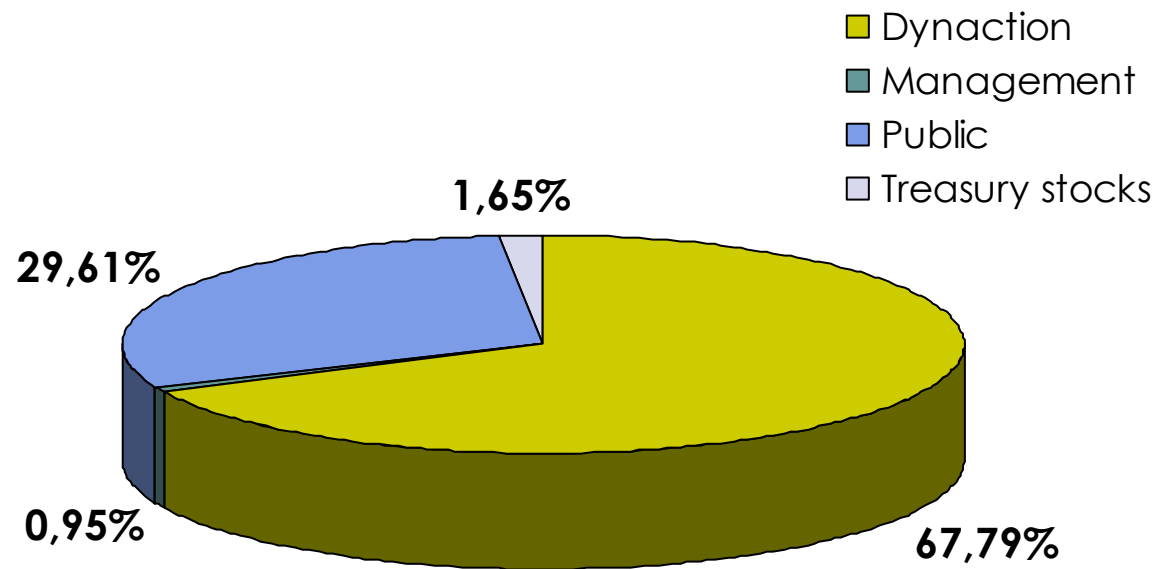
# PCAS GROUP

## Milestones

- **1962** PCAS created by 2 French entrepreneurs
- **1982** PCAS joins Stauffer Chemicals and then Akzo Nobel
- **1992** **The Dynaction Group acquires** PCAS for 8.3 M€
- **1993** Acquisition of **Saint-Jean Photochimie** (Quebec)
- **1995** **IPO** on the Paris stock exchange valuing PCAS at 23 M€
- **1996** Creation of **SBS**, specialising in the production of **acrolein** derivatives
- **1998** Acquisition of Seloc France (**Limay**) specialising in Pharmaceutical Synthesis (now merged with PCAS)
- **1999** Acquisition of PCF (Mineral Chemicals) and of Vernolab
- **2001** Acquisition of **Expansia, of PCAS Finland** and of Creapharm
- **2004** Sale of Vernolab to the SGS Group – 85% purchase of **VLG Chem** (Sanofi-Aventis maintaining 15% of the capital) – Creation of **PCAS America Inc.**
- **2005** Sale of Creapharm
- **2006** Creation of **PCAS Biosolution** – interest taken in Protéus – Sale of a majority stake in PCF to management



# PCAS GROUP Shareholding



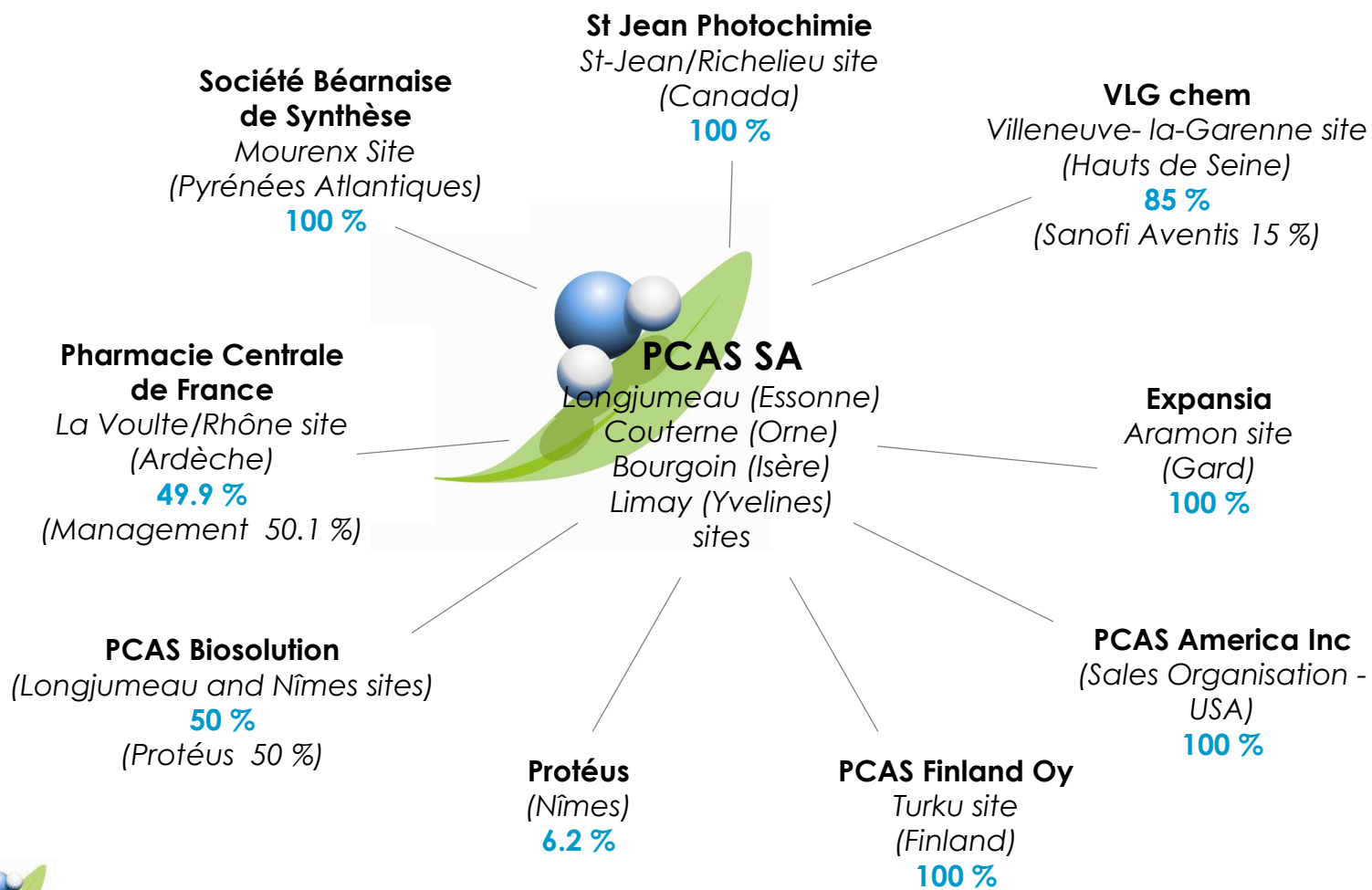




# PCAS GROUP

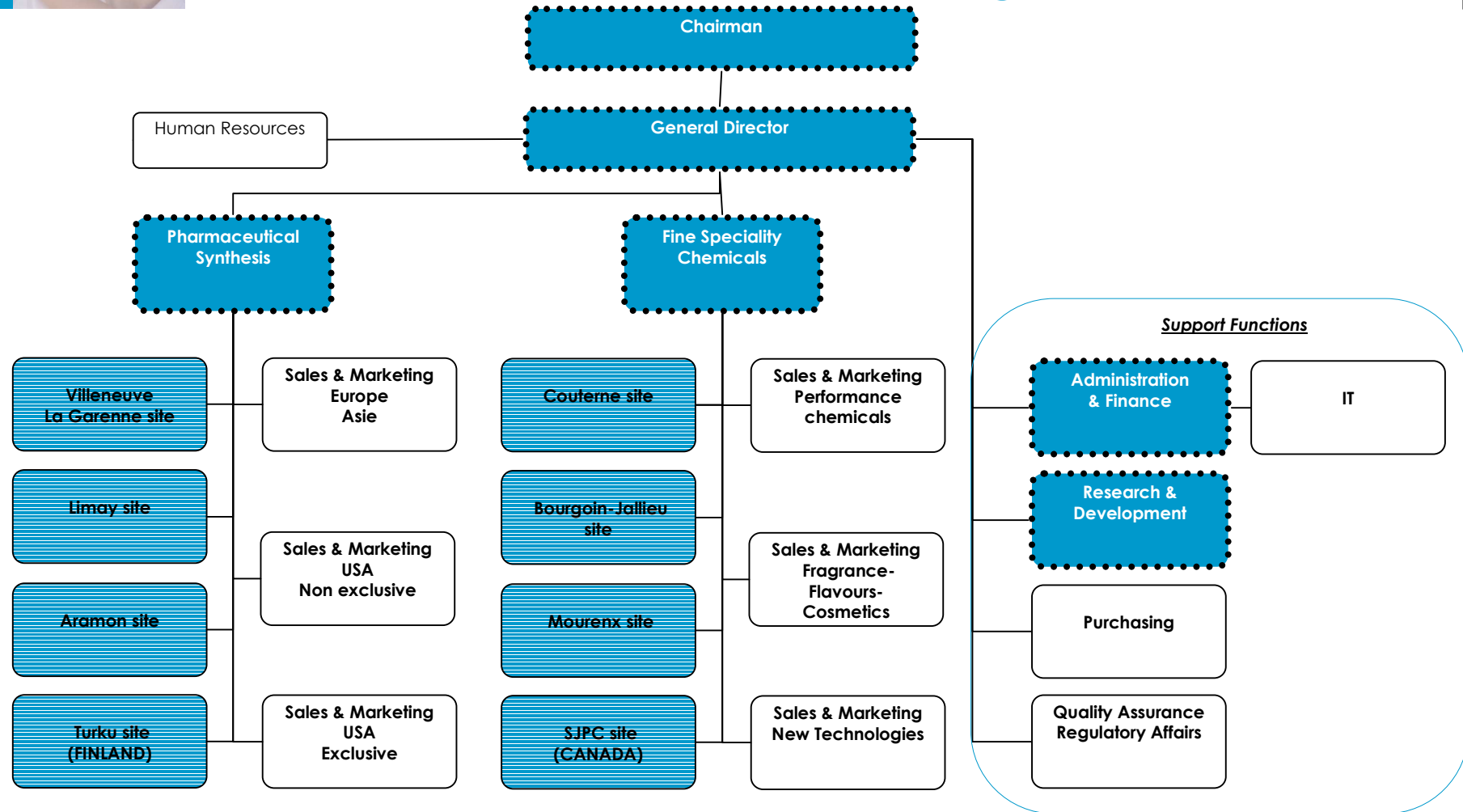
## Legal structure

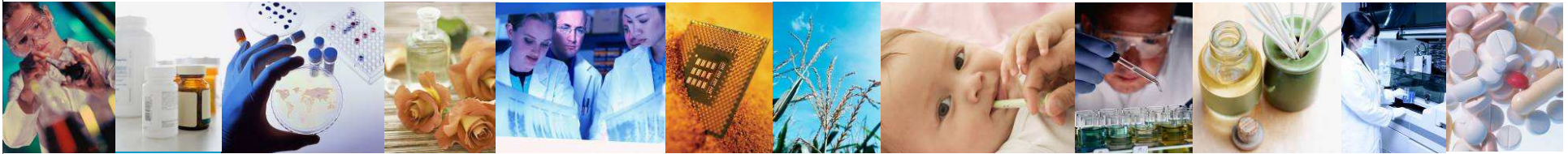
As of 30 June 2007





# PCAS GROUP Organisation chart





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## 2007 FIRST HALF RESULTS



# 2007 FIRST HALF RESULTS

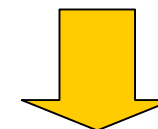
## Significant events in line with strategy

- Strong progression of the EBITDA and of Current Operating Income
- Strengthening of the Group's financial structure



## 2007 FIRST HALF RESULTS Key Figures

In thousands of euros	S1 2007	S1 2006
Net sales	99.3	89.9
EBITDA	16.0	11.4
<i>as a percentage of net sales</i>	<b>16.1 %</b>	<b>12.7%</b>
Depreciation and provisions	(8.2)	(6.8)
Current operating income	6.2	4.6
<i>as a percentage of net sales</i>	<b>6.2 %</b>	<b>5.1%</b>
Other operating income and expenses	(0.4)	(0.3)
Net interest expense on debt	(2.6)	(1.7)
Net profit	0.8	0.5
<b>Net profit attributable to the Group</b>	<b>0.8</b>	<b>0.5</b>
Investments	3.2	2.5
Net debt	78.0	79.0
Equity	73.9	69.1
<b>Gearing</b>	<b>1.06</b>	<b>1.14</b>



**EBITDA : + 40.3 %**

**ROC : + 34.8 %**



# 2007 FIRST HALF RESULTS

## Consolidated income statement

### Economic presentation

<i>In thousands of euros</i>	S1 2007		S1 2006	
<b>Net sales</b>	<b>99.3</b>	<b>100 %</b>	<b>89.9</b>	<b>100 %</b>
Pharmaceutical Synthesis	59.9	60.3%	57.0	63.4%
Fine Speciality Chemicals	39.4	39.7%	32.9	36.6%
Purchases (raw materials and change in inventory)	(33.8)	34.0%	(29.4)	32.7%
Staff costs	(27.9)	28.1 %	(27.7)	30.8 %
External costs	(18.6)	18.7 %	(17.8)	19.8 %
Taxes	(2.9)	2.9 %	(3.6)	4.0 %
Others	(0.2)	0.2%	0.0	0.0%
<b>Current EBITDA</b>	<b>16.0</b>	<b>16.1%</b>	<b>11.4</b>	<b>12.7%</b>
Depreciation and provisions	(8.2)	8.3 %	(6.8)	7.6 %
Free shares and stock options	(1.6)	1.6%	0.0	0.0%
<b>Current operating income</b>	<b>6.2</b>	<b>6.2 %</b>	<b>4.6</b>	<b>5.1 %</b>
Pharmaceutical Synthesis	3.8	6.5%	4.7	8.2%
Fine Speciality Chemicals	2.4	6.1%	(0.1)	(0.3)%



# FIRST HALF RESULTS 2007

## Consolidated income statement

<i>In thousands of euros</i>	S1 2007	S1 2006
<b>Current operating income</b>	<b>6.2</b>	<b>4.6</b>
Other operating income and expenses	(0,4)	(0,3)
<b>Operating income</b>	<b>5.8</b>	<b>4.3</b>
Net interest expense on debt	(2.6)	(1.7)
Income tax expense	(1,7)	(0,7)
Profit/loss of associates	(0.6)	-
<b>Net result of non-current assets intended to be sold</b>	<b>-</b>	<b>(1.4)</b>
<b>Net profit</b>	<b>0.8</b>	<b>0.5</b>



## FIRST HALF RESULTS 2007

# Consolidated balance sheet

<i>In thousands of euros</i>	S1 2007	2006	<i>In thousands of euros</i>	S1 2007	2006
Goodwill	12.3	12.3	<b>Shareholder's equity attributable to the Group</b>	<b>73.9</b>	<b>69.0</b>
Intangible fixed assets	3.1	2.5	<i>Included net result</i>	0.8	1.2
Tangible fixed assets	78.0	81.9	<b>Minority interests</b>	<b>0.0</b>	<b>0.0</b>
Financial assets	1.2	1.2	<b>Total equity</b>	<b>73.9</b>	<b>69.0</b>
Other financial assets	0.6	0.6	Provisions for liabilities and charges	7.0	6.8
Deferred tax assets	4.2	4.6	Participation in associated companies	1.6	1.0
<b>Total non-current assets</b>	<b>99.5</b>	<b>103.1</b>	Long-term debt	56.7	61.8
Inventories	55.0	56.2	Dynaction loan	0.7	0.7
Accounts receivable	36.8	31.3	Deferred tax liabilities	1.0	0.9
Other current assets	11.5	9.6	<b>Total non-current liabilities</b>	<b>67.0</b>	<b>71.2</b>
Marketable securities	0.6	-	Current portion of provisions for liabilities and charges	0.7	0.5
Cash and cash equivalents	1.5	3.2	Short-term debt and current portion of long-term debt	22.7	19.8
<b>Total current assets</b>	<b>105.4</b>	<b>100.3</b>	Accounts payable	25.0	28.4
<b>Total assets</b>	<b>204.9</b>	<b>203.4</b>	Other current liabilities	15.6	14.4
			<b>Total current liabilities</b>	<b>64.1</b>	<b>63.1</b>
			<b>Total liabilities</b>	<b>204.9</b>	<b>203.4</b>





# NEW DEBT STRUCTURE

## Repayment of 58.8 M€ syndicate loan

- Repayment of the 2007 due amount regarding our former syndicated loan for 4.8 M€
- A new syndicate loan for 36 M€ over 6 years
- An OBSAR issue (Bonds with equity warrants attached) for a net amount of 19.3 M€:
  - Nominal unit value : 600 euros
  - Number of OBSAR : 33 333
  - Number of BSAR : 3 333 300
  - Expiry : 31st December 2012
  - Interest's rate : 5,25%
  - Repayment price : 606 euros
  - BSAR exercise price: 6.90 euros
  - BSAR exercise period: at any time up to the 31st December 2012

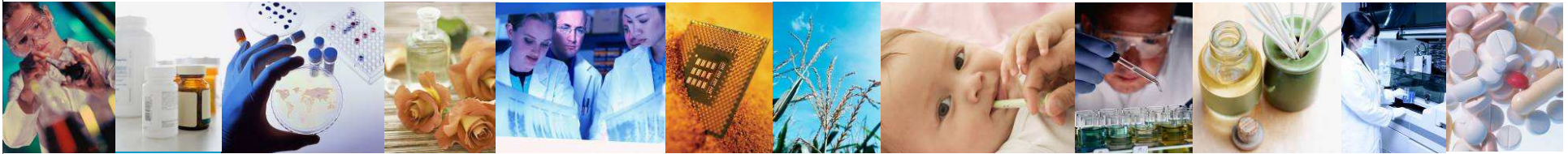
**Conforming to currently enforced IFRS rules, this hybride debt integrates a debt part and an equity part which rise to 17.3 million euros and 2 million euros on the 30th June 2007, respectively.**



# FIRST HALF RESULTS 2007

## Consolidated statements of cash flows

<i>In thousands of euros</i>	<b>S1 2007</b>	<b>S1 2006</b>
<b>Net cash provided by operating activities</b>	<b>4.6</b>	<b>3.7</b>
<i>of wich cash flow</i>	14.6	10.0
<i>of wich changes in working capital</i>	(8.7)	(5.1)
<i>of wich income tax</i>	(1.3)	(1.2)
<b>Net cash provided by investing activities</b>	<b>(3.2)</b>	<b>1.1</b>
<i>of wich property, plant &amp; equipment and intangibles</i>	(3,2)	(2.4)
<i>of wich financial assets</i>	-	1
<i>Of wich net effect of changes in the scope of consolidation</i>	-	.5
<b>Net cash provided by financing activities</b>	<b>(7.5)</b>	<b>(2.8)</b>
<i>of wich net debt variation</i>	(4.9)	(1.1)
<i>of wich net interest expense in debt</i>	(2.6)	(1.7)
<b>Net change in cash and cash equivalents</b>	<b>(6.0)</b>	<b>2.0</b>



3 |

# PHARMACEUTICAL SYNTHESIS



# PHARMACEUTICAL SYNTHESIS

## 3 TYPES OF INTERNATIONAL CUSTOMER

- Pharmaceutical Laboratories (60%)
- Generic Manufacturers (30%)
- Start-ups (10%)

## 6 PRODUCTION SITES

### cGMP

- Limay
- Aramon
- VLG
- PCAS Finland

### ISO

- Couterne
  - Bourgoin
- } *Polyvalent sites*



# PHARMACEUTICAL SYNTHESIS

## Marked events

- **5.1%** growth in net sales
- Action plan site cost reduction target
- Partnership activity decrease in 2007 offset by Custom Manufacturing (\*) and Generics (commercial prospection)

## Activity Split

- Customer-Partner activity (- 9 %)
- Generic activity (+ 24 %)
- Custom Manufacturing activity(+ 9 %), including strong sales to the US market
- Start-up of projects and invoicing involving PCAS Biosolution

## Sites

- Move to 5 shifts (7 days a week) at the PCAS Finland site to respond to a high demand in Custom Manufacturing
- Reduction in activity at the Expansia site (Veinotoniques no longer being reimbursed) and at VLG Chem site (inventory reduction)
- Very stable activity at the Limay site to respond to Generic sales and the launching of new products

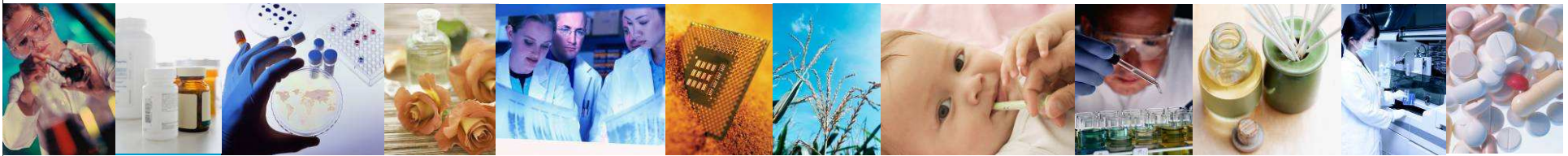
*(\*) Custom Manufacturing : made-to-measure synthesis activity of products for the pharmaceutical industry  
Partnerships : previous site owners*



# PHARMACEUTICAL SYNTHESIS

## Forecast

- Less than favourable impact during the year due to our « customer-partners » inventory reduction plans
- Growth in R&D invoicing of phase 1 and 2 project launches
- Ongoing negotiations concerning two important API (\*) contracts
- Prospecting new markets (Russia, South America)
- Optimisation of Supply Chain and production at sites (Limay)



4 |

## FINE SPECIALITY CHEMICALS



# FINE SPECIALITY CHEMICALS

## 3 ACTIVITIES

- Performance Chemicals (30 %)
- Fragrance – Flavours – Cosmetics (35 %)
- New technologies (35 %)

## 4 PRODUCTION SITES

- Couterne
- Bourgoin-J. } *Polyvalent sites*
- Mourenx
- Saint-Jean sur Richelieu





# FINE SPECIALITY CHEMICALS

## Performance chemicals

### Marked Events

- Strong growth in net sales : **+ 18%**
- Price increases and clear improvement in unit margin
- Development of sulfonates (\*) in new applications
- Consolidating market position of large accounts (made-to-measure)
- Commercial promotion of PCAS technologies and expertise

### Forecast

- Start up of new production capabilities
- Renewing mature business by:
  - Geographical redeployment in Asia and Eastern Europe
  - Adapting technologies to new markets
  - Launching innovative products on the market

*(\*) Sulfonates : organic molecule containing sulphur whose polarity brings specific performances*



# FINE SPECIALITY CHEMICALS

## Fragrance-Flavours-Cosmetics

### Marked Events

- Very strong growth in net sales : **+ 43%**
- Stable activity in all fields and in particular in cosmetic custom manufacturing
- Solid activity by distributors, notably in Japan and in the USA
- Selection of product portfolio and recovery of margins

### Forecast

- Optimisation of processes and reduction in manufacturing costs
- New opportunities with the profession's leading companies
- Intensification of R&D efforts to renew product catalogue
- Geographic diversification



# FINE SPECIALITY CHEMICALS

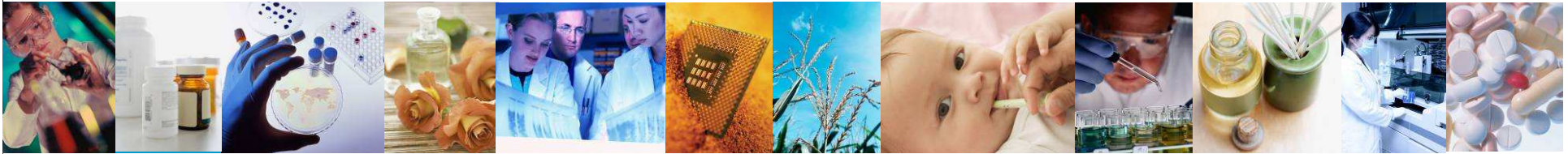
## New technologies

### Marked Events

- **5.1%** decrease in net sales
- Rigorous selection of product portfolio and efforts in management : slight reduction in net sales and strong profit recovery
- Pause in the rapid development of the microelectronics industry, following the strong growth of 2006, has impacted the Canadian site
- Strengthening of the sales team and prospecting in the North American market
- Intense prospecting concerning custom manufacturing projects

### Forecast

- Increase in net sales due to new custom manufacturing projects currently in negotiation
- Expected increase in demand in the microelectronics industry in 2008
- Continuing the pursuit of geographical diversification
- Redeployment of new activities (dyes and polymers of high added-value, photovoltaic...)



5 |

## RESEARCH & DEVELOPMENT



# RESEARCH & DEVELOPMENT

## PHARMACEUTICAL SYNTHESIS:

Reminder: 70 staff (20 of whom have PhDs)  
9.1 M€ in 2006

**58 project reviews (194 steps)**

- 4 synthesis laboratories + 2 Kilo-Labs (Aramon & Turku) ) + 3 pilot work shops (GMP-Aramon & Limay + ISO-Couterne)
- 48 employees in the laboratory, 14 of whom are in analytical development
- 16 employees in the pilot workshop(12 GMP et 4 ISO 9001)

*GMP : Good Manufacturing Practices*



# RESEARCH & DEVELOPMENT

## SPECIALITY CHEMICALS:

Reminder:            39 staff (7 of whom have PhDs)  
                                 3.4 M€ in 2006

32 project reviews (55 steps) in Performance Chemicals and 17 reviews in Industrial Chemicals

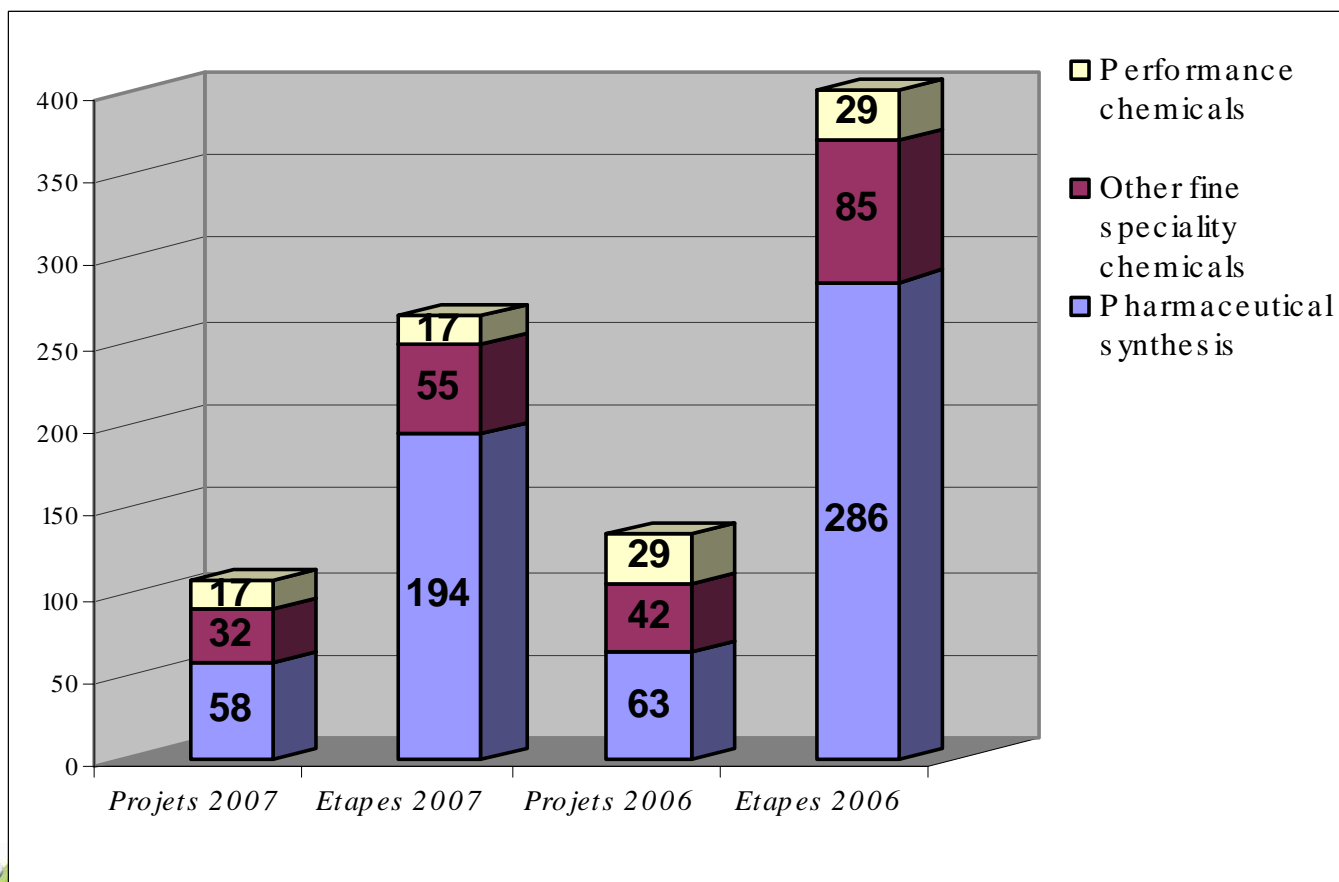
- Non-GMP synthesis intermediates and performance products
- 1 central laboratory (Longjumeau : 23 employees)
- 1 specialised laboratory (Quebec : 6 employees)
- 2 pilot workshops (Couterne + Bourgoin Jallieu : 10 employees)



# RESEARCH & DEVELOPMENT

## 1st Semester Projects 2007

2007 project reviews: 'an increased selectivity'





# RESEARCH & DEVELOPMENT Strategy

R&D Strategy : 3 major development axes.

- Pursuit of “partnership” strategy continues with emerging structures targeting small quantities: Atlanchim (Borochem & Provence Techno.)
- Seeking high-added value ‘technological niches’: (‘biomedicines’)
- Development and strengthening of personnel and analytical tools





# RESEARCH & DEVELOPMENT

## PCAS Biosolution

### PCAS-Biosolution

Joint Venture with PROTEUS

Leader in biotransformations and bioconversions

A unique alliance in fine pharmaceutical chemistry for the development of target molecules

**For PCAS: access to a top class technological platform which can revolutionise the classic chemical synthesis.**





# PCAS Biosolution Operation

- Means:
  - R&D: mixed teams (PCAS – Protéus)
  - Marketing : PCAS and Protéus
  - Production : PCAS
- Project selection :
  - Customer projects resulting from management agreements
  - Classic customer projects, but biocatalysis to be improved
  - Ownership projects of a 'Generic' type
- Marked interest by the 'major players' in Pharmaceuticals concerning this bio-catalytic approach

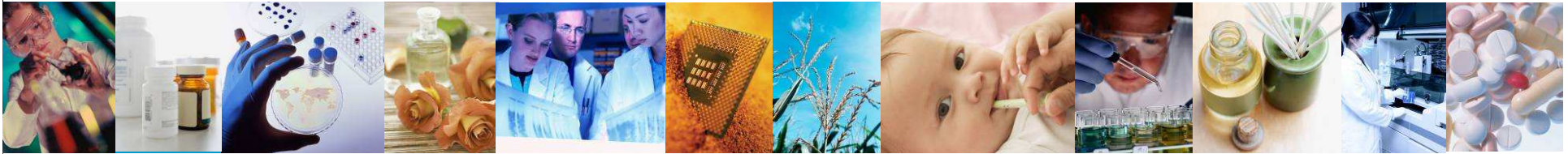


# PCAS Biosolution

## First results

- **Classic customer projects, but biocatalysis to be improved:**
  - 'Custom' Production
    - Extended screening of the collection to quickly identify catalytic proteins of interest
- **Ownership projects of a Generic '+' type:**
  - Production : PCAS
    - Biocatalysis improvement by factor 50
    - Preparation of a supported Biocatalyst
    - Performance tests
    - Economical impact conforming to our expectations

*Generic '+' : Generics for which an alternative patentable synthesis (and in general more economic) or a formulation process which performs better has been developed*



6 |

FORECAST 2007



# FORECAST

## Objectives: Progress of 2007 – 2009 plan

- Financial
  - Profitability : 2007 ✓
  - Financial structure : New loan and OBSAR (ongoing action on the BFR) ✓
- Industrial & commercial
  - Productivity
    - New IT system : completed end 2007
    - Implentation of a « lean manufacturing » approach in 4 plants : launch of transversal sites, to be carried out during 2008

At stake : - 5 M€ on costs and - 5 M€ on inventories



## FORECAST

### Objectives : Progress of 2007 – 2009 plan

- Strategic technological partnerships
  - Protéus: First technical success for PCAS Biosolution. Strengthening of links with Protéus is ongoing
  - Others: Currently under review
- Shareholding
  - Preparing the merger with Dynaction : ongoing reduction of Dynaction debt levels

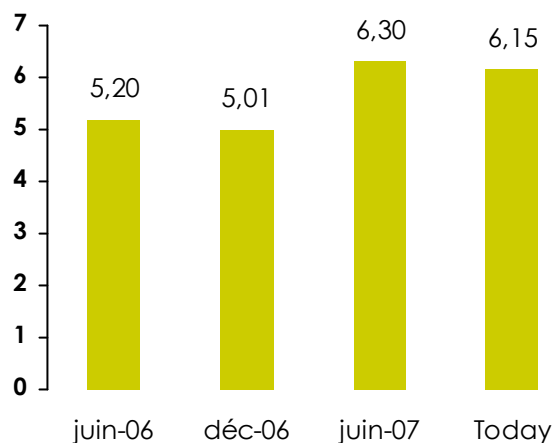


# DYNACTION & PCAS STOCK

## Listed on Eurolist compartiment C

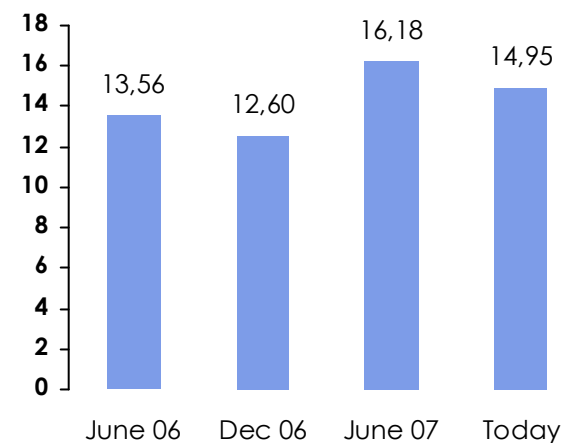
**Number of Dynaction shares: 3 295 842**  
**Number of PCAS shares: 13 003 882**

PCAS- cours de bourse



**Increase compared to June 2006: +18,3 %**  
**Increase compared to December 2006: + 22,8 %**

Dynaction

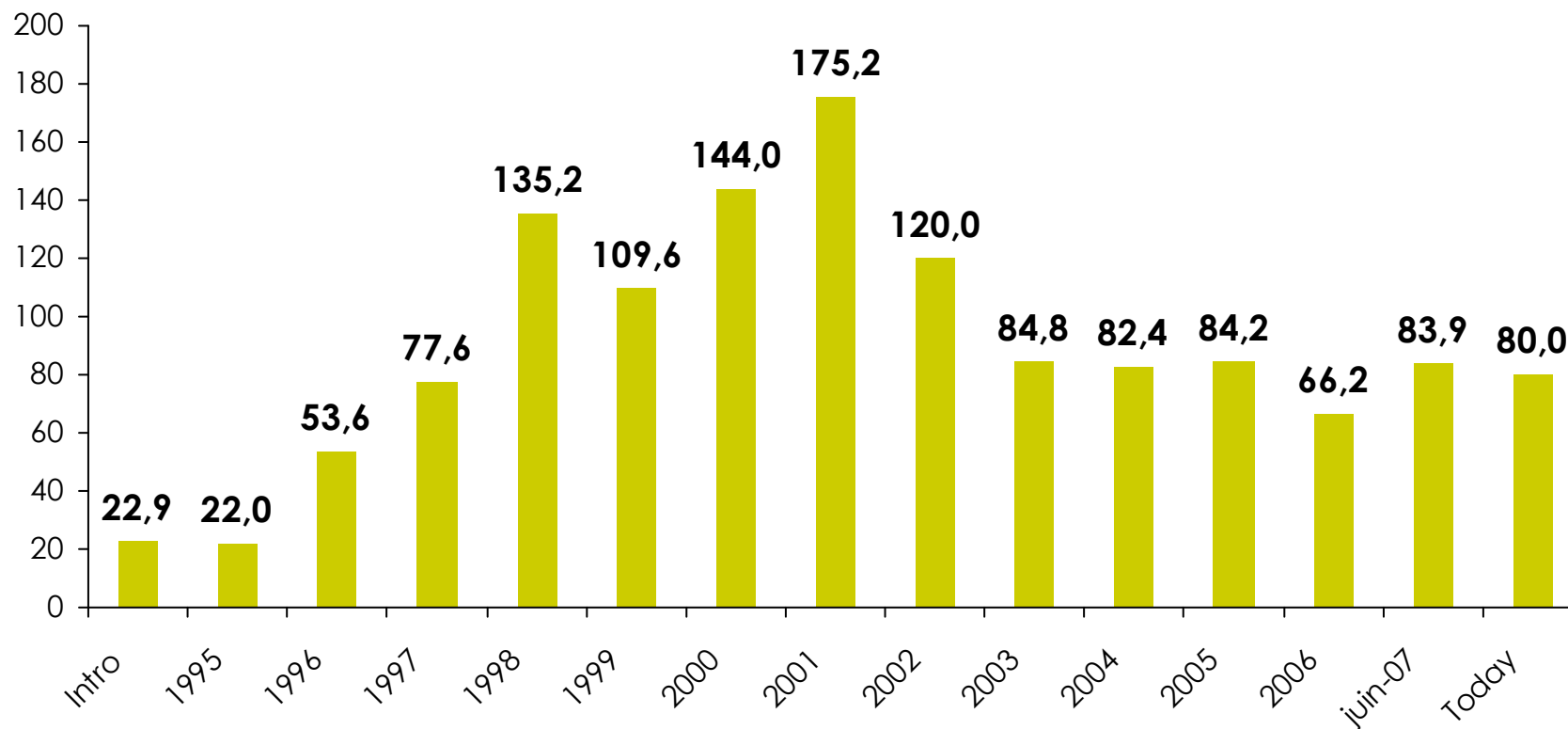


**Increase compared to June 06: + 10,2 %**  
**Increase compared to December 2006: + 18,7 %**





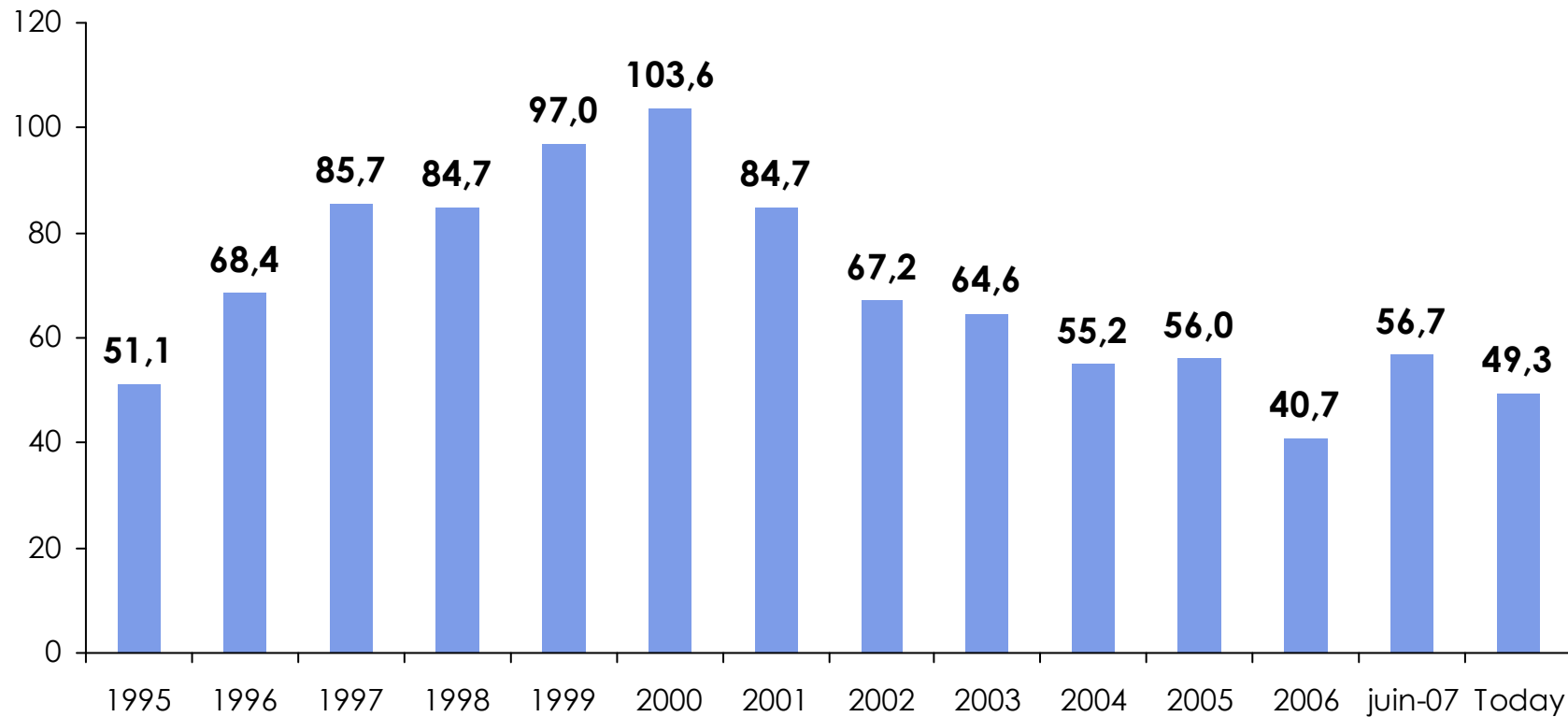
# PCAS Market Value

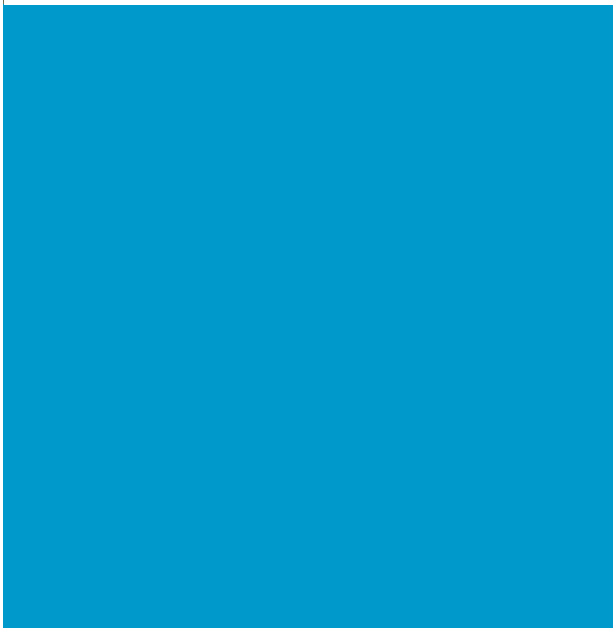
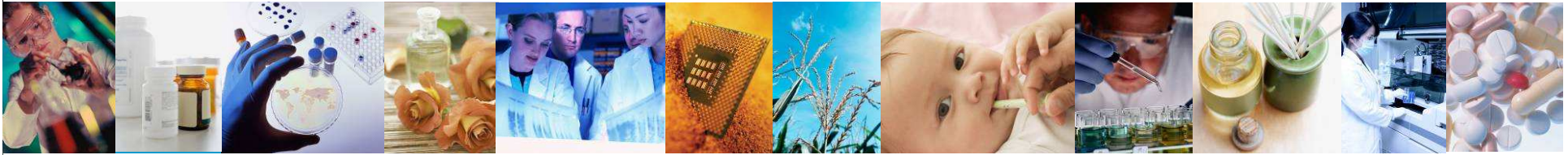






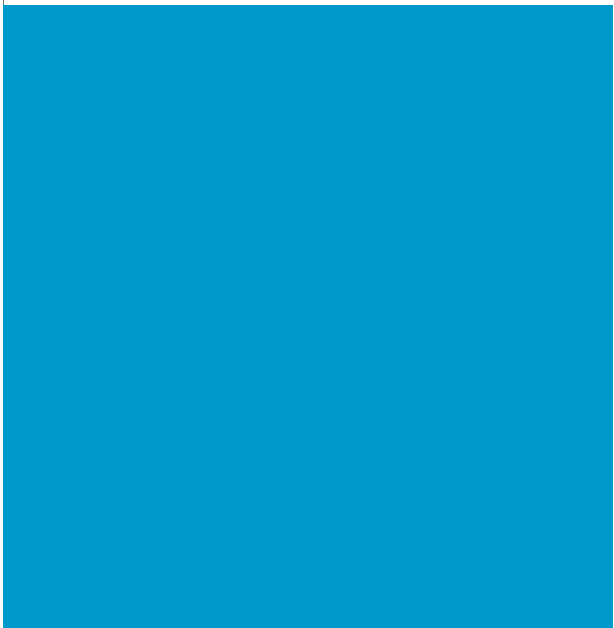
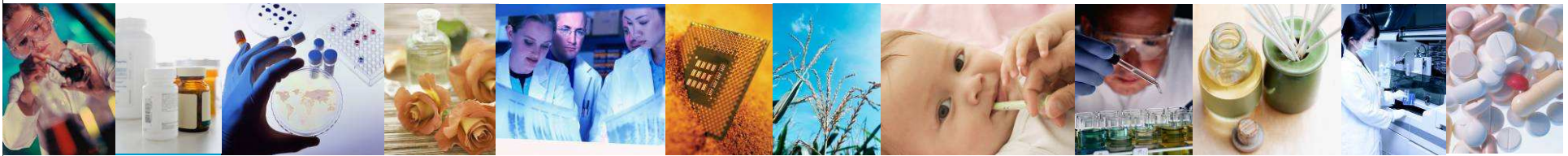
# DYNACTION Market Value





QUESTIONS

**ANSWERS**



Thank you for your  
attention.