



BAVARIAN NORDIC

Company Announcement

November 13, 2014

## Bavarian Nordic Announces Interim Results for the First Nine Months of 2014

**KVISTGAARD, Denmark, November 13, 2014** - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) today publishes its interim financial results for the first nine months of 2014.

- Financial results for the period were as expected with revenue of DKK 676 million (2013: DKK 875 million) and a net loss of DKK 72 million (2013: net loss of DKK 20 million).
- In October, the expected year-end cash preparedness was raised from approximately DKK 600 million to approximately DKK 1,000 million, while expected year-end revenues are maintained at the level of DKK 1,200 million, with a break-even result before interest and tax (EBIT).
- Contribution margins on IMVAMUNE smallpox vaccine sales have continued to increase during the third quarter. The overall contribution margin for the full year is still expected to be at the same level as 2013.
- In October, the Company entered into a license and a supply agreement for its MVA-BN Filovirus (Ebola and Marburg) vaccine candidate with Crucell Holland B.V., one of the Janssen Pharmaceutical Companies of Johnson & Johnson (hereinafter referred to as Janssen). Under the terms of the contract, which has a potential value up to US\$ 187 million, Bavarian Nordic is targeting to produce and deliver material for the production of more than 1 million doses of vaccine for clinical trials and emergency use in the current Ebola outbreak in West Africa.
- Janssen also entered into an exclusive option period to evaluate the MVA-BN vaccine platform for three additional infectious disease targets.
- As part of the agreement, the Company completed a direct placement of 1,331,984 new shares of a nominal value of DKK 10 each to Johnson & Johnson Development Corporation at a subscription price of DKK 188.4407 per share, raising gross proceeds of DKK 251 million. After the placement, the Company's share capital amounts to DKK 274,448,470, comprising 27,444,847 shares of a nominal value of DKK 10 each.
- In October, the Company announced that contract negotiations on partnering PROSTVAC are ongoing.
- In September, the U.S. government exercised an option valued at USD 118 million for the purchase of additional doses of IMVAMUNE to maintain the U.S. Strategic National Stockpile (SNS).
- In August, the Company signed two contracts with the Canadian government for the supply of IMVAMUNE for the Public Health Agency and the Canadian Department of National Defence respectively. The contracts including options total more than 500,000 doses.
- As expected, Bavarian Nordic's MVA-BN patent in Europe was upheld according to a final decision by the European Patent Office in November in the appeal case where several companies had opposed to the patent.
- The PROSPECT Phase 3 study of PROSTVAC<sup>®</sup> is on track to complete enrollment of 1,200 patients by year-end 2014.
- The Board of Directors has today decided to introduce a three year incentive program in January 2015 for all employees in the Bavarian Nordic Group.

Paul Chaplin, President & CEO of Bavarian Nordic said: "Over the past few months, we have achieved significant milestones. We were awarded a contract by the U.S. Government to continue deliveries of our IMVAMUNE smallpox vaccine. More importantly, the recent license and supply agreement with Janssen on our Ebola vaccine is a strong acknowledgement of the versatility of our MVA-BN technology and strength of our manufacturing capabilities. We are proud to be working with a global leader in healthcare in response to the current global health crisis. Additionally, the agreement has significantly strengthened our financial position."

## Selected upcoming milestones

- Complete enrollment of 1,200 patients in the PROSPECT Phase 3 clinical study (2014)
- Initiate final Phase 3 study of IMVAMUNE (2014)
- Complete Phase 2 study of freeze-dried IMVAMUNE to support a pre-EUA submission (2015)
- Complete transfer of validated freeze-dried manufacturing process to a commercial scale facility (2015)
- Finalize clinical development plan for CV-301 for prioritized indications (2014)
- Finalize validation of the PROSTVAC commercial manufacturing process and prepare launch material
- Potential IMVANEX/IMVAMUNE orders from rest of world
- Submit Investigational New Drug application for MVA-BN RSV followed by initiation of Phase 1 study (2015)
- Initiation of Phase 1 study of a prime-boost Ebola vaccine regimen consisting of MVA-BN Filo and Janssen's Advac<sup>®</sup> vaccine (2015)
- Manufacture and deliver MVA-BN Filo vaccine to Janssen (targeting more than 1 million doses to contribute to the prime-boost regimen) (2015)

## Financials

	9m 2014 DKK million	9m 2013 DKK million	9m 2014 USD million	9m 2013 USD million
Revenue	676	875	117	151
EBIT	(121)	(6)	(21)	(1)
Cash preparedness	356	546	61	94

Danish kroner (DKK) is the Company's functional currency. All USD figures provided above are based upon a USD/DKK exchange rate of 5.8.

As previously communicated, a significant part of the planned IMVAMUNE deliveries to the SNS will take place in the fourth quarter and thus revenues are back-end loaded. For the full year, Bavarian Nordic expects to deliver approximately 6.5 million doses. Hence, the 2014 full-year expectations are maintained with revenues in the level of DKK 1,200 million and a break-even result before interest and tax (EBIT). The Infectious Diseases division is expected to generate an EBIT of approximately DKK 400 million, which will be offset by total costs of DKK 400 million in the Cancer Immunotherapy division, primarily relating to the global Phase 3 study of PROSTVAC<sup>®</sup>. After signing the license and supply agreement with Janssen in October, the Company raised its expectations for the year-end cash preparedness from approximately DKK 600 million to DKK 1,000 million including a reduction in debt and credit facilities of approximately DKK 150 million.

Group key figures are found at the end of this announcement. The full financial statements for the period can be downloaded from the Company's website: [www.bavarian-nordic.com](http://www.bavarian-nordic.com) along with a spreadsheet containing selected accounting figures.

## Contacts

Rolf Sass Sørensen, Vice President Investor Relations (EU). Phone +45 61 77 47 43  
Seth Lewis, Vice President Investor Relations (US). Phone + 1 978-298-5654

## Conference call and webcast

The management of Bavarian Nordic will host a conference call today at 2 pm CET (8 am EST) to present the interim results followed by a Q&A session. Dial-in numbers for the conference call are: Denmark: +45 32 72 80 18, UK: +44 (0) 844 571 8957, USA: +1 866 682 8490. A live and archived webcast of the call and relevant slides will be available at <http://www.bavarian-nordic.com/investor/events.aspx?event=2874>.

## About Bavarian Nordic

Bavarian Nordic is an international biotechnology company developing and manufacturing novel cancer immunotherapies and vaccines for infectious diseases. Lead product candidates are PROSTVAC<sup>®</sup>, an immunotherapy product candidate for advanced prostate cancer that is the subject of an ongoing pivotal Phase 3 clinical trial, and IMVAMUNE<sup>®</sup>, a non-replicating smallpox vaccine candidate in Phase 3 development, which is being developed and supplied for emergency use to the U.S. Strategic National Stockpile under a contract with the U.S. Government. IMVAMUNE is approved in Canada and in the European Union where it is marketed under the trade name IMVANEX<sup>®</sup>. Bavarian Nordic's shares are listed on NASDAQ OMX Copenhagen under the symbol

BAVA (Reuters: BAVA.CO, Bloomberg: BAVA.DC). The company has a sponsored Level 1 ADR program listed in the U.S. (OTC) under the symbol BVNRY. For more information, visit [www.bavarian-nordic.com](http://www.bavarian-nordic.com).

**Forward-looking statements**

This announcement includes forward-looking statements that involve risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

## Group Key Figures

DKK million	9m 2014 <i>un-audited</i>	9m 2013 <i>un-audited</i>	FY 2013 <i>audited</i>
<b>Income statements</b>			
Revenue	675.6	875.0	1,212.5
Production costs	328.1	346.8	484.7
Research and development costs	313.5	385.0	496.6
Distribution costs	34.3	27.4	40.8
Administrative costs	121.0	121.8	157.0
Income before interest and taxes (EBIT)	(121.3)	(6.0)	33.4
Financial items, net	36.8	(11.7)	(27.2)
Income before company tax	(84.5)	(17.7)	6.2
Net profit for the period	(72.0)	(19.9)	(46.7)
<b>Balance sheet</b>			
Total non-current assets	592.5	585.7	551.8
Total current assets	671.3	868.7	900.4
Total assets	1,263.8	1,454.4	1,452.2
Equity	881.5	996.6	976.3
Non-current liabilities	90.0	93.9	86.7
Current liabilities	292.3	363.9	389.2
<b>Cash flow statements</b>			
Securities, cash and cash equivalents	236.1	426.0	532.1
Cash flow from operating activities	(209.7)	0.8	147.1
Cash flow from investment activities	13.0	(200.4)	(146.5)
- Investment in intangible assets	(43.3)	(87.0)	(111.0)
- Investment in property, plant and equipment	(39.7)	(28.5)	(44.4)
Cash flow from financing activities	(4.3)	(5.0)	(7.1)
<b>Financial Ratios (DKK) <sup>1)</sup></b>			
Earnings (basic) per share of DKK 10 <sup>2)</sup>	(2.8)	(0.8)	(1.8)
Net asset value per share	33.7	38.2	37.4
Share price at period-end	114	66	89
Share price/Net asset value per share	3.4	1.7	2.4
Number of outstanding shares at period-end	26,131	26,094	26,094
Equity share	70%	69%	67%
Number of employees, converted to full-time, at period-end	415	427	426

1) Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". The financial ratios have been calculated in accordance with "Anbefalinger og Nøgletal 2010" (Recommendations and Financial ratios 2010).

2) Due to issue of new shares (exercise of warrants) in May 2014, earnings per share for 2013 has been calculated based on the average number of shares for 2014 in accordance with IFRS 33.64.