



Company Announcement

August 28, 2014

Bavarian Nordic Announces First Half 2014 Results

KVISTGAARD, Denmark, August 28, 2014 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) today publishes its interim financial results for the first half of 2014.

- Revenue for the period was DKK 450 million (2013: DKK 556 million) and the result was a net loss of DKK 54 million (2013: net loss of DKK 39 million)
- Financial expectations for the full year are maintained with revenues in the level of DKK 1,200 million and a break-even result before interest and tax (EBIT)
- Increased contribution margins on IMVAMUNE smallpox vaccine sales were seen in the second quarter. The overall contribution margin for the full year is still expected to be at the same level as 2013
- In May, Paul Chaplin, Ph.D. was appointed new President and CEO of the Company, having previously served as Division President, Infectious Diseases.
- The PROSPECT Phase 3 study of PROSTVAC® is now enrolling in all 15 planned countries with completion of enrollment anticipated by year-end 2014
- 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, totaling 65,700 doses with options to deliver an additional 454,300 doses
- In July, the National Cancer Institute initiated a Phase 1 study of MVA-BN® Brachyury in patients with advanced cancer and in April a Phase 2 study of CV-301 in bladder cancer was initiated
- In June, the Company presented new preclinical data highlighting the potential for synergistic therapeutic benefit by combining its proprietary immunotherapy platform with immune checkpoint inhibitors
- In July, the IMVAMUNE RFP-3 contract was modified, increasing the value by USD 1 million to further support the ongoing studies of long-term storage of frozen Bulk Drug Substance (BDS)
- In July, the U.S. Department of Homeland Security expanded the current contract for development of an MVA-BN-based vaccine against foot-and-mouth disease virus by an additional USD 400,000
- Preclinical studies of MVA-BN against the Ebola virus have yielded positive results, leading to anticipated initiation of clinical trials in 2015 under a program, sponsored by the National Institutes of Health
- The construction of a new production unit at Bavarian Nordic's Kvistgaard site has been completed, pending validation. This will turn the site into a multi-product facility, designed to accommodate the future commercial production of IMVANEX/IMVAMUNE, PROSTVAC and other pipeline products
- The Board has today decided to award a total of 505,000 warrants to the corporate management and certain employees in the Company and its subsidiaries. The warrant holders are entitled to subscribe for up to 505,000 shares of a nominal value of DKK 10 at an exercise price of DKK 131.4 per share. The warrants can be exercised for the first time following publication of the Company's financial report for the first nine months of 2017 and will expire on December 1, 2019

Paul Chaplin, President & CEO of Bavarian Nordic said: "Two new projects were added to our clinical development pipeline during the first half of 2014; a Phase 2 study of CV-301 in bladder cancer and a Phase 1 study of our new compound, MVA-BN Brachyury, which represents an exciting new opportunity in multiple cancer types. Both candidates are developed in successful collaboration with the NCI. We also reported compelling data of our cancer immunotherapy platform in combination with immune checkpoint inhibitors. Most recently, we signed contracts with the Canadian government for the supply of IMVAMUNE and we are now waiting for the U.S. Government to finally exercise the option for the second part of the IMVAMUNE delivery contract, valued at USD 118 million. With our strong track record with the U.S. Government for over a decade, we remain confident that the option will land soon and thus maintain our financial expectations for the year."

Selected upcoming milestones

- Complete enrollment in the PROSPECT Phase 3 clinical study (H2, 2014)
- Secure the second portion of IMVAMUNE delivery contract with the U.S. government (USD 118 million) (H2, 2014)
- Initiate final Phase 3 study of IMVAMUNE (H2, 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
- Finalization of development plan for CV-301 for prioritized indications (H2, 2014)
- Validate the PROSTVAC manufacturing process and prepare launch material from the recently established multi-purpose manufacturing facility in Denmark
- 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)
- Continue discussions with the U.S. Government regarding a clinical development pathway for MVA-BN Ebola vaccine candidates

Financials

	H1 2014 DKK million	H1 2013 DKK million	H1 2014 USD million	H1 2013 USD million
Revenue	450	556	80	99
EBIT	(70)	(38)	(13)	(7)
Cash preparedness	423	695	76	124

Danish kroner (DKK) is the Company's functional currency. All USD figures provided above are based upon a USD/DKK exchange rate of 5.6.

The Company maintains its 2014 full-year expectations 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®. The Group's cash preparedness at year-end is expected to be approximately DKK 600 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 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

Webcast and conference call

The Company will host a conference call today at 2.00 pm CET (8.00 am EST). President and CEO, Paul Chaplin will present the interim results followed by a Q&A session with participation of the Company's executive management. 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 webcast of the conference call will be broadcast simultaneously at <http://www.bavarian-nordic.com/investor/events.aspx?event=2873>. On this page, the accompanying presentation will be available prior to the conference call.

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®, an immunotherapy product candidate for advanced prostate cancer that is the subject of an ongoing pivotal Phase 3 clinical trial, and IMVAMUNE®, 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®. 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.

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	H1 2014	H1 2013	FY 2013
	<i>un-audited</i>	<i>un-audited</i>	<i>audited</i>
Income statements			
Revenue	450.4	556.1	1,212.5
Production costs	229.0	211.7	484.7
Research and development costs	191.6	282.3	496.6
Distribution costs	22.7	15.9	40.8
Administrative costs	76.8	83.8	157.0
Income before interest and taxes (EBIT)	(69.7)	(37.6)	33.4
Financial items, net	5.9	(5.1)	(27.2)
Income before company tax	(63.8)	(42.7)	6.2
Net profit for the period	(53.7)	(39.1)	(46.7)
Balance sheet			
Total non-current assets	582.1	556.0	551.8
Total current assets	673.1	941.6	900.4
Total assets	1,255.2	1,497.6	1,452.2
Equity	925.0	966.1	976.3
Non-current liabilities	82.7	95.1	86.7
Current liabilities	247.5	436.4	389.2
Cash flow statements			
Securities, cash and cash equivalents	302.5	574.6	532.1
Cash flow from operating activities	(169.5)	82.3	147.1
Cash flow from investment activities	(60.6)	(137.3)	(146.5)
- Investment in intangible assets	(31.0)	(40.0)	(111.0)
- Investment in property, plant and equipment	(27.8)	(9.9)	(44.4)
Cash flow from financing activities	(2.1)	(4.5)	(7.1)
Financial Ratios (DKK) ¹⁾			
Earnings (basic) per share of DKK 10 ²⁾	(2.1)	(1.5)	(1.8)
Net asset value per share	35.4	37.0	37.4
Share price at period-end	124	59	89
Share price/Net asset value per share	3.5	1.6	2.4
Number of outstanding shares at period-end	26,113	26,094	26,094
Equity share	74%	65%	67%
Number of employees, converted to full-time, at period-end	421	454	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 issues 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.