



BAVARIAN NORDIC

Company Announcement

28 October 2011

Bavarian Nordic Receives a USD 25 Million Milestone Payment after Scaling Up for Industrial Production of IMVAMUNE®

- Upgrades expectations to year-end cash preparedness

Kvistgaard, Denmark, October 28, 2011 - Bavarian Nordic A/S (OMX: BAVA) today announced that it has received a performance-based milestone payment of USD 25 million under the contract with the U.S. government to deliver 20 million doses of its unlicensed smallpox vaccine, IMVAMUNE® to the U.S. Strategic National Stockpile.

This performance-based milestone payment has been issued in recognition of the company's recent successful scale-up of production from three to four batches per week at its Kvistgaard facility. The payment forms part of the existing total contract value and will be recognized as revenue pro rata with the deliveries of the remaining doses. The payment is subject to repayment if Bavarian Nordic, contrary to expectations, fails to fulfil the contract.

The payment will improve the 2011 cash flow with approximately DKK 125 million, thus reducing the 2012-2013 accumulated free cash flow from the contract correspondingly. As a result, the company upgrades its expectations to the 2011 year-end cash preparedness from approximately DKK 525 million to approximately DKK 650 million.

Anders Hedegaard, President & CEO of Bavarian Nordic, commented: *"Scaling-up our production marks an important milestone in the industrialisation of our company, and it demonstrates our ability to produce vaccines at large scale. Now producing at four batches per week, we are on track to delivering 4 million doses of IMVAMUNE® this year as planned. We are happy to see our efforts being recognized by the U.S. government, demonstrating their continued support to our development and deliveries of IMVAMUNE® to the U.S. Strategic National Stockpile."*

Asger Aamund
Chairman of the Board

Contact

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About Bavarian Nordic

Bavarian Nordic is a vaccine-focused biotechnology company developing and producing novel vaccines for the treatment and prevention of life-threatening diseases with a large unmet medical need. The company's pipeline targets cancer and infectious diseases, and includes ten development programmes. Two programmes are under preparation for Phase 3: PROSTVAC®, a therapeutic vaccine for advanced prostate cancer is being developed under a collaboration agreement with the National Cancer Institute, and IMVAMUNE®, a third-generation smallpox vaccine is being developed under a contract with the US government.

Bavarian Nordic is listed on NASDAQ OMX Copenhagen under the symbol BAVA.

For more information please visit www.bavarian-nordic.com

PROSTVAC® is a registered trademark in the U.S.

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.