



Bavarian Nordic Announces a Transformative Acquisition of Two Established Commercial Vaccines from GlaxoSmithKline

- Acquisition of Rabipur/RabAvert and Encepur which have strong positions in attractive markets
 - Accelerates our vision by 3 years to become a leading and profitable vaccine company
 - Exploits significant manufacturing synergies and builds on our expertise
 - Strong cash flow generation allows us to continue progressing our promising innovative pipeline
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- Total acquisition price of up to approx. EUR 796 million¹, including an upfront payment of approx. EUR 301 million¹
 - Upfront payment to be financed through existing cash and bridge financing, to be repaid by a planned fully underwritten rights issue in H1 2020
 - Updates on 2019 financial guidance
 - Conference call and webcast today at 10:00 AM CEST

COPENHAGEN, Denmark, October 21, 2019 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY, the “Company”) today announced that it has entered an agreement with GlaxoSmithKline plc (GSK) (LON: GSK) to acquire the manufacturing and global rights² to Rabipur®/RabAvert® and Encepur®, two commercial vaccines with combined annual sales of approximately EUR 175 million³ holding strong positions in growing markets. Rabipur/RabAvert provides pre- and post-exposure protection against rabies, while Encepur protects against European (Western) tick-borne encephalitis (TBE) virus.

The total consideration of up to approximately EUR 796 million¹ includes an upfront payment of approximately EUR 301 million¹ in cash upon transaction closing, which is expected to occur by December 31, 2019, and conditional milestone payments of up to EUR 495 million expected during the 2020-2025 transition period.

“This truly transformative acquisition pulls forward our vision to be a profitable independent vaccine company. Our proven world-leading manufacturing expertise in egg-based vaccines certainly creates a perfect fit for Rabipur/RabAvert and Encepur, with significant future synergies. The addition of these two established and proven commercial products, together with JYNNEOS™ has created a leading infectious disease franchise that will drive sustained profits and growth in the years ahead, supporting future product launches or product acquisitions” said Paul Chaplin, President and Chief Executive Officer of Bavarian Nordic.

Compelling strategic fit and commercial opportunities

Both Rabipur/RabAvert and Encepur are manufactured using same technology as Bavarian Nordic’s existing egg-based technology, creating significant synergies and an uplift in the margin upon the full transition to Bavarian Nordic. Together with JYNNEOS™ that was recently approved by the FDA to protect against smallpox and monkeypox infections, Rabipur/RabAvert and Encepur will create a leading infectious disease franchise and establish Bavarian Nordic as a profitable independent vaccine company.

¹ To be adjusted for possible variance between estimated and actual inventory upon closing

² Excluding selected countries in Asia, Africa and LATAM for Rabipur®/RabAvert®

³ Bavarian Nordic estimated revenue in 2019 for both products in markets covered by the agreement

The operating profit margin (EBITDA) from the combined business from these two new products are expected to increase gradually from 30-40% to above 50% upon full transition. Rabipur/RabAvert is expected to deliver low to mid single-digit annual sales growth and Encepur mid to high single-digit annual sales growth.

The significantly improved cash generation will allow continued investments in the innovative and exciting pipeline of infectious disease and oncology programs, while maintaining a solid cash position throughout the transition period and beyond.

Gradual transition from 2020-2025

The products will be integrated into the Company's production facility and with the completion of the fill-and-finish facility, manufacturing utilization will be optimized with potential for future reduction of costs.

Whilst the manufacturing transfer of the vaccines will occur over a five-year period, Bavarian Nordic will assume full sales and marketing responsibility upon closing, i.e. immediately from 2020. During the transition period, the Company will purchase the remaining inventory of vaccines from GSK at different levels in the supply chain.

In order to fully capitalize on the potential of the two vaccines, Bavarian Nordic will establish a full commercial operation, present in selected markets, which will also be leveraged to commercialize the recently approved JYNNEOS, the only U.S. FDA approved monkeypox vaccine, and potential future product launches.

Terms, closing conditions and financing

Upon closing, which is expected to occur by December 31, 2019, the Company will make an up-front payment of approximately EUR 301 million to GSK, which will be financed using existing cash and bridge financing provided by Citi and Nordea. The latter will be refinanced through a planned rights issue of approximately EUR 350 million on Nasdaq Copenhagen directed to the Company's loyal shareholders. The rights issue will be launched in the first half of 2020, subject to shareholder approval, and fully underwritten by Citi and Nordea as Joint Global Coordinators.

Additional payments of up to EUR 495 million are conditional upon the achievement of milestones during the transition period of 2020-2025, with the majority expected from 2022.

Closing of the acquisition is conditional on antitrust approval as well as on approval of the rights issue by the Company's shareholders.

Notice to investors

In order to resolve on the rights issue, an Extraordinary General Meeting will be held in November 2019. More details will follow and the notice for the meeting will be published separately and will be made available at www.bavarian-nordic.com.

Updated financial expectations for 2019

The transaction does not affect the Company's revenue and operating result for 2019. However, the upfront cash payment to GSK will draw on the Company's existing cash, thus lowering the expected cash preparedness at year-end from DKK 1,600 million (EUR 214 million) to approximately DKK 1,000 million (EUR 134 million)⁴.

Conference call

The management of Bavarian Nordic will host a conference call today, October 21, 2019 at 10:00 AM CEST to discuss the acquisition of Rabipur®/RabAvert® and Encepur®. A listen-only version of the call can be accessed via <http://www.bavarian-nordic.com/investor/events.aspx?event=5781>. To join the Q&A session, use one of the following dial-in numbers: Denmark: +45 32 71 43 90, UK: +44 20 3107 0289, USA: +1 346-406-0810. Participant code is 6077857.

An additional Q&A session with management will be held at 3:00 PM CEST (09:00 AM EST). To join, use the same dial-in numbers provided above, but use participant code 6488589.

About rabies

⁴ Guidance denominated in DKK converted to EUR equivalent amount at DKKEUR rate of 0.1339 as of October 18, 2019

Rabies is a deadly infection in humans resulting from the transfer of *Lyssavirus*, most commonly the result of a scratch or penetrating bite from an infected animal. Following the onset of clinical symptoms, the infection is nearly always fatal. *Lyssavirus* travels from the wound site via the peripheral nervous system to attack the central nervous system leading to progressive brain and spinal cord damage due to encephalitis or meningoencephalitis. The virus is endemic in 150 countries, and incidence rates are on the rise, amongst others due to deforestation and climate change. The wide spread disease results in a large market for pre-exposure prophylaxis (vaccination prior to being bitten) and post-exposure prophylaxis (no vaccination prior to being bitten) treatment in the Western world due to travelers visiting countries with high risk-level for humans contracting rabies. In the US, every 10 minutes a person starts post-exposure rabies vaccinations after a suspicious animal bite. Vaccines approved by the FDA and EMA have demonstrated a near 100% rate of effectiveness, even post-exposure. Pre-exposure vaccination continues to be underutilized particularly among travelers to endemic regions.

Rabipur/RabAvert is a sterile and freeze-dried vaccine for both pre-exposure and post-exposure vaccination in all age groups. The vaccine is a leader in major Western markets.

About tick-borne encephalitis (TBE)

TBE is a type of viral encephalitis caused by a filovirus spread by ticks found in most of Europe, Russia and parts of China and Japan. The virus is divided into three sub-types: European (Western) TBE virus, Siberian TBE virus, and Far Eastern TBE virus. After a median incubation period of 8 days and a few days of non-specific symptoms (such as fever, fatigue and body pain), follows a symptom-free week and then approximately one-third of infected persons subsequently develop neurological conditions, ranging from mild meningitis to severe encephalitis. Every year, the TBE virus causes thousands of cases of neuroinvasive illness in humans across Europe and Asia and has led to a growing public health concern.

The major endemic areas of the European (Western) TBE virus are Central Europe, Germany, Baltics and Nordic countries. Between 2013 and 2017, 25 countries confirmed c.12,000 TBE cases (Czech Republic, Lithuania and Germany accounted for 55% of all confirmed cases). Incidence rates are increasing, primarily as result of climate change. Further vaccination programs are expected to stem from increasing awareness, particularly the dangers in children.

Encepur protects against the European (Western) TBE virus and is available for adults as well as for children. The vaccine holds a #2 market position in most major European countries, including markets with high underlying growth such as Germany and Sweden.

About Bavarian Nordic

Bavarian Nordic is a fully integrated biotechnology company focused on the development of innovative therapies against infectious diseases and cancer. Using our live virus vaccine platform technology, MVA-BN[®], we have created a diverse portfolio of proprietary and partnered product candidates intended to unlock the power of the immune system to improve public health with a focus on high unmet medical needs. In addition to our long-standing collaboration with the U.S. government on the development and supply of medical countermeasures, including the only FDA-approved, non-replicating smallpox vaccine, our infectious disease pipeline comprises a proprietary RSV program as well as vaccine candidates for Ebola, HPV, HBV and HIV, which are developed through a strategic partnership with Janssen. Additionally, we have developed a portfolio of active cancer immunotherapies, designed to alter the disease course by eliciting a robust and broad anti-cancer immune response while maintaining a favorable benefit-risk profile. For more information visit www.bavarian-nordic.com or follow us on Twitter [@bavariannordic](https://twitter.com/bavariannordic).

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. All such forward-looking statements are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. 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.

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Company Announcement no. 19 / 2019