Transgene Reports First Quarter 2016 Business Update

- **€23.5 million in Cash and Cash equivalents as of March 31, reflecting the first positive effects of the restructuring plan**

- **€30 million in additional funding secured**

Strasbourg, France, April 21, 2016, 06:00 pm CET – Transgene (Euronext Paris: TNG), a company focused on discovering and developing targeted immunotherapies for the treatment of cancer and infectious diseases, today published a business update for the quarter ending March 31, 2016.

Operating revenue:

The following table summarizes the first quarter operating revenue[1] for 2016 compared to the same period in 2015:

	Q1	
In millions of euros	**2016**	**2015**
Revenue from collaborative and licensing agreements	0.4	0.5
Government financing for research expenditures	1.6	2.3
Operating revenue	**2.0**	**2.8**

During the first quarter of 2016, revenue from collaborative and licensing agreements was mainly composed of research services and royalties.

As of March 31, 2016, government financing for research expenditures mainly consisted of 25% of the research tax credit expected for 2016 (€1.6 million in the first quarter of 2016 versus €2.0 million over the same period in 2015). This decrease was due to lower eligible research and development expenses, explained by the restructuring of the Company.

Cash, cash equivalents, available-for-sale financial assets and other financial assets:

Cash, cash equivalents, available-for-sale financial assets and other financial assets stood at €23.5 million as of March 31, 2016, compared to €31.7 million as of December 31, 2015. Cash burn was €8.2 million in the first quarter of 2016, versus €8.9 million for the same quarter last year. Net cash outflows linked to the restructuring plan amounted to €2.0 million over the period. Excluding the above disbursements, cash burn stood at €6.2 million in the first quarter of 2016, reflecting the first positive effects of the reorganization plan.

[1] *Excluding revenue from discontinued operations*

As a reminder, Transgene secured up to €30 million of new funding in January 2016, to be drawn within the fiscal year. This consisted of a loan facility of €20 million from the EIB (European Investment Bank), and the commitment by its major shareholder, Institut Mérieux, to provide additional funding of approximately €10 million.

Key achievements of the first quarter of 2016:

- Pexa-Vec: first patient with advanced hepatocellular carcinoma treated in the Phase 3 trial conducted by Transgene's partner, SillaJen, Inc.
- Loan agreement of €20 million from the European Investment Bank (EIB), under the IDFF (Infectious Diseases Finance Facility) program
- Finalization of the restructuring plan and sale of the production asset to ABL Europe for an amount of €3.5 million
- Management team strengthened: Maud Brandely, MD, PhD appointed Chief Medical Officer, and John Felitti, JD, LLM appointed as General Counsel & Corporate Secretary

Outlook:

Transgene confirms that it expects 2016 cash burn to be around €35 million, which includes the development plan as currently programmed, as well as extraordinary items such as restructuring expenditures (€6 million) and a milestone payment to SillaJen, Inc. Projected cash burn excludes the impact of the possible Conditional Marketing Approval submission in Europe for TG4010 and the associated Phase 3 trial initiation, which is currently being evaluated.

About Transgene

Transgene S.A. (Euronext: TNG), part of Institut Mérieux, is a publicly traded French biopharmaceutical company focused on discovering and developing targeted immunotherapies for the treatment of cancer and infectious diseases. Transgene's programs utilize viral vector technology with the goal of indirectly or directly killing infected or cancerous cells. The Company's two lead clinical-stage programs are: TG4010 for non-small cell lung cancer and Pexa-Vec for liver cancer. The Company has several other programs in clinical and pre-clinical development. Transgene is based in Strasbourg, France, and has additional operations in Lyon, as well as satellite offices in China and the U.S. Additional information about Transgene is available at www.transgene.fr.

Disclaimer

This press release contains forward-looking statements, which are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. There can be no guarantee that (i) the results of the Phase 2b part of the TIME trial will be predictive of future results with TG4010, (ii) regulatory authorities will agree with the Company's further development plans for TG4010, or (iii) the Company will find partners for its immunotherapies products in a timely manner and on satisfactory terms and conditions, if at all. The occurrence of any of these risks could have a significant negative outcome for the Company's activities, perspectives, financial situation, results and development.

The Company's ability to commercialize its products depends on but is not limited to the following factors: positive pre-clinical data may not be predictive of human clinical results, the success of clinical studies, the ability to obtain financing and/or partnerships for product manufacturing, development and commercialization, and marketing approval by government regulatory authorities. For a discussion of risks and uncertainties which could cause the Company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the Document de Référence, available on the AMF website (http://www.amf-france.org) or on Transgene's website (www.transgene.fr). Forward-looking statements speak only as of the date on which they are made and Transgene undertakes no obligation to update these forward-looking statements, even if new information becomes available in the future.

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