

Transgene Reports Full Year 2009 Results

Parc d'Innovation, Illkirch, France, March 22, 2010 – Transgene (Euronext Paris: FR0005175080) announces today its financial performance for 2009.

The consolidated 2009 financial statements have been approved by the Board of Directors on March 19, 2010 and certified by the statutory auditors.

Key Financial Highlights Include:

- ⇒ Total revenues for the year were €11.8m compared to €13.9m in 2008.
- ⇒ Research and development expenditures were €33m compared to €32.3m in 2008.
- ⇒ Transgene closed the year with a net loss of €27.3m compared to a net loss of €18m a year earlier which was favourably impacted by non-recurring income and higher financial revenues.
- ⇒ In 2009, net cash expenditure was €22m versus €24.6m in 2008; Transgene anticipates net cash expenditures of approximately €33m for 2010.
- ⇒ At the end of 2009, the company held cash and cash equivalents of €64.7m,

2009 Financial Results

Revenues

€ million	2009	2008	Trend
Manufacturing contracts (excluding Roche)	2.8	0.9	+ 211%
R&D services for Roche	2.1	2.0	+ 5%
AFM Contract	-	0.5	- 100%
Revenues from licensees	0.7	1.0	- 30%
Research grants	1.4	3.9	- 64%
Research tax credit	4.8	5.6	- 14%
Total revenues	11.8	13.9	- 15%

In 2009 total revenues were €11.8m compared to €13.9m in 2008.

Revenues from IAVI (International Aids Vaccine Initiative) manufacturing services performed in previous years were recognised in 2009 for € 2.6m.

R&D services for Roche (manufacturing of clinical batches and laboratory work) remained stable at € 2.1m.

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As a consequence of the termination of the Myodys research and development contract with the AFM in 2008, no revenues were received in 2009. Transgene's rights have been transferred to the AFM which is now responsible for the programme.

Research grants decreased from €3.9m in 2008 to €14m in 2009. The related mainly to the ADNA programme (« Advanced Diagnostics for New Therapeutic Approaches ») financed by OSEO, the French Innovation Agency. Transgene may receive additional grants of up to €4.5m over the remaining life of the programme.

Research tax credits slightly decreased to €4.8m in 2009 compared to €5.6m in the previous year due to higher cash receipts from R&D grants and advances repayable that are deducted from eligible expenses. Transgene will claim the payment of the 2009 tax credit in the second quarter of 2010.

Operating Expenses

Research and Development expenses amounted to €33m in 2009 compared to €32.3m in 2008, mainly due to an increase in personnel costs in the area of biomanufacturing activities. 70% of R&D expenses relate to products in clinical development, 30% to products in preclinical development.

Administrative and general expenses were €6.2m in 2009 against €5.2m in 2008. This increase was mainly due to business development activities.

Other Gains and Losses

Other gains totalled €0.1m in 2009 against €1.6m in 2008. In 2008, other gains mainly reflected:

- The non-cash profit relating to the cancellation of the long-term debt due the AFM following the termination of the research contract (+ €3m);
- The exceptional amortisation charge for certain proprietary real-estate fixed assets located in the Strasbourg premises (- €1.2m).

Interest Income

Net interest income (earnings from interest less financial charges) was nil in 2009 compared to €4.0m in 2008 as a result of a substantial decline of interest rates over the year and higher financial charges linked to the capital lease of Transgene's new facilities.

Net Loss

Transgene reported a net loss of €27.3m in 2009 compared to a net loss of €18.0m in 2008. Basic loss per ordinary share amounted to €1.24 in 2009 compared to €0.81 in 2008.

Liquidity and Capital Resources

In 2009, cash equivalents were invested in short-term treasury bonds funds or placed at market rates in a treasury pool organized by Transgene's majority shareholder Institut Mérieux. As of 31 December 2009, Transgene held €64.7m in cash and cash equivalents compared to €86.7m a year earlier.

In 2009, net cash expenditures were €22m compared to €24.6m in 2008. Transgene currently anticipates a cash burn for 2010 on the order of €3m.

In 2009 and 2008, investments in tangible and intangible assets amounted to €4.2m and €16.9m, respectively. The 2008 investments related mainly to a new building of some 6,800 m² for mixed usage (laboratories and offices) which was commissioned late 2008. The building is fully financed by a €15.5m finance lease over 15 years. In 2009, investments related mainly to equipment and fittings of the new building, and customary laboratory and production equipment.

In 2009, Transgene received €1.9m in repayable advances relating to the publicly-funded ADNA programme compared to €0.8m in 2008. The company could receive further repayable advances of up to €7.1m over the remaining life of the program.

About Transgene

Transgene is a France-based biopharmaceutical company dedicated to the development of therapeutic vaccines and immunotherapeutic products in oncology and infectious diseases. The company has four compounds in clinical development: TG4010 having completed phase II trials, TG4001/RG3484 in Phase IIb trial, TG4040 having completed phase I studies and TG4023 in Phase I trial. Transgene has concluded strategic agreements for the development of two of its immunotherapy products with:

- Roche for the development of TG4001/RG3484 to treat HPV-mediated diseases, and
- Novartis for the development of TG4010 to treat various cancers.

Transgene has bio-manufacturing capacities for viral-based products. Additional information about Transgene is available on the Internet at www.transgene.fr.

Cautionary note regarding forward-looking statements

This press release contains forward-looking statements referring to the anticipated cash consumption for 2010. The Company's anticipated cash consumption for 2010 is based on currently anticipated costs for on-going and planned product development and testing, but may increase in the event of unanticipated expenses. For further information on the risks and uncertainties involved in the testing and development of Transgene's product candidates, see Transgene's Document de Référence on file with the French Autorité des marchés financiers on its website at <http://www.amf-france.org> and on Transgene's website at www.transgene.fr.

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APPENDIX

Condensed Consolidated Statements of Operations

(IAS/IFRS)

(Amounts in thousands of euros except share and per share data)

	12 months ended december 31,	
	2009	2008
	€	€
	(audited)	(audited)
Revenues		
Revenues from collaborative and licensing agreements	5 552	4 462
Grants and tax credit received for research	6 213	9 487
Total revenues	11 765	13 949
Operating expenses		
Research and development	(33 027)	(32 272)
General and administrative	(6 147)	(5 256)
Other operating gains and losses	74	1 625
Total operating expenses	(39 100)	(35 903)
Profit (loss) from operations	(27 335)	(21 954)
Interest and other income, net	(12)	3 954
Income tax	0	0
Net profit (loss)	(27 347)	(18 000)
Minority interests	0	0
Profit (loss) attributable to equity holders of the parent	(27 347)	(18 000)
Basic profit (loss) per ordinary share	(1,24)	(0,81)
Diluted profit (loss) per ordinary share	(1,24)	(0,81)

Comprehensive Income

	12 months ended december 31,	
	2009	2008
	€	€
	(audited)	(audited)
Net profit (loss)	(27 347)	(18 000)
Change in conversion reserves	(3)	1
Change in fair market value of hedging instruments	(86)	-
Total of gains and losses in shareholder's equity	(89)	1
Comprehensive income	(27 436)	(17 999)
Attributable to equity holders of the parent	(27 436)	(17 999)
Minority interests	-	-

Condensed Consolidated Balance Sheets

(IAS/IFRS)	December 31,	December 31,
(Amounts in thousands of euros)	2009	2008
	(audited)	(audited)
ASSETS		
Fixed assets, net	23 571	22 312
Intangible assets, net	1 446	1 564
Financial assets, net	275	425
Total non-current assets	25 292	24 301
Cash and cash equivalents	64 693	86 701
Other current assets	8 679	15 645
Total current assets	73 372	102 346
Total assets	98 664	126 647
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity	68 562	94 223
Liabilities, non current	18 854	17 056
Liabilities, current	11 248	15 368
Total liabilities and shareholders' equity	98 664	126 647

Condensed Consolidated Cash Flow Statement

(Amounts in thousands of Euros)	12 months ended December 31,	
(IAS/IFRS)	2009	2008
	€	€
	(audited)	(audited)
Cash flow from operating activities		
Operating loss	(27 335)	(21 954)
Adjustments for:		
Refundable advance	0	(3 049)
Change in provisions	205	(731)
Depreciation and amortization	2 213	2 494
Amortization of stock option and bonus share cost	1 547	1 169
Other	32	(77)
Cash flow	(23 338)	(22 148)
Change in operating working capital	4 442	(5 272)
Net interest income	176	4 033
Net cash used in operating activities	(18 720)	(23 387)
Cash flow from investing activities	(4 080)	(1 888)
Cash flow from financing activities	796	661
Effect of changes in exchange rates on cash	(4)	3
Net increase (decrease) in cash and cash equivalents	(22 008)	(24 611)
Cash and cash equivalents at 1st January	86 701	111 312
Cash and cash equivalents at 31st December	64 693	86 701