

Vivalis confirms its sound financial position
2009 nine-month revenue: €3.8 million
Net cash stable in third quarter at €24.7 million

Nantes (France) – 21 October 2009: VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company that provides the pharmaceutical industry innovative cell-based solutions for the manufacture of vaccines and proteins and develops drugs to prevent and treat viral diseases, announces 2009 third-quarter revenue (excluding operating grants) of €0.5 million, positive cash flow of €0.1 million and net cash of €24.7 million at 30 September 2009.

Revenue

(Excluding VAT, in thousands of euros, French GAAP)

Fiscal year	2009	2008	2007
First quarter	2,278	165	470
Second quarter	998	766	470
Third quarter	491	2,677	29
Nine-month revenue	3,767	3,608	969

Revenue for the 2009 third-quarter including fees from services invoiced by the Company and licensing income totalled €0.5 million compared with €2.7 million in the same quarter last year that had also included a milestone payment of €2 million. Revenue for the first nine months totalled €3.8 million compared with €3.6 million for the same period last year. This growth reflects the level of commercial activity and scientific successes achieved by the Company in the first three quarters of 2009. In effect, in this period VIVALIS signed eight new license agreements and received a €2 million milestone payment for one of its flagship programmes.

It should however be noted that revenue originates primarily from upfront fees and milestone payments under license agreements. On this basis, revenue is irregular from one quarter to the next and consequently does not accurately reflect the technological and commercial advances of VIVALIS.

Cash position remains stable in 2009 third quarter

Cash and cash equivalents totalled €24.7 million at 30 September 2009 compared with €24.6 million at 30 June 2009 and €22.6 million at 31 December 2008. Growth in R&D expenditures was offset by payments received in connection with activity and notably the first payment received from the OSEO innovation agency in early July 2009 of nearly €3 million in connection with a programme to develop manufacturing processes to produce clinical batches of vaccines and proteins based on its EB66[®] technology.

In the first nine months, VIVALIS' net cash position was strengthened by positive cash flow of €2.1 million.

Commercial successes and reinforced teams

A new commercial license agreement was signed with Intervet/Schering-Plough Animal Health to use the EB66[®] cell line, a VIVALIS proprietary technology, for the production of a veterinarian vaccine. Moreover, through this agreement, Intervet/Schering-Plough Animal Health is also granted rights to test the EB66[®] cell line for the production of 12 different pathogens. This latest success increases the number of license agreements to 28, including 8 that have been signed since the start of the year.

In addition, two partners of VIVALIS, GlaxoSmithKline Biologicals (Belgium), a licensee of the EB66[®] cell line for the production of flu vaccines, and The Chemo-Sero-Therapeutic Research Institute ("Kaketsuken") have joined forces to co-develop in Japan influenza vaccines, including pandemic influenza vaccines, produced using EB66[®] cell-culture technology.

VIVALIS has further strengthened its teams with four new additions in the third quarter of 2009 including Philippe Rousseau as the Chief Financial Officer.

Finally, VIVALIS continued to achieve scientific progress in the third quarter in its three areas of activities: the development of the cell line for the EB66[®] manufacture of vaccines, the production of recombinant proteins and proprietary products with anti-hepatitis C molecules.

Outlook

With a portfolio of 28 licenses to date, ongoing scientific advances and a solid financial position, VIVALIS remains very confident in its prospects for growth and achieving its commercial and financial objectives: 10 new license agreements in 2009 and net cash of more than €20 million at the end of 2009, on a like-for-like basis.

Franck Grimaud, CEO and Majid Mehtali, CSO, co-managers of VIVALIS, noted: *"We are particularly pleased by this track record of solid financial performances that confirms the pertinence of our business model. With eight new license agreements signed since the beginning of the year, the achievement of a success milestone for the productivity of vaccines and an increase in the cash position compared to 31 December 2008, we are particularly well positioned to pursue our strategy and accelerate our development in the coming months."*

Financial press release:

27 January 2010, after NYSE Euronext market closing: 2009 annual revenue

About the EB66[®] line

The EB66[®] cell line, derived from duck embryonic stem cells, presents unique industrial and regulatory characteristics such as long-term genetic stability, immortality and cell growth to high cell densities in suspension in a serum-free medium (>20 millions cells/mL).

The BMF (Biologics Master File) for the registration of the EB66[®] cell line with the FDA (U.S. Food and Drug Administration) was filed on June 27, 2008.

The EB66[®] cell line is currently used or being tested by 75% of the major players in vaccines. VIVALIS has furthermore demonstrated that the EB66[®] cell line can be easily genetically modified, permitting the expression of recombinant proteins of potential interest. Moreover the glycosylation profile of monoclonal antibodies produced through EB66[®] cell lines is similar to the glycosylation profiles of human monoclonal antibodies with the added benefit of being distinguished by reduced fucose content. This latter characteristic is known to be associated with a higher level of antibody cytotoxic activity, particularly useful in the treatment of cancer cells.

About VIVALIS (www.vivalis.com)

VIVALIS (NYSE- Euronext: VLS) is a biopharmaceutical company that provides innovative cell-based solutions to the pharmaceutical industry for the manufacture of vaccines and proteins, and develops drugs for the prevention and treatment of viral diseases. VIVALIS' expertise and intellectual property are exploited in three main areas:

1. The development and manufacturing of vaccines. VIVALIS offers research and commercial licenses for its EB66® cell line, derived from duck stem cells, to pharmaceutical and biotechnology companies for the production of vaccines. VIVALIS receives upfront fees, milestone payments and royalties on its licensees' net sales.
2. The development of production systems for recombinant proteins and monoclonal antibodies. VIVALIS licenses its EB66® cell line for the production of recombinant proteins to biotechnology and pharmaceutical companies. VIVALIS receives upfront fees, milestone payments and royalties on its licensees' net sales.
3. The construction of a portfolio of proprietary products in the area of vaccines and anti-viral molecules (hepatitis C).

Based in Nantes (France), VIVALIS was founded in 1999 by the Grimaud group (1,450 employees), the second largest group worldwide in animal genetic selection. VIVALIS has established more than 30 partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, CSL, Kaketsuken, Merial, Intervet, SAFB Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES bio-cluster.

VIVALIS

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Reuters: VLS.PA – Bloomberg: VLS FP
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