

Intercell announces first quarter 2005 results – strong financial position - new strategic alliance for IC31™ technology with US Navy research center

Conference Call regarding the report Q1 2005
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- » Strong financial position with more than € 70 million in cash reserves after completion of IPO and exercise of greenshoe
- » Net loss of € 5.0 million - up 7,5 % compared to first quarter of 2004 – driven by advancement of late stage product pipeline
- » Latest achievement: Collaboration for development of new Malaria vaccine with Naval Medical Research Center (US Navy)
- » Preparations for Phase III trials in Japanese Encephalitis on track for start in 2005

Vienna (Austria), May 9, 2005 – Vaccine company Intercell AG (Vienna Stock Exchange, VSE: ICLL) today announced its financial results for the first quarter of 2005. Intercell's net loss for the first quarter of 2005 was € 5.0 million compared to € 4.7 million in the first quarter of 2004. The increase is a result of advanced spending in the Company's late stage vaccine development programs. Revenues, which in the past have been fluctuating over the quarters of a year, were € 0.4 million for the first three months of 2005 compared to € 0.3 million in the same period of 2004. Operating expenses for the first quarter increased from € 5.1 million in 2004 to € 5.6 million in 2005 due to an increase in research and development costs, which was partly offset by a decrease in sales, general and administration costs and other operating expenses.

The Company's liquid reserves at the end of the first quarter 2005 were € 70.9 million. The successful IPO in February 2005, including the exercise of the greenshoe, resulted in net proceeds of € 46.0 million.

"The strong cash position will allow us to drive our Japanese Encephalitis vaccine through Phase III development and market registration and to advance our Hepatitis C therapeutic vaccine as well as our early stage product pipeline," states Werner Lanthaler, CFO of Intercell. "Spending for programs is in line with expectations and we expect stronger revenue generation from collaborations and licensing during the year."



Latest Achievement

A Cooperative Research and Development Agreement was signed with the US Naval Medical Research Center (NMRC) for the use of Intercell's IC31™ Immunizer technology as adjuvant in the NMRC's Malaria vaccine program. Under the Agreement, Intercell's adjuvant IC31™ is combined with NMRC's Malaria vaccine antigens and tested in Malaria protection models at the NMRC. "The new agreement underlines our good relationship with the US public bodies and the increasing awareness for our Immunizer IC31™ in private companies and public institutions on a worldwide basis. We are very satisfied that the US Navy uses our technology for this important program against Malaria," states Gerd Zettlmeissl, COO of Intercell.

IC31™ is also partnered with Statens Serum Institut and SciGen Ltd. to develop a Tuberculosis vaccine and a therapeutic Hepatitis B vaccine, respectively.

Financial Highlights

€ million	Three months ended		Year ended Dec. 31, 2004
	March 31, 2005	March 31, 2004	
Revenues	0.4	0.3	4.6
Net loss	(5.0)	(4.7)	(20.3)
Net operating cash flow	(6.8)	(4.6)	(11.9)
Cash and marketable securities, end of period	70.9	26.6	31.3

Operational and Business Strategy Review First Quarter 2005

Japanese Encephalitis (JEV)

The highest priority is given to the preparations for the start of Phase III trials in 2005, which include the manufacturing of clinical materials. The study centers for the global trial are set up. A major part of the study will be conducted in the US. After the US FDA's agreement on Intercell's development strategy last fall, we expect final guidance for our Phase III development program from the Scientific Advice Group of the European Medicines Agency (EMA) within the next months. We expect BLA filing in 2006 and product registration in the US in 2007.

Regarding the development, manufacturing and marketing of the vaccine in Asia our strategic alliance with Biological E Ltd. represents a pivotal milestone. We expect marketing agreements for Australia within 2005.



Hepatitis C

After completion of our first Phase II clinical study with our IC 41 therapeutic vaccine against Hepatitis C at the end 2004 the clinical development program has been further extended. A follow-up study has been designed to increase further the T-cell response that is pivotal to fight the infection by optimizing the route and the frequency of vaccinations. The new study, for which recruitment has been recently completed, is being performed at the General Hospital of Vienna, where Intercell's IC41 Hepatitis C vaccine, is applied to over 50 healthy volunteers by administering up to 16 vaccinations at weekly intervals. Should results warrant, the study will be extended to chronic HCV patients in 2006. The start of Phase III registration trials is planned for 2008.

IC41 is also being tested in combination with Interferon/Ribavirin standard therapy in another Phase II trial. This trial is expected to be completed in 2006.

Pre-clinical Products:

Significant progress has been made in our pre-clinical programs. We currently give highest priority to our programs against *Streptococcus pneumoniae* and Group A *Streptococcus* infections to define vaccine candidates in 2005 for future clinical development.

Antigen programs for e.g. against Travelers Diarrhea, Group B *Streptococcus* and germs involved in nosocomial infections are being also diligently pursued to further strengthen our intellectual property positions for own future development and possible strategic partnerships.

For the development of our novel antibody therapies we intend to partner at least one program in 2005.

Strategic Alliances & Licensing

All existing strategic alliances which have resulted from our highly successful antigen identification and IC31™ adjuvant technologies are moving forward according to the intended timelines. In some of these partnerships we expect first clinical trials within this year. Our major strategic partners are: Merck&Co., Inc. (USA), Sanofi Aventis (France), Statens Serum Institut (Denmark) and SciGen Ltd. (Australia/Singapore).

We expect further technology alliances within the next months.

The full quarterly report including un-audited financial statements can be downloaded at www.intercell.com.



About Intercell AG:

Intercell AG is a fast growing biotechnology company with a clear strategy and focus on the design and development of novel vaccines for prophylaxis and treatment of diseases with substantial unmet needs. The Company's unique position is based on the combination of antigens and immunizers (adjuvants) derived from its proprietary technology platforms and its in-house GMP manufacturing facilities. Intercell's technology has been endorsed by collaborative agreements with a number of global pharmaceutical companies, including Sanofi Aventis, Merck&Co., Inc., SciGen Ltd. and the Statens Serum Institut. The Company has a broad development pipeline with a vaccine for Japanese Encephalitis expected to enter Phase III in 2005, a vaccine for Hepatitis C undergoing Phase II trials, and five products focused on infectious diseases in the pre-clinical phase. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information please visit: www.intercell.com

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