

Q4 Report and preliminary Year End Results 2007



Intercell announces Q4 and preliminary full-year 2007 results:

First profitable year in company history – Vaccine against Japanese Encephalitis fully on track towards all markets – Excellent progress in product pipeline and strategic partnerships – focus on new vaccines against hospital-acquired infections and improved Influenza vaccines

FIRST PROFITABLE YEAR IN INTERCELL'S HISTORY – CLEAR GROWTH IN REVENUES AND PROFITABILITY EXPECTED FOR 2008

- » EUR 5.0 m net profit and positive operating cash flow of EUR 41.7 m
- » Revenues of EUR 53.3 m, an increase of 127.5 percent – driven by payments from strategic alliances
- » R&D costs of EUR 40.4 m enabled all programs to be progressed forward at full speed in order to fully take advantage and create the maximum possible value from the development programs and technology platforms
- » Strong cash position with EUR 287.6 m – plus, unconditional EUR 40.0 m payment already committed for 2008
- » Clear revenue and profit growth expected in 2008 based on the approval of the Japanese Encephalitis vaccine and on income from product and technology partnerships
- » Given this result and strategy, Intercell joined the ranks of the few profitable biotechnology companies worldwide

CLEAR STRATEGY TO MARKET FOR THE FIRST PRODUCT – INTERCELL'S INVESTIGATIONAL JAPANESE ENCEPHALITIS VACCINE

- » Market Authorization Application (MAA) in Europe and Biological License Application (BLA) with the US Food and Drug Administration (FDA) submitted in December 2007, and already excepted
- » Licensure application to Australian Therapeutic Goods Administration (TGA) submitted in February of 2008
- » Intercell Biomedical Ltd. (Scotland) received Manufacturer's License for commercial manufacturing
- » FDA pre-approval inspection of the facilities pre-scheduled for April of 2008
- » Data from pediatric clinical trials in endemic countries expected within the next weeks
- » Intercell's cooperation with the US Army, geared toward the long-term supply of the JE-vaccine for the military, is progressing well – contractual agreement expected latest upon FDA approval

NOVARTIS ALLIANCE

- » Phase I clinical trial for an improved seasonal Influenza vaccine formulated with IC31® completed successfully – Intercell's adjuvant IC31® demonstrates very good safety and tolerability profile. Novartis will continue clinical Phase I/II development of IC31® adjuvanted flu vaccines in 2008
- » Joint therapeutic vaccine program against HCV met primary endpoints in Phase II – data confirms findings of the interim analysis from Q3 2007 – statistically significant viral load reduction and excellent safety profile – further clinical trials in co-development with Novartis to include IC31®
- » Cooperation with Novartis is based on a major strategic partnership that was signed in July of 2007

HOSPITAL-ACQUIRED INFECTIONS

- » **S. aureus vaccine** – Merck & Co., Inc. has initiated Phase II clinical development by the end of 2007. Intercell expects further extension of clinical program into additional indications in early 2008
- » **Pseudomonas vaccine** – preparations for start of clinical Phase II/III trials in 2008 underway
- » Pre-clinical candidates for further nosocomial vaccine and antibody product targets including **Klebsiella** have been identified

TUBERCULOSIS

- » Further clinical trials started at the Department of Infectious Diseases at the Leiden University Medical Center, Netherlands, within the new global franchise to fight Tuberculosis
- » Tuberculosis vaccine will be further developed in a collaboration between Sanofi Pasteur and Statens Serum Institut (SSI) including Intercell's adjuvant IC31®, strongly supported by the Aeras Global Tuberculosis Foundation and the EU

TECHNOLOGY PLATFORMS: IC₃₁® & AIP®

- » Pneumococcus vaccine candidate funded by PATH on course to entering clinical Phase I trials in 2008
- » Developmental programs and partnerships in the field of vaccines and monoclonal antibodies for Group B Streptococcus and hospital-acquired infections to be accelerated
- » New partnerships for adjuvant IC31® and the definition of new vaccine candidates from AIP® expected for 2008

MANAGEMENT BOARD

- » The Management Board, with Gerd Zettlmeissl as Chief Executive Officer, Werner Lanthaler as Chief Financial Officer, and Alexander von Gabain as Chief Scientific Officer appointed for a further three-year term. Thomas Lingelbach appointed as new member of the Management Board as Chief Operating Officer.

Vienna (Austria), March 3, 2008 – Today, vaccine company Intercell AG (VSE: ICLL) announced its financial results for the fourth quarter and the preliminary results for the full financial year 2007 and presented an update on the Company's development programs.

"We made significant progress in 2007 in regards to our mission of becoming the global innovation leader in the field of vaccines. We will continue to give the highest strategic priority to fostering our innovative power on the basis of sustained profitability. We are thoroughly convinced that this will create the highest additional shareholder value," stated Gerd Zettlmeissl, Intercell CEO.

"Achieving sustainable profitability earlier than planned, and even before bringing our first product to market, is a unique success. Given the significantly lowered risk profile of the company through a diversified portfolio of product candidates, world-class partnerships, and a very strong cash position, we have built a solid basis for innovation and aggressive growth," stated Werner Lanthaler, Intercell CFO.

UPDATE ON DEVELOPMENT PROGRAMS

CLEAR STRATEGY TO MARKET FOR INTERCELL'S INVESTIGATIONAL JAPANESE ENCEPHALITIS VACCINE

Significant progress can be reported towards market approval of the prophylactic Japanese Encephalitis vaccine. The production process at Intercell's manufacturing site in Livingston (Scotland) was fully established and commercial production started successfully. In January of 2008, Intercell Biomedical Ltd. received a Manufacturer's License for the commercial manufacturing of the vaccine. The issuance of the license followed a GMP (Good Manufacturing Practice) inspection performed by the Medicines and Healthcare products Regulatory Agency (MHRA). The license is required to support the Marketing Authorization Application (MAA) process in Europe, which is coordinated by the European Medicines Agency (EMA), and represents the basis for future product release and export to the US. The Marketing Authorization Application (MAA) in Europe, as well as the Biological License Application (BLA) with the US Food and Drug Administration (FDA), were submitted in December of 2007 and accepted in early 2008. The licensure application to TGA (Therapeutic Goods Administration) in Australia was submitted in February of 2008.

In order to enter the endemic markets and develop the pediatric application of the vaccine, Intercell started Phase II clinical trials of the Japanese Encephalitis virus in India together with its partner Biological E. Ltd. (Hyderabad, India). This represents the first time that Intercell's Japanese Encephalitis vaccine will have been administered to children. The results of this Phase II trial are expected within the next weeks.

Based on Intercell's successful collaboration with the US Army, an agreement for the strategic long-term supply of the vaccine is expected latest upon FDA approval.

INTERCELL-NOVARTIS ALLIANCE – PROGRAMS FULLY IMPLEMENTED AND ON TRACK

In July of 2007, Intercell and Novartis signed a major strategic partnership to accelerate innovations in vaccine development for infectious diseases. Novartis' subscription of new shares for EUR 150 m was completed in September of 2007. This increased Novartis' equity stake from 6.1% to 15.9%.

The current operational focus of the partnership is the development of an improved Influenza vaccine comprising IC31® and the global co-development of a therapeutic Hepatitis C vaccine.

In February of 2008, the first Phase I clinical trials were completed for the company's adjuvant IC31® in combination with the seasonal, trivalent Influenza vaccine Agrippal® from Novartis. Primary endpoints of the study show that Intercell's adjuvant IC31® demonstrates a very good safety and tolerability profile;

seroconversion and seroprotection rates support further clinical development. Novartis will continue clinical Phase I/II development of IC31® adjuvanted flu vaccines during 2008.

Furthermore, the implementation of co-development in the field of Hepatitis C was started in Q1 2008, to include Intercell's adjuvant IC31®.

LEADING POSITION IN VACCINES AGAINST HOSPITAL-ACQUIRED INFECTIONS EXPANDED

In December of 2007, Intercell announced significant progress in the development of a vaccine against *S. aureus*. The vaccine, developed in a collaborative program with Merck & Co., Inc., has entered clinical Phase II trials started in the US. The *S. aureus* vaccine is based on an antigen discovered by Intercell and licensed to partner Merck & Co., Inc., on an exclusive worldwide basis. The start of the Phase II trials resulted in a milestone payment of USD 4 m to Intercell. It proves Intercell's power for innovation in the development of new bacterial vaccine candidates. Intercell expects further extension of the clinical trial program in early 2008.

Preparations for the start of clinical Phase II/III trials of our *Pseudomonas* vaccine in 2008 are on track. Current activities include the production and release of clinical trial materials and the planning of clinical settings for the prophylactic testing of the vaccine, with a focus on preventing *Pseudomonas* infections in intensive care units.

Pre-clinical candidates for further nosocomial vaccine and antibody product targets including *Klebsiella* have been identified.

HEPATITIS C (HCV) VACCINE

The analysis of Phase II data for the peptide-based therapeutic Hepatitis C vaccine reveals statistically significant viral load reduction and a favorable safety profile, and confirms findings from the interim analysis conducted in Q3 of 2007. The obtained data showed that the primary endpoint set for this study, namely a HCV-RNA decline that was statistically significant and sustained, has been met. The Phase II interim data opens the door for therapeutic vaccination in the arena of existing and future treatment options.

Further clinical trials in co-development with Novartis will also take advantage of an enlarged antigen portfolio and of IC31®, Intercell's second-generation adjuvant.

TUBERCULOSIS (TB) VACCINE ENTERS FURTHER CLINICAL TRIALS

Since February of 2008, the TB-vaccine formulated with Intercell's adjuvant IC31® is being developed further in collaboration between Sanofi Pasteur and SSI.

In Q1 of 2008, the prophylactic vaccine against TB, based on the cooperation between Intercell, the Danish Statens Serum Institut (SSI) and Aeras Global Tuberculosis Foundation, entered a series of further clinical trials in BCG-vaccinated and latently infected individuals. The clinical trials are performed at the Karolinska Institute in Stockholm (Sweden) and at the Department of Infectious Diseases at Leiden University Medical Center in the Netherlands.

In total, there are three clinical trials with IC31®-formulated vaccines against TB currently on their way. This is the basis to create a leading franchise to fight this important disease.

TECHNOLOGY PLATFORMS: IC31® & AIP®

Two technology platforms have allowed Intercell to become one of the most innovative companies for vaccines in the biotech industry. In 2007, the enormous value of these technologies became even more evident through the significant progress of partnerships such as those with Merck, Novartis, and other major players in the industry. The progresses in scientific and clinical development, as well as the significant revenues generated through the application of Intercell's technologies, confirm the value of AIP® and IC31®.

In addition the in-house development programs are fully on track:

- » Pneumococcus vaccine candidate funded by PATH on course to entering clinical Phase I trials in 2008
- » Development programs and partnerships in the field of vaccines and monoclonal antibodies for Group B Streptococcus and hospital-acquired infections to be accelerated
- » New partnerships for adjuvant IC31® and the definition of new vaccine candidates from AIP® expected for 2008

MANAGEMENT BOARD

In Q4 of 2007, Intercell's Supervisory Board confirmed the members of the existing Management Board: Gerd Zettlmeissl as Chief Executive Officer, Alexander von Gabain as Chief Scientific Officer, and Werner Lanthaler as Chief Financial Officer for the next three years.

Thomas Lingelbach has been appointed in Q4 2007 as a new member of Intercell's Management Board (Chief Operating Officer). Lingelbach, who joined Intercell in 2006, plays a pivotal role in leading Intercell's further development towards industrialization and commercialization.

Q4 2007 FINANCIAL REVIEW

REVENUES

Intercell's revenues increased from EUR 17.0 m in the fourth quarter of 2006 to EUR 40.8 m in the fourth quarter of 2007. The strong increase was mainly due to the recognition of up-front license fees and option fees within the strategic partnership agreement with Novartis, and to a milestone payment from Merck & Co. Inc. following the start of Phase II trials for the partnered *S. aureus* vaccine. Revenues from collaborations and licensing therefore increased from EUR 16.0 m in the three months ended December 31, 2006 to EUR 39.2 m in the same period of 2007. Grant income increased from EUR 1.0 m in the three months ended December 31, 2006 to EUR 1.6 m in the last three months of 2007.

RESULTS OF OPERATIONS

Intercell's net profit in the fourth quarter of 2007 increased by 382.3 percent to EUR 27.1 m compared to EUR 5.6 m in the fourth quarter of 2006. This increase was primarily due to the increase in revenues and was partly offset by an increase in research and development as well as in general, selling, and administrative expenses. Research and development costs increased from EUR 9.2 m in the fourth quarter of 2006 to EUR 13.2 m in the same period of 2007 due to the costs associated with the implementation of the commercial production process for the Japanese Encephalitis vaccine, as well as for increased headcount and spending on other vaccine programs. General, selling and administrative expenses increased to EUR 4.5 m in the fourth quarter of 2007 compared to EUR 3.4 m in the same period of the prior year. The increase was primarily due to higher personnel expenses. Net other operating income in the last three months of 2007 was EUR 1.6 m compared to EUR 0.4 m in the three months ended December 31, 2006. This increase was primarily due to higher R&D tax credits recognized in the fourth quarter of 2007. Financial income, net of

financial expenses, was EUR 2.0 m in the fourth quarter of 2007 compared to EUR 0.4 m in the same period in 2006.

FULL YEAR FINANCIAL REVIEW 2007

REVENUES

Aggregate annual revenues increased from EUR 23.5 m in the year ended December 31, 2006 to EUR 53.3 m in the year ended December 31, 2007, or by 127.5 percent. In the year ended December 31, 2007, revenues from collaborations and licensing increased by 121.9 percent to EUR 47.8 m compared to EUR 21.5 m in the previous year. Grant income increased from EUR 1.9 m in the year ended December 31, 2006 to EUR 5.5 m in the year ended December 31, 2007. This increase was primarily due to a grant from PATH (Program for Appropriate Technology in Health) for Intercell's Pneumococcus vaccine project.

RESULTS OF OPERATIONS

Driven by a strong increase in revenues from collaborations and licensing, Intercell achieved its first positive full year result. Net profit for the full year 2007 was EUR 5.0 m compared to a net loss of EUR 16.1 m in 2006. Net operating expenses also continued to increase as a result of the progress of Intercell's development programs, going up by 32.2 percent from EUR 39.1 m in the year ended December 31, 2006 to EUR 51.7 m in 2007. Research and development costs increased from EUR 31.0 million in 2006 to EUR 40.4 m in 2007, or by 30.7 percent. General, selling and administrative expenses were EUR 14.3 m in 2007 and EUR 10.5 m in 2006, which represents an increase of 35.8 percent mainly due to an expansion of general management as well as marketing and sales capacities. Net other operating income increased from EUR 1.4 m in 2006 to EUR 3.0 m in 2007, primarily due to higher R&D tax credits. Financial income, net of expenses, was EUR 3.0 m in the year ended December 31, 2007 compared to EUR 1.3 m in the year ended December 31, 2006. Recognition of a deferred tax asset in a subsidiary resulted in an income tax credit of EUR 0.3 m in the year ended December 31, 2007 compared to net income tax expenses of EUR 0.4 m in the prior year.

CASH FLOW AND CAPITAL RESOURCES

Net cash generated from operating activities for the year ended December 31, 2007 was EUR 41.7 m compared to net cash used in operating activities of EUR 8.0 m in the previous year. The increase in cash generated in operating activities was due to the net profit and the positive effects on net working capital resulting from deferred income in connection with up-front payments from Novartis.

Net cash used in investing activities of EUR 61.2 m in 2007 and of EUR 24.8 m in 2006 resulted primarily from investments in short-term, available-for-sale financial assets for cash management purposes. Without giving effect to investments in, and proceeds from, the sale of securities, net cash generated from investing activities was EUR 2.8 m in the year ended December 31, 2007 compared to cash used in investing activities of EUR 5.0 m in the year ended December 31, 2006. The positive cash flow in 2007 resulted from cash acquired through acquisitions and from an increase in interest received.

Net cash provided by financing activities was EUR 151.2 m in the year ended December 31, 2007 and EUR 56.5 m in the year ended December 31, 2006. The 2007 financing proceeds resulted primarily from the issuance of 4.8 m new shares in the third quarter to Intercell's strategic partner Novartis at an issue price of EUR 31.25 per share, and from net proceeds of EUR 2.8 m from the exercise of stock options.

As of December 31, 2007, Intercell had liquid funds of EUR 287.6 m, of which EUR 161.0 m was cash and EUR 126.5 m was available-for-sale financial assets.

Financial Highlights

EUR in thousands	3 months ended		Year ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Revenues	40,790	16,970	53,349	23,452
Net profit/(loss)	27,094	5,618	5,009	(16,143)
Net operating cash flow	69,268	10,032	41,686	(7,979)
Cash and marketable securities, end of period	287,571	94,421	287,571	94,421

ABOUT INTERCELL AG

Intercell AG is a growing biotechnology company which focuses on the design and development of novel vaccines for the prevention and treatment of infectious diseases with substantial unmet medical need. The Company develops antigens and adjuvants which are derived from its proprietary technology platforms and has in-house GMP manufacturing capabilities. Based on these technologies, Intercell has strategic partnerships with a number of global pharmaceutical companies, including Novartis, Merck & Co., Inc., Wyeth, Sanofi Pasteur, Kirin, and the Statens Serum Institut.

The Company's leading product, a prophylactic vaccine against Japanese Encephalitis, successfully concluded pivotal Phase III clinical trials in 2006. The Market Authorization Application (MAA) in Europe as well as the Biological License Application (BLA) with the US Food and Drug Administration (FDA) for the use of the vaccine to prevent Japanese Encephalitis were submitted in December of 2007. The licensure application to the Australian Therapeutic Goods Administration (TGA) was submitted in February 2008. The company's broad development pipeline includes a Pseudomonas vaccine in Phase II, a therapeutic vaccine for Hepatitis C in Phase II, partnered vaccines for Tuberculosis (Phase I) and Staphylococcus aureus (Phase II), and five products focused on infectious diseases in preclinical development.

Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

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Consolidated Income Statements (unaudited)

EUR in thousands (except shares and per share amounts)	Three months ended December 31,		Year ended December 31,	
	2007	2006	2007	2006
Revenues	40,790	16,970	53,349	23,452
Revenues from collaborations and licensing	39,184	15,958	47,816	21,549
Grant income	1,606	1,012	5,533	1,903
Operating expenses	(16,118)	(11,268)	(51,681)	(39,084)
Research and development expenses	(13,223)	(9,193)	(40,448)	(30,952)
General, selling and administrative expenses	(4,462)	(3,370)	(14,269)	(10,510)
Income from transactions with associated companies	0	907	0	951
Other income and expenses, net	1,566	389	3,035	1,427
Operating Profit / (Loss)	24,672	5,702	1,668	(15,632)
Finance income	2,267	449	4,035	1,469
Finance expenses	(261)	(34)	(1,035)	(128)
Share of loss of associated companies	0	(487)	0	(1,437)
Profit / (Loss) Before Income Tax	26,677	5,631	4,667	(15,728)
Income tax (expense)/income	417	(12)	342	(415)
Profit/ (Loss) For The Period	27,094	5,618	5,009	(16,143)
Earnings / (Losses) per share for profit attributable to the equity holders of the company, expressed in EUR per share				
- basic	0.60	0.14	0.12	(0.45)
- diluted	0.59	0.14	0.12	(0.45)

Consolidated Balance Sheets (unaudited)

EUR in thousands	At December 31,	
	2007	2006
ASSETS		
Non-current assets	32,022	11,439
Property, plant and equipment	11,956	10,253
Intangible assets	19,256	157
Deferred income tax assets	810	283
Other non-current assets	0	746
Current assets	297,370	100,024
Trade receivables and other current assets	9,799	5,413
Available-for-sale financial assets	126,528	65,523
Restricted cash	0	190
Cash and cash equivalents	161,043	28,898
TOTAL ASSETS	329,391	111,463
EQUITY		
Capital and reserves attributable to the Company's equity holders	264,625	93,082
Share capital	363,607	200,266
Other reserves	4,202	668
Retained losses	(103,183)	(107,852)
LIABILITIES		
Non-current liabilities	5,994	2,399
Borrowings	1,459	2,157
Other long term liabilities	230	242
Deferred income tax liabilities	4,304	0
Current liabilities	58,772	15,982
Trade and other payables	13,731	10,363
Borrowings	698	998
Deferred income	44,343	4,621
Total liabilities	64,766	18,381
TOTAL EQUITY AND LIABILITIES	329,391	111,463

Consolidated Cash Flow Statements (unaudited)

EUR in thousands	Year ended December 31,	
	2007	2006
Cash flows from operating activities		
Profit / (loss) for the year	5,009	(16,143)
Depreciation and amortization	1,732	1,023
Share-based compensation	3,101	1,646
Tax	(345)	415
Other adjustments for reconciliation to cash used in operations	(3,424)	1,505
Changes in working capital	35,760	4,158
Cash generated from / (used in) operations	41,833	(7,393)
Interest paid	(93)	(174)
Income tax paid	(54)	(412)
Net cash generated from / (used in) operating activities	41,686	(7,979)
Cash flows from investing activities		
Cash acquired through acquisition, net of cash consideration	2,880	0
Purchases of property, plant and equipment	(4,067)	(3,846)
Purchases of intangible assets	(268)	(108)
Purchases of available-for-sale financial assets	(80,178)	(36,110)
Proceeds from sale of available-for-sale financial assets	16,221	16,332
Investments in associated companies	0	(1,450)
Interest received	4,229	383
Net cash used in investing activities	(61,183)	(24,799)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of costs of equity transactions	152,290	57,497
Disposal of treasury shares	232	24
Proceeds from borrowings	0	285
Repayment of borrowings	(1,359)	(1,290)
Net cash generated from financing activities	151,163	56,516
Net increase in cash	131,666	23,738
Cash at beginning of the year	28,899	5,284
Exchange gains /(losses) on cash	478	(125)
Cash at end of the year	161,043	28,898
Cash, short-term deposits and marketable securities at end of the year	287,571	94,421