Valneva presents its 9M 2018 financial results

Analyst Presentation
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valneva

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Agenda

- Introduction
- Financial Report 9M 2018
- R&D Portfolio Update
- Outlook
- Q&A

Valneva has completed key business and R&D milestones

On track to meet 2018 targets and guidance

✓ **Strengthened cash position & shareholder base**	+ €50m raised in oversubscribed placement led by blue-chip US healthcare investors
✓ **Advanced R&D pipeline**	+ Alignment obtained with FDA and EMA on Lyme vaccine development strategy; Phase 2 initiation at end of 2018 + Chikungunya Phase 1 data expected by the end of the year + Zika Phase 1 data expected within next few weeks
✓ **Business milestones**	+ FDA approved an accelerated IXIARO® vaccination schedule + New IXIARO® supply contract with US DoD expected before end of 2018

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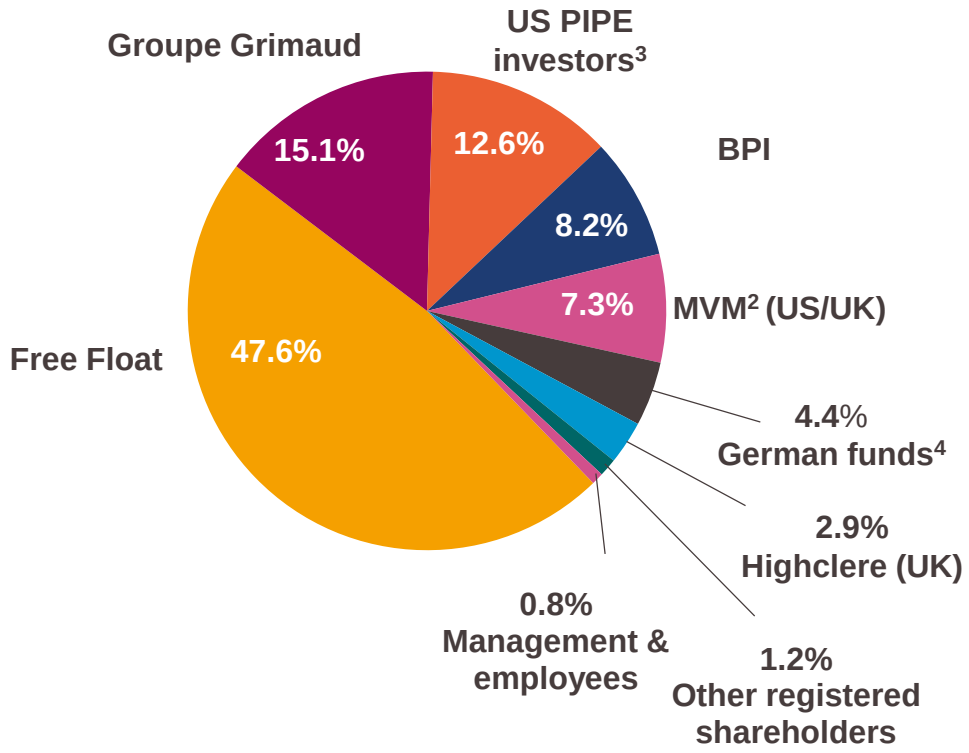
Strengthening shareholder base and strategic positioning

Recent financing led by blue chip US Life Science investors

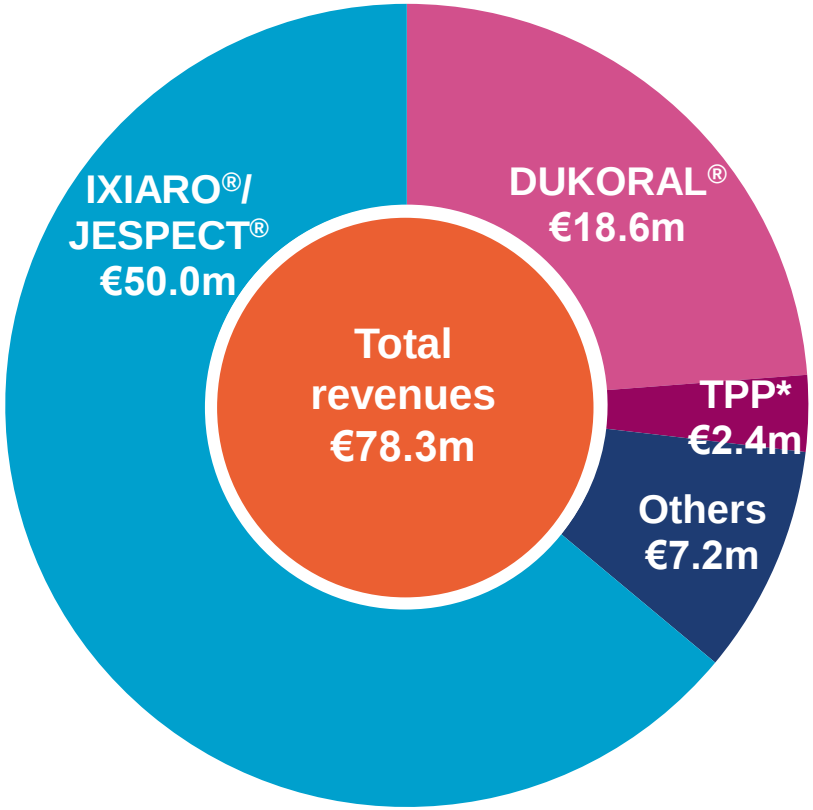
US capital markets important for Valneva's future



1 Current estimates based on ordinary share capital; **2** Funds managed by MVM Life Science Partners; **3** Combined positions of US-based participants in Valneva's September 2018 private placement; **4** Combined positions of Apus Capital, Lupus Alpha, APO Asset Management, CD-Ventures, and Medical Strategy.

Valneva's Main Value Drivers Both Delivering

Ongoing Product Sales Growth and R&D Progress

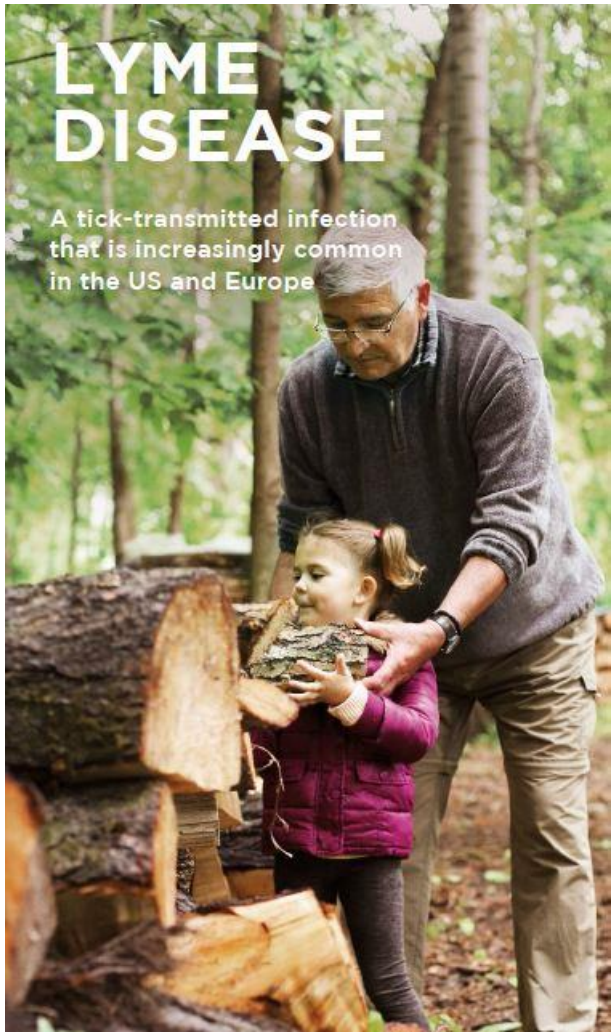


Product sales
€71.1m (10% CER)

Direct sales
now make
up 82.1%

Gross
Margin
58.8%

Cash generated
from operating
activities €11.7m



* Third Party Products

Revenue analysis

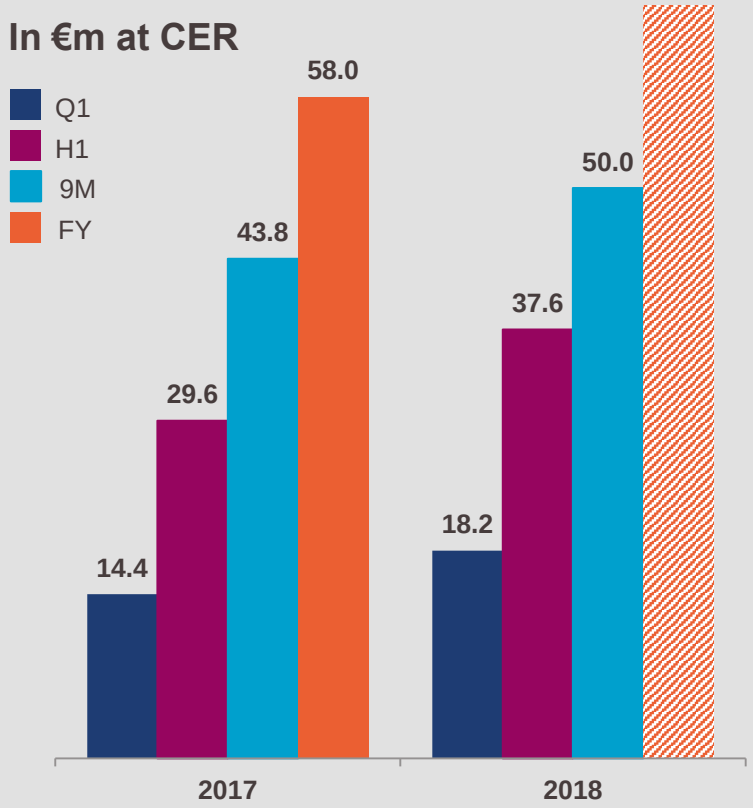
€m (CER as 9M avg. Act 2018)	9M 2017		9M 2018			2018 Guidance Confirmed
	Actual	CER	Actual	CER	CER growth	
Product sales revenues						
IXIARO®/JESPECT®	45.7	43.8	50.0	50.0	14.3%	
DUKORAL®	19.9	18.8	18.6	18.6	-0.7%	
Third party products	2.2	2.1	2.4	2.4	16.1%	
Total product sales	**67.9**	**64.6**	**71.1**	**71.1**	**10.0%**	**>100**
Other revenues	8.5	8.2	7.2	7.2		
Total revenues	**76.3**	**72.9**	**78.3**	**78.3**		
Grants / R&D Tax credits	3.4	3.4	3.4	3.4		
Total revenues & grants[1]	**79.8**	**76.3**	**81.7**	**81.7**		**110 - 120**

1 "Grant income" was reclassified from the position "Revenue and Grants" and included in "Other income/expense" for periods starting Jan 1, 2018. The comparable period was adjusted accordingly to maintain comparability.

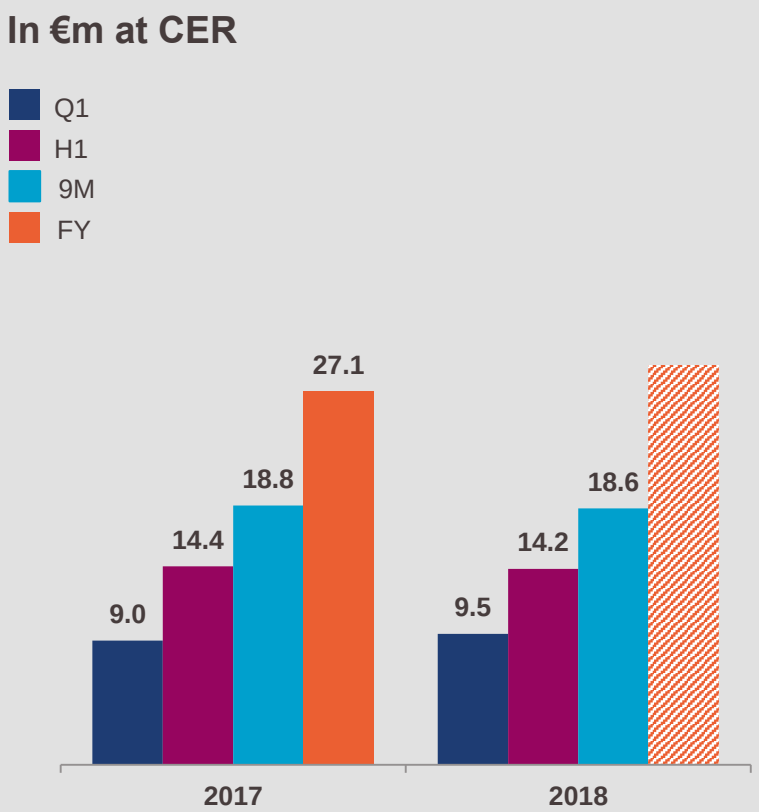
Product sales growing according to plan

9M product sales of €71.1 million[1] (10% CER growth)

IXIARO®: Double digit growth expectations for FY 2018 confirmed



DUKORAL®: A strong fourth quarter will lead to matching FY 2017 sales



1 Including IXIARO®, DUKORAL® and Third Party sales

9M 2018 Profit & Loss Report (all figures at AER)

FY EBITDA guidance of €5m - €10m confirmed

€m	9 months ended September 30	
	2018	2017
Product Sales	71.1	67.9
Revenues from collaboration, licensing and services	7.2	8.5
Revenues	**78.3**	**76.3**
Cost of goods and services	(32.3)	(32.1)
Research and development expenses	(18.2)	(15.1)
Marketing and distribution expenses	(15.0)	(12.0)
General and administrative expenses	(12.6)	(11.1)
Other income[1] / (expense), net	3.1	3.2[1]
Amortization and impairment	(2.4)	(9.0)
OPERATING PROFIT	**0.9**	**0.2**
Finance results and tax	(4.2)	(8.0)
LOSS FOR THE PERIOD	**(3.3)**	**(7.8)**
EBITDA[2]	**6.1**	**12.3**

1 "Grant income" was reclassified from the position "Revenue and Grants" and included in "Other income/expense" for periods starting Jan 1, 2018. The comparable period was adjusted accordingly to maintain comparability. **2** Nine Months 2018 EBITDA was calculated by excluding €5.2 million of depreciation and amortization from the €0.9 million operating profit as recorded in the condensed consolidated income statement under IFRS.

Cash and debt position

€m	September 2018	December 2017
CASH & CASH EQUIVALENTS [1]	**33.0**	**38.1**
Finance Lease Liabilities	(26.0)	(26.7)
-/- Cash Deposit (Finance Lease related) [2]	11.1	11.1
Non current borrowings	(14.3)	(27.4)
TOTAL NON-CURRENT LIABILITIES (>1 year)	**(29.2)**	**(43.0)**
Finance Lease Liabilities	(0.9)	(0.9)
Current borrowings	(19.2)	(16.5)
TOTAL CURRENT LIABILITIES (<1 year)	**(20.0)**	**(17.4)**
TOTAL BORROWINGS	**(49.2)**	**(60.4)**
NET DEBT [3]	**(16.2)**	**(22.3)**

1 Net proceeds from 50m€ capital increase included as of October 2018
2 included in Other non-current assets on the condensed consolidated interim balance sheet
3 Net Debt calculated by deducting current and non-current liabilities from Cash & Cash Equivalents.

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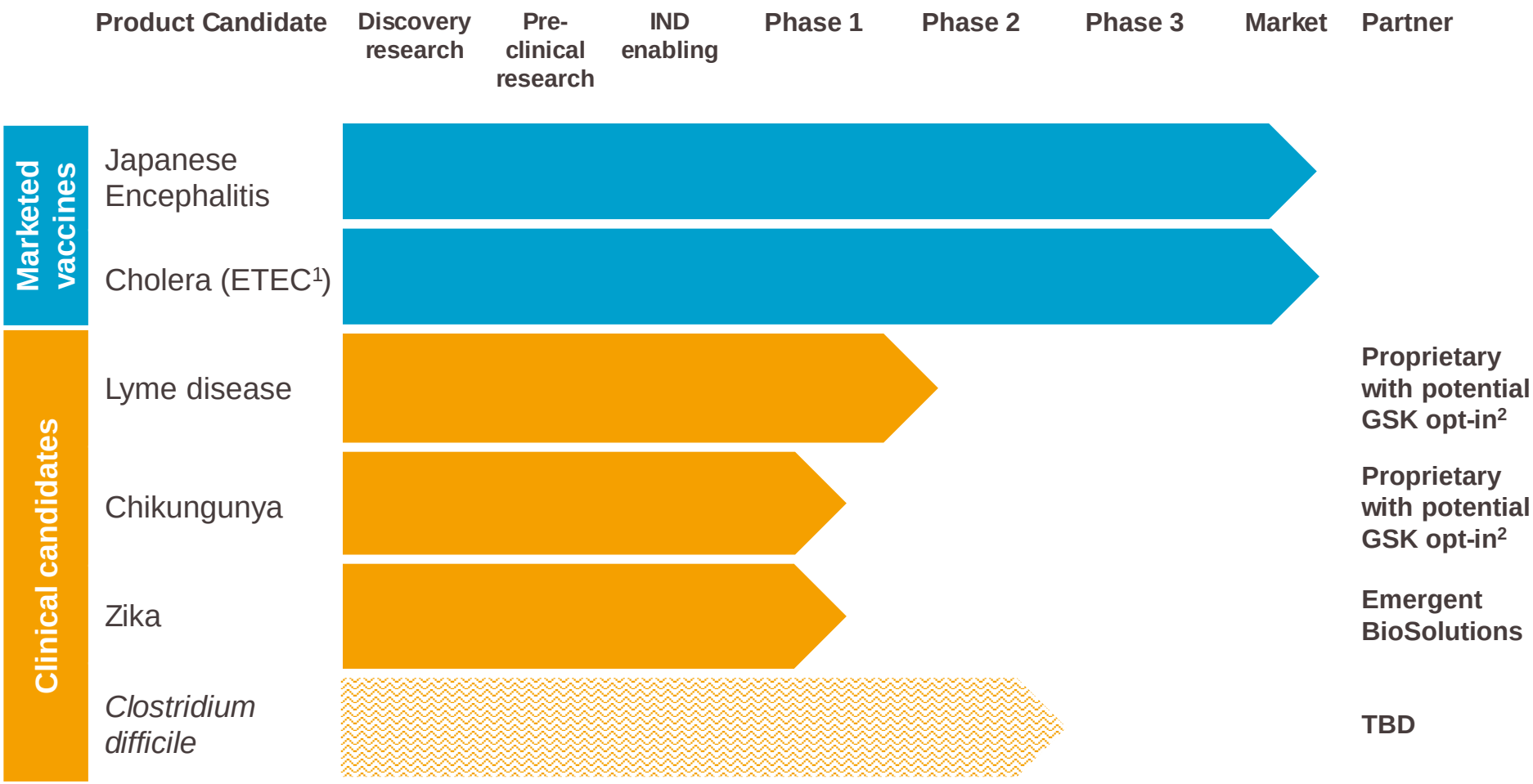
Valneva's commercial and R&D portfolio

Focusing on vaccines with high unmet medical need



1 Indications differ by country - Please refer to Product / Prescribing Information (PI) / Medication Guide approved in your respective countries for complete information, incl. dosing, safety and age groups in which this vaccine is licensed, ETEC = *Enterotoxigenic Escherichia coli* (E. Coli) bacterium; **2** Based on a strategic partnership agreement signed in 2007, GSK has an opt-in after Phase 2 on products developed by Valneva.

VLA15: the only Lyme disease vaccine in clinical development

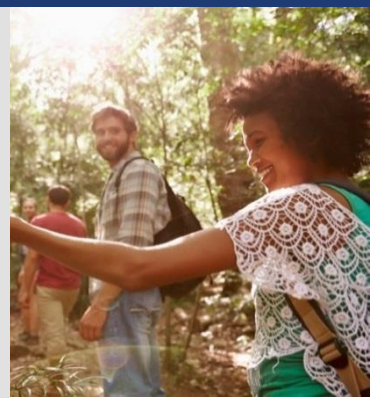
Market potential of approximately €700m - €800m[1]

Lyme disease

- **Transmitted by *Ixodes scapularis* ticks (Northeastern & Midwestern US) and *Ixodes ricinus* ticks (Europe)[2]**
- **Most common vector borne illness in the Northern Hemisphere (over 300,000 cases per year in US[3] and at least 200,000 cases per year in Europe[4])**
- **Delayed or inadequate treatment can lead to disabling sequelae**

Valneva's vaccine candidate

- **Only active clinical program, no vaccine on the market**
- **Multivalent, protein subunit-based vaccine**
- **Targets the outer surface protein A (OspA) of *Borrelia* (proven mode of action)**



Positive Phase 1 initial data

- **Positive Phase 1 initial results showed favorable safety profile and encouraging immunogenicity for VLA15**
- **FDA Fast Track Designation received mid 2017**
- Preclinical data showed that the vaccine has the potential to provide protection against the majority of *Borrelia* species pathogenic for humans[5]

Phase 2 initiation on track to commence end 2018

- **Alignment obtained with FDA and EMA on Lyme vaccine development strategy**
- **Phase 2 initiation expected at end of 2018, subject to regulatory clearances**
- **Medical need for Lyme vaccine steadily increasing as the disease footprint widens[6]**

1 Company estimate supported by independent market studies; **2** Stanek et al. 2012, The Lancet 379:461–473; **3** As estimated by the CDC https://wwwnc.cdc.gov/eid/article/21/9/15-0417_article; **4** Estimated from available national data. Number largely underestimated based on WHO Europe Lyme Report as case reporting is highly inconsistent in Europe and many LB infections go undiagnosed; ECDC tick-borne-diseases-meeting-report; **5** http://www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0113294; **6** New Scientist, Lyme disease is set to explode and we still don't have a vaccine; March 29, 2017 https://www.newscientist.com/article/mg23431195-800-lyme-disease-is-set-to-explode-and-you-cant-protect-yourself/

VLA15: Progression into Phase 2 Program at end 2018 on track

Phase 2 Program – Current assumptions[1]

- **Key objectives**
  - › Dose optimization / final dosage[3]
    - Further doses will be included
  - › Confirmation of final schedule
    - Alternative schedule will be tested
- **Primary endpoint: Immunogenicity**
  - › GMTs (Geometric Mean Titers) for IgG against OspA ST1-ST6 (1 month after primary immunization)
- **~ 800 subjects**
  - › Conducted in US and EU (split tbc)
  - › >10 study sites
  - › In endemic areas
    - Including Lyme seropositive subjects
  - › Extended age range (18-65 years)

Key expected upcoming milestones

- **Phase 2 initiation → End 2018**
- **Phase 1 final data → H1 2019**
  (including booster results)
- **Run in phase completion → H1 2019**
- **Phase 2 initial data → Mid-2020**
- **Phase 3 initiation → H2 2021**
- **First filing for licensure → H2 2023**

1 Study protocol(s) subject to regulatory approval(s); **2** Chemistry Manufacturing & Control; **3** Only adjuvanted formulations in Phase 2

VLA1553: Chikungunya vaccine candidate

A potential single-shot vaccine against a severe, growing threat

Chikungunya

- **Mosquito-borne viral disease caused by the Chikungunya virus (CHIKV), a Togaviridae virus**
- **Transmitted by *Aedes* mosquitoes**
- **Causes clinical cases in 72-92% of infected humans who can develop serious, long-term health impairments[1]**
- **Outbreaks in Asia, Africa, Europe & the Americas (as of Feb. 2017, > 1 million reported cases in the Americas)[2]**
- **No preventive vaccines or effective treatments exist**

Valneva's vaccine candidate

- **Monovalent, single dose, live attenuated prophylactic vaccine[3]**
- **Aims for long-lasting protection of individuals > 1 year of age**
- **Protective against various CHIKV outbreak phylogroups & strains[4]**

Phase 1 fully recruited

- **Phase 1 to evaluate safety & immunogenicity in ~120 subjects and to confirm antibody persistence (≥6m) with potential early indication of efficacy**
- **Long term protection shown in preclinical testing**
  Data from non-human primates (NHP) show vaccine's good safety profile and its potential to provide long-term protection after a single immunization[5]

Phase 1 first data[7] expected by end of 2018

- **Group of study participants being re-vaccinated** with highest vaccine dose to provide early intrinsic human challenge
- **Chikungunya now eligible for FDA Priority Review Voucher (PRV)[6]**
- **Target populations include travelers, military personnel and individuals at risk living in endemic regions**

1 PAHO/WHO data: Number of reported cases of Chikungunya Fever in the Americas - EW 33 (August 19, 2016) https://www.paho.org/hq/dmdocuments/2016/2016-aug-19-cha-chikv-cases-ew-33.pdf ; **2** PAHO/WHO data: Number of reported cases of Chikungunya Fever in the Americas - EW 5 (February 3, 2017) https://www.paho.org/hq/dmdocuments/2017/2017-feb-3-phe-CHIKV-cases-ew-5.pdf ; **3** CHIKV LR2006-OPY1 infectious clone was attenuated by deleting large part of gene coding nsP3 (alphavirus-replicase; **4** Hallengärd et al. 2013. J Virology 88:2858–2866; **5** Roques et al. 2017JCI Insight 2 (6): e83527; **6** As of August 23, 2018 https://www.fda.gov/NewsEvents/Newsroom/FDAInBrief/ucm618097.htm; **7** primary and first secondary endpoint data

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2018 Financial Outlook

On track to deliver against FY revenues and EBITDA guidance

	2017 Actual	Initial 2018 Outlook	Updated 2018 Outlook
Product sales revenues	€92.6m	> €100m	✓
R&D investment	€23.4m	€30 – 35m	€25 – 30m
EBITDA	€10.8m	€5 – 10m	✓

Total revenues and grants were €109.8m in 2017. Other revenues, (including service revenue and royalties) which tend to fluctuate from year to year, are expected to bring the company's overall revenue to between €110m and €120m for the year 2018.

Valneva – Exciting upcoming newsflow

+ Continuing product sales growth

+ New IXIARO® supply contract with US DoD expected

+ Lyme Phase 2 initiation expected at the end of 2018
+ Phase 1 booster dose initial data expected late January 2019

+ Chikungunya Phase 1 execution with first data at the end of 2018

+ Zika Phase 1 execution with first data within the next few months

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Thank you
Merci
Danke
Tack

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