

Valneva Presents its Q1 2019 Financial Results

Analyst Presentation
May 2, 2019



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Introduction

Financial Report Q1 2019

Financial Outlook 2019

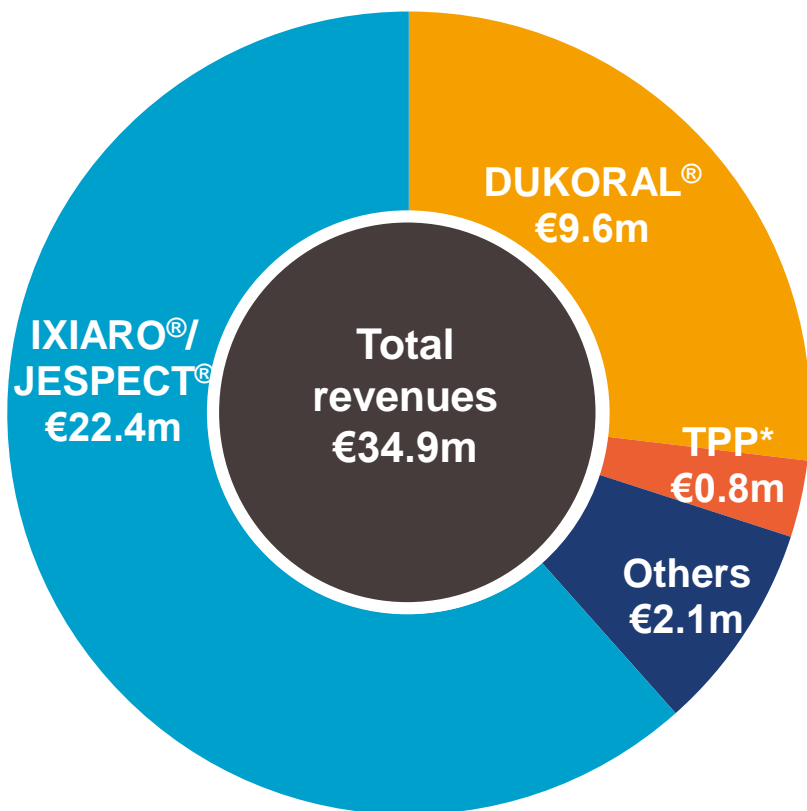
Upcoming Newsflow

Q&A

Valneva's Profitable Commercial Business Funding Key R&D Programs



9% CER¹ product sales growth in Q1 2019



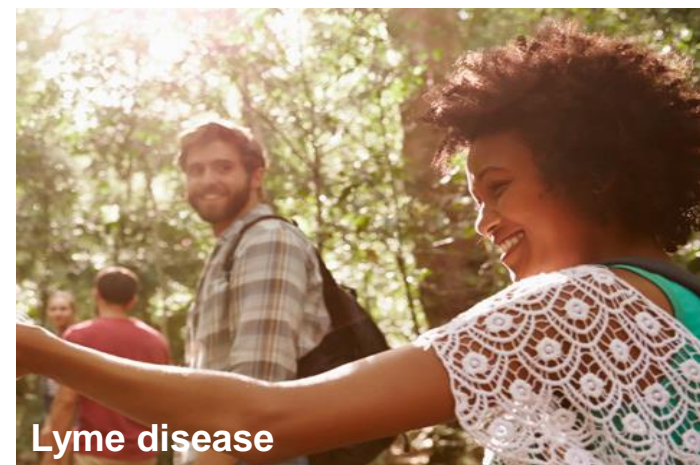
Product sales
€32.8m ↑

Direct sales
90.2% ↑

Gross margin
64.9% ↑

Cash generated
€5.3m ↑

Innovative R&D pipeline in areas of high unmet medical need



¹ CER at constant exchange rates as Q1 average Act 2019
*Third party products sold by Valneva's commercial organization



Valneva Reports Strong Q1 2019 Operating Results and Advances Key R&D Programs

Excellent financial results

- + Product sales €32.8m, 9% CER¹ growth
 - Further significant growth in IXIARO[®] revenues
- + Total revenues of €34.9 million
- + EBITDA of €8.2 million
- + Cash position of €68.1 million at end of March 2019

Two leading vaccine candidates are advancing, key milestones in Q2

- + Lyme disease vaccine candidate VLA15: Phase 1 data and first booster data reported, Phase 2 ongoing
- + Chikungunya vaccine candidate VLA1553: interim Phase 1 results delivered
- + R&D Investor Day planned in July 2019

¹ CER at constant exchange rates as Q1 average Act 2019

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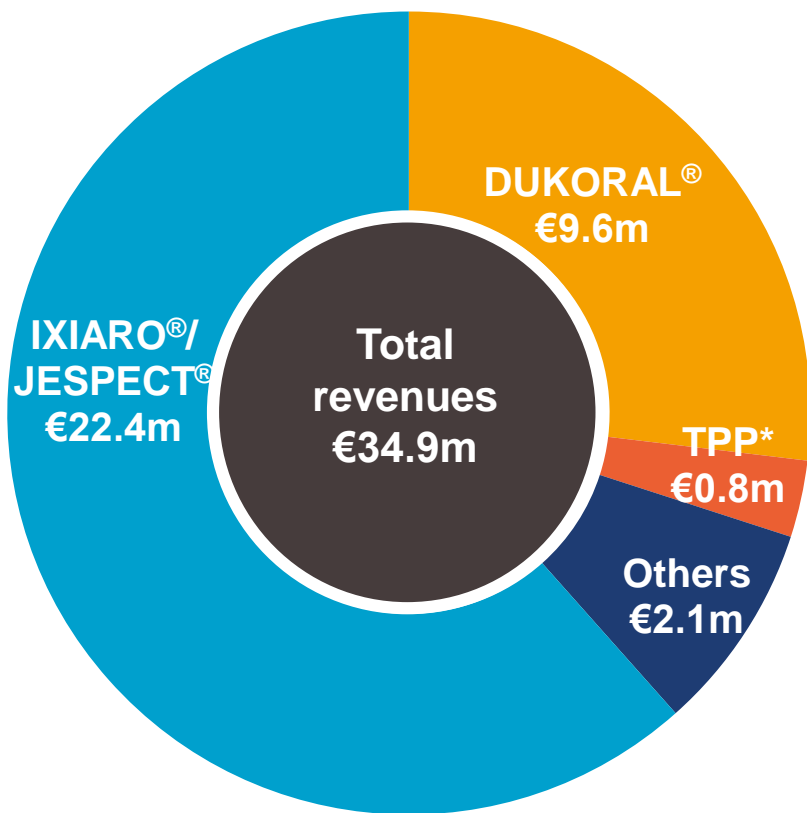
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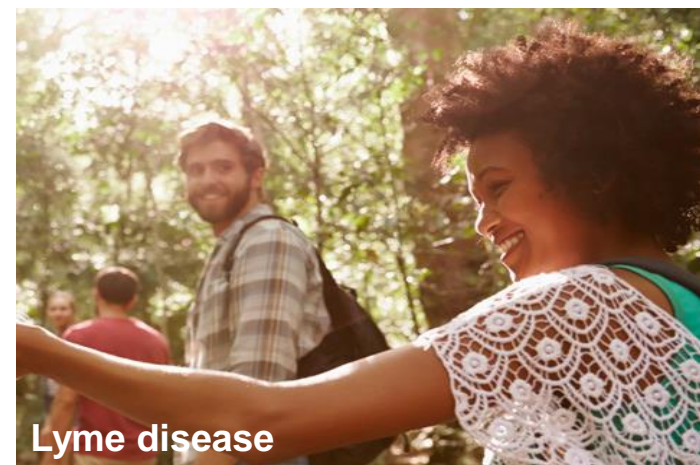
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Product Sales Analysis

Further Significant IXIARO[®] Revenue Growth

€m (CER ¹)	Q1 2018		Q1 2019 (unaudited)	
	Actual	CER	Actual	CER growth
IXIARO [®] /JESPECT [®]	18.2	19.2	22.4	17%
DUKORAL [®]	9.5	9.6	9.6	0%
Third party products	1.3	1.3	0.8	-41%
Total	28.9	30.0	32.8	9%

¹ CER at constant exchange rates as Q1 average Act 2019



Q1 2019 Profit & Loss Report (All figures at AER)

Excellent Financial Performance

€m	3 months ended March 31,	
	2019 (unaudited)	2018
Product sales	32.8	28.9
Revenues from collaboration, licensing and services	2.1	3.2
Revenues	34.9	32.1
Cost of goods and services	(12.2)	(13.0)
Research and development expenses	(6.3)	(5.8)
Marketing and distribution expenses	(5.6)	(6.0)
General and administrative expenses	(4.5)	(4.0)
Other income / (expense), net	0.8	0.8
Amortization and impairment	(0.7)	(0.8)
OPERATING PROFIT/LOSS	6.2	3.2
Finance, investment and income taxes	(1.4)	(1.7)
PROFIT/LOSS FOR THE PERIOD	4.9	1.5
EBITDA¹	8.2	4.9

¹ Q1 2019 EBITDA was calculated by excluding €2.0 million of depreciation and amortization from the €6.2 million operating profit as recorded in the condensed consolidated income statement under IFRS.



Q1 2019 – Net Operating Margin (All figures at AER)

Commercial Business Segment – Methodology

€m	3 months ended March 31,	
	2019 (unaudited)	2018
Product sales	32.8	28.9
Revenues from collaboration, licensing and services	0.0	0.0
Revenues	32.8	28.9
Cost of goods and services	(11.1)	(11.8)
Research and development expenses (commercial)	(1.1)	(1.5)
Marketing and distribution expenses	(5.5)	(5.9)
General and administrative expenses (allocation)	(2.7)	(2.4)
Other income / (expense), net	0.0	0.0
Amortization and impairment	(0.7)	(0.7)
NET OPERATING MARGIN	11.7	6.6
as % Revenues	35.7%	22.8%



Effects of IFRS16 adoption on Q1-2019 Balance Sheet items

Significant Increase in Assets and Liabilities

in €m	Finance Leases	Operating Leases	All Leases under IFRS16
Assets	26.0		50.3
Liabilities	(26.0)		(60.2)
Off Balance Sheet Rights / Obligations	---	24.4 (34.2)	---

Non-current assets

- + Q1-2019 includes shift of Finance lease of Vienna building from Property, Plant & Equipment to Right of Use Assets (€26.0m)
- + Q1-2019 includes capitalization of long-term lease contract for Solna production site (€23.5m) in line with adoption of IFRS 16 standard

Liabilities

- + include as of 2019 lease liabilities (including cost of capital component) of the Solna production site (€32.0m non-current / €1.0m current)



Effects of IFRS16 adoption on Q1-2019 P&L items

Improved EBITDA and Operating Profit

in €m	Finance Leases	Operating Leases	All Leases under IFRS16
OPEX (Rent excl. D&A)	---	0.5	---
EBITDA			0.5
Depreciation & Amortization	0.2	---	0.6
Operating Profit			0.1
Finance costs / Interest	0.2	---	0.5
Pre-tax profit			(0.1)

OPEX

- + Q1-2019 includes shift of rent expenses from Operating Lease contracts to D&A and Finance costs

EBITDA / Operating Profit

- + Resulting effects are an improved EBITDA, Operating Profit and reduction in Pre-tax profits

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Financial Outlook

Continued double-digit sales growth and positive EBITDA, higher R&D investment driven by clinical development progress

	2018	2019
Product sales revenues	€103.5m	€115m - €125m
Total revenues	€113.0m	€125m - €135m
R&D investments	€25.3m	€35m - €40m
Gross margin	60.7%	> 60%
Net operating margin ¹	24.1%	25% - 35%
EBITDA	€13.1m	€5m - €10m

¹ Net operating margin is based on the P&L for the Commercial Products segment including an allocation (56%) of G&A costs from Corporate Overheads and Amortisation of Intangibles related to IXIARO

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An exciting year ahead – Further double-digit product sales growth and significant R&D progress expected in 2019

15-20% CER product sales growth expected in 2019

Major confirmatory and supportive milestones for Lyme disease vaccine candidate (VLA15) - Dose selection data point mid 2019

**Development acceleration plan for chikungunya vaccine candidate (VLA1553)
- Final Phase 1 data mid 2019**

Strategic partnership progress

VLA R&D day on July 9th in New York

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Thank you
Merci
Danke
Tack

