Valneva SE
Analysts Presentation: Q2 / H1 2014

August 8, 2014

valneva

Disclaimer
Forward Looking Statements

These materials contain certain forward-looking statements relating to the business of Valneva SE (the "Company"), including with respect to the progress, timing and completion of the Company's research, development and clinical trials for product candidates, the Company's ability to manufacture, market, commercialize and achieve market acceptance for product candidates, its ability to protect its intellectual property and operate its business without infringing on the intellectual property rights of others, the Company's estimates for future performance and its estimates regarding anticipated operating losses, future revenues, capital requirements and its needs for additional financing. In addition, even if the Company's actual results or development are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of the Company's results or developments in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," or similar words. These forward-looking statements are based largely on the Company's current expectations as of the date of this presentation and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Company's expectations could be affected by, among other things, uncertainties involved in the development and manufacture of vaccines, unexpected clinical trial results, unexpected regulatory actions or delays, competition in general, the impact of the global credit crisis, and the Company's ability to obtain or maintain patent or other proprietary intellectual property protection. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made during this presentation will in fact be realized and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in these materials.

The Company is providing the information in these materials as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of contents

Valneva's Newsflow – H1 2014

May 2014

+ Valneva announces the first marketing approval in Europe for an EB66®-based veterinary vaccine

April 2014

+ Valneva and Adimmune Corporation partner to commercialize Japanese encephalitis vaccine in Taiwan

March 2014

+ New research agreement and transfer of an existing commercial agreement to Emergent Biosolutions for the development of vaccines in the EB66® cell line.
+ Aeras initiates phase II clinical trial of a tuberculosis vaccine candidate using Valneva's IC31® adjuvant
+ Approval and launch in South America of a second veterinary vaccine produced in the EB66® cell line
+ Continuation decision of the Phase II/III clinical trial for the Pseudomonas aeruginosa vaccine candidate
+ First ever marketing authorization for a human vaccine produced in the EB66® cell line

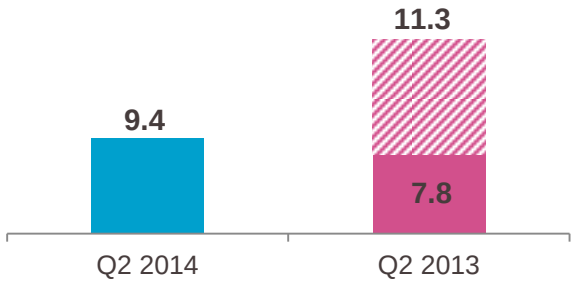
February 2014

+ Fourth antibody discovery program launched by Sanofi Pasteur

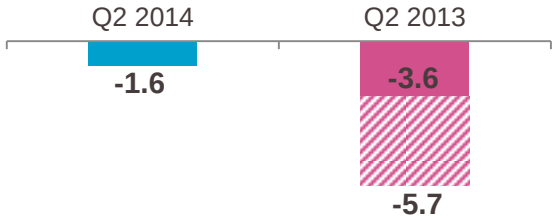
Table of contents

Key figures Q2 2014
IFRS unaudited, EUR million

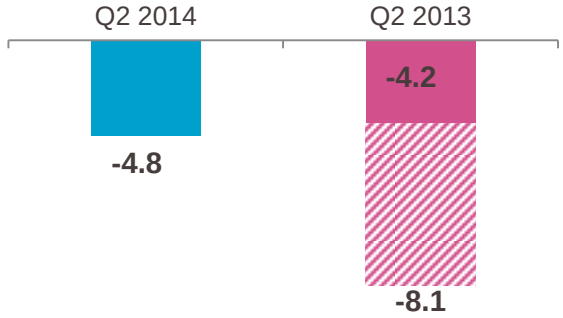
Revenues & grants



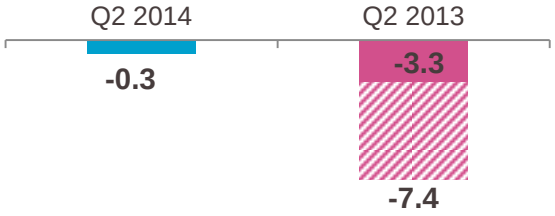
Cost of goods and services



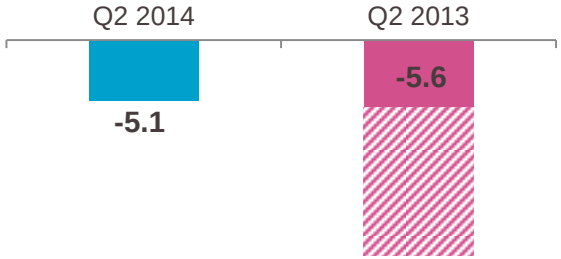
R&D expenses



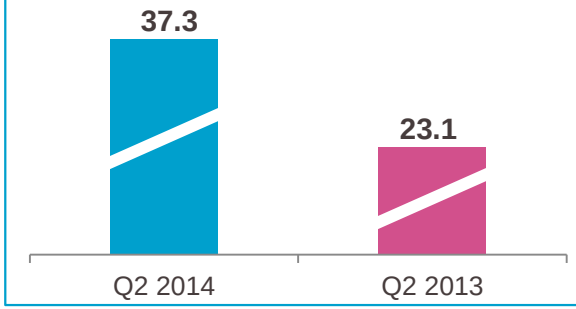
EBITDA***



Net loss



Cash**



* For detailed explanation of pro forma assumptions and reconciliation to IFRS results see the 2014 Half Year Financial Report, available on the Company's webpage www.valneva.com
** Cash, cash equivalents, short term deposits and financial assets at end of period
*** Calculated as operating loss deducting amortization depreciation & impairment

Q2 2014 Profit & Loss
IFRS, EUR in thousands

	Actual		Actual	Proforma*
	Q2 2014	H1 2014	HY1 2013	HY1 2013
Product sales	5,942	9,764	5,332	9,305
Revenues from collaborations, licensing & grants	3,434	6,707	4,339	8,060
Revenues and Grants	**9,376**	**16,471**	**9,671**	**17,365**
Cost of goods and services	(1,566)	(3,925)	(3,556)	(7,051)
R&D expenses	(4,814)	(10,590)	(7,026)	(16,388)
S,G&A expenses	(4,188)	(7,368)	(5,122)	(10,261)
Other income and expenses, net	(63)	(136)	(63)	601
Amortization of intangible assets	(3,266)	(5,421)	(1,350)	(2,467)
OPERATING LOSS	**(4,521)**	**(10,969)**	**(7,446)**	**(18,202)**
Finance & tax expenses, net	(551)	(1,214)	(668)	(3,772)
LOSS FOR THE PERIOD	**(5,071)**	**(12,184)**	**(8,114)**	**(21,975)**
EBITDA**	**(302)**	**(3,595)**	**(4,913)**	**(12,675)**

* For detailed explanation of pro forma assumptions and reconciliation to IFRS results see the 2014 Half Year Financial Report, available on the Company‘s webpage www.valneva.com
** Calculated as operating loss deducting amortization depreciation & impairment

HY1 2014 Financial Analysis

Compared to HY1 2014 pro forma figures *

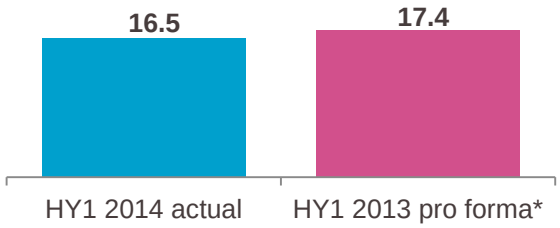
+ **Revenues**
  - › IXIARO® sales growth offset by change in revenue recognition for US military sales
  - › Slight overall decrease in revenues and grants of 5.2% in HY1 due to lower collaboration and licensing revenues
+ **Cost of goods and services**
  - › IXIARO® COGS benefitted from positive manufacturing variances (high capacity utilization and yields in HY1) which are expected to revert in HY2 during routine manufacturing shut-down and through inventory reduction
+ **Research and development expenses**
  - › Significant decrease from EUR 16.4m in HY1 2013 to EUR 10.6m in HY1 2014 – driven by cost synergies and R&D prioritization following the merger
+ **Sales, general and administrative expenses**
  - › Decrease in cost driven by lower sales costs following US military sales transition and by merger synergies
+ **Net result**
  - › Significant improvement in EBITDA and net loss compared to HY1 2013
+ **Cash position**
  - › Strengthened cash position of EUR 37.3m
  - › Benefited from positive operating cash flow in Q2 2014 and from EUR 8.6m net proceeds of equity issuance

* For detailed explanation of pro forma assumptions and reconciliation to IFRS results see the 2014 Half Year Financial Report, available on the Company‘s webpage www.valneva.com

Full year 2014 & outlook

Significant EBITDA improvement and reduction of net loss expected in 2014, EUR million

Revenues & grants

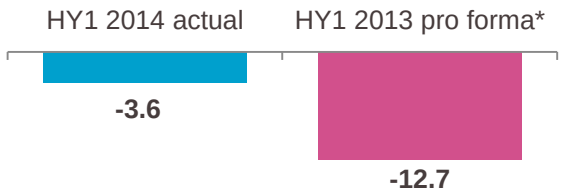


+ Significant revenue base from JEV product sales, licensing, collaborations and grants

EUR 40-45m revenues expected for FY 2014

(JEV sales growth offset by change in revenue recognition)

EBITDA

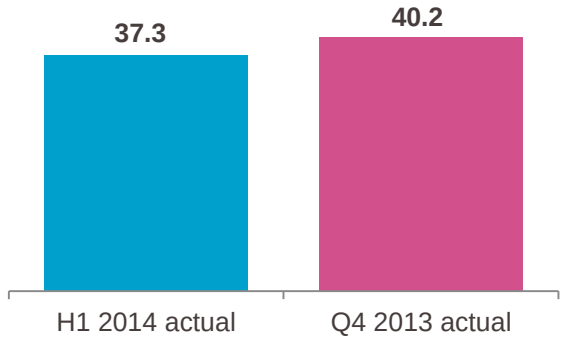


+ Focused spending in research and development, merger synergies effective in 2014

Significant improvement in operational results in 2014

(driven by merger synergies and savings in sales expenses)

Cash position



+ Cash outflow driven by R&D pipeline investments; EUR 8.6m proceeds from equity financing in Q2

Significant reduction of operating cash outflow expected for FY 2014

(strong cash position remains management focus)

* For detailed explanation of pro forma assumptions and reconciliation to IFRS results see the 2014 Half Year Financial Report, available on the Company's webpage www.valneva.com

Table of contents

IXIARO®/ JESPECT®

A marketed, unique product licensed in 35+ countries[7]

Japanese Encephalitis (JE): Most Common Viral Encephalitis in Asia[1]

+ JE is caused by a Flavivirus (like Dengue, Yellow Fever, Tick-borne Encephalitis)[2]
+ JE is the leading cause of viral neurological disease & disability in Asia[3]
+ JE results in 68,000 estimated symptomatic cases in Asia each year[4]
+ Between 1 in 25 and 1 in 1,000 infections lead to clinical disease[5]
+ Currently there is no effective treatment for JE[1]
+ JE is fatal in 20-30% of symptomatic cases and leaves half of the survivors with neurological sequelae[1]

Global Marketing and Distribution Agreements

US, EU, Asia[6]	NOVARTIS
Australia, New Zealand	CSL
India, Indian subcontinent[6] (local manufacturing based on Valneva's technology)	BE Biological E. Limited
Taiwan	Adimmune Corporation

The Product

+ Vero-cell derived, inactivated
+ No gelatin, no stabilizers
+ Alum-adjuvanted
+ Liquid formulation
+ 2 injections (day 0 and 28)
+ For travellers, including adults and children aged 2 months and above*
+ For military personnel (exclusive contract with US Department of Defense)[8]

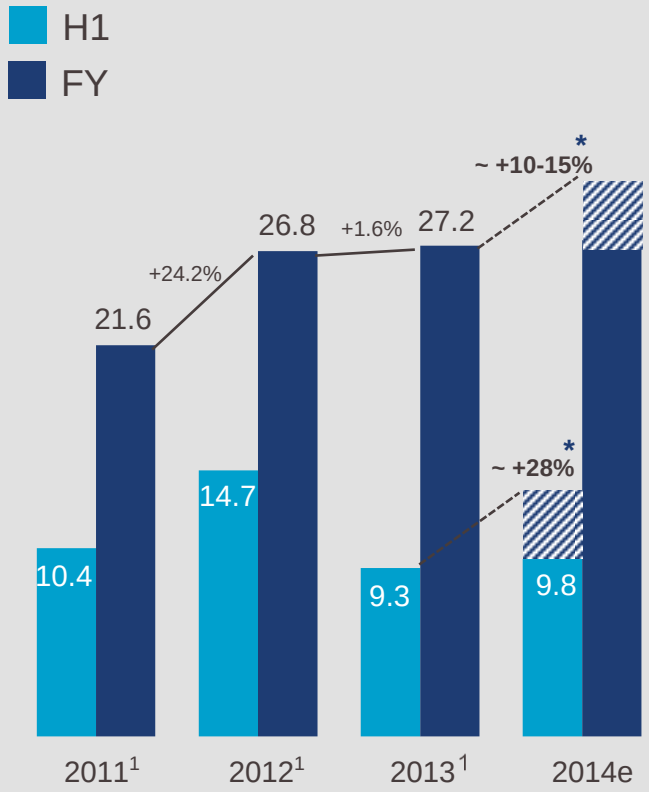
1 CDC. MMWR 2010;59:1-27; 2 CDC. MMWR 2010;59:1-27 Solomon T et al. J. Neurol. Neurosurg. Psychiatry 2000;68:405-415; 3 Solomon T et al. J. Neurol. Neurosurg. Psychiatry 2000;68:405-415; 4 WHO. Bull World Health Organ 2011; 89:766–774E.; 5 van den Hurk AF et al. Annu Rev Entomol 2009;54:17-35; 6 M&D rights, not yet approved or launched; 6 trade name JEEV®; 7 EU (28 countries), Norway, Lichtenstein, Iceland, Switzerland, Israel, Hong Kong, Singapore, Macau, USA, Canada, Australia, New Zealand; 8 PR Intercell 2009-05-08.

* **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. The currently available presentation for IXIARO® can be used in children from 3 years of age. Prior to availability of the new presentation, no attempt should be made to adjust the syringe volume or to administer a 0.25mL/3µg dose in children less than 3 years of age.**

IXIARO®/ JESPECT®

Towards continued growth of in-market sales and increased profitability

Product sales revenues in EUR m



H1 2014 sales analysis

+ Product sales show slight increase in H1 2014 vs H1 2013 despite changes to revenue recognition (Valneva now recognizes 2/3 of total sales to U.S.-Military compared to 100% in 2013)
+ On a like-for-like basis IXIARO®/JESPECT® revenues would have increased by 28% in the first half 2014
+ Product revenues have historically been lower in H1 compared to H2 due to timing effects of deliveries.

Business potential

+ Valneva expects product sales revenues of above EUR 17 m in H2 2014.
+ Military business driven by troop deployment to Asia and adoption of JE vaccination policy
+ Improved traveller penetration rates led by education and improved product features
+ Valneva has a gross margin target of ~50% on net sales revenues
+ Long term in-market global JEV business potential of ~EUR 150-200m[2]

1 Intercell pro forma product sales incl. sales before merger
2 Travel vaccine market to 2017, GBI Research published on 14 May 2013 / total JEV market potential / all markets

Table of contents

EB66®: A highly efficient platform for vaccine production

Over 35 agreements with the world‘s biggest pharmaceutical companies

EB66® cell line

+ Alternative to embryonated chicken eggs for large scale manufacturing of vaccines
+ Biological master file accepted by the US FDA
+ First human vaccine approved in 2014
+ First veterinary vaccine approved in 2012

EB66® most recent achievements

Muscovy duck parvovirus	The European Medicines Agency (EMA) validates the use of the EB66® cell line in vaccines with the approval of Merial’s EB66®-based vaccine against Muscovy Duck Parvovirus (MDP).
Inclusion body hepatitis virus	Peruvian company FARVET SAC receives marketing approval in South-America for its EB66®-based vaccine against inclusion body hepatitis virus (IBH).

A growing, revenue-generating franchise

+ EUR 30m in upfront, milestones and research fees received to date
+ Potential additional milestones of up to EUR 80m and royalty payments from existing licenses
+ Up to 5% royalties on sales
+ Selected licensees:

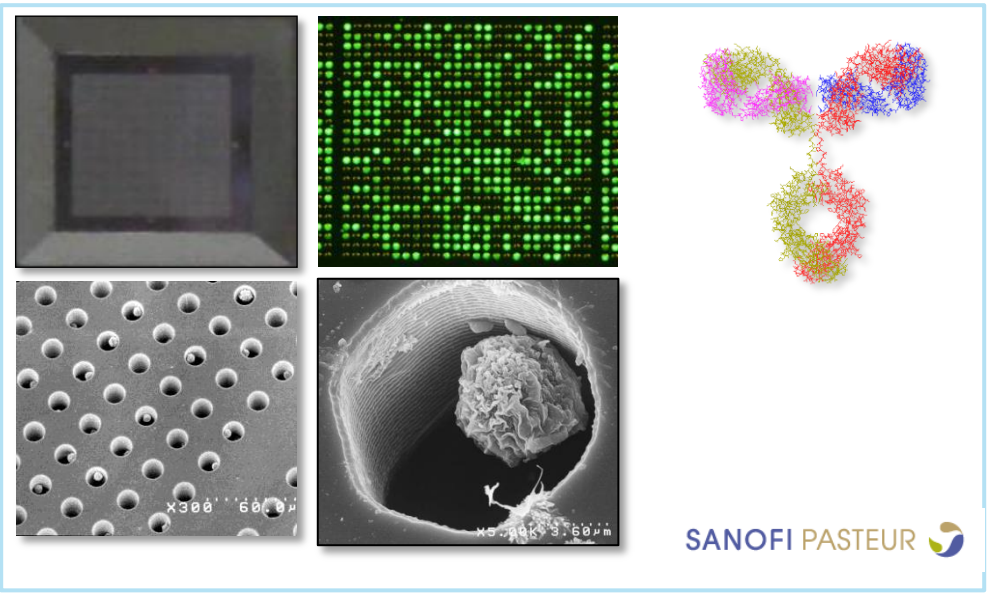
zoetis, gsk GlaxoSmithKline Biologicals, KAKETSUKEN, MERIAL, Boehringer Ingelheim, δ VIR, Daiichi-Sankyo, SANOFI PASTEUR, MSD Animal Health, transgene

VIVA|Screen®

A monoclonal antibody microarray-based discovery platform

VIVA|Screen®

+ Allows for the rapid high throughput discovery of rare fully human therapeutic antibodies directly from human donors
+ License agreement with Sanofi-Pasteur since 2010 in a number of selected infectious disease targets
+ Fourth monoclonal antibody discovery program for Sanofi Pasteur initiated on Valneva's proprietary single-cell screening platform VIVA|Screen®

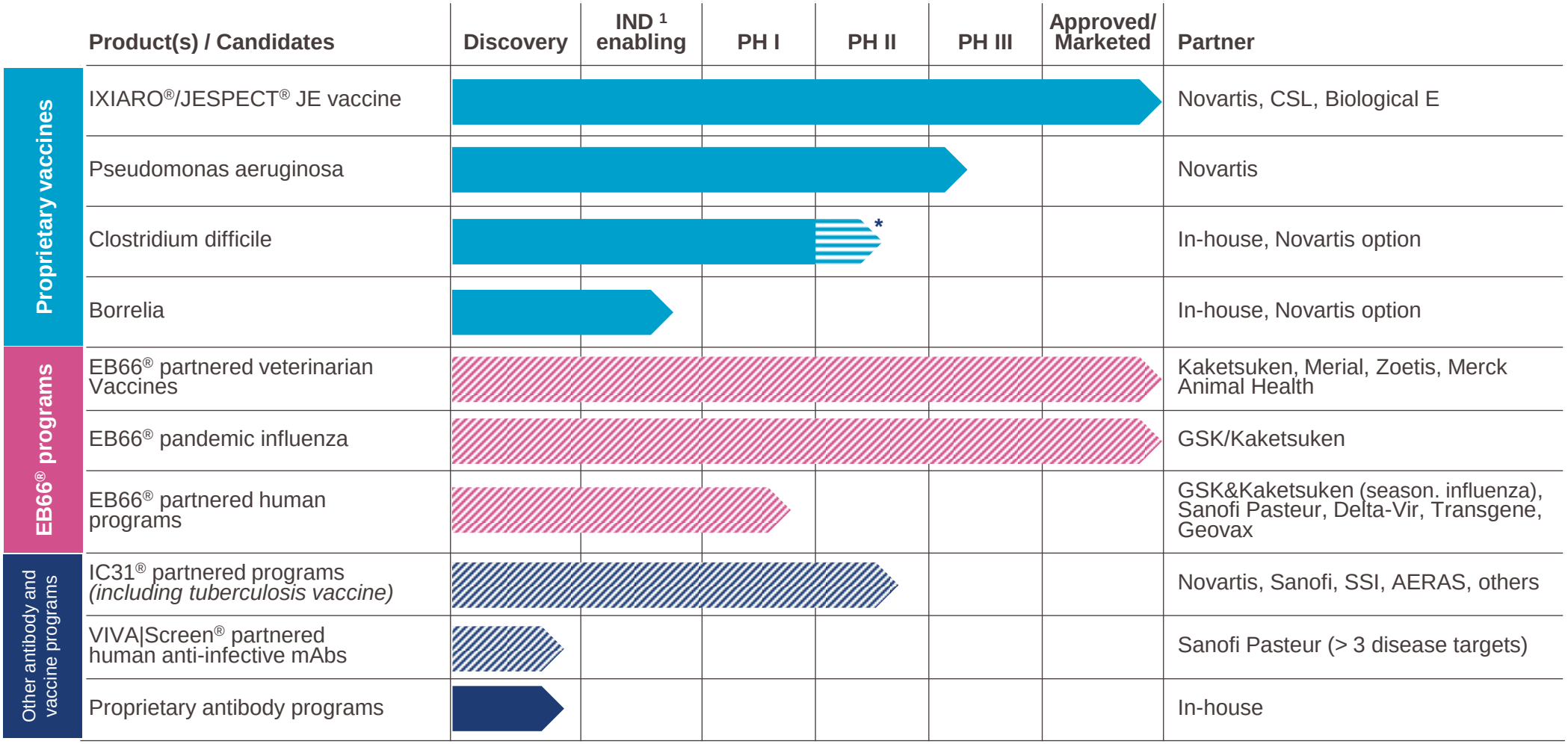


- **New Antibody Discovery collaboration with leading global Animal Health company**
- **Following change in strategy, Sanofi decided not to exercise certain options and delayed one program**
- **VIVA|Screen® strategy under review to explore options to maximize value of the platform**

Table of contents

Valneva's pipeline of commercialized and R&D assets

From discovery through to market – in-house and with partners



[1] Investigational New Drug

*: Phase II start expected in Q4 2014

solid color: in-house program

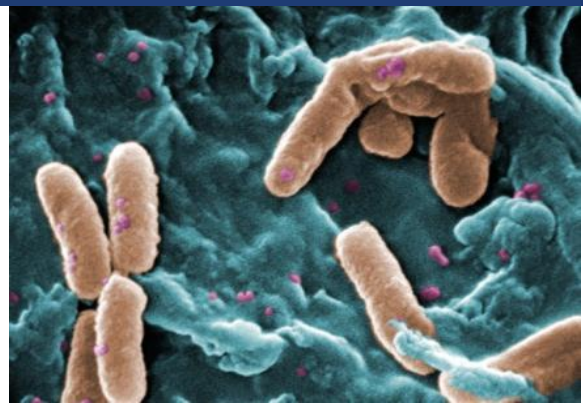
shaded color: program managed by partner(s)

Pseudomonas aeruginosa

Targeting an unmet medical need in hospital acquired infections

VLA43 vaccine candidate (Phase II/III)

+ Represents ~20% of all nosocomial infections[1,2]
+ Pseudomonas aeruginosa colonization of ventilated patients is associated with increased mortality rate[3]
+ Target population: 700,000 to one million intensive care unit patients on mechanical ventilation in the U.S. and Europe annually[4]
+ All-cause mortality rate of 20% to 40% (at day 28) in this target population[4]



Our product

+ Recombinant OprF/I fusion protein produced in *E. coli*
+ No preservatives
+ Liquid formulation
+ 2 injections (days 0 and 7)

Current development status

+ Current study targeting 800 patients / interim analysis after 400 patients completed
+ Reduction in mortality as primary endpoint / we consider ≥ 5% difference (absolute) licensable product
+ Trial progression after continuation decision in March according to plan; Data end 2015/early 2016
+ Current trial co-financed by Novartis / Novartis opt-in rights under pre-defined terms[5]

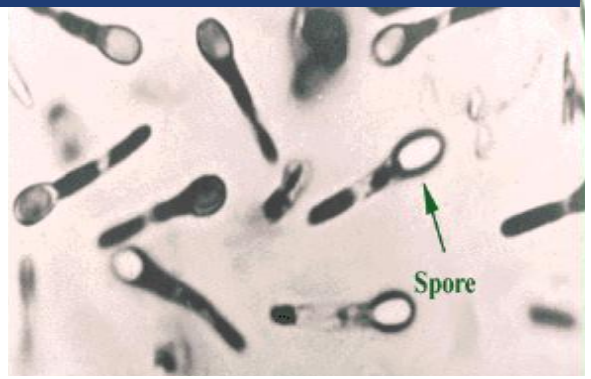
Sources:
1 Pseudomonas Infection, Selina SP Chen, Russell W Steele, MD – Chapter on Epidemiology http://emedicine.medscape.com/article/970904-overview#a0199;
2 Vincent JP et al, JAMA, 1995; p639-644; **3** Robert Koch Institut: Gesundheitsbericht des Bundes Heft 8
4 Valneva internal information; **5** Under SAA with Novartis: Intercell Annual report 2012, p. 39,45

Clostridium difficile

Main cause of nosocomial diarrhea

VLA84 vaccine candidate (Phase I)

+ 470,000 cases of Clostridium difficile (C. diff) estimated globally in 2013*,1
  - › 75 % of total cases reported in the US > linked to 14,000 deaths/yr (US)[2]
  - › Based on current incidence growth rates, number of primary cases expected to increase – lack of implementation of control measures and/or availability of vaccines
+ C. diff is associated with a significant economic burden due to prolongation of hospitalization[4]
+ Elective admissions and Long-term care facility residents (LTCF) seen as primary target groups
+ Toxin mediated disease where anti-toxin immunity can be protective[5]



Commensal bacterium of the healthy adult human intestine in 2-5% of the population[3]

Our product

+ Recombinant fusion protein of parts of Toxins A and B produced in *E. coli*
+ Alum-adjuvanted (if needed)
+ Liquid formulation
+ 3 injections

Current development status

+ Phase I in healthy adults and elderly successfully completed – vaccine highly immunogenic and generally safe
+ Positive FDA pre-IND meeting – confirming development approach
+ Phase II trial targeting immunogenicity, safety and Toxin-Neutralization for final vaccine candidate
+ Phase II in elderly (50yrs.+) to commence by the end of 2014
+ Novartis opt-in rights if Phase II successful under pre-defined terms[6]

Source picture: www.amozeshonline.com/bacteriology

1 VacZine Analytics Clostridium difficile prophylactic vaccines Market View, January 2014; **2** CDC MMWR (2012) Vol.61;

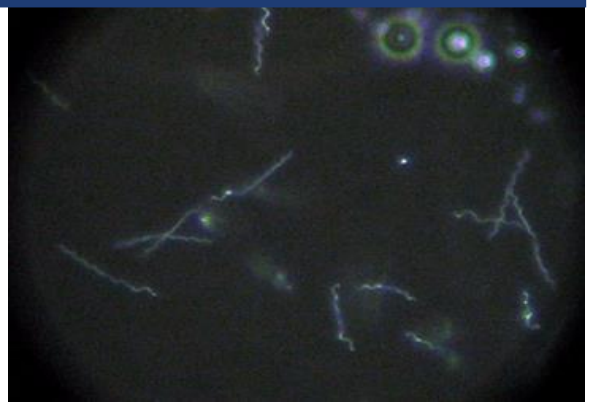
3 Ginamarie Foglia, Siddhi Shaha, Christine Luxemburger, Patricia J. Freda Pietrobon, Vaccine 30 (2012) 4307– 4309; **4** Dubberke ER, Clinical Infectious Diseases 55, no. suppl 2 (2012): S88-S92; **5** Kyne, L., M. Warny, A. Qamar, and C. P. Kelly. 2000. Asymptomatic carriage of Clostridium difficile and serum levels of IgG antibody against toxin A. N. Engl. J. Med. 342:390-397; * US, Canada, Australia; **6** Under SAA with Novartis: Intercell Annual report 2012, p. 39,45

Borrelia

Lyme borreliosis, a second emerging threat which comes with ticks

VLA15 vaccine candidate (pre-clinical development)

- Lyme borreliosis is the most common vector borne illness in the Northern Hemisphere
  - Europe: ~85,000[1] cases annually (WHO)
  - US: ~300,000[2] cases annually (CDC)
- Only transmitted by Ixodes ticks[3]
- A vaccine needs to target the outer surface protein A (OspA) of Borrelia; several serotypes are present



Our product

- Protein-based vaccine protective against the 3 major Borrelia species causing disease in EU[4]

Current development status

- Pre-clinical testing nearing completion
- IND submission initiated
- Development entry decision to be taken end 2014/early 2015
- Novartis opt-in rights if Phase II successful under pre-defined terms[5]

1 Estimated from available national data. However, this number is largely underestimated as case reporting is highly inconsistent in Europe and many LB infections go undiagnosed.
2 Latest data from the CDC (PR on Aug 19, 2013) claims 300,000 cases per year in the US annually
Source picture: PHIL – Public Health Photo Library **3** Stanek et al. 2012, The Lancet 379:461–473; **4** Manuscript in preparation; Patent application: WO 2014/006226 A1 (similar Baxter vaccine: Wressnigg et al. 2013, Lancet Infect Dis. 13:680-9.) **5** Under SAA with Novartis: Intercell Annual report 2012, p. 39,45

Table of contents

2014/15 Expected Key Milestones

Significant potential value inflection points

2014

+ Phase II/III study continuation Pseudomonas aeruginosa ✓
+ Market approval and launch of first human vaccine produced on EB66® ✓
+ New agreement to commercialize JEV vaccine in Taiwan (Adimmune Corp.) ✓
+ Publication of first Phase II data from IC31® Tuberculosis (Aeras) study
+ Phase II trial start for C. difficile vaccine candidate

2015

+ First Japanese stockpiling for EB66® based Pandemic influenza vaccine
+ Clinical entry (Phase I/II) for EB66® based seasonal influenza vaccines by GSK/Kaketsuken
+ First Phase II results for C.Diff vaccine candidate
+ Next Phase II/III results from Pseudomonas aeruginosa study

✓ *Completed*

+ Growth of IXIARO® sales and product profitability
+ Additional EB66®, IC31® and VIVA|Screen® licensing agreements
+ Financial progress towards mid-term financial break-even

Table of contents

Thank you
Danke
Merci

valneva