Valneva SE
Analysts Presentation: Q3/9M 2014

November 6, 2014

valneva

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Forward Looking Statements

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Valneva‘s Newsflow – Q3 2014

September 2014

+ Valneva and GlaxoSmithKline welcome the Texas A&M Inauguration of EB66®-based influenza vaccine facility in Texas, on Track for 2016 start-up phase
+ Launch of first internet driven Direct-To-Consumer campaign targeting general travel disease awareness by Valneva’s main distribution partner Novartis

August 2014

+ New EB66® cell line clinical development license agreement with US firm GeoVax Labs to develop MVA-based vaccines

July 2014

+ New antibody research collaboration and license agreement on VIVA|Screen® with a leading global animal health company

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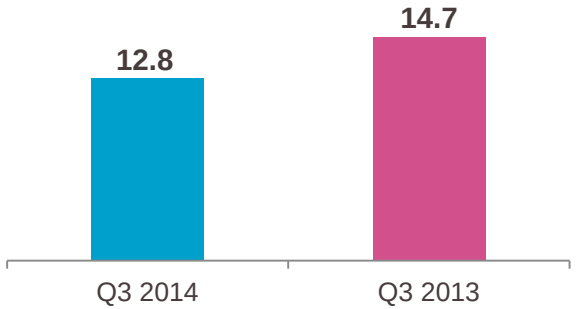
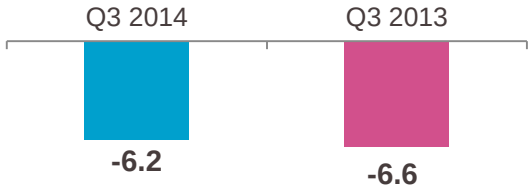
Key figures Q3 2014
IFRS unaudited, EUR million

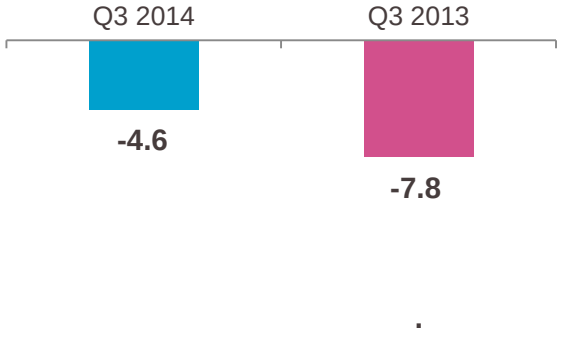
Revenues & grants



Cost of goods and services

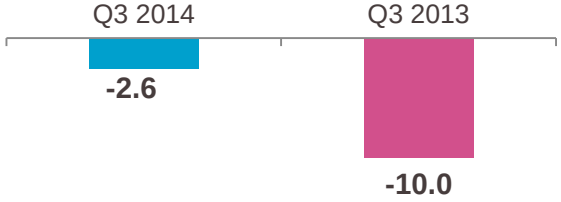


R&D expenses

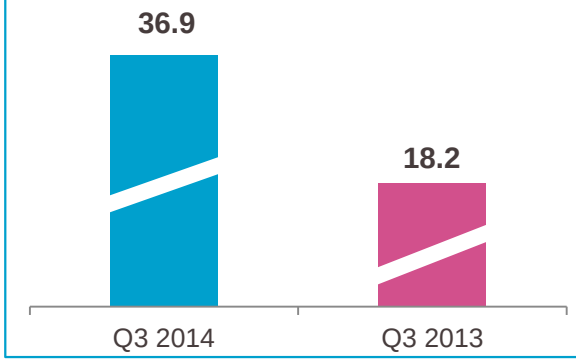


EBITDA*

Net loss



Cash**



* Calculated as operating loss deducting amortization depreciation & impairment
** Cash, cash equivalents, short term deposits and financial assets at end of period

Q3 2014 Profit & Loss

IFRS, unaudited EUR in thousands

	Actual		Actual	Pro forma*
	Q3 2014	9M 2014	9M 2013	9M 2013
Product sales	9,518	19,282	16,697	20,670
Revenues from collaborations, licensing, services & grants	3,326	10,034	7,654	11,375
Revenues and Grants	**12,844**	**29,315**	**24,351**	**32,045**
Cost of goods and services	(6,225)	(10,150)	(10,181)	(13,676)
R&D expenses	(4,630)	(15,220)	(14,841)	(24,204)
S,G&A expenses	(2,858)	(10,225)	(12,123)	(17,262)
Other income and expenses, net	(104)	(241)	(133)	530
Amortization and impairment	(2,024)	(7,446)	(3,340)	(4,457)
OPERATING LOSS	**(2,997)**	**(13,966)**	**(16,268)**	**(27,024)**
Finance & tax expenses, net	428	(786)	(1,813)	(4,918)
LOSS FOR THE PERIOD	**(2,568)**	**(14,752)**	**(18,082)**	**(31,942)**
EBITDA**	**(15)**	**(3,610)**	**(10,436)**	**(18,198)**

* For detailed explanation of pro forma assumptions and reconciliation to IFRS results see the 2014 Condensed consolidated financial report as of September 30, 2014, available on the Company's webpage www.valneva.com

** Calculated as operating loss deducting amortization depreciation & impairment

Nine months 2014 Financial Analysis

Compared to nine months 2013 pro forma figures*

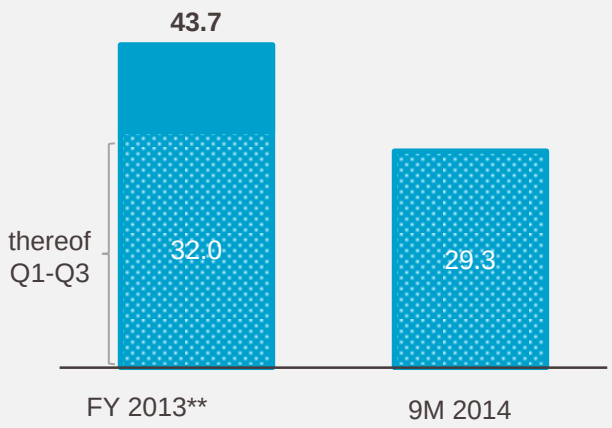
+ **Revenues**
  - › IXIARO® sales growth offset by change in revenue recognition for US military sales, leading to 6.7% yoy decrease
  - › Slight decrease in overall revenues and grants of 8.5% in Q3 YTD due to lower product sales and collaboration and licensing revenues, partly offset by grant income
+ **Cost of goods and services**
  - › Decrease in COGS primarily due to savings and improvements in manufacturing of IXIARO®; third quarter COGS higher then previous quarters as HY1 variabilities revert as expected
+ **Research and development expenses**
  - › Significant decrease from EUR 24.2m in Q3 YTD 2013 to EUR 15.2m in Q3 YTD 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 nine months 2013
+ **Cash position**
  - › Strong cash position of EUR 36.9m
  - › Benefited from positive operating cash flow in Q2 and Q3 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 Condensed consolidated financial report as of September 30, 2014, available on the Company's webpage www.valneva.com

Fully Year 2014 Outlook

Significant improvement of operational results expected for FY 2014*

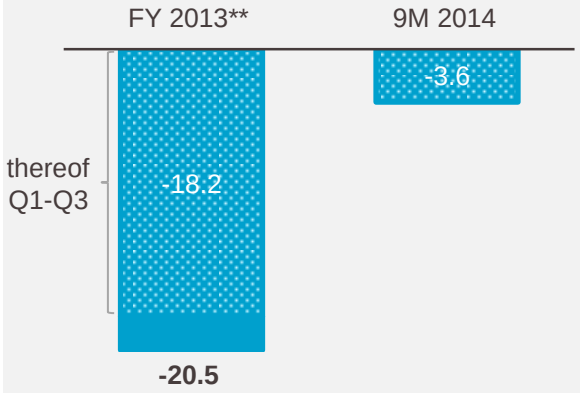
Revenue development (€m)



Outlook:

- FY 2014: expected overall revenues of EUR 40-45m
- Mid-term: growing revenues from Japanese Encephalitis vaccine, continued growth from EB66® existing revenue streams and further upside from pre-commercial products

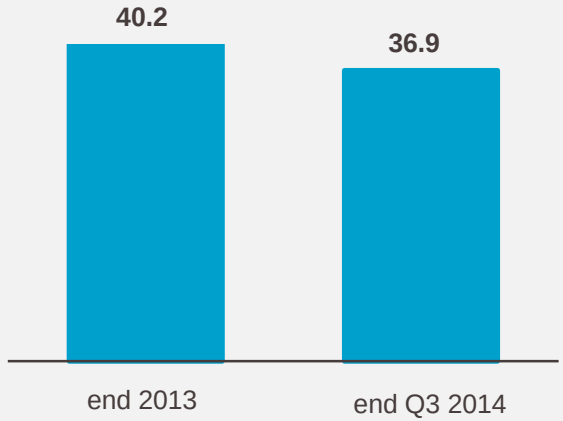
EBITDA development (€m)



Outlook:

- FY 2014: Significant improvement of operational result*
- Mid-term: Growing revenues to increasingly support development of product candidates - objective to be EBITDA profitable due to growing product sales

Cash development (€m)



Outlook:

- FY 2014: Significant reduction of operating cash outflow
- Mid-term: Solid cash position to remain continuous focus of management

* Improvement compared to 2013 FY pro-forma figures (excluding any non-cash amortization and impairment charges)
** Pro forma; for detailed explanation of pro forma assumptions and reconciliation to IFRS results see full Consolidated Financial Statements available on the Company's webpage www.valneva.com

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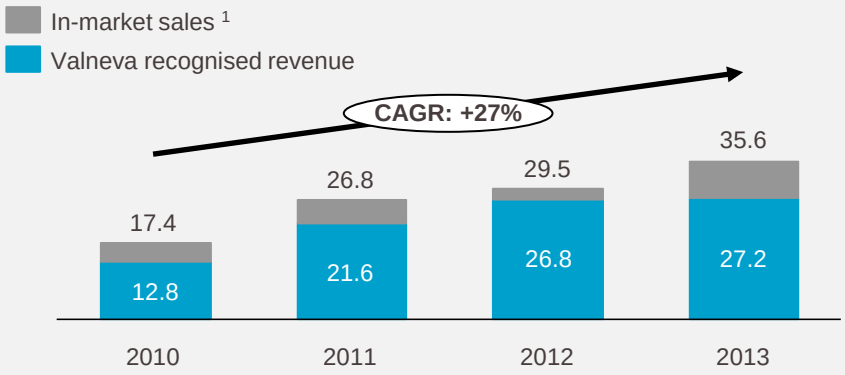
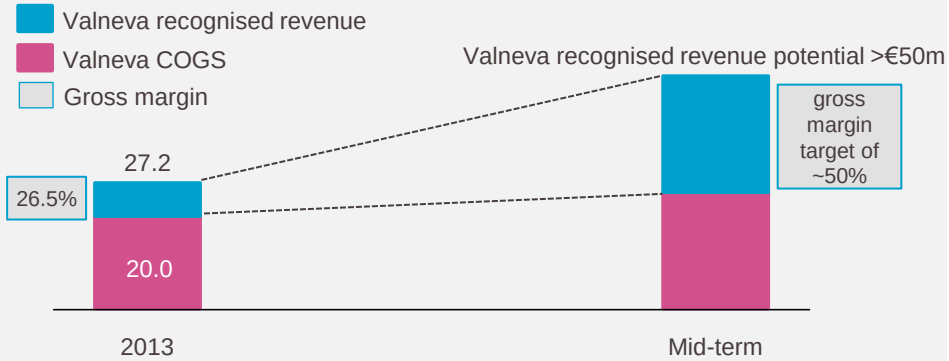
Japanese Encephalitis Vaccine

Successful commercialization with renowned partners, including Novartis

Historical sales growth* (EUR m)



Mid-term outlook (EUR m)



Marketing and distribution partnerships

NOVARTIS

+ IXIARO®
  - › US (military)
  - › Europe
  - › Asia[2]

CSL

+ JESPECT®
  - › Australia
  - › New Zealand

Revenue from transfer prices

Asian endemic partnerships

BE Biological E. Limited

+ JEEV®
  - › India, Indian subcontinent
  - › Produced locally based on Valneva's technology

Royalties

Adimmune Corporation

+ Local trade name (tbd)
  - › Taiwan
  - › Produced locally based on Valneva's bulk supply

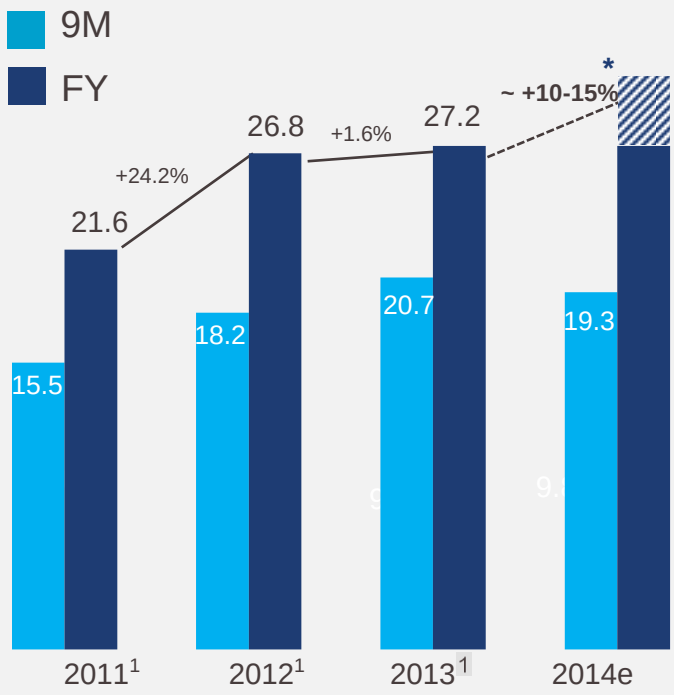
Revenue from transfer prices

1 Sales reports from partners; **2** M&D rights, product available in selected territories only
* 2010-2012 Intercell product sales before merger, 2013 pro forma sales

IXIARO®/ JESPECT®

continuous strong in-market sales growth and uptake in travelers

Product sales revenues in EUR m



*: Equivalent recognition of USM sales compared to previous year

1 Intercell pro forma product sales incl. sales before merger

9M 2014 sales analysis

+ 9M sales according to plan – double-digit in-market sales growth
+ Net sales revenues VLA slightly below 2013 with Q3 2014: EUR 9.5m (Q3 2013: EUR 11.4m):
  – Revenue recognition change for US military
  – Supply pattern to US military (Q3 2013 with ever received single largest order)

FY outlook

+ FY 2014 product net sales revenues expected in range of FY 2013 (EUR 27.2m) → solid double-digit year-on-year growth rate taking into account change in revenue recognition
+ Continuous focus on increasing public awareness as strongest growth driver for in-market sales

Launch of first internet driven Direct-to-Consumer campaign targeting general travel disease awareness

+ **DTC campaign focuses on increasing JE disease awareness amongst lay/ travelers through web 2.0 interactive media (FB, YouTube, twitter etc.) and viral video**
  - › JE indication unknown, risk unclear, few travelers seek consultation for JE prevention
    → Strong growth potential seen in lay segment but education needed
  - › First launch in DACH markets, followed by other key markets

+ **Video launched in Sept – followed by advertising campaign in the Fall**
  - › Campaign slogan: “The best protection is total isolation – or just get vaccinated”
  - › https://www.youtube.com/watch?v=vRpzo32kDtc

Video snapshot - The Asian inventor of the Isolator outfit as the ultimate protection against travel

Integrated marketing campaign – video to be accompanied by ads in selected magazines

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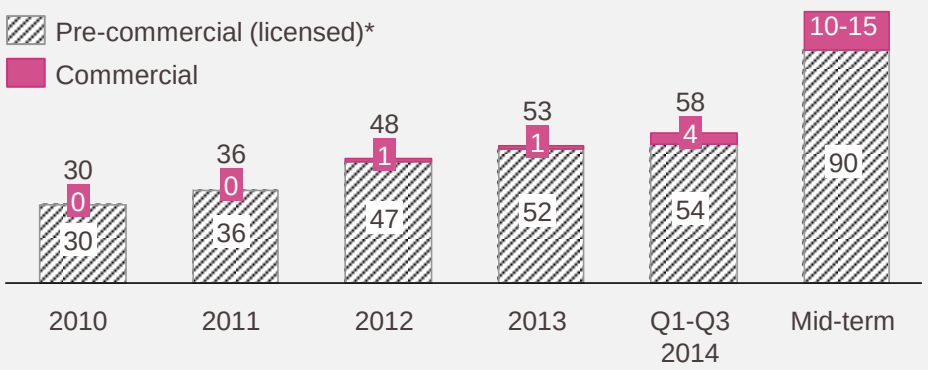
Commercial product: EB66® cell-based vaccine platform

A new standard in vaccine production

Revenue generating platform

+ Fully characterized cell-line (avian embryonic stem cell derived) for efficient large scale manufacturing of human and veterinary vaccines
+ Over 35 agreements with the world's biggest pharmaceutical companies and 7 new licenses signed on average every year
+ EUR 30m in upfront, milestones and research fees received YTD

Vaccines produced with EB66®



EB66®'s most recent achievements

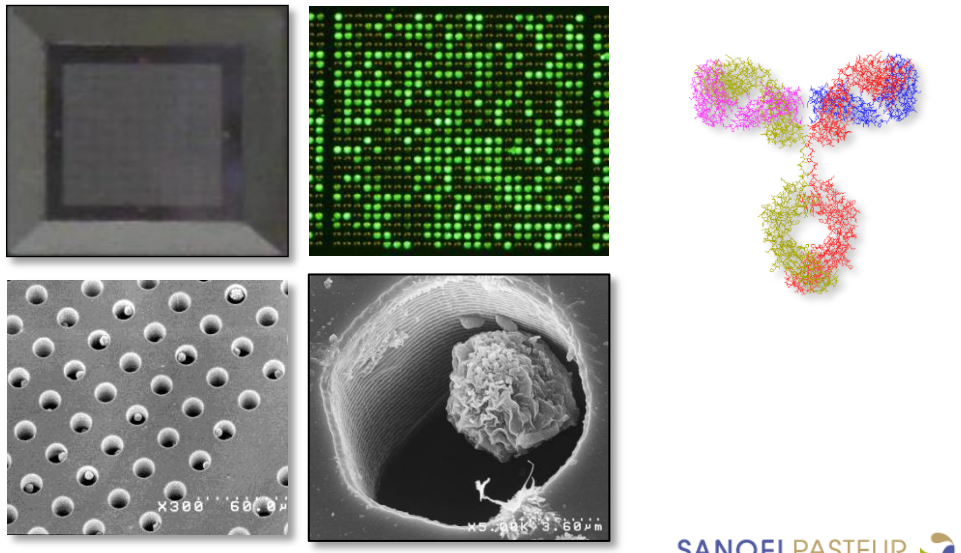
Inauguration of EB66®-based Influenza Facility in Texas (GSK)	site dedication of the EB66®-based pandemic influenza vaccine facility in Texas on track for completion of construction by end of 2015
New EB66® License Agreement with GeoVax	New clinical development license agreement with US firm GeoVax Labs, Inc. to develop MVA-based vaccines against HIV.
EB66® Licence Agreements Expected in Q4	Q4 2014: Valneva expects to announce additional EB66® cell line license agreements in the fourth quarter of the year.

Potential additional milestones of up to EUR 80m and royalty payments from existing licenses

* Estimates based on the licenses given to our partners

VIVA|Screen®
Antibody business strategy under review

VIVA|Screen®
+ Platform allowing 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 signed in July 2014



Valneva is reviewing strategy for VIVA|Screen® business – looking for new ways to maximise the platform value

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Pre-commercial product: Pseudomonas Aeruginosa vaccine

Potential blockbuster vaccine targeting hospital-acquired pneumonia

Pseudomonas Aeruginosa

+ Causes ~20% of all nosocomial (hospital-acquired) infections[1,2]
  - › Presence of Pseudomonas Aeruginosa in ventilated patients associated with increased mortality rate[3]
+ Target population: patients in the intensive care unit on mechanical ventilation
  - › Up to 1,000,000 in the US and Europe per year[4]
  - › All-cause mortality rate of 20% to 40% in this target population[5]

Current development status VLA43 (Phase II/III)

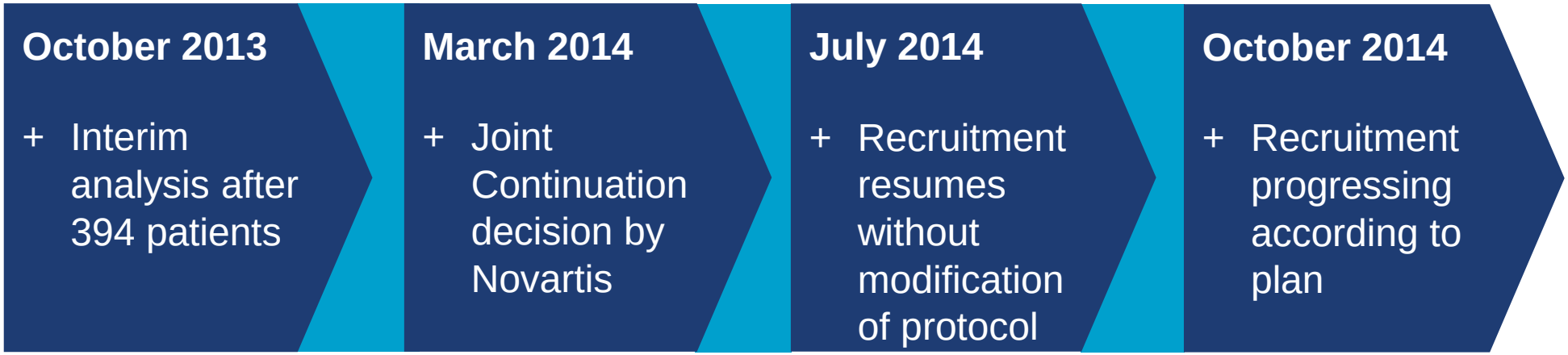
+ Phase II showed statistically significant reduction in mortality (day 28)[6]
+ Current study targeting 800 patients co-financed by Novartis[7]
  - › Reduction in mortality as primary endpoint
  - › We consider ≥5% absolute difference licensable product
+ Interim analysis after 400 patients[8]
  - › Joint continuation decision by Novartis and Valneva in March 2014 with trial progression according to plan
+ Results expected end 2015 / early 2016

Commercial position

+ Hospital-acquired pneumonia is a major healthcare burden with additional costs estimated ~USD10,000 per case[9]
  - › Medical need expected to result in fast adoption by specialist and insurers, even in case of modest efficacy
  - › Valneva has most advanced late-stage vaccine candidate of the industry
+ Market potential of USD 700m to USD1bn for US and Europe in target population
  - › Price assumption of ~USD 500 /dose (2 doses required)

Picture from www.rtmagazine.com; **1** Pseudomonas Infection, Selina SP Chen, Russell W Steele, MD – Chapter on Epidemiology www.emedicine.medscape.com **2** Vincent JP et al, JAMA, 1995; p639-644; **3** Robert Koch Institut: Gesundheitsbericht des Bundes Heft 8; **4** McConville, M.D., John P. Kress, M.D. Weaning Patients from the Ventilator, N Engl J Med 2012; 367:2233-2239; **5** Vincent et al, JAMA 1995; 274:639-644; **6** Valneva CSR IC43-201; **7** Novartis opt-in rights under pre-defined terms, under SAA with Novartis: Intercell Annual report 2012, p. 39,45; **8** Valneva PR 2013-10-30 and 2014-03-24. Fully blinded, analysis conducted by Data Monitoring Committee; **9** P.W. Stone, Economic burden of healthcare-associated infections: an American perspective. Expert Rev Pharmacoecon Outcomes Res. Oct 2009; 9(5): 417–422.

Pseudomonas:
Recruitment of Patients for Phase II/III Continuation progressing well



- **Targeting additional 400 patients across approx. 40 study sites (800 patients in total)***
- **Enrolment should be completed by mid-2015**
- **Next results expected end 2015 / early 2016**

*: Valneva is considering the option to extend the study if necessary

Pre-commercial product: Clostridium Difficile vaccine

Vaccine targeting healthcare-associated diarrhea, an increasing threat for elderly

Clostridium Difficile

+ Single most common pathogen of acute healthcare-associated diarrhea in the US[1]
  - › Estimated 470,000 cases of Clostridium Difficile globally in 2013[2]
  - › 75% of cases reported in US, incidence rising[3]
  - › Linked to 14,000 deaths per year in US[1]
  - › Estimated 172,000 cases in EU member states per year[4]
+ Target groups: elective admissions and long-term care facility residents

Current development status VLA84 (Phase I)

+ Phase I in healthy adults and elderly successfully completed
  - › Vaccine highly immunogenic and generally safe[5]
+ Positive FDA pre-IND meeting, confirming development approach[6]
+ Phase II for final vaccine candidate in elderly (≥ 50 years of age) to commence at the end of 2014/beginning of 2015
  - › Novartis opt-in rights[7]

Commercial position

+ Infections associated with significant economic burden due to prolongation of hospitalization[8]
+ One amongst three clinical stage programs in the industry
  - › Expected to enter market as number two
  - › Potential competitive advantage on more cost efficient production
+ Market potential of >EUR 500m for target groups
  - › Pricing expected to be ~EUR 25 per dose with US representing > 40% of projected value

Source picture: www.123rf.com; **1** CDC MMWR (2012) Vol.61; **2** VacZine Analytics Clostridium difficile prophylactic vaccines Market View, January 2014; **3** Magill S, Edwards J R, Bamberg W et al. Multistate Point-Prevalence Survey of Health Care–Associated Infections. New England Journal of Medicine 2014;370:1198-208; **4** Clostridium difficile infection in Europe. A CDI Europe Report.; **5** Valneva CSR IC43-201; **6** Valneva/FDA meeting minutes **7** if Phase II successful under pre-defined terms, under SAA with Novartis: Intercell Annual report 2012, p. 39,45; **8** Dubberke ER, Clinical Infectious Diseases 55, no. suppl 2 (2012): S88-S92;

Pre-commercial product: Lyme/Borreliosis vaccine

Vaccine targeting Lyme disease, a serious threat which comes with ticks

Lyme/Borreliosis

+ Is transmitted by Ixodes ticks[1], causing Lyme Borreliosis
+ Lyme disease is the most common vector borne illness in the Northern Hemisphere
  - › Estimated ~85,000 cases per year in Europe[2]
  - › Estimated ~300,000 cases per year in US[3]
+ A vaccine needs to protect against the major species causing the disease
  - › Targeting the outer surface protein A (OspA) of Borrelia (several serotypes present)

Current development status VLA15 (Pre-clinical)

+ Pre-clinical testing nearing completion
+ IND submission initiated
+ Development entry decision to be taken end 2014 / early 2015
+ Novartis opt-in rights[4]

Commercial position

+ One of only two multi-serotype targeting vaccine approaches in the industry
+ Market potential of >EUR 500m for Europe and US[5]
  - › Priority in Europe markets where high awareness on tick transmitted diseases exists
  - › In key high-incidence territories penetration rates of up to 10% can be expected, given likely reimbursement status
+ Expected to enter second to market by approximately 3 years

Source picture: PHIL – Public Health Photo Library; **1** Stanek et al. 2012, The Lancet 379:461–473;**2** 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, based on WHO Europe Lyme Report; ECDC tick-borne-diseases-meeting-report; **3** Latest data from the CDC (PR on Aug 19, 2013); **4** If Phase II successful under pre-defined terms, under SAA with Novartis: Intercell Annual report 2012, p. 39,45; **5** Estimate of Valneva, concentrated in private markets

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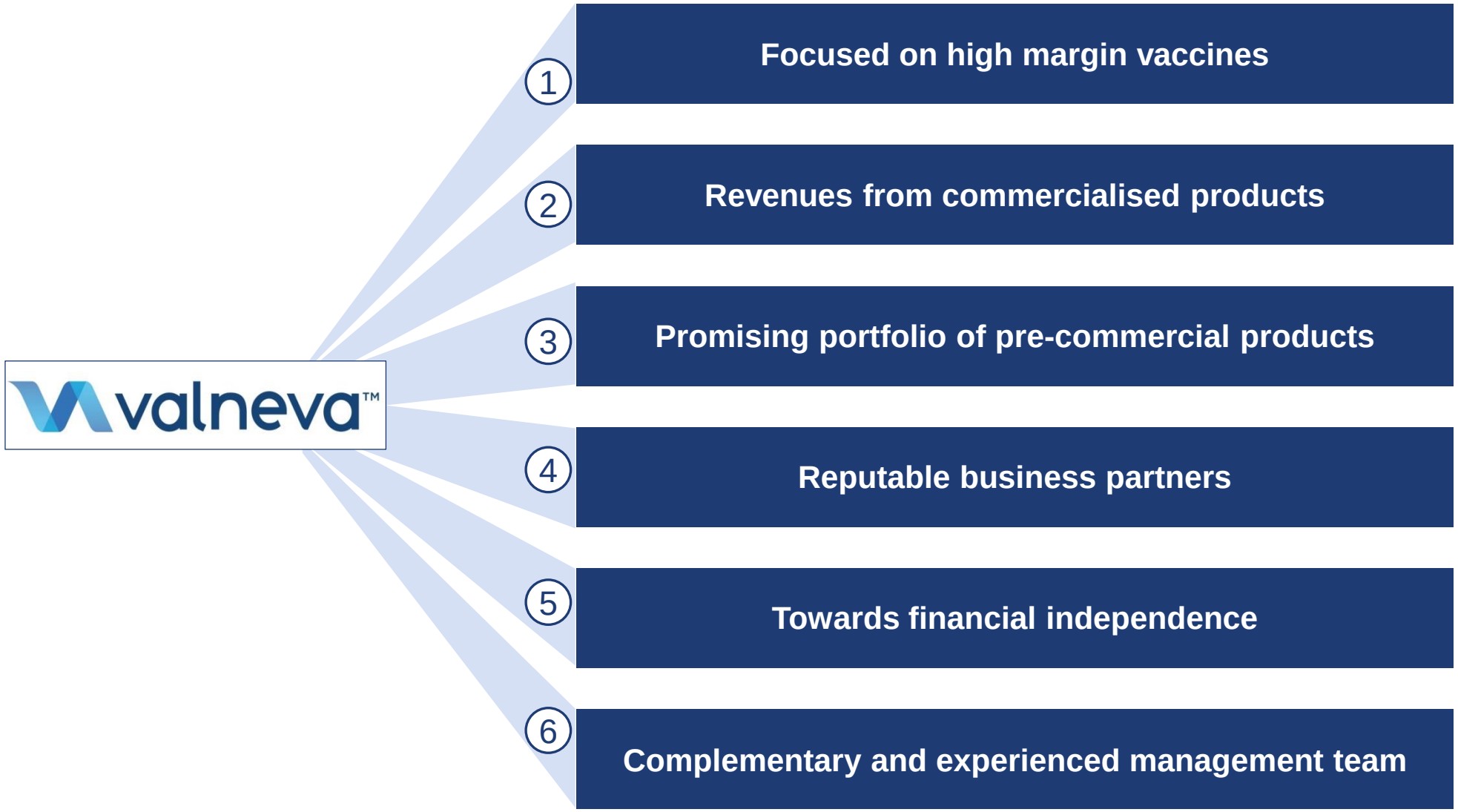
Event calendar and anticipated news flow

Continued progress reported and multiple near-term events ahead

	2014	2015
Commercial	✓ Market approval and launch of first human vaccine produced in EB66® cell line ✓ Market approval of additional EB66® -based veterinary vaccines	+ First Japanese stockpiling for EB66® based Pandemic influenza vaccine + Further growth of Japanese Encephalitis vaccine sales and product profitability
Licensing and partnerships	✓ New agreement with Adimmune Corp. to commercialise Japanese Encephalitis vaccine in Taiwan ✓ New antibody discovery collaboration & license agreement	+ Additional EB66®, IC31® and VIVA|Screen® licensing agreements
R&D	✓ Phase II/III study continuation Pseudomonas Aeruginosa vaccine candidate + First Phase II data from IC31® vaccine adjuvant Tuberculosis study + Phase II trial start for Clostridium Difficile vaccine candidate	+ Clinical entry (Phase I/II) for EB66® based seasonal influenza vaccines + First Phase II study results for Clostridium Difficile vaccine candidate + Phase II/III study results from Pseudomonas Aeruginosa vaccine candidate

Company highlights



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Thank you
Danke
Merci

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