Valneva presents its nine-month 2017 financial results

Analyst Presentation
November 9, 2017

valneva

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Agenda

1. Introduction – Highlights – Thomas Lingelbach

2. Financial report nine months 2017 – David Lawrence

3. Commercialized products – Franck Grimaud

4. R&D programs – Thomas Lingelbach

5. 2017 outlook – Thomas Lingelbach

6. Q&A

Valneva Nine-Month Results Highlights

Strong operational performance in first nine months 2017

+ Ongoing excellent revenue growth
  - › Driven by c20% Product sales growth
  - › Supplementary $39.6 million IXIARO® supply contract with US government announced this week
+ Strong EBITDA results >€12m
+ Positive operating cash flow of >€18 million

Major R&D progress and upcoming newsflow

+ Lyme Phase I study fully recruited
  - › Phase I data expected in Q1 2018
+ Two new Phase I trials to commence in Q1 2018
  - › Chikungunya (potential for unique profile)
  - › Zika (Partnership with Emergent BioSolutions)

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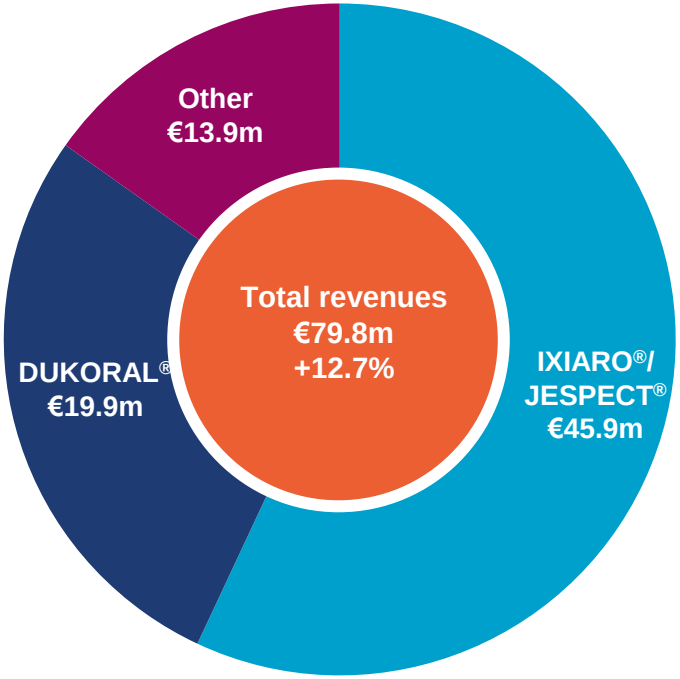
Valneva Nine-Month 2017 Results

Product sales growth meeting guidance, margin improvement

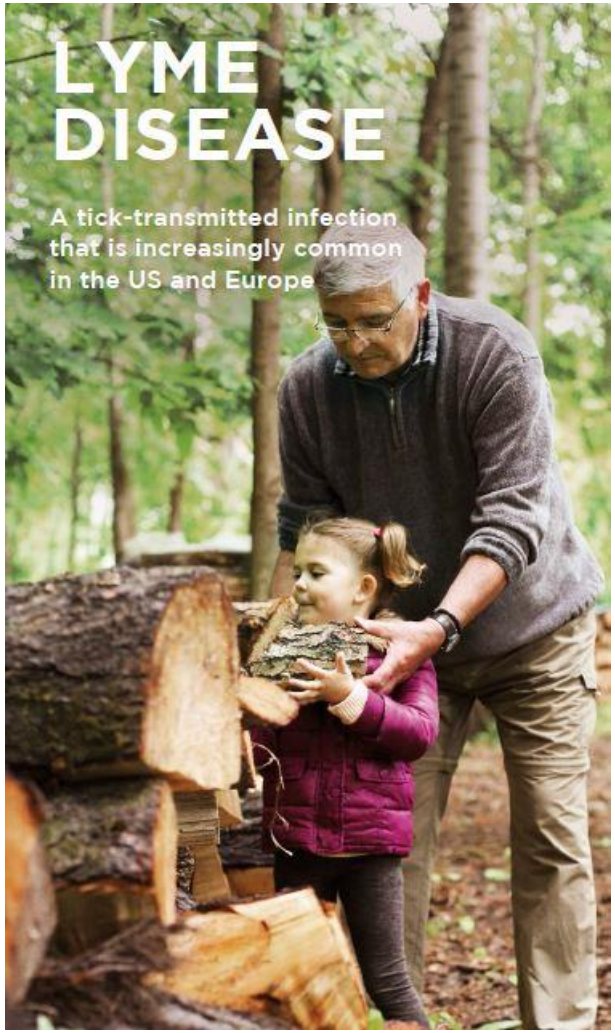


Product sales
€67.9m

Direct sales
70.8%

Gross
Margin
59.7%

Cash
generated
€18.3m



YTD Q3 2017 Profit & Loss (unaudited)

EBITDA Guidance increase to €10m - €13m

	€m - Nine months ended September 30,	
	2017	**2016**
Revenues and grants	**79.8**	**70.7**
Cost of goods and services	(32.1)	(30.0)
R&D expenses	(15.1)	(18.7)
Distribution and marketing expenses	(12.0)	(11.3)
General and administrative expenses	(11.1)	(10.4)
Other income / (expense)	(0.2)	23
Amortization and impairment	(9.0)	(39.5)
OPERATING PROFIT/(LOSS)	**0.2**	**(39.1)**
Finance results and tax	(8.0)	(7.3)
LOSS FOR THE PERIOD	**(7.8)**	**(46.5)**
EBITDA*	**12.3**	**3.5**

* Calculated by excluding amortization, depreciation and impairments from the operating profit/loss

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IXIARO®/JESPECT®

The only JE vaccine approved in the US and Europe

Japanese encephalitis vaccine

+ **Designed to protect travelers and military against Japanese encephalitis (JE)**
+ Indicated for active immunization against JE in **adults, adolescents, children and infants** aged two months and older[1]

Commercial position

+ Currently, **no effective treatment for the disease**[2]
+ Valneva's vaccine is the **only approved vaccine available for US and EU travelers**
+ Supply agreement in place with US military
  - › Only FDA approved JE vaccine
+ Chinese/Asian manufacturers mainly serve local public markets

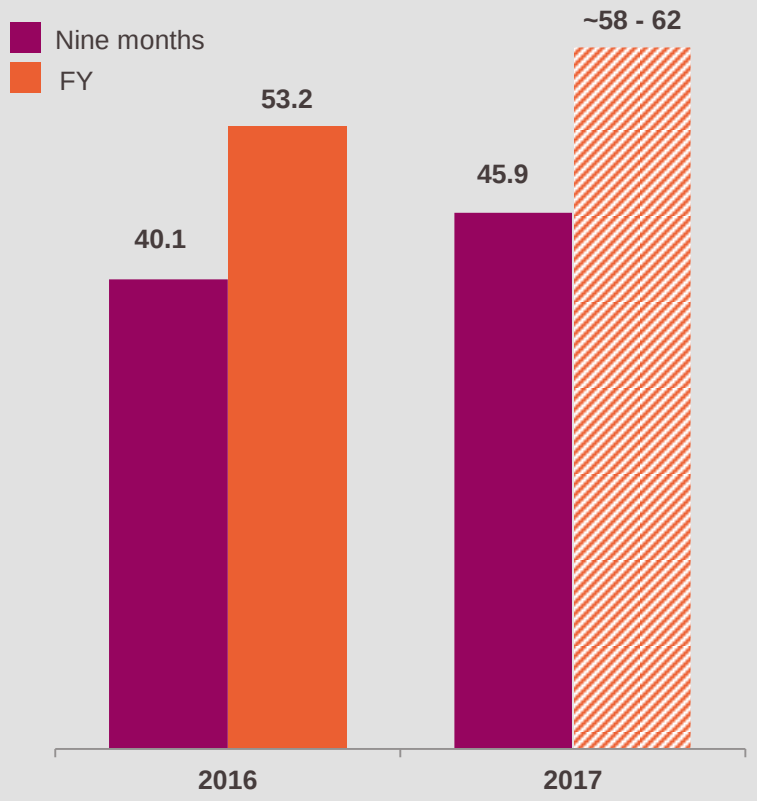
Market potential

+ **279 million travelers to Asia** in 2015[3]
  - › Travelers to Asia **expected to grow by 4.4% per year**[3]
+ **Global JE vaccines market valued at ~€150-200m**[4]
  - › Traveler 65%, Military 15%, Endemic 20%[4]
+ **Significant growth potential in key markets**

1 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; **2** CDC. MMWR 2010;59:1-27; **3** UNWTO Tourism Highlights 2016; **4** Nomura Code estimates (October 2012) and Valneva Management estimates;

IXIARO®/JESPECT®
Double digit revenue growth

Product revenues in € million



IXIARO®/JESPECT® nine month 2017 revenues

Nine-month 2017 product revenues rose to €45.9m
(compared to €40.1m in nine months 2016)

Significant growth was driven by:

+ Adoption of JE vaccination policy US DoD & order phasing
+ Increased penetration in key traveler markets including Germany, UK and Canada

Outlook

+ **Approximately 2/3 of JEV sales generated through Valneva commercial infrastructure**
+ **Valneva confirms its FY 2017 guidance of JEV revenues reaching approximately €60 million (€58 to €62 million)**

DUKORAL® :
The only cholera (ETEC[1]) vaccine available in EU, Canada & Australia

DUKORAL®

+ **For the prevention of diarrhea caused by *Vibrio cholera* (cholera) and/or heat-labile toxin producing enterotoxigenic *Escherichia coli* (ETEC)[1]**
+ In a number of countries including the EU, indicated to protect against cholera only
+ **Designed to protect adults and children** from two years of age who will be visiting endemic areas

Commercial position

+ **Only approved cholera vaccine available for European, Canadian and Australian travelers**
  - › WHO pre-qualification widely used in other countries
  - › Asian manufacturers predominantly serve local markets and primarily for cholera only

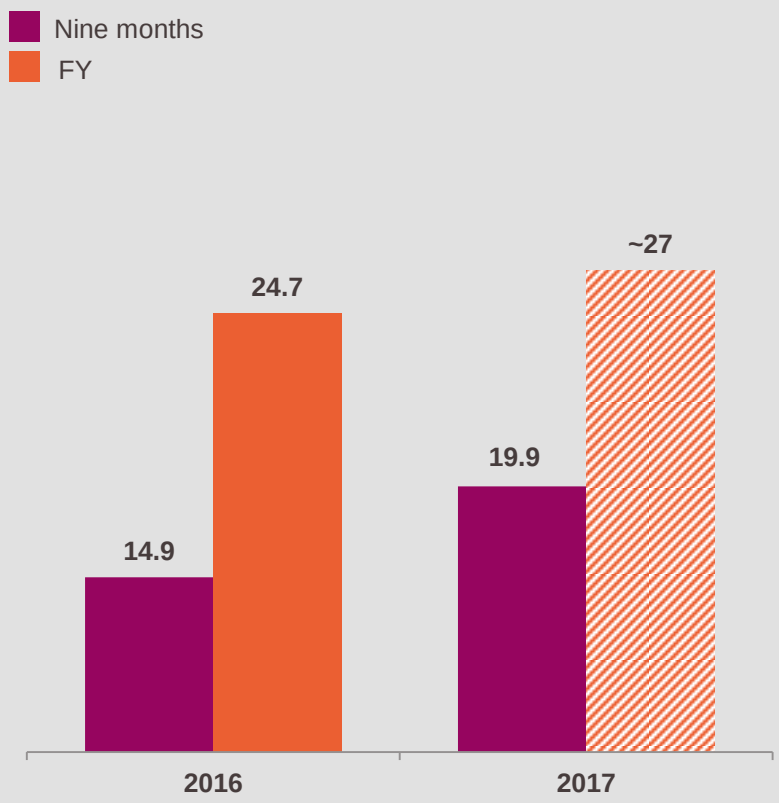
Market potential

+ **363 million travelers** to Asia/South America/Africa in 2015[2]
+ **Global Cholera/ETEC vaccines market valued at €283m**[3]
+ Ongoing travel to risk regions, improved awareness and travel recommendation updates to drive growth
+ **Canada, Sweden, Australia account for ~75% of Dukoral® sales**

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** UNWTO Tourism Highlights 2016; **3** ETEC/ Cholera = global predicted demand, source: PATH/bvgh "The Case for Investment in ETEC vaccines", March 2011 and VacZine Analytics TD 2011

DUKORAL®
Excellent sales performance in key markets

Product revenues in € million



DUKORAL® nine month 2017 revenues

Nine-month product revenues reached €19.9m
(compared to €14.9m in nine months 2016)

Significant growth of 34% was mainly driven by:
Strong sales in Canada and in the UK market

Outlook

+ **DUKORAL® nine-month revenues in line to meet guidance of ~€27m product sales in 2017**

+ **Continued sales growth expected through promotional efforts, geographic expansion and life cycle management**

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);

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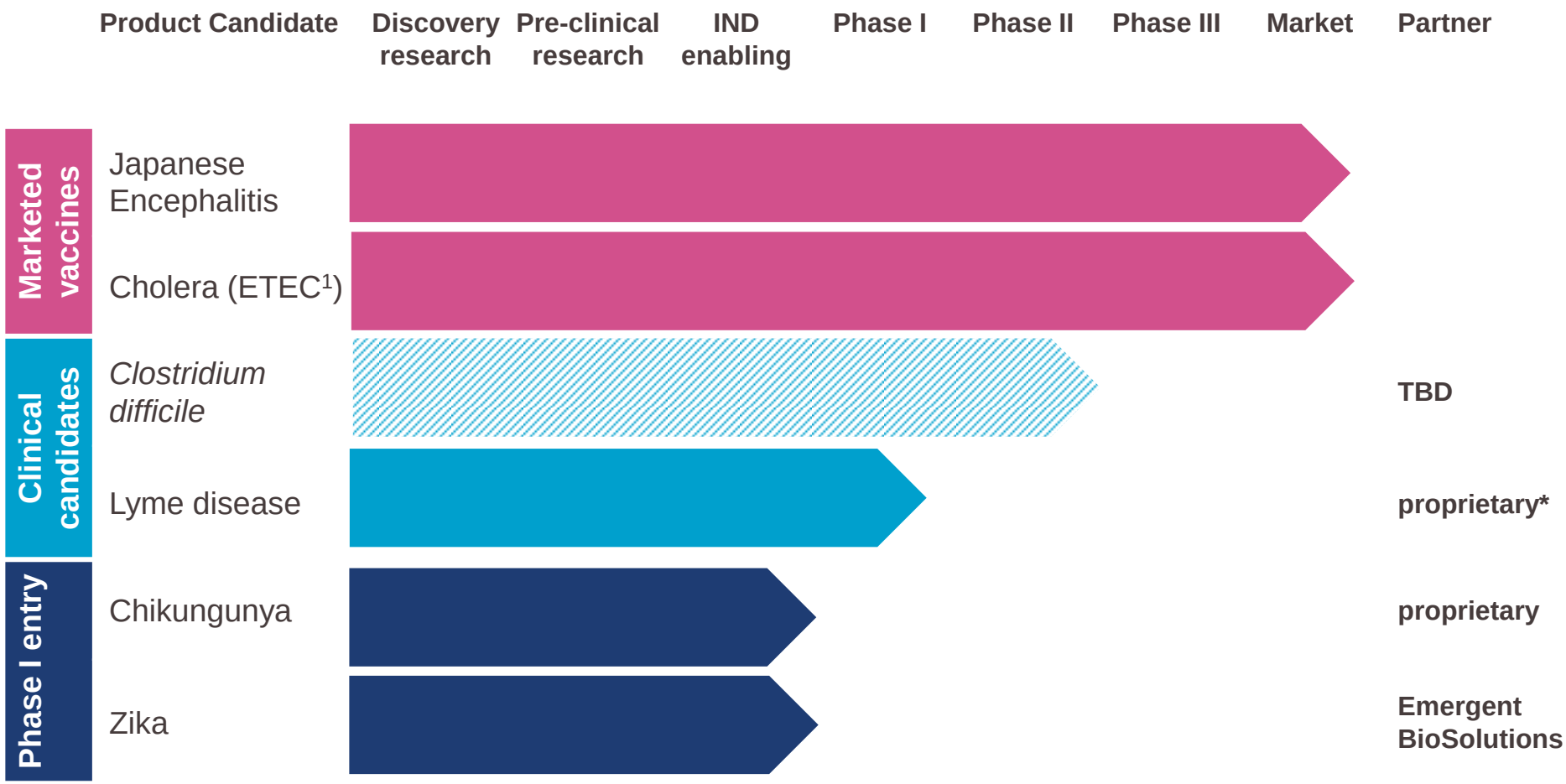
Valneva's pipeline

With a focus on urgently needed vaccines



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. / *Potential opt-in by GSK / co-development

Pre-commercial product: *Clostridium difficile* vaccine

Vaccine targeting healthcare-associated diarrhea, an increasing threat to the elderly in a $1 billion market[5]

Clostridium difficile (C. diff)

- **Single most common pathogen of acute healthcare-associated infections in the US[1] (~ 450,000 cases of annually and ~ 30,000 deaths[2])**
- **~ 172,000 cases in EU member states per year[3]**
- **Targeting primary prevention of *C. difficile***
  - Current antibiotic treatments have significant limitations with recurrence in ~20% of cases[4]

Valneva's vaccine candidate VLA84

- **One of three late stage vaccine candidates**
- **Modern, recombinant single subunit-toxin antigen (CTAB) expressed in e.coli w/o adjuvants**
- **Potential distinct competitive advantages on industrialization/future manufacturing**

Current development status VLA84

- **Phase II completed - Phase III ready**
- **Highly immunogenic in all age groups tested (strong immune responses to both C. diff toxins A & B)**
- **Good safety and tolerability profile confirmed**
- **Comparable immunological profile to other CDI clinical programs targeting primary prevention of CDI**

New development & partnering approach

- **Potential partners hesitant about level of Phase III investment required and investment-risk proposition**
- **VLA to use first CDI vaccine approval and consider "Head to Head" non inferiority Ph III on immunological correlate**
- **New approach expected to substantially improve investment-risk proposition for own or partnered development to market**

Source picture: www.123rf.com; **1** 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; **2** Lessa et al, Burden of Clostridium difficile Infection in the United States. N Engl J Med 2015;372:825-34. **3** Clostridium difficile infection in Europe. A CDI Europe Report.; **4** Leffler et al, Clostridium difficile infection. N Engl J Med 2015;372:1539-48; **5** VacZine Analytics Clostridium difficile prophylactic vaccines Market View, January; **6** G. de Bruyn et al. Vaccine 34 (2016) 2170-2178; *EOP2 – end of Phase II

VLA15: the only Lyme disease vaccine in clinical development

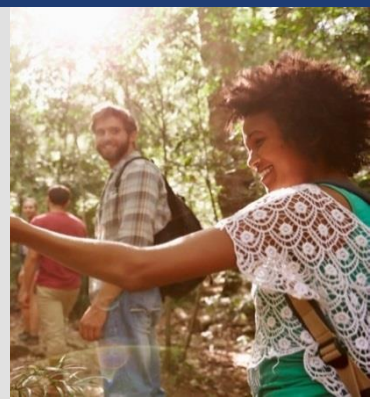
Market potential of approximately €700m - €800m[1]

Lyme disease

- Transmitted by Ixodes ticks[2], causing Lyme
- Most common vector borne illness in the Northern Hemisphere (~400,000 cases in 2015 in US[3] and at least ~200,000 cases per year in Europe[4])
- Delayed or inadequate treatment can lead to disabling sequels

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)



VLA15 Phase I trial ongoing in the US & EU

- Pre-clinical testing completed
  - Data showed that the vaccine has the potential to provide protection against the majority of Borrelia species pathogenic for humans[5]
- FDA Fast Track Designation received
- Phase I ongoing - subject enrolment completed

Acceleration towards Phase II

- Phase I data expected to be reported in Q1 2018, immediately followed by Phase II initiation
- Phase II preparations and consultations process initiated
- 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 based on reported cases in 2015; **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/

VLA1553: Chikungunya vaccine with differentiation potential

A potential single-shot vaccine against a spreading tropical threat

Chikungunya virus (CHIKV)

- **Chikungunya virus is a Togaviridae virus, transmitted by Aedes mosquitoes**
- **Outbreaks in Asia, Africa & Europe, most recently spread to the Americas (> 180,000 reported cases in 2016) [1]**
- **Disease outbreak with high attack rates, up to 50% of those infected experience prolonged symptoms or long term sequels**

Valneva's vaccine candidate

- **Monovalent, single dose, live attenuated virus vaccine (Δ5nsP3)[2]**
- **Grown on Vero cells**
- **Protective against various CHIKV outbreak phylogroups & strains[3]**

Current development status VLA1553 (IND-enabling)

- **Pre-clinical testing completed**
  - Data from non-human primates (NHP) have shown that the vaccine has a good safety profile and the potential to provide long term protection against Chikungunya after a single immunization
- **Program under IND**
- **Preparations for Phase I initiation completed**

Phase I to be initiated in early 2018

- **Phase I initiation (U.S.) in early 2018**
- **Phase I to evaluate safety and immunogenicity in approx. 120 subjects and to confirm antibody persistence (≥6m)**
- **Primary target population are travelers to endemic regions and military, public endemic market and emergency stockpiling as secondary target populations**

1 PAHA/WHO data: Number of reported cases of Chikungunya Fever in the Americas - EW 33 (August 19, 2016); **2** CHIKV LR2006-OPY1 infectious clone was attenuated by deleting large part of gene coding nsP3 (alphavirus-replicase; **3** Hallengärd et al. 2013. J Virology 88:2858–2866.

VLA1601: vaccine combatting the global threat of Zika

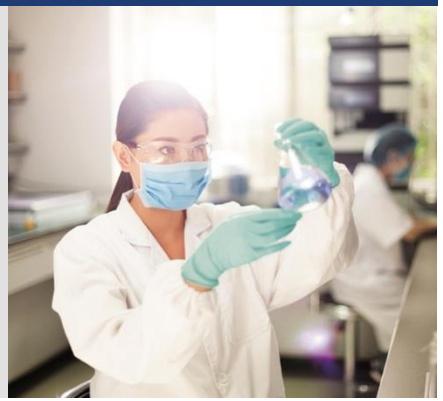
Valneva & Emergent BioSolutions joining forces to accelerate development

Zika virus

- **Zika virus is a Flavivirus, transmitted by Aedes mosquitoes**
- **Most common symptoms are flu-like symptoms lasting between two to seven days. No specific treatment available**
- **Scientific consensus that Zika virus causes microcephaly / severe brain defects in newborns / Guillain-Barré syndrom[2] in adults**

Valneva's vaccine candidate

- **Highly purified inactivated vaccine (PIV)**
- **Developed using Valneva's proven and licensed inactivated JE vaccine platform**



Current development status VLA1601 (PIV)

- **Pre-clinical testing** demonstrated excellent purity, in-vivo neutralization and overall a biological, chemical and physical profile comparable to IXIARO®
- **Phase I preparation ongoing**
- **Co-development deal with Emergent BioSolutions including opt-in post Phase I** (in exchange for a €5m opt-in milestone payment; potential additional milestones of up to €44m* and royalties on future sales)

Phase I to be initiated in early 2018

- **Phase I to evaluate safety and immunogenicity. Data in 2018**
- **Priority for people traveling to or living in endemic regions, including potential preparedness for stockpiling**

1 https://www.cdc.gov/zika/transmission/index.html **2** http://www.who.int/mediacentre/factsheets/zika/en/

* Related to product development, approval, commercialization, and product sales, and royalties on annual net sales

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2017 financial outlook

Continued revenue growth and positive EBITDA trend

	2016 Actual	2017 Outlook	Growth
Revenues	€97.9m	€105 – 115m	up to 17% growth vs. 2016
Product sales	IXIARO® €53.2m DUKORAL® €24.7m	€58 – 62m €27m	10 – 15% <10%
R&D expenditure	€24.6m	€23 – 25m*	–
EBITDA	€2.8m	€10 – 13m	x3.5 to x4.5 vs. 2016

* Due to external R&D costs expected later in the year

Valneva – Exciting Upcoming Newsflow

+ **Further Expansion of Commercial infrastructure to Support Sales Growth**

+ **Chikungunya Phase I commencement in early 2018**
+ **Zika Phase I commencement in early 2018**
+ **Lyme Phase I results in Q1 2018 followed by Phase II**
+ **Lyme R&D/Investor Day(s) end of Q1 2018**

+ **Additional EB66® and IC31® licensing agreements**

Thank you
Merci
Danke
Tack

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