Valneva presents its FY 2017 financial results

Analyst Presentation
March 22, 2018

valneva

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Agenda

1. Introduction – Highlights – Thomas Lingelbach

2. Financial report FY 2017 – David Lawrence

3. R&D programs – Thomas Lingelbach

4. 2018 outlook – David Lawrence

5. Q&A

Valneva 2017 performance at a glance

A strong year for Valneva

Delivered on financial targets	+ Sales +15% vs. 2016 + EBITDA €10.8m vs. €2.8m in 2016
Executed well on key growth drivers	+ Increased product adoption in main markets + Additional IXIARO® supply contract with U.S. government + Took over direct commercial control in U.S. private market
Advanced R&D pipeline	+ FDA Fast Track for Lyme, Phase I fully recruited + Signed collaboration agreement for Zika vaccine + Prepared Zika & Chikungunya Phase I for initiation in 2018
Strengthened the management	+ Appointment of David Lawrence as CFO + Appointment of Wolfgang Bender, MD, PhD as CMO

Recent Key R&D newsflow in 2018

February 26, 2018

Zika: Emergent BioSolutions and Valneva Initiate Phase I Clinical Study to evaluate their vaccine candidate VLA1601

March 13, 2018

Chikungunya: Valneva initiates Phase I clinical study to evaluate its single-shot vaccine candidate VLA1553

March 19, 2018

Lyme disease: Valneva reports positive Phase I interim results for its Lyme vaccine candidate VLA15

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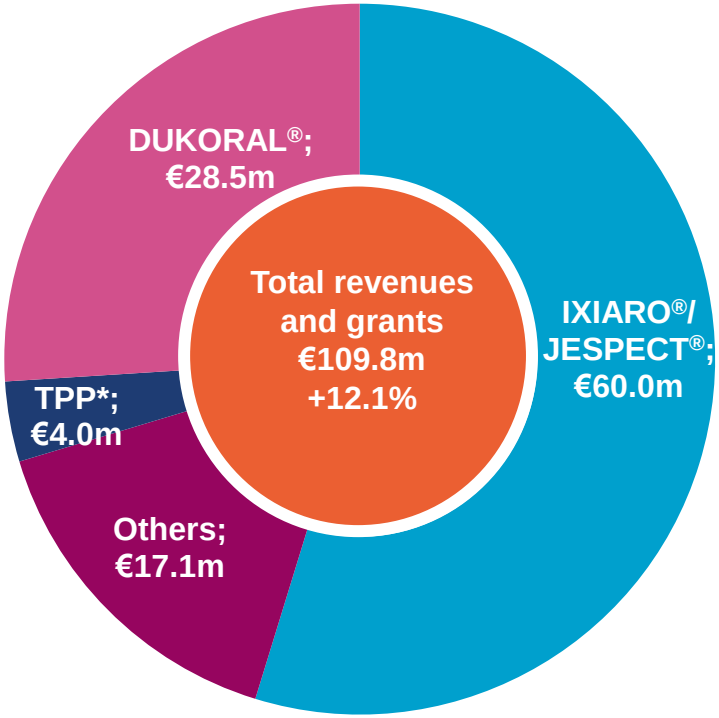
Valneva‘s Two Main Value Drivers

Product sales revenues growth of 15% and R&D progression

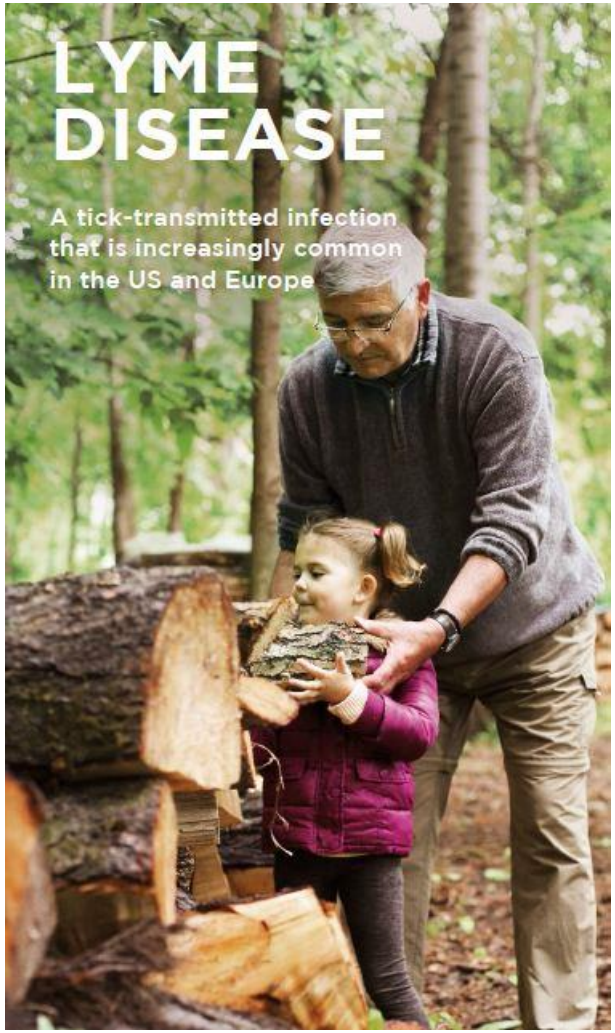


Product sales
€92.6m

Direct sales
73.5%

Gross Margin
58%

Cash generated
€12.8m



* Third party products

Full Year 2017 Profit & Loss

Strong sales and EBITDA performance

€m	12 months ended December 31	
	2017	2016
Revenues and grants	**109.8**	**97.9**
Cost of goods and services	(46.0)	(43.1)
R&D expenses	(23.4)	(24.6)
Distribution and marketing expenses	(17.9)	(16.6)
General and administrative expenses	(15.5)	(14.4)
Other income / (expense)	(0.2)	(0.5)
Amortization and impairment	(10.7)	(41.2)
OPERATING PROFIT/(LOSS)	**(4.0)**	**(42.6)**
Finance results and tax	(7.5)	(6.6)
LOSS FOR THE PERIOD	**(11.5)**	**(49.2)**
EBITDA*	**10.8**	**2.8**

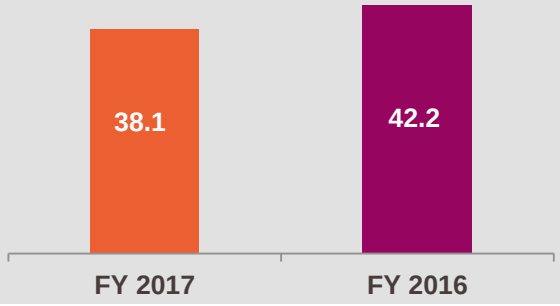
* Calculated by excluding amortization, depreciation and impairments from the operating profit/loss

Full Year Revenue analysis 2015 - 2017

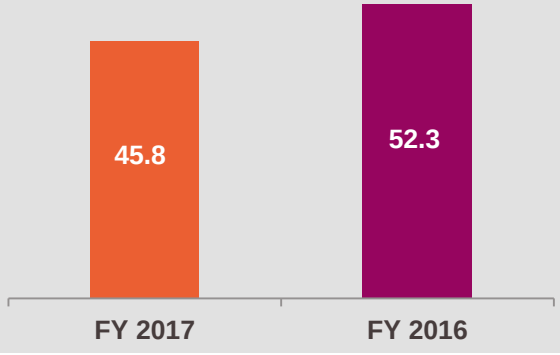
€m	2015	2016	2017	2018 Guidance
Product sales revenues				
IXIARO®/JESPECT®	30.6	53.0	60.0	
DUKORAL®	21.0	24.6	28.5	
Third party products	9.9	2.9	4.0	
Total products	**61.5**	**80.4**	**92.6**	**> 100**
Other revenues	16.8	13.6	12.7	
Grants / R&D tax credits	5.0	3.8	4.5	
Total revenues & grants	**83.3**	**97.9**	**109.8**	**110 - 120**

Strong cash position at end of 2017 boosted by positive cash flow

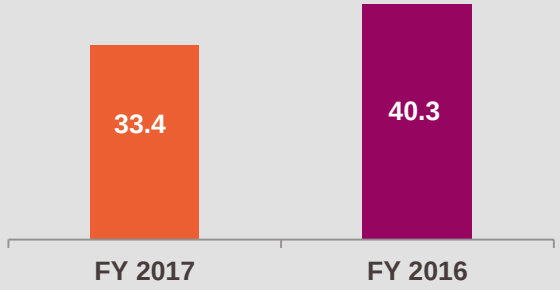
Cash (€m)



Working capital (€m)



Net debt (€m)



Operating cash-flow (€m)

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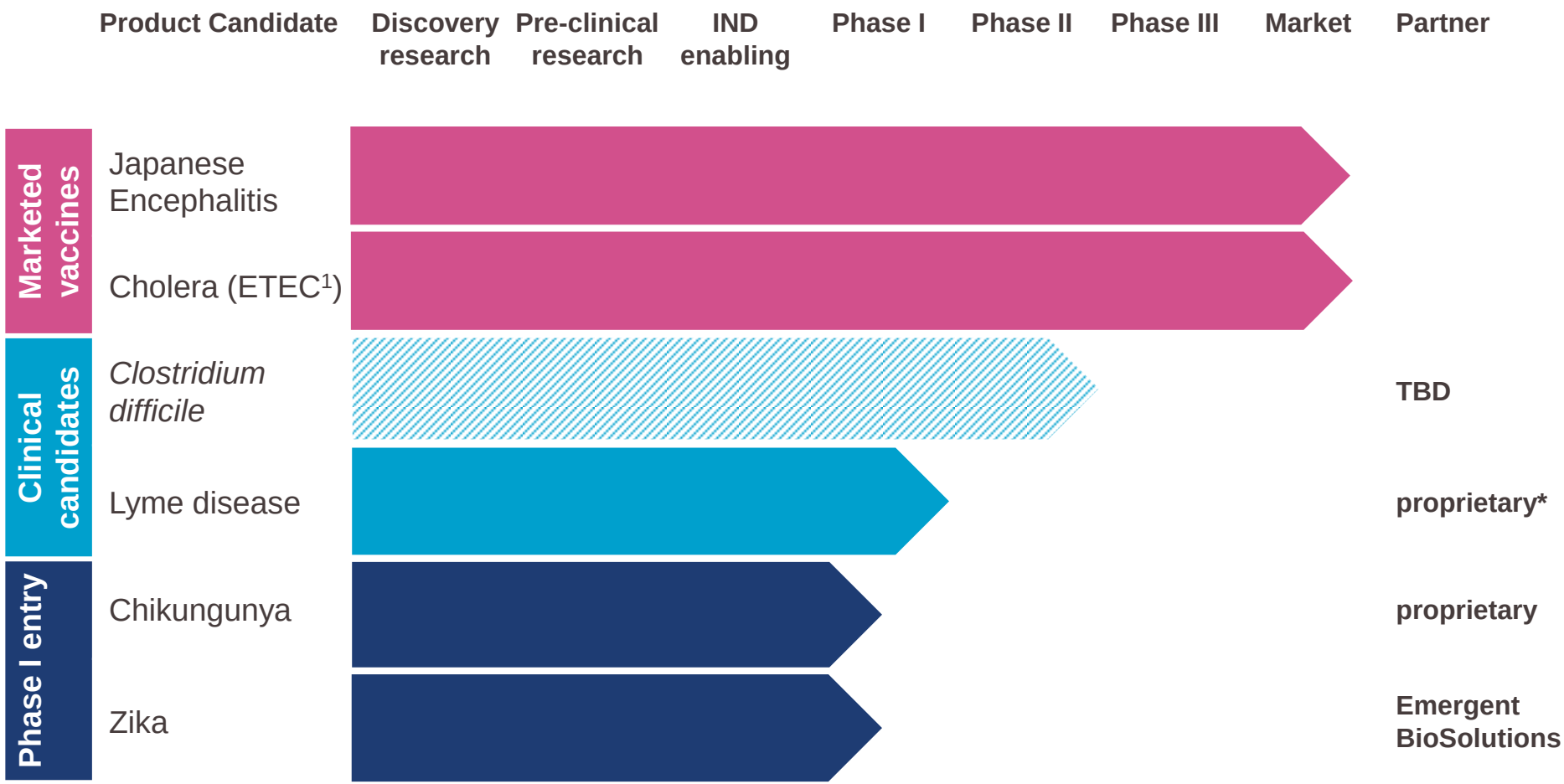
Valneva's pipeline

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

VLA15: the only Lyme disease vaccine in clinical development

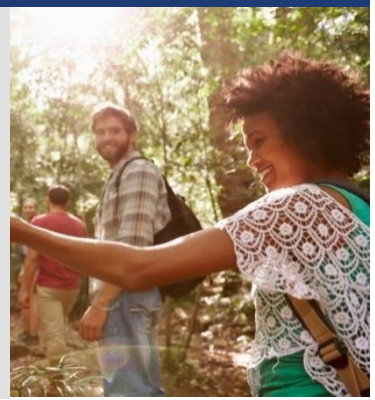
Market potential of approximately €700m - €800m[1]

Lyme disease

+ **Transmitted by Ixodes ticks[2], causing Lyme**
+ **Most common vector borne illness in the Northern Hemisphere (~300,000 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 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 I Interim data

+ **Positive Phase I interim results showed favorable safety profile and encouraging immunogenicity for VLA 15**
+ **FDA Fast Track Designation received in H2 2017**
+ Preclinical data showed that the vaccine has the potential to provide protection against the majority of Borrelia species pathogenic for humans[5]

Acceleration towards Phase II

+ **Phase II preparations and consultations process initiated; Phase II initiation expected in H2 2018**
+ **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/

Phase 1 study (VLA15-101)
Positive Interim Results Reported

Conducted in 179 subjects in US and EU (www.clinicaltrials.gov, identifier NCT03010228):

Study primary endpoint met

- Favourable safety profile
- No safety concerns associated with VLA15 in any treatment group[1]

Encouraging immunogenicity with VLA15

- VLA15 immunogenic in all doses and formulations
- Good OspA-specific IgG antibody responses against all OspA serotypes [2]
- Clear dose responses seen between the lowest / higher doses, adjuvanted /non-adjuvanted groups
- Highest, adjuvanted dose group - Seroconversion Rates[3] (SCR) from 71.4% to 96.4% for different OspA serotypes[4]

1 No differences in the safety profile were observed for the adjuvanted groups compared to the non-adjuvanted treatment groups.
2 IgG levels were substantially higher after three immunizations (Day 84) compared to after two (Day 56)
3 4-fold use against base-line
4 Preferred for further development / Further dose optimization will be considered.

VLA15-101 - Safety

Favourable safety profile and no associated safety concerns

No associated safety concerns:

- No Serious Adverse Event considered related to VLA15 immunization
- No cases of Arthritis or Rheumatoid Arthritis

Very few severe, related AEs:

- Total of 8 subjects with severe, related AEs, from different treatment groups
- All were solicited AEs (i.e., volunteer-reported, by default considered related to vaccination)
- Study investigators considered AEs as related in 4 subjects:
  - 2 Subjects with severe local Pain/Tenderness
    - Both not medically attended, one treated with a single Paracetamol dose
  - 1 Subject with Nausea, not medically attended, no treatment
  - 1 Subject with Headache, not medically attended, treated with a single Paracetamol dose

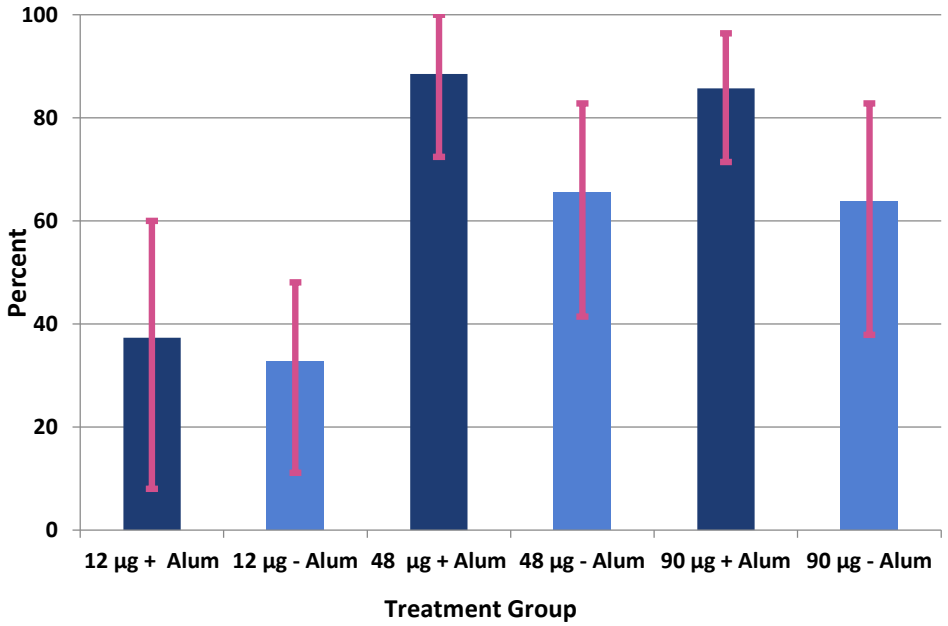
- Severe Arthralgia and Myalgia seen in one subject, considered unrelated to vaccination by study investigator, following an ultramarathon 100 km walk

VLA15-101 - Immunogenicity

SCR for Highest Adjuvanted Dose Group between 71.4% and 96.4%

SeroConversion Rates (SCR)

Average* Seroconversion Rate by Treatment Group, Day 84



*Average = Arithmetic Mean of SCRs against individual Serotypes 1-6 (Rate of subjects with ≥4-fold increase in OspA-specific IgG)
** Error Bars represent highest / lowest individual Serotype SCR for treatment group

SeroConversion Rates (SCR)

- OspA specific IgG antibody responses induced in all treatment groups and against all OspA serotypes
- Significant dose response in between lowest and two higher groups
- Alum-adjuvanted treatment groups more immunogenic compared to non-adjuvanted groups in same dose levels
- No significant dose response between 48µg and 90µg. Day 56 data indicate better kinetics of immune response at higher dose levels
- Highest dose considered for further development

VLA1553: Chikungunya vaccine candidate

A potential single-shot vaccine against a spreading tropical threat

Chikungunya

- **Mosquito-borne viral disease caused by the Chikungunya virus (CHIKV), a Togaviridae virus transmitted by Aedes mosquitoes**
- **Causes a clinical illness in 72-92% of infected humans who can potentially develop serious, long-term health impairments[1]**
- **Outbreaks in Asia, Africa, Europe & the Americas (as of 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]**

VLA1553 Phase I ongoing

- **Phase I initiated in March 2018 in the US**
- **Long term protection shown in preclinical testing**
  - 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[5]

Phase I data expected by early 2019

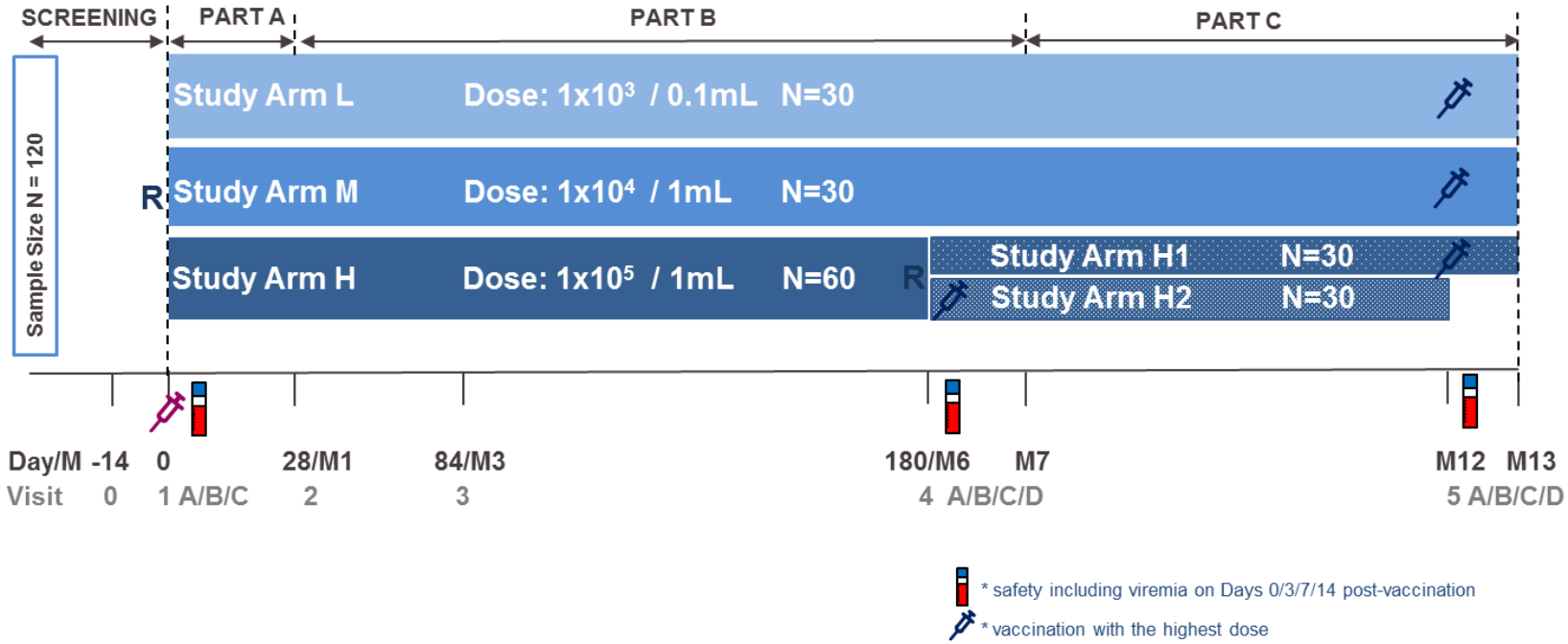
- **Phase I to evaluate safety and immunogenicity in approx. 120 subjects and to confirm antibody persistence (≥6m) with potential early indication of efficacy**
- **The target population segments are travelers, military personnel and individuals at risk living in endemic regions.**

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.

VLA1553 - Chikungunya vaccine - Phase I Study
Blinded, Randomized, Dose-Escalation Study

Phase I study conducted in US (multi-center)

- 120 healthy CHIKV-naïve subjects aged 18 - 45 years
- Objectives: Safety and Immunogenicity



Vaccination Schedule

+ Single-dose vaccination (Day 0); 3 dose levels (3.2x103/3.2x104/3.2x105 TCID50/dose)
+ Re-vaccination with highest dose (Month 6 and 12)
    - › to serve indirectly as human viral challenge demonstrating that subjects are protected from viremia and thereby indicating early VE.

VLA1601: Zika vaccine candidate

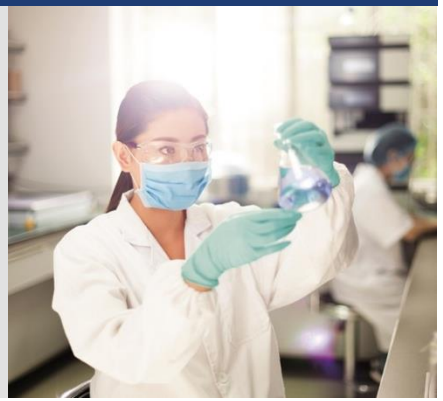
Valneva & Emergent BioSolutions joining forces to accelerate development

Zika

- **Zika is a mosquito-borne viral disease caused by the Zika virus (ZIKV), a Flavivirus transmitted by Aedes mosquitoes[1]**
- **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 whole-virus vaccine (PIV)**
- **Developed using Valneva's proven and licensed inactivated JE vaccine platform**



Phase I initiated in February 2018

- **Pre-clinical testing** demonstrated excellent purity, in-vivo neutralization and overall a biological, chemical and physical profile comparable to IXIARO®
- **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 data expected late 2018/early 2019

- **Phase I to evaluate safety and immunogenicity in approximately 65 subjects at different dose levels and schedules**
- **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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2018 Financial Outlook

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

	2017 Actual	2018 Outlook	Growth
Product sales	€92.6m	> €100m	> 10%
R&D investment	€23.4m	€30 – 35m	N/A
EBITDA	€10.8m	€5 – 10m	N/A

Total revenues and grants were €109.8m in 2017. Other revenues, (including R&D tax credits, grants, service revenue, 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 2018 – Exciting upcoming newsflow

+ Further product sales growth during the year

+ Lyme Phase II initiation expected in H2

+ Execution of Chikungunya Phase I Study in the US

+ Execution of Zika Phase I Study in the US

Thank you
Merci
Danke
Tack

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