

# Valneva Presents its Q1 2019 Financial Results

Analyst Presentation  
May 2, 2019



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**Introduction**

**Financial Report Q1 2019**

**Financial Outlook 2019**

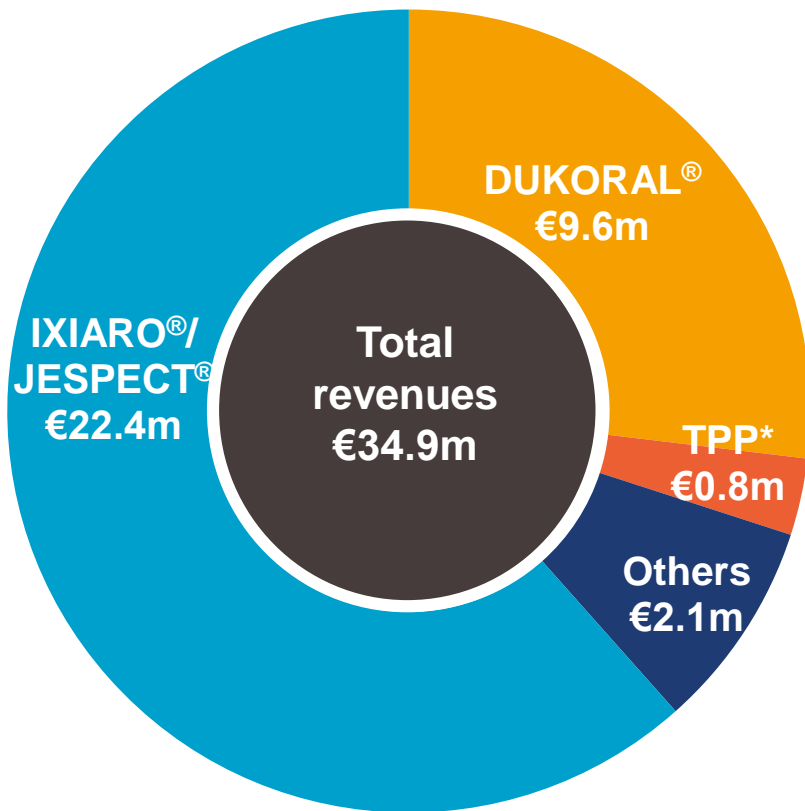
**Upcoming Newsflow**

**Q&A**

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



9% CER<sup>1</sup> 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



<sup>1</sup> 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% CER<sup>1</sup> growth
  - Further significant growth in IXIARO<sup>®</sup> 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

<sup>1</sup> CER at constant exchange rates as Q1 average Act 2019

# Agenda



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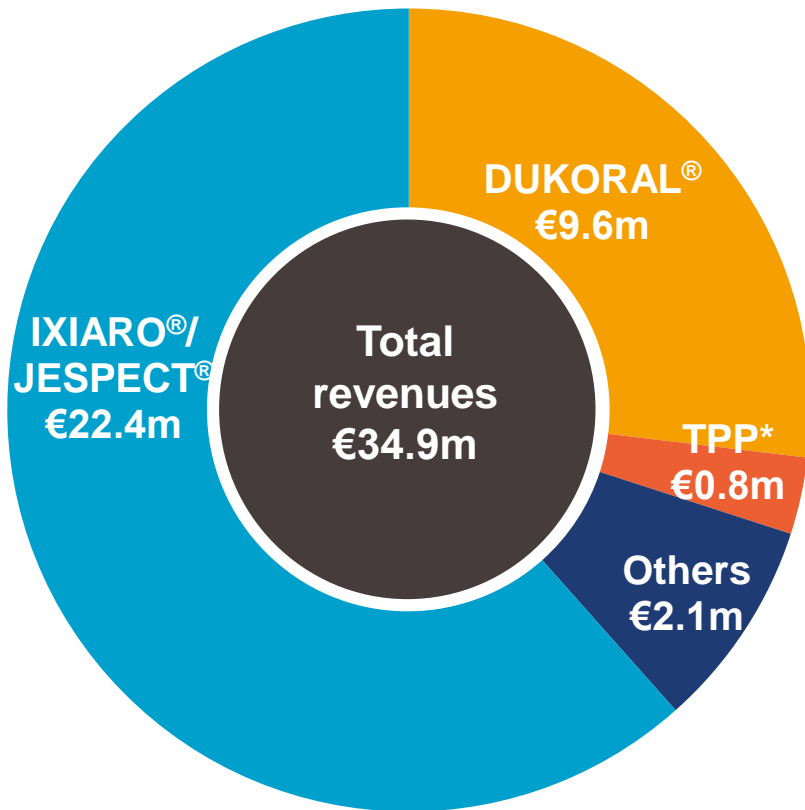
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## Product Sales Analysis

### Further Significant IXIARO<sup>®</sup> Revenue Growth

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

<sup>1</sup> 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
<b>Revenues</b>	<b>34.9</b>	<b>32.1</b>
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)
<b>OPERATING PROFIT/LOSS</b>	<b>6.2</b>	<b>3.2</b>
Finance, investment and income taxes	(1.4)	(1.7)
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>4.9</b>	<b>1.5</b>
<b>EBITDA<sup>1</sup></b>	<b>8.2</b>	<b>4.9</b>

<sup>1</sup> 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
<b>Revenues</b>	<b>32.8</b>	<b>28.9</b>
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)
<b>NET OPERATING MARGIN</b>	<b>11.7</b>	<b>6.6</b>
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
<b>Assets</b>	26.0	---	50.3
<b>Liabilities</b>	(26.0)	---	(60.2)
<b>Off Balance Sheet Rights / Obligations</b>	---	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	---
<b>EBITDA</b>			<b>0.5</b>
Depreciation & Amortization	0.2	---	0.6
<b>Operating Profit</b>			<b>0.1</b>
Finance costs / Interest	0.2	---	0.5
<b>Pre-tax profit</b>			<b>(0.1)</b>

### 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

# Agenda



**Introduction**

**Financial Report Q1 2019**

**Financial Outlook 2019**

**Upcoming Newsflow**

**Q&A**



## 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 <sup>1</sup>	24.1%	25% - 35%
EBITDA	€13.1m	€5m - €10m

<sup>1</sup> 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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**Introduction**

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**Financial Outlook 2019**

**Upcoming Newsflow**

**Q&A**



## **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 9<sup>th</sup> in New York**



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Thank you  
Merci  
Danke  
Tack

