Valneva Announces Mutual Agreement with GSK to End Strategic Alliance Agreement; Regains Control of R&D

Analyst Presentation
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valneva

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Agenda

- Overview
- Key update points
- Financials and guidance
- Q&A

Overview of the Strategic Alliance Agreement

The Strategic Alliance Agreement between Novartis and Intercell was formed in 2007[1]

+ Valneva inherited this legacy from Intercell AG in 2013, through the merger of Vivalis SA and Intercell AG

+ In 2015, GSK acquired Novartis Healthcare‘s vaccines business and thus became a party to the SAA

+ The SAA covered various options on R&D projects including Lyme disease and *Clostridium difficile*

+ The SAA heavily influenced Valneva’s planning and also partnering strategy
  › E.g., *Clostridium difficile*

1 https://www.valneva.com/download.php?dir=News_2008&file=2007_07_02_SAA_Novartis.pdf

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Key R&D strategy update points

Valneva is thrilled to regain full control over its R&D strategy and all decisions regarding development and partnering.

+ Valneva is now in a position to decide what to develop according to its overall strategy

+ Valneva is now in a position to decide what to partner and when as well as which partner to choose, according to the best economic outcome for Valneva and its shareholders

Valneva is well funded to execute Lyme Phase 2 and has a capital formation strategy to fund Phase 3

+ We have strong shareholders who bought into this strategy when we executed the PIPE last September; this gives Valneva time and options to evaluate how to maximize shareholder return

Valneva is looking carefully at chikungunya in consultation with the FDA, following our excellent Phase 1 results

+ We are aiming for an accelerated development strategy and do not need a partner (except in the endemic regions)

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Financial Impact and Review

Through 2007 and 2008, former Intercell received €120m upfront payment to progress selected R&D programs through the different development stages

€32m received for licenses – €88m for opt-in rights for certain R&D projects

From 2007 to 2018, €116m recognized as revenues from collaboration & licensing

At December 2018, Valneva held €4.3m deferred revenues on the balance sheet

The termination of the SAA triggers:

+ Immediate release of €4m deferred revenues into the P&L (€0.3m were recognized in Q1 2019)
+ Recognition of 100% of the immediate payment (€9m) as negative Other Revenue
+ Analysis of the contingent payments during the Q2/H1 close and review process

Detailed position will be presented as soon as possible, or on August 1st

Financial Outlook 2019

	Guidance
Product sales revenues	€115m - €125m
Total revenues	€125m - €135m
R&D investments	€35m - €40m
Gross margin	> 60%
Net operating margin[1]	25% - 35%
EBITDA	€5m - €10m

1 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 Amortization of Intangibles related to IXIARO

Recent and upcoming newsflow in 2019

On track to deliver 15-20% CER product sales growth expected in 2019

Successful outcome of Phase 2 run-in for Lyme disease vaccine candidate (VLA15)
- DSMB has cleared two dosage levels for clinical development

Excellent Phase 1 data for chikungunya vaccine candidate (VLA1553) reported
- Accelerated development strategy to be presented at the R&D day

Valneva regains control of R&D and full flexibility to find best partners

Valneva's R&D day on July 9th in New York

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Thank you
Merci
Danke
Tack

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