

EANS-Adhoc: Valneva announces launch of a fully underwritten EUR 40 million capital increase with preferential subscription rights

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Financing, Stock Offerings (IPO)/Company Information

- Subscription ratio: 5 new ordinary shares for 13 existing ordinary shares
- Subscription price: EUR 2.65 per new ordinary share
- Subscription period: from June 17th, 2013 to June 26th, 2013 inclusive
- Subscription commitments for an aggregate amount of approx. EUR 30 million, representing approx. 75% of the total proposed capital increase, from France's Strategic Investment Fund ("FSI"), Groupe Grimaud and Unigrains
- Bank underwriting covering the remaining number of new shares which have not been subject to subscription commitments

Lyon (France), June 13th, 2013 - As communicated in the context of the merger between Vivalis and InterCell - effective since May 28th, 2013 - to form VALNEVA S.E. ("Valneva" or the "Company"), the new combined group today announces the terms and conditions of its capital increase with preferential subscription rights to existing shareholders for a gross amount of approximately EUR 40.2 million.

The proceeds from the capital increase will be used primarily to strengthen the Company's financial profile as well as to implement its strategy as Valneva strives to become a European leader in antibody discovery and vaccines development and commercialization. The Company intends to use the net proceeds of the capital increase in the following manner:

- To continue supporting the growth, commercialization development and life-cycle management of its Japanese encephalitis vaccine, IXIARO®/JESPECT®;
- To develop a second commercial vaccine, which could be either an internal or an in-licensed program and to progress its partnered vaccine development portfolio;
- To discover novel antibody candidates with the purpose to out-license them for clinical development;
- To invest in vaccine research in order to build a vaccine development portfolio; and
- To reinforce the company's financial flexibility in order to become a sustainable, independent, growing business and for general corporate purposes within the biotechnology sector;

A maximum amount of EUR 10 million from the net proceeds of the capital increase will temporarily be used to fund the repayment of a royalty-related secured loan if a replacement loan is put in place by the end of the year. The Company is currently in negotiation with several investors in order to put in place a EUR20 million loan contract by year-end, with the objective to obtain more favourable conditions than the existing loan.

Thomas Lingelbach, President and Chief Executive Officer and Franck Grimaud, President and Chief Business Officer of Valneva, commented:
«Thanks to the capital increase and with the long term support from the FSI, Valneva will be able to fully implement its strategy striving to create a leading, financially self-sustainable European biotech company specialized in vaccines development and antibody discovery».

Subscription commitments and underwriting of the offering

Firm commitments have already been received from investors, some of whom are shareholders of the company, for an aggregate amount of approximately EUR30 million, representing 74.6% of the gross amount of the proposed capital increase.

Entry of France's Strategic Investment Fund

The FSI has decided to support Valneva's development by participating in this

capital increase with the intention to become a long-term shareholder of the Group.

The FSI has undertaken pursuant to an agreement entered into with the Company (at that time Vivalis and Intercell AG), dated December 16th, 2012, to subscribe for a maximum amount of EUR 25 million within the limit of 62.5% of the gross proceeds of the issue.

At the date of the Securities Note, the FSI does not hold any shares in the Company. Consequently, the FSI will acquire 10,885,254 preferential subscription rights held by Groupe Grimaud la Corbière ("Groupe Grimaud") and 660,992 preferential subscription rights held by the four members of the future Management Board of the Company (Franck Grimaud, Majid Mehtali, Thomas Lingelbach and Reinhard Kandera).

The FSI has thus irrevocably undertaken to:

- subscribe on an irreducible basis ("à titre irréductible") - through the exercise of the preferential subscription rights acquired - for 4,440,863 new ordinary shares, representing EUR 11,768,286.95; and
- place an order on a reducible basis ("à titre réductible") for an amount of EUR 13,231,713.05, which would allow it to subscribe for an additional maximum of 4,993,099 new ordinary shares.

Commitments from Groupe Grimaud and Unigrains

In addition to the subscription commitment by the FSI, Groupe Grimaud and Unigrains (one of Groupe Grimaud's long-term shareholders) have irrevocably undertaken to participate in the rights issue for an aggregate amount of EUR 5 million, allowing them to subscribe for a maximum of 2,250,265 new ordinary shares.

- Groupe Grimaud has irrevocably undertaken to place an order for an amount of approximately EUR 2 million, it being specified that Grimaud Group shall strive to maximise the proportion of orders passed on the basis of irrevocable entitlement during the subscription period in order to reinvest all of the proceeds of the sale of preferential rights to the FSI;
- Unigrains has irrevocably undertaken to place an order on a reducible basis ("à titre réductible") for an amount of approximately EUR 3 million, which would allow it to subscribe for a maximum of 1,132,075 new ordinary shares.

Furthermore, within the framework of FSI's investment in the Company's capital, the FSI, Groupe Grimaud and each of the four Management Board members have undertaken to enter into a non-concerting shareholders agreement as at the date of the settlement-delivery of the capital increase (the "Shareholders Agreement"). As part of this Shareholders Agreement, the FSI shall be subject to a two-year lock-up commitment and shall be represented to Valneva's supervisory board (with one member), and Groupe Grimaud shall be subject to a four-year lock-up commitment.

Bank underwriting

The issuance of the new shares shall be subject of an underwriting agreement dated June 12th, 2013 between the Company, Crédit Agricole Corporate and Investment Bank and Société Générale Corporate & Investment Banking (together the "Underwriters") covering 3,844,458 new ordinary shares that are not subject to irrevocable subscription's commitments (i.e. 25.4% of the total proposed capital increase).

Main terms of the rights issue

The share capital increase will be carried out with preferential subscription rights by the issuance of 15,165,215 new ordinary shares at a price of EUR 2.65 per new ordinary share (comprised of the EUR 0.15 nominal value and issue premium of EUR 2.50), representing a gross amount of EUR 40,187,819.75 (including issue premium).

On the basis of Valneva's share capital at the date of this press release, i.e. EUR 6,092,801.94 divided into 39,429,565 ordinary shares with a par value of EUR 0.15 each, and 17,836,719 preferred shares with a par value of EUR 0.01 each, the new ordinary shares that would be issued as a result of the capital increase would represent 38.5% of Valneva's share capital at this date (on a non-diluted basis and not including preferred shares).

Each Valneva shareholder will receive one preferential subscription right for

each share registered for accounting purposes in their securities accounts as of the close of trading on June 14th, 2013. 13 preferential subscription rights will entitle the holder to subscribe on an irreducible basis ("à titre irréductible") to 5 new ordinary shares.

Based on the closing price of Valneva's shares on June 11th, 2013 (i.e. EUR4.61), the theoretical value of each preferential subscription right is EUR0.54.

The subscription price represents a 42.5% discount to the closing price of Valneva's shares on June 11, 2013 and a 34.8% discount to the theoretical ex-right price.

The Company entered into a 180-day lock-up commitment vis-à-vis the Underwriters, subject to usual exceptions.

The FSI, Groupe Grimaud and Unigrains entered into a 180-day lock-up commitment vis-à-vis the Underwriters, subject to usual exceptions.

Additional subscriptions on a reducible basis ("à titre réductible") are allowed.

The offer will be open to the public only in France and in Austria. Crédit Agricole Corporate and Investment Bank and Société Générale Corporate & Investment Banking are acting as Joint Lead Managers and Joint Bookrunners of the offering.

Indicative timetable of the rights issue

The subscription period for the new shares will run from June 17th, 2013 to the close of trading on June 26th, 2013. During this period, the preferential subscription rights will be listed and traded on the regulated market of NYSE Euronext in Paris ("Euronext Paris") as well as on the regulated market of the Vienna Stock Exchange ("Vienna Stock Exchange" or "VSE") under code ISIN FR0010916932.

Any preferential subscription rights not exercised before the end of the subscription period, i.e. the close of business on June 26th, 2013, will be void.

The settlement-delivery and the listing of the new ordinary shares are expected to occur on July 5th, 2013.

The new ordinary shares will carry full rights ("jouissance courante"). They will be immediately fungible with the Company's existing ordinary shares and will be traded on the same listing line under the same ISIN code FR0004056851.

Information available to the public

The prospectus, approved by the Autorité des marchés financiers ("AMF") under number 13-275 dated June 12th, 2012 consists of the registration document ("document de référence") (the "Registration Document") of Vivalis filed with the AMF on April 30th, 2013 under number D.13-0479, the Document E relative to the merger between Vivalis and Intercell registered under reference number E13-003 on January 23rd, 2013, a securities note (the "Securities Note") and a summary of the prospectus (included in the Securities Note).

Copies of the prospectus filed with the AMF may be obtained free of charge from VALNEVA SE's administrative office (70, Rue Saint-Jean de Dieu, 69007 Lyon) and are also available on Valneva's website (www.valneva.com) as well as on the AMF's website (www.amf-france.org).

Valneva draws investors' attention to the risk factors described in the Registration Document, the Document E, as well as in section 2 of the Securities Note.

Further inquiry note:

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