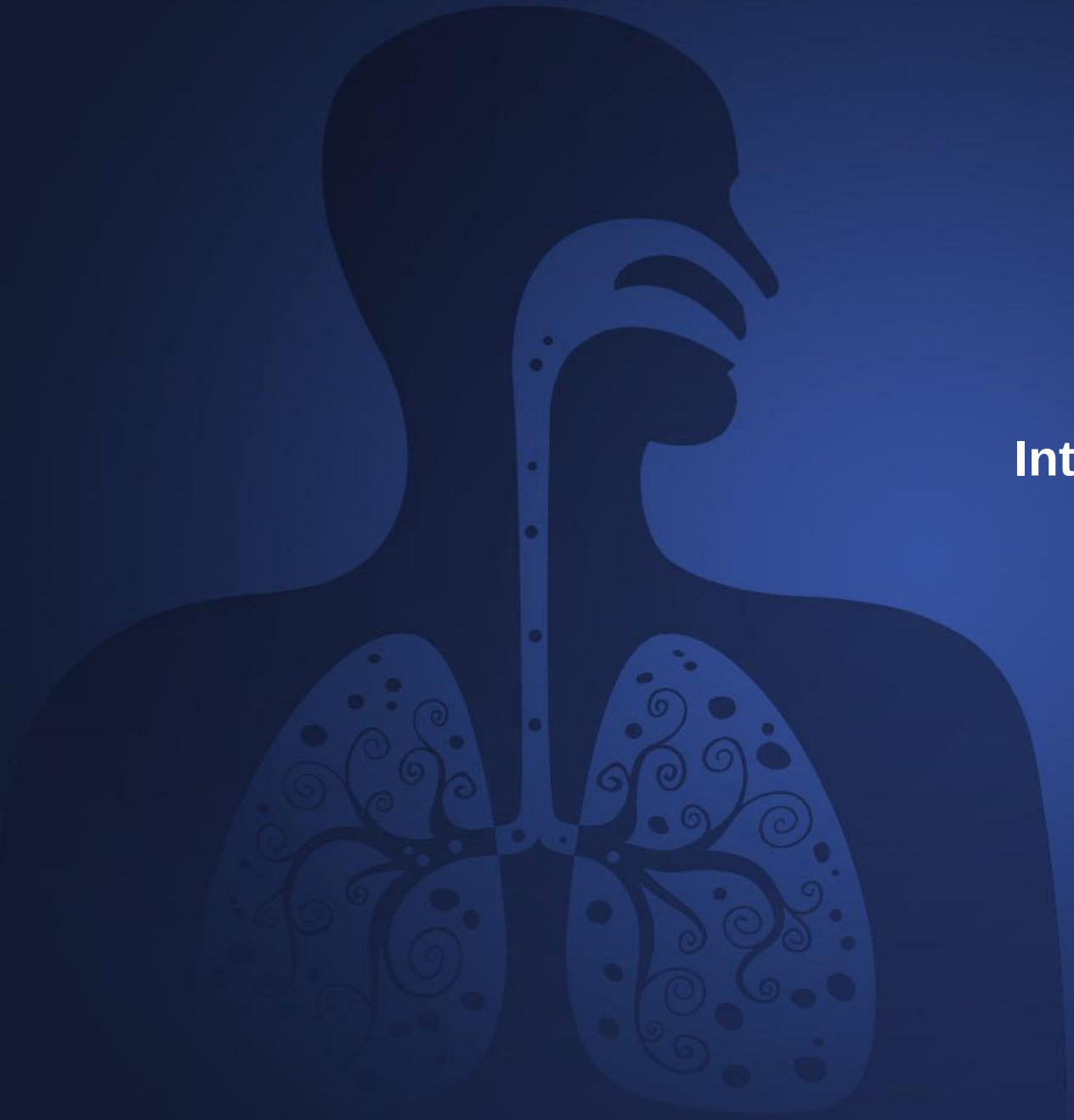

vectura

Interim Results Presentation London

November 2012

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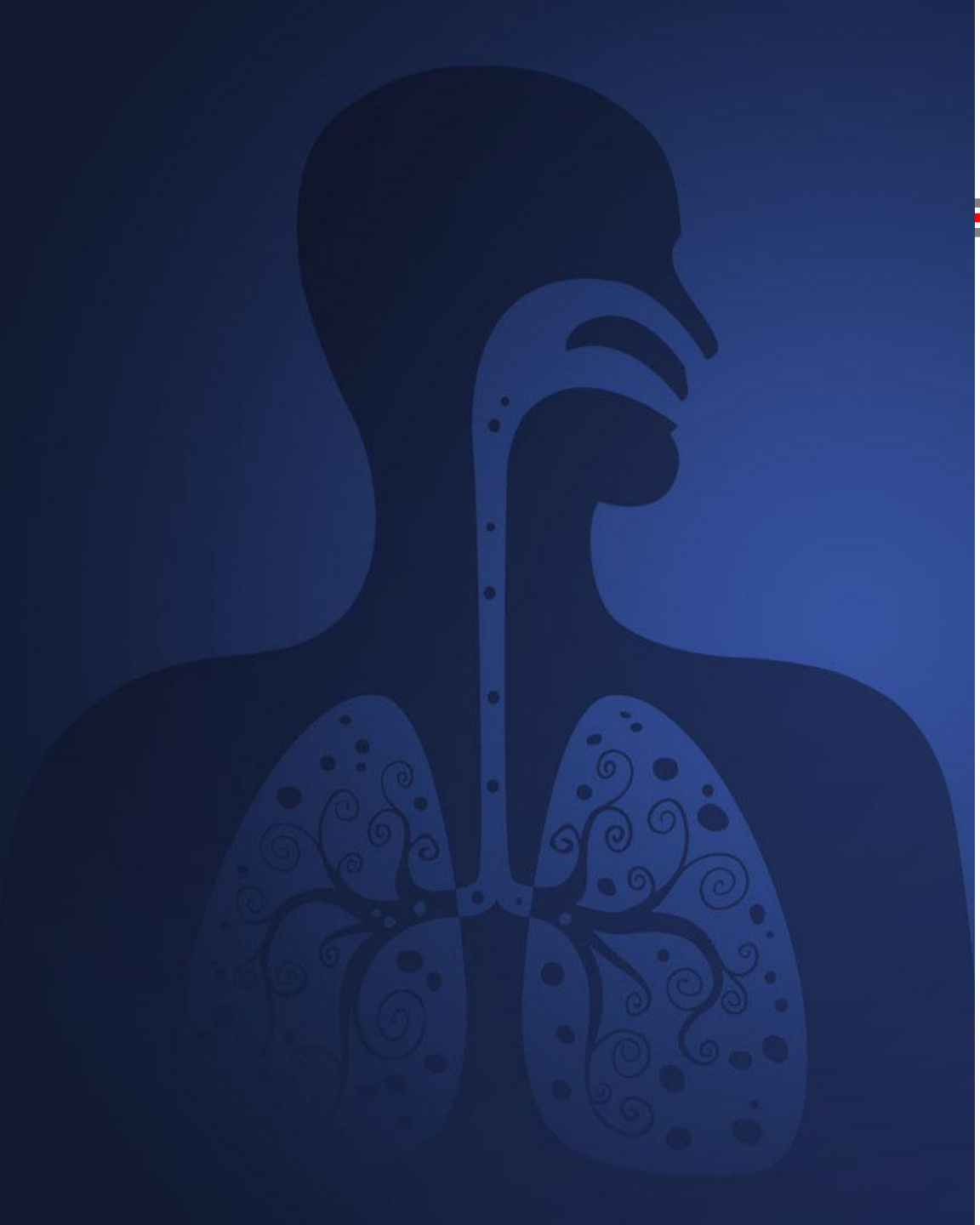
Agenda

Overview & Corporate Update	**Chris Blackwell**
Financial Results	**Anne Hyland**
Summary	**Chris Blackwell**



Overview and Corporate Update
Chris Blackwell

Product Innovation to Treat Airway Disease

Leader in the development of novel inhaled pharmaceuticals

- Approved product for COPD in EU & Japan/RoW
  - NVA237 (Seebri® Breezhaler®) marketed by Novartis
- Two partnered, late-stage products in development for COPD
  - NVA237 (US) & QVA149 (EU/Japan/RoW/US) – fully funded by Novartis

Three generic respiratory programmes

- VR315 - Licensed in EU/RoW (Sandoz) and in US (undisclosed partner)
- VR506 - Development ongoing to generate licensing package
- VR632 - Licensed in EU (Sandoz)

Technology platforms, validated by deals, underpin product focus

- Number two globally in respiratory patent filings (DPI technology & formulation)
- “Big Pharma” validation e.g. current deals with GSK, Novartis and Sandoz

Strong balance sheet with £72.1m in cash

- Supported by existing royalty streams (Baxter products) and a disciplined approach to cost control

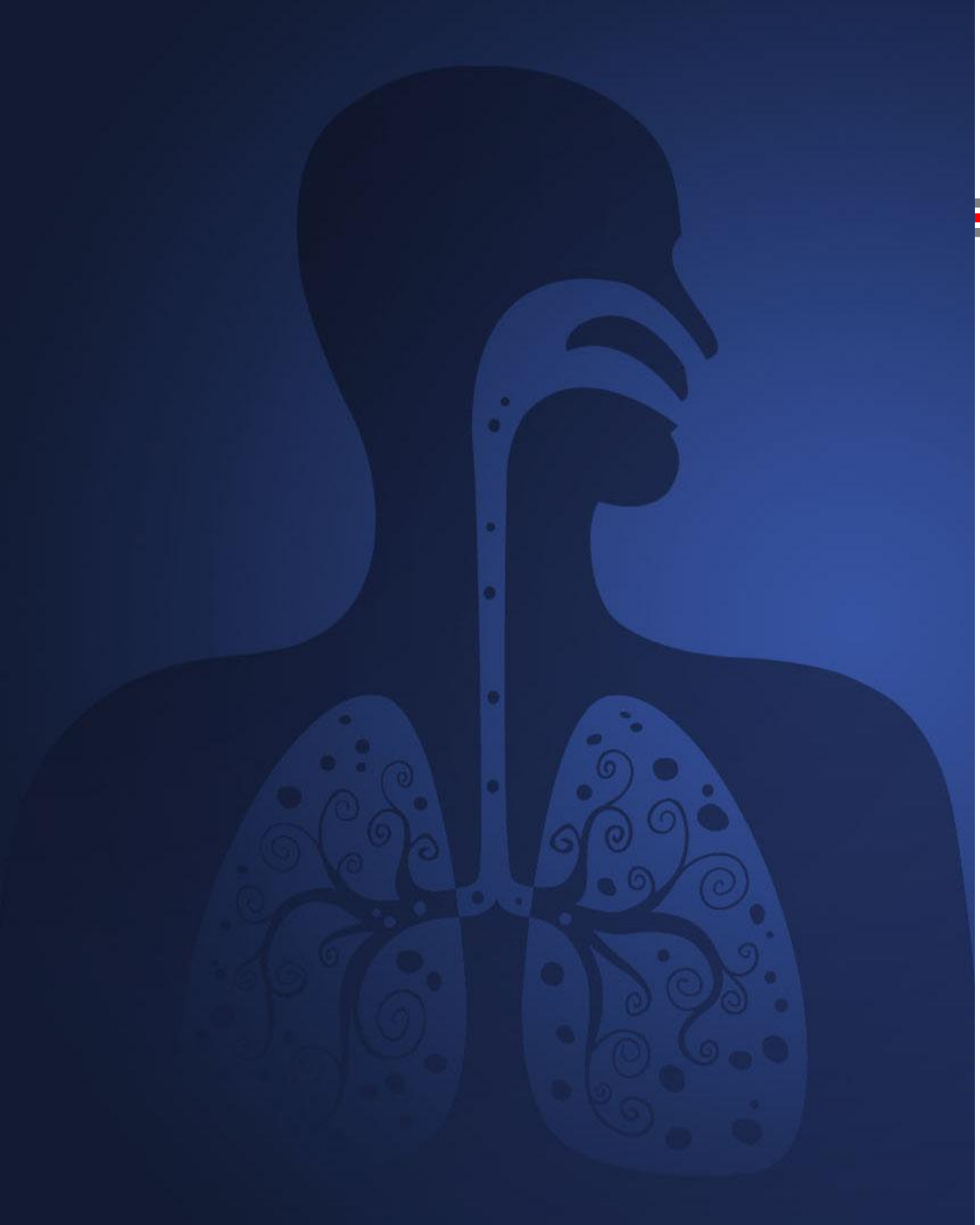
Novartis Launch of First Vectura-derived Product

Operational Highlights

- **First launch of Seebri® Breezhaler® (NVA237) in Europe**
  - Also approved in Japan, Canada and Australia
- **QVA149 filed in Europe and Japan**
- **VR315, VR506 & VR632 all made solid progress**
  - First milestone on VR315 (US)
  - Demonstrates progress with new partner

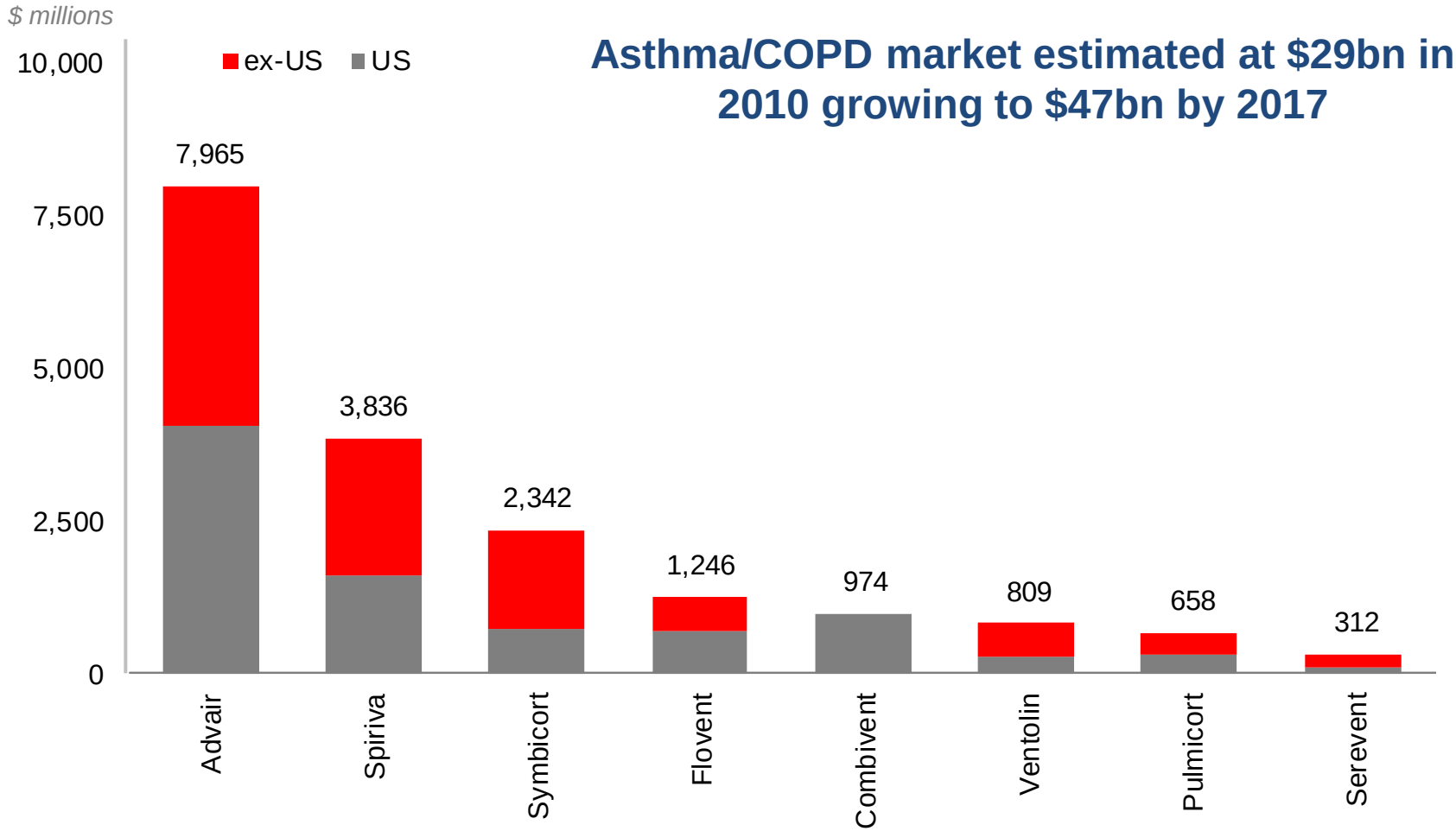
Financial Highlights

- **Revenues £17.0m (H1 2011/12: £21.1m)**
  - Ahead of market expectations
  - Decline due to timing of milestones
- **Profit after tax £0.9m (H1 2011/12: £2.6m)**
  - Ahead of market expectations
- **EPS of 0.3p (H1 2011/12: 0.8p)**
- **Robust balance sheet with cash and cash equivalents £72.1m**
  - (£75.5m at 31 March 2012)



Branded Programmes

Significant Respiratory Market Opportunity



Asthma/COPD market estimated at $29bn in 2010 growing to $47bn by 2017

Source: Sell side analyst reports; BCC Research (2012)

COPD Treatment Landscape Today

Treated according to GOLD guidelines

- 2011 update classifies patients according to two key attributes:
  - Symptoms
  - Exacerbation risk

Inhaled therapy

- Bronchodilators
  - Long acting muscarinic antagonists (LAMA)
  - Short/long acting beta agonists (SABA/LABA)
- Inhaled corticosteroids (ICS)

Three major COPD drugs drive current sales of ca. $10bn

- Advair®/Seretide® (ICS/LABA combination) $3.5bn COPD sales in 2011
- Symbicort® (ICS/LABA combination) $1.2bn COPD sales in 2011
- Spiriva® (LAMA) $4.4bn COPD sales in 2011

Changing Market Dynamics to Benefit Vectura

- **Single LAMA products to remain an important product class (NVA237)**
  - ~ 30% volume share within 7 years
  - Upside opportunity from use of LAMAs in asthma
    - Encouraging exacerbation data in severe asthmatics using Spiriva (ERS 2012)
- **LAMA/LABA combinations will redefine the standard of care in COPD (QVA149)**
  - The combination is synergistic over its components
- **Combination products expected to refine market dynamics[1]**
- **Conclusion: Vectura is poised to capture significant value**
  - Seebri® Breezhaler®
  - QVA149
  - Generic products

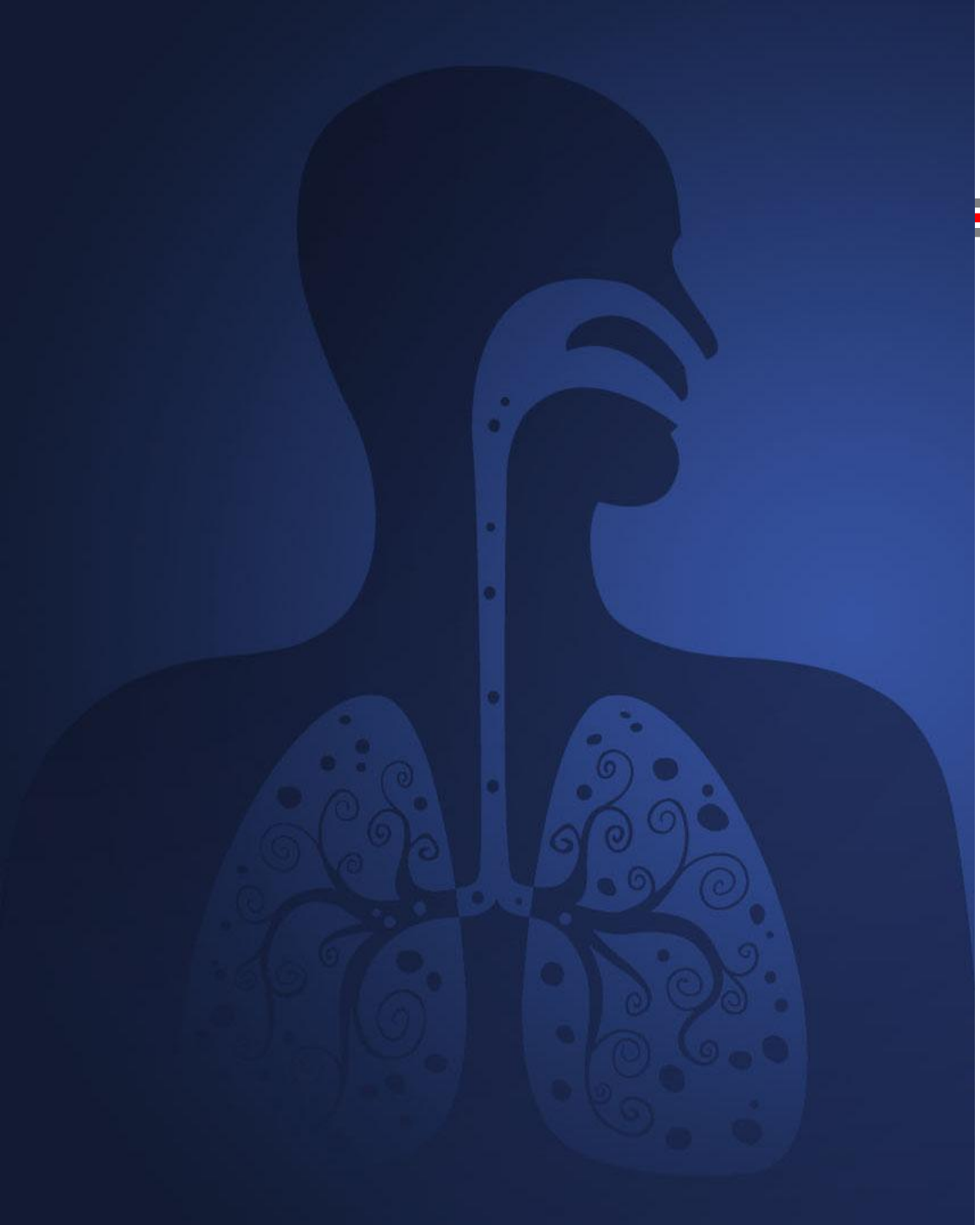
[1]*Source: Sell-side analyst research*

Seebri® Breezhaler® (glycopyrronium bromide, NVA237)

- **Once-daily maintenance bronchodilator treatment for COPD licensed to Novartis**
- ***Seebri® Breezhaler®* approved in EU, Japan & Canada**
  - US filing expected Q1 2014
- **Comprehensive phase III clinical trial programme (GLOW)**
  - GLOW1: Lung function (trough FEV1) improvements over placebo at 12 weeks (primary endpoint; $p<0.01$)
  - GLOW2: Similar benefit to open-label tiotropium bromide over 52 weeks, measured by improvements in trough FEV1 compared with placebo
  - GLOW3: A 21% improvement in exercise endurance compared with placebo at the end of the study (Day 21), with a significant 10% increase from Day 1 (both $p<0.001$)
  - GLOW4: The data from this Japanese study showed that glycopyrronium bromide had a similar safety profile to open-label tiotropium bromide and a safety profile similar to placebo
- **Market roll out is underway**
  - Launched in Germany & UK by Novartis

QVA149 – Once-daily, Fixed-dose LAMA/LABA Combination

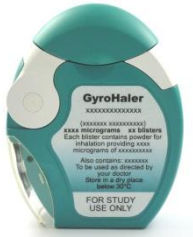
- **Significantly derisked: component drugs and device already approved for COPD**
  - Indacaterol maleate - Onbrez® Breezhaler®
  - Glycopyrronium bromide - Seebri® Breezhaler®
- **Regulatory filing recently submitted in EU (Oct. 2012)**
  - Japan regulatory filing submitted in November 2012
- **US filing expected end 2014**
- **IGNITE COPD registration trial programme comprises 10 studies in total**
  - > 7,000 patients across 42 countries
  - Significant improvements over
    - Placebo
    - Tiotropium bromide
    - Salmeterol/fluticasone
    - Individual components



Generic Programmes

Respiratory Generics – Vectura's Franchise

GyroHaler® - competitive product design



- Performance engineered to match brand-leaders
- Easy to use
- Inexpensive, minimalist design
- Accurate, reproducible dosing through excellent protection of the powder formulation

Focus on promising, high value products

- VR315 - Licensed in EU/RoW (Sandoz) and in US (undisclosed partner)
- VR632 - Licensed in EU (Sandoz)
- VR506 - Development ongoing, strong out-licensing candidate

Comprehensive understanding of complex regulatory requirements

- Significant experience of interaction with regulators, particularly the EMA and FDA

VR315 – Twice-daily, Fixed-dose ICS/LABA Combination

- **EU rights licensed to Sandoz in 2006**
  - Sandoz responsible for clinical development, manufacturing and marketing
  - Significant investment (ca. €50m) in commercial manufacturing facility
- **US agreement signed with an undisclosed pharmaceutical company in 2011**
  - US division of a major pharmaceutical company
  - Partner responsible for clinical development, manufacturing and commercialisation
  - First development milestone ($3m) earned
- **Agreement with Sandoz extended in 2011 to include the Rest of World (ex US)**
  - €7m milestones and pre-launch royalties and royalties on product sales
- **Next key milestone for VR315 is European approval**
  - Pragmatic approach from EMA
  - Development risk is mitigated: (known entities) – question is more about timing
  - Vectura is restricted in the information it can give on regulatory timing

VR506 - Inhaled Corticosteroid Monotherapy

Rationale to develop is two-fold

- Strong stand alone commercial opportunity
- Active ingredient is a component in one of our combination products
  - Regulators require individual components to be characterised

Clinical programme initiated

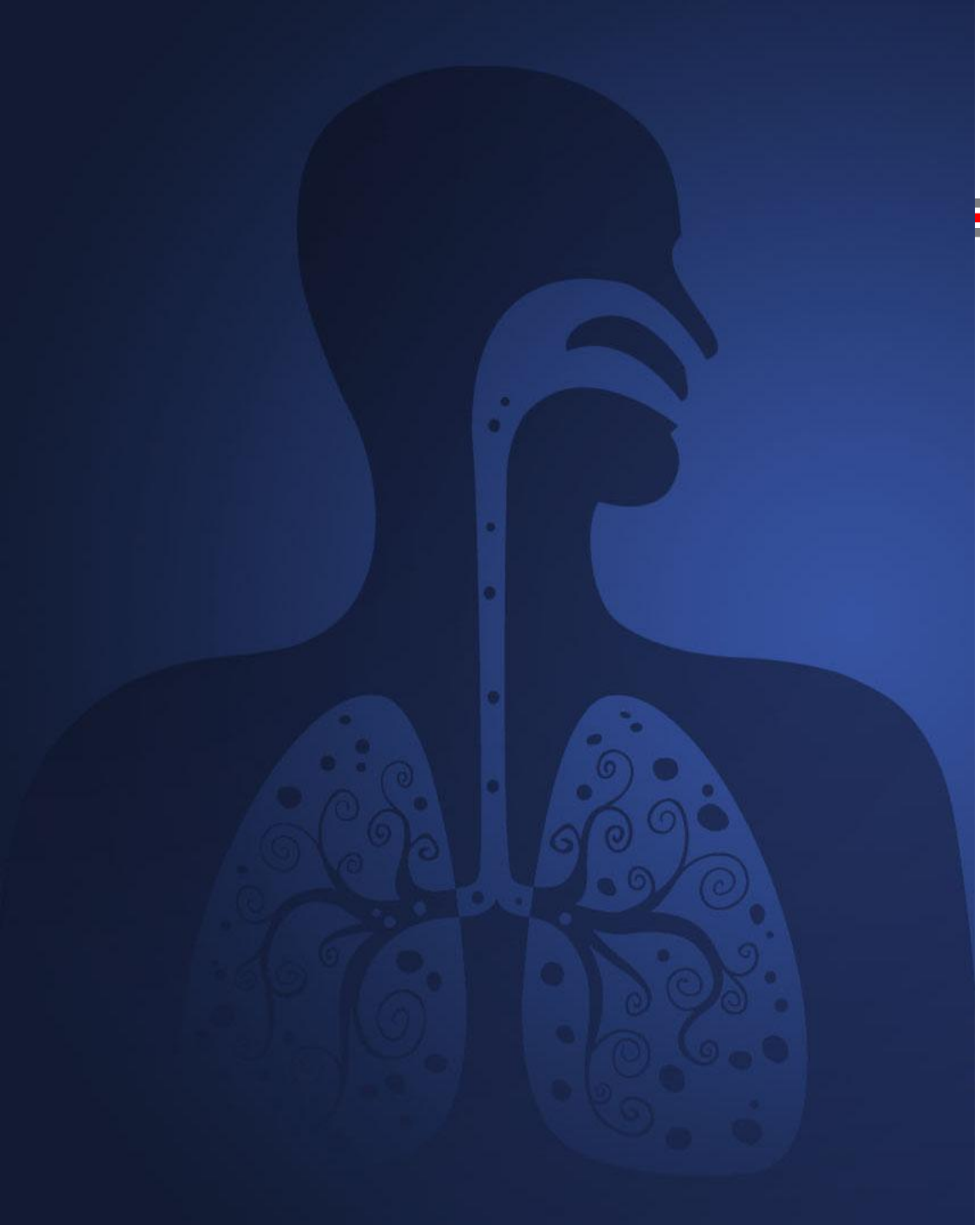
- Evaluate the dose-response relationship and efficacy of VR506 using a new inhaler for the treatment of asthma
- Programme requires approximately 500 randomised patients
- Sites in US, EU and Far East

Continued investment by Vectura in this programme

- Characterisation of the asset
- Generating sufficient data to maximise the licensing opportunity

VR632 – Twice-daily, Fixed-dose ICS/LABA Combination

- **EU rights licensed to Sandoz in 2007**
  - Further collaboration with an established partner
- **Recent development milestone received in March 2012**
- **Potential for future licensing**
  - Vectura retains all rights ex-Europe
  - European data useful to support partnering initiatives



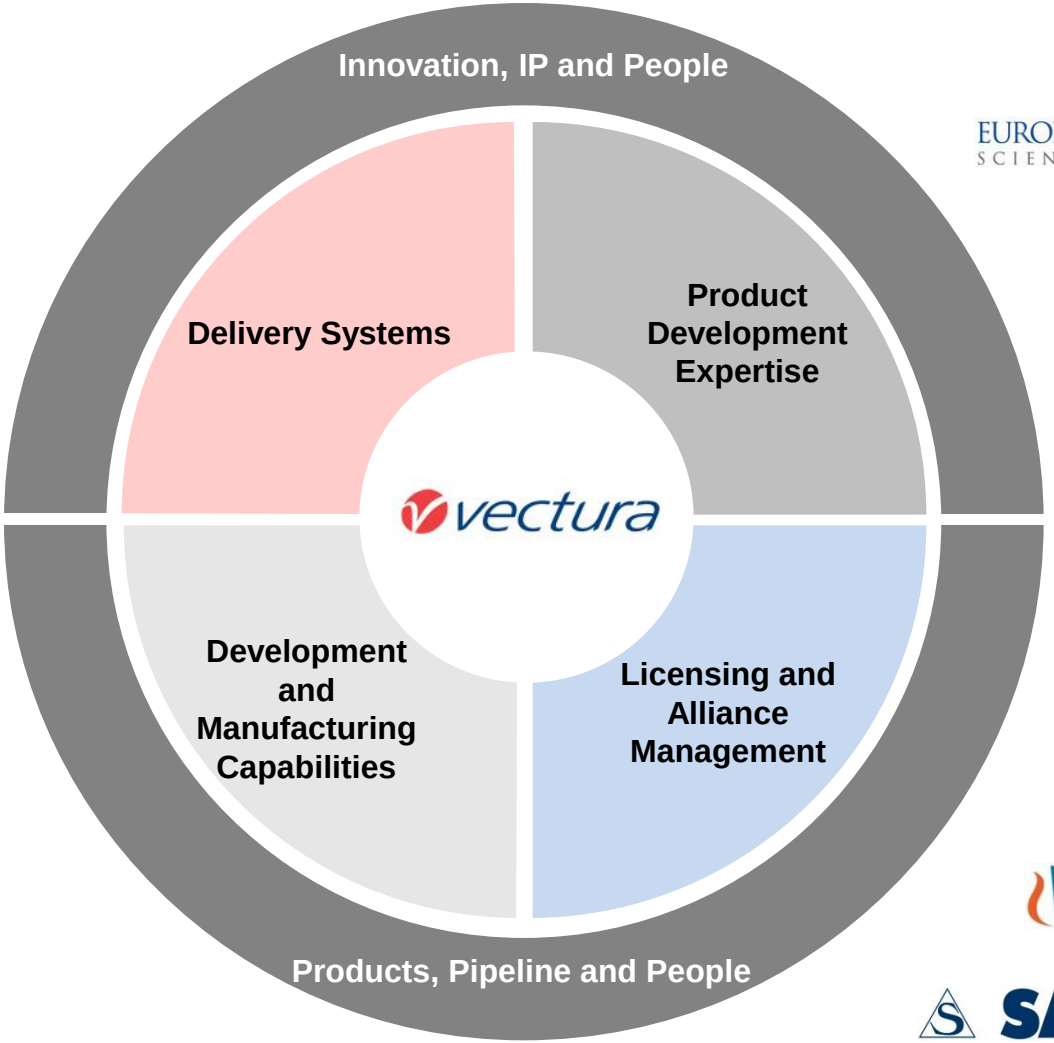
Vectura's Platform Technology

Success Factors in Respiratory Development









EUROPEAN MEDICINES AGENCY
SCIENCE MEDICINES HEALTH

FDA

MHRA

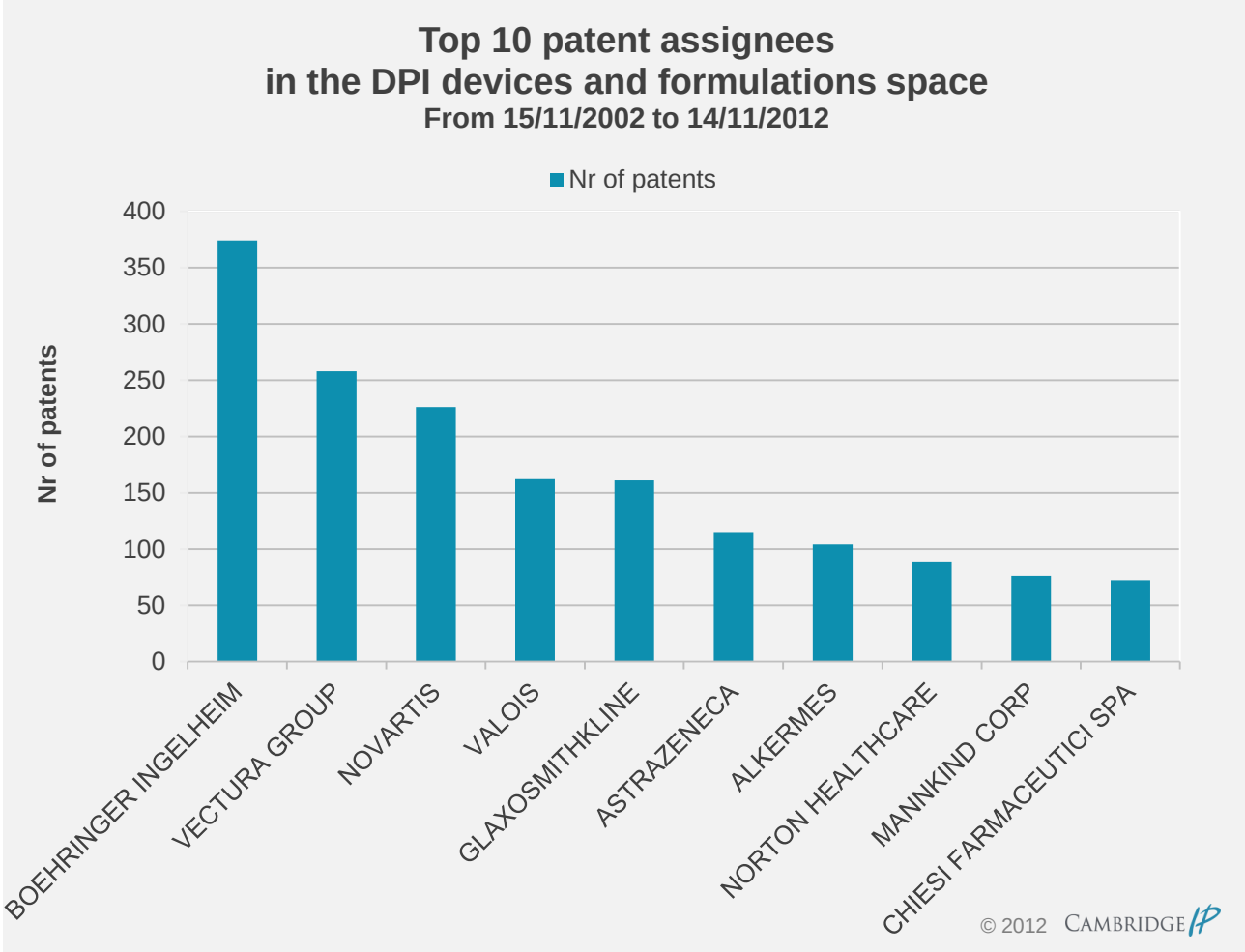
gsk GlaxoSmithKline

Boehringer Ingelheim

NOVARTIS

SANDOZ

Significant IP Generation within DPI Space

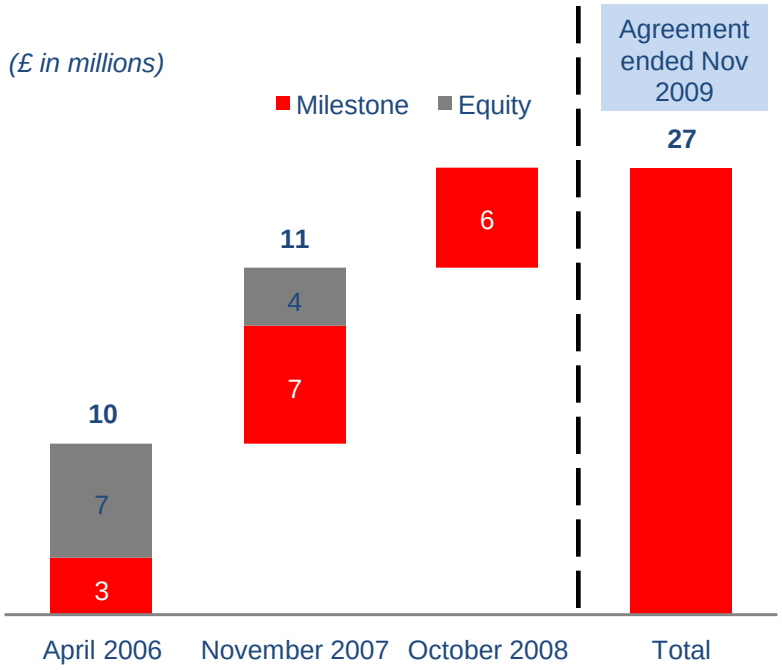


Monetising Vectura's IP

Examples of Vectura IP deals

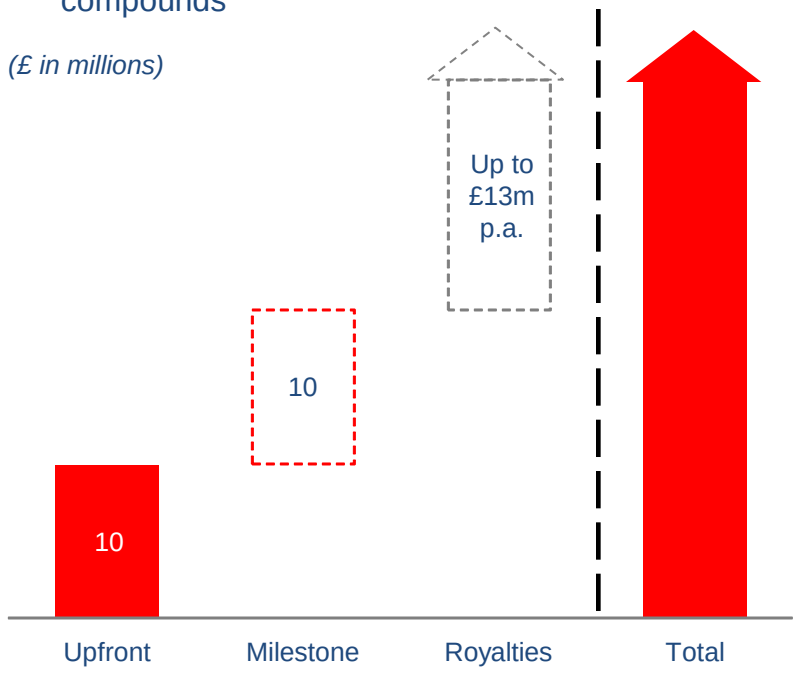
Boehringer Ingelheim (April 2006)

- Worldwide collaboration, development and licence agreement



GSK (August 2010)

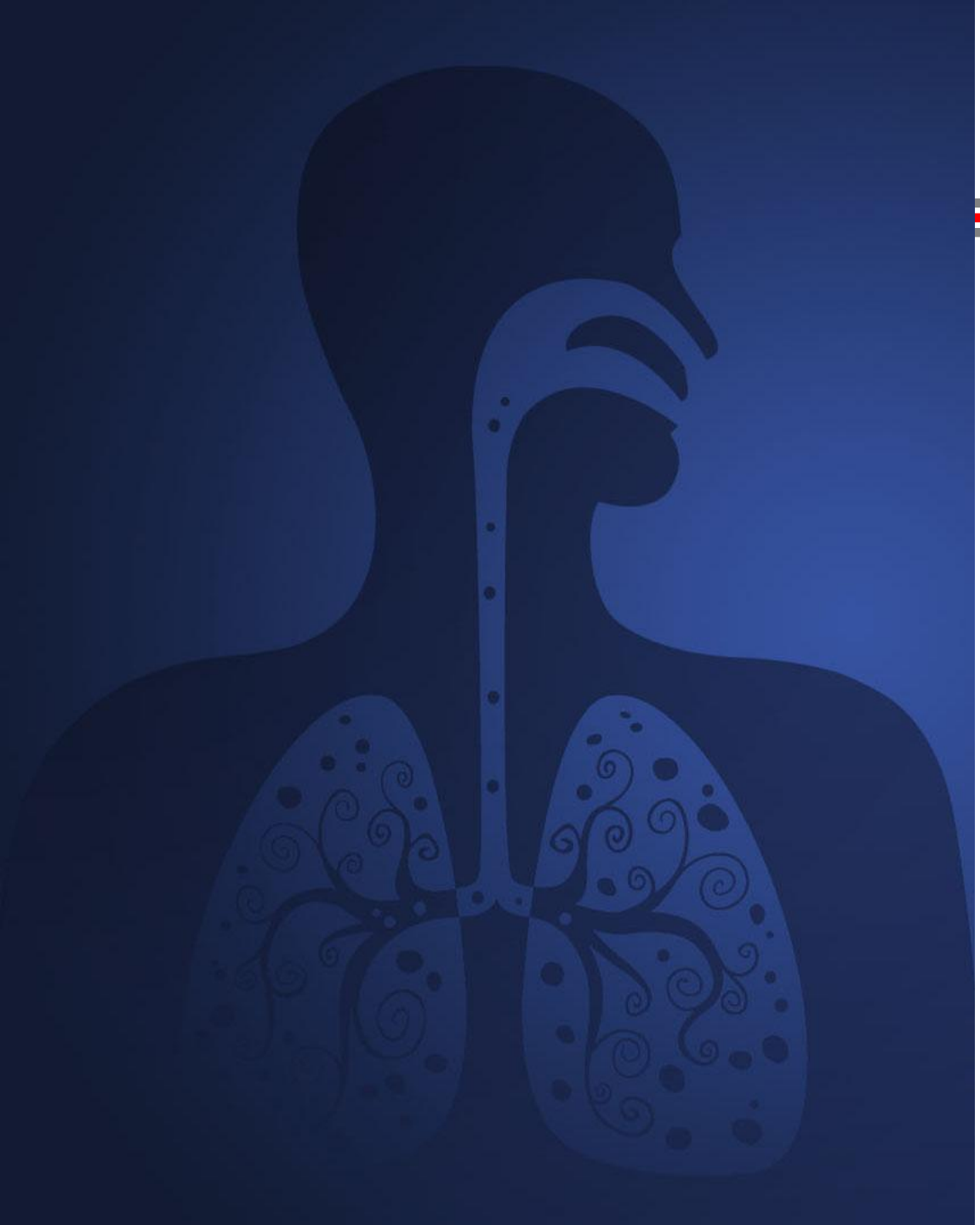
- Licensing of Vectura's drug formulation patents in relation to two late stage development compounds



No additional investment required to generate these returns

Vectura invests approx. £3m per annum on its patent portfolio

Attractive returns from IP portfolio and know-how



Financial Results
Anne Hyland

Financial Highlights

- **Strong cash balance of £72.1m**
- **Profit after tax of £0.9m**

£m	H1 2012/13	H1 2011/12	FY 2011/12
Revenues	17.0	21.1	33.0
Gross profit	16.9	19.7	30.8
EBITDA	2.6	4.9	(4.2)
Profit/(loss) after tax	0.9	2.6	(4.4)
Cash	**72.1**	**80.2**	**75.5**

Revenue Breakdown

£m	H1 2012/13	H1 2011/12	FY 2011/12	Comments
Royalties	6.1	6.0	13.5	
Product licensing	9.6	10.8	12.1	
Technology licensing	1.1	1.2	2.3	
Pharmaceutical development services	-	1.1	2.8	Work has been successfully completed on partnered projects
Device sales	0.2	2.0	2.3	Stock is now at the required level
Total revenues	17.0	21.1	33.0	

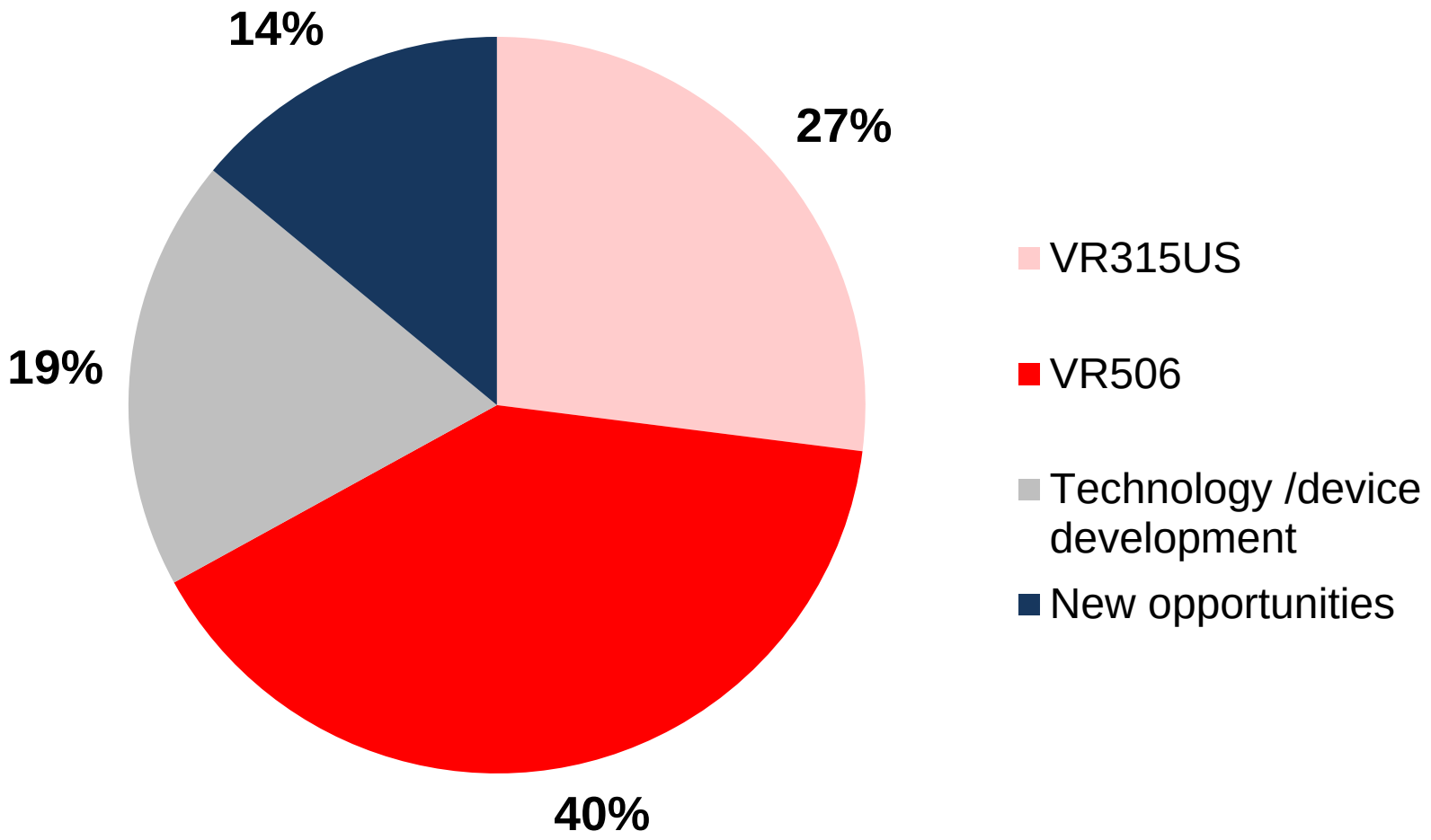
Income Statement H1 2012/13

£m	H1 2012/13	H1 2011/12	FY 2011/12	Comments
Revenue	**17.0**	**21.1**	**33.0**	
Gross profit	16.9	19.7	30.8	
R&D costs	(12.8)	(13.3)	(31.7)	Spend weighted towards H2
Administrative costs	(1.5)	(1.5)	(3.3)	
EBITDA	**2.6**	**4.9**	**(4.2)**	
Amortisation	(3.2)	(3.4)	(7.5)	
Depreciation	(0.5)	(0.5)	(1.1)	
Share based-compensation	(0.2)	(0.5)	(1.1)	
Operating (loss)/profit	**(1.3)**	**0.5**	**(13.9)**	
Net finance income	0.2	0.6	0.7	
Pre-tax (loss)/profit	(1.1)	1.1	(13.2)	
Taxation	2.0	1.5	8.8	
Profit/(loss) after tax	0.9	2.6	(4.4)	
Profit/(loss) per share	0.3p	0.8p	(1.3)p	

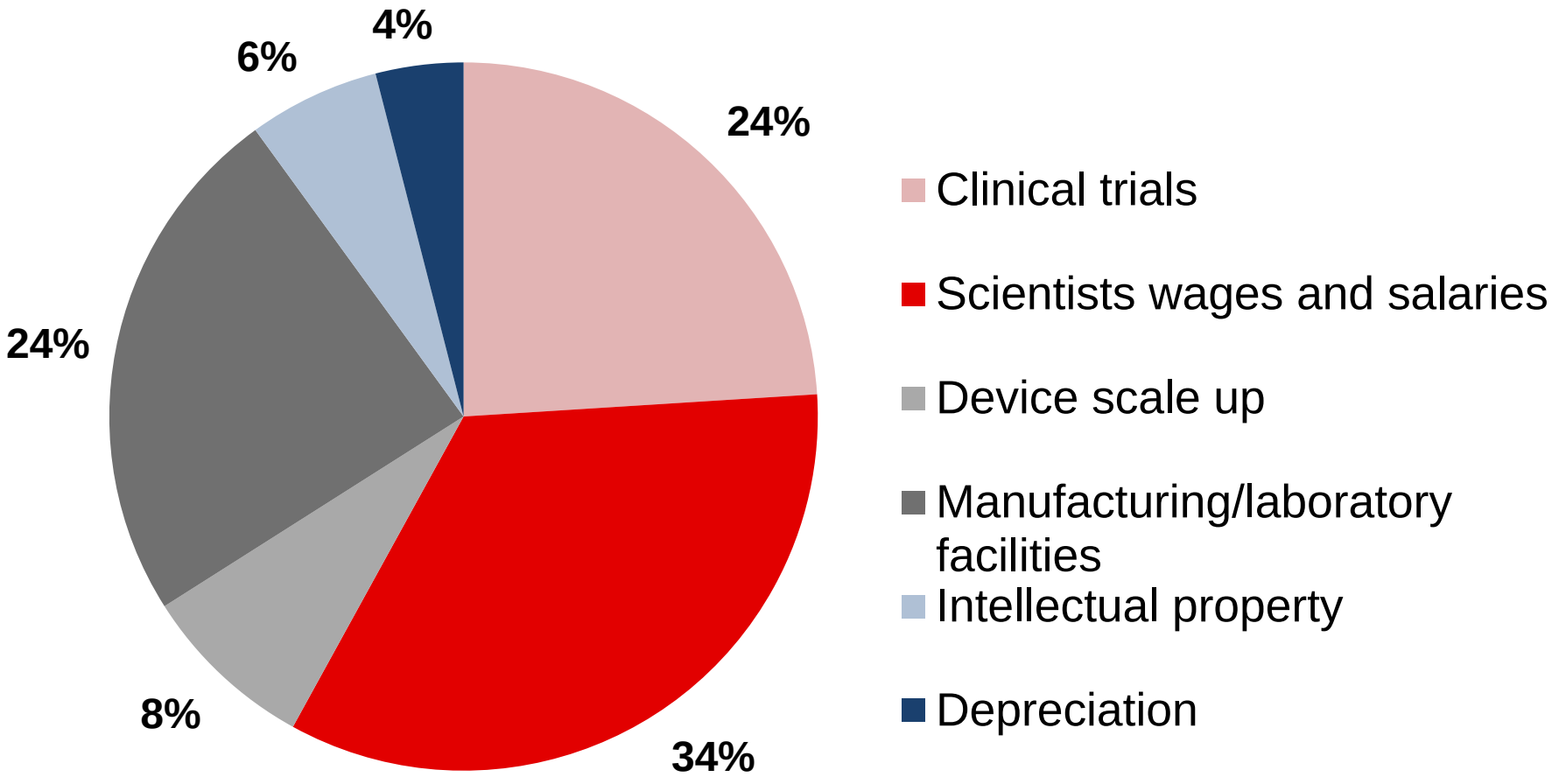
Cash Flow

£m	H1 2012/13	H1 2011/12	FY 2011/12	Comments
EBITDA	**2.6**	**4.9**	**(4.2)**	
Deferred income	(3.0)	(1.0)	(0.7)	
Working capital	(7.3)	(0.8)	2.4	
Exchange gains	-	0.2	-	
Net taxes received	4.4	-	4.6	11/12 tax credit received early
Operating cash (outflow)/inflow	**(3.3)**	**3.3**	**2.1**	
Investing activities				
▪ Net capital expenditure	(0.7)	(0.3)	(4.2)	Cap Ex will increase in H2 12/13
▪ Interest received	0.2	0.4	0.7	
Cash (outflow)/inflow before financing	**(3.8)**	**3.4**	**(1.4)**	
Financing activities		-		
▪ Issue of shares	0.4	2.4	2.5	
(Decrease)/increase in cash	**(3.4)**	**5.8**	**1.1**	

Expected R&D Investment by Project FY12/13



Expected R&D Investment by Type FY12/13



Financial Guidance

Revenue

- Milestone receipts will depend on product filings and approvals
- Royalties expected to increase as Seebri® launch rolls out

R&D investment

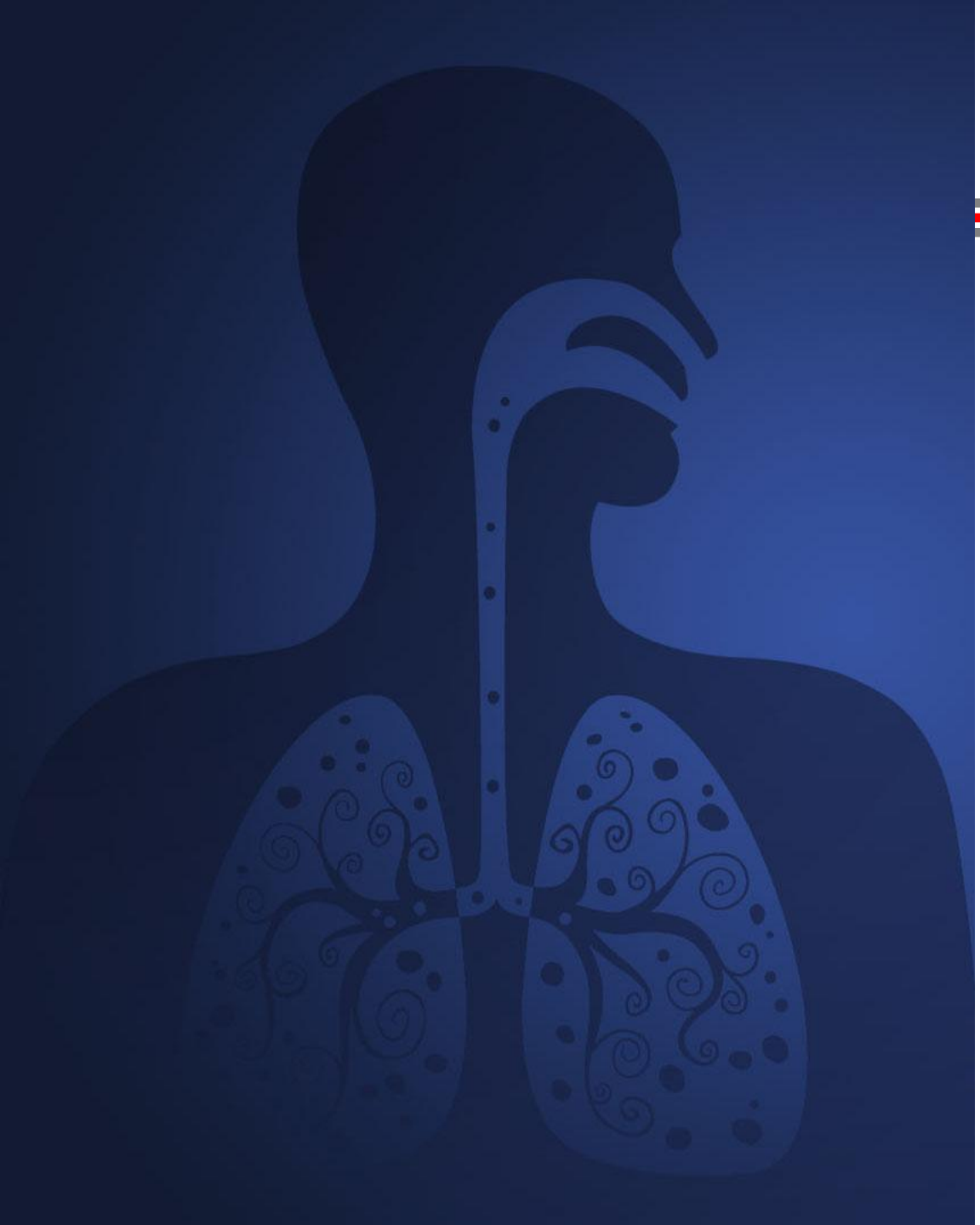
- Main investment is on VR506, VR315 US and device technology
- Ca. 5% reduction in R&D FY 12/13 expected versus FY 11/12

Administration

- FY 12/13 in line with 11/12 excluding amortisation, share based compensation and any exceptional items

Cash flows

- Cash inflows/outflows will depend on milestones, royalties and one-off receipts



Summary
Chris Blackwell

Anticipated Near-term Catalysts

	NVA237	QVA149	VR315	VR632	VR506
Short-term	EU & Japan approval & launch √	EU & Japan filing √	US development milestones √	Final development milestone	Clinical progress
To follow	Filing in US Approval in US	Approvals in Europe & RoW Approval in Japan Filing & approval in US	Further development milestones Approvals in Europe & RoW Approval in US	Approval in Europe Licensing for other territories	Out-licensing and approval

Summary & Outlook

- **Significant clinical and regulatory success with its key branded programmes, partnered with Novartis**
  - The first launches of Seebri® Breezhaler ® are now underway
  - QVA149 filed for approval in Europe and Japan
- **Generic programmes continue to make progress**
  - Difficult to provide guidance but we believe its a matter of "when, not if"
- **Robust financial position will be supplemented by royalties from Seebri® Breezhaler**
  - Additional milestones from Seebri® and other pipeline drugs
  - Manage cash spend through product development prioritisation and tight cash control
- **Future strategy will continue to focus on value creation in a prudent manner**
  - We evaluate products to assess suitability for our platform to add value
    - But our model does not encompass spend on highly attritional discovery projects
  - We are evaluating emerging market opportunities to assess our "value brand" offering
    - Local strategies with local players are key