



A leader in inhaled pharmaceuticals



Preliminary Results for the year ended 31 March 2009

19 May 2009

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Agenda



- ✔ Opening remarks - Chris Blackwell
- ✔ Financial review - Anne Hyland
- ✔ Strategic Focus - Chris Blackwell
- ✔ Summary - Chris Blackwell
- ✔ Q&A

Strong progress across the business



Financials

- ✓ Revenues increased by 24% to £31.2m
- ✓ Investment in R&D increased by 9% to £32.3m
- ✓ Net cash burn of £4.8m
- ✓ Cash of £74m

Novartis

- ✓ **NVA237** Phase III scheduled 2009
– Positive Phase II data at ERS
- ✓ **QVA149** Phase III scheduled 2009

Sandoz

- ✓ **VR315** good progress
- ✓ EU milestone received
- ✓ US milestone anticipated

Boehringer Ingelheim

- ✓ **BI** – €7.5m milestone received in 4Q08

Executing the strategy



- ❑ Lung diseases; partnered and niche products; specialty focus
- ❑ Revenues from existing deals
- ❑ Develop/co-develop products for partnering and for specialty sales and marketing
- ❑ Technology collaborations
- ❑ Growth through internal and external innovation from products, technologies or businesses



Financial update

Anne Hyland
Chief Financial Officer

2008/09 Performance summary



	FY 2008/09 £m	FY 2007/08 £m	Increase
Revenues	31.2	25.2	+24%
Gross profit	27.3	20.8	+31%
R&D investment	32.3	29.7	+9%
Cash inflow before financing	1.3	3.6	
Cash	74.0	78.8	

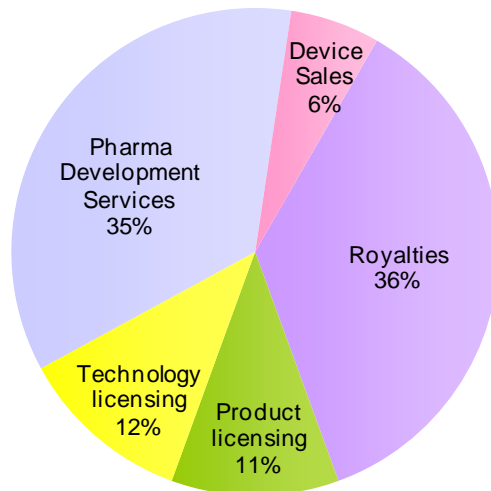
Highlights

- ✓ Revenue growth in excess of 20% for 5th year running
- ✓ Cash inflow before financing positive for 2nd year

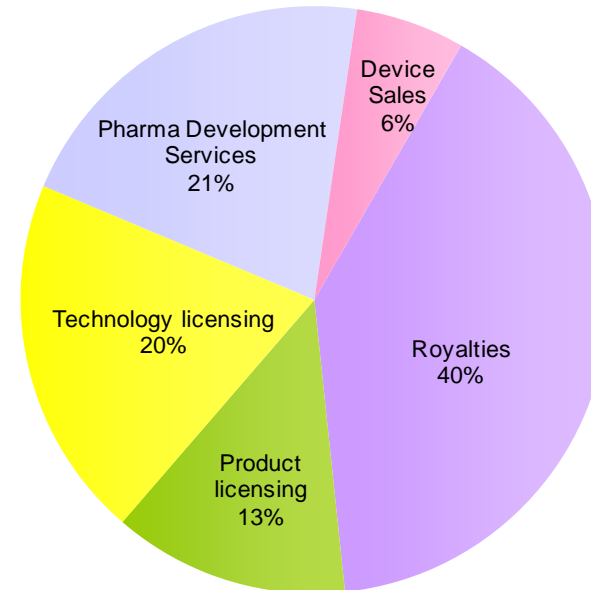
Revenues 2008/09



2007/08
£25.2m



2008/09
£31.2m



Revenues 2008/09



	FY 2008/09 £m	FY 2007/08 £m	Increase/ (Decrease)	Comments
Royalties	12.5	9.1	+37%	£8.1m - Advate®
Technology licensing	6.1	2.9	+110%	£5m - BI deal
Product licensing	4.2	2.8	+50%	£3.1m-Duohaler® Clickhaler®
Pharmaceutical Development Services	6.6	8.9	(26%)	Generic programmes complete
Device sales	1.8	1.5	+20%	
Total Revenues	31.2	25.2	+24%	

Highlights

- Advate® sales growth and exchange driving royalty increase
- Licensing milestones & royalties contributed 73% of revenues (2007/08: 59%)

Income statement 2008/09

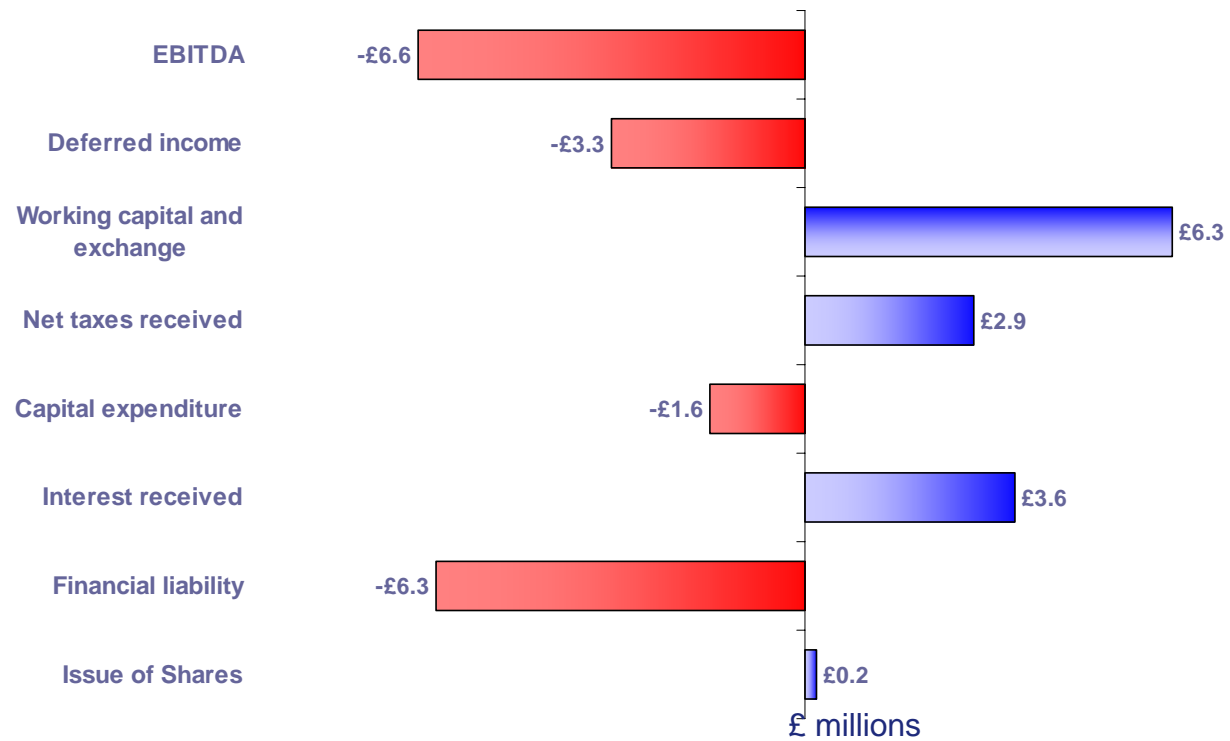


	2008/09 £m	2007/08 £m	Increase/ (Decrease)	Comments
Revenue	31.2	25.2	24%	
Gross profit	27.3	20.8	31%	
Gross profit margin	88%	83%	5%	
R&D costs	(30.7)	(28.1)	9%	
Administrative costs	(3.2)	(3.0)		
EBITDA	(6.6)	(10.3)	(36%)	
Amortisation/depreciation	(11.8)	(11.8)		
Share of loss of associate	(0.6)	(0.3)		Associate sold Feb 09
Share based compensation	(1.9)	(2.7)		Share price related
Operating loss	(20.9)	(25.1)	(17%)	
Interest income	3.6	4.5		Interest rates decline
Net finance cost	(2.3)	(0.8)		Arising on \$ liability
Pre-tax loss	(19.6)	(21.4)	(8%)	

Highlights

- ✓ Revenues grow at faster rate than R&D investment
- ✓ Loss per share decreases 15% to 5.2p (2007/08: 6.1p)

Cash flow – Full Year 2008/09



Cash flow highlights 2008/09



	2008/09 £m	2007/08 £m	Comments
EBITDA	(6.6)	(10.3)	
Deferred income	(3.3)	2.4	Milestone release
Working capital	4.5	4.2	
Exchange gains	1.8	-	
Net taxes received	2.9	2.2	
Operating cash outflow	(0.7)	(1.5)	
Investing activities			
– Net capital expenditure	(1.6)	0.6	
– Interest received	3.6	4.5	
Cash inflow before financing	1.3	3.6	
Financing activities			
– Financial liability	(6.3)	(6.4)	
– Issue of shares	0.2	4.1	
(Decrease)/increase in cash	(4.8)	1.3	

Highlights

- ✔ Operating cash out flow reduced to £0.7m
- ✔ Final \$10m on financial liability due to be paid by September 2010

Financial Guidance FY 2009/10



Revenue

- ✓ 2009/10 revenues will depend on milestone receipts – will include £2.2m VR315
- ✓ Royalties expected to inc. due to growth of Advate® and exchange
- ✓ £6.4m of VR315 & BI deferred licensing milestones at 31 March 2009 to be released

R&D investment

- ✓ Circa 25% increase on 2008/09

Administration

- ✓ 2009/10 in line with 2008/09 excluding amortisation and share based compensation and any exceptional items

Cash flows

- ✓ FY09/10 net cash burn excluding all post April 09 milestones in excess of £20m
- ✓ Net cash burn may decrease due to additional milestone or licensing receipts
- ✓ Net cash burn may increase if new in-licensing or co-development opportunities arise

Major milestones



NVA237/QVA149

- ✔ Circa \$85m prior to product launches in US & EU

VR315 EU

- ✔ €7.5m prior to product launches in major EU territories

VR315 US

- ✔ Up to \$30m prior to product launch in US

VR632 EU

- ✔ Up to €9m prior to product launches in main EU territories

Boehringer Ingelheim

- ✔ In excess of €20m milestones per product approved for use in the inhaler



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Strategic focus

Strategic focus



Portfolio Development

- ✔ Pipeline products
 - VR632 US
 - VR496
 - Duohaler®
- ✔ Technology scale-up
 - GyroHaler®
 - OmniHaler®
 - Duohaler®
- ✔ New product licensing

Partnered Deals

- ✔ NVA237
- ✔ QVA149
- ✔ VR315
- ✔ VR632
- ✔ BI Collaboration

Partnering & Specialty Sales

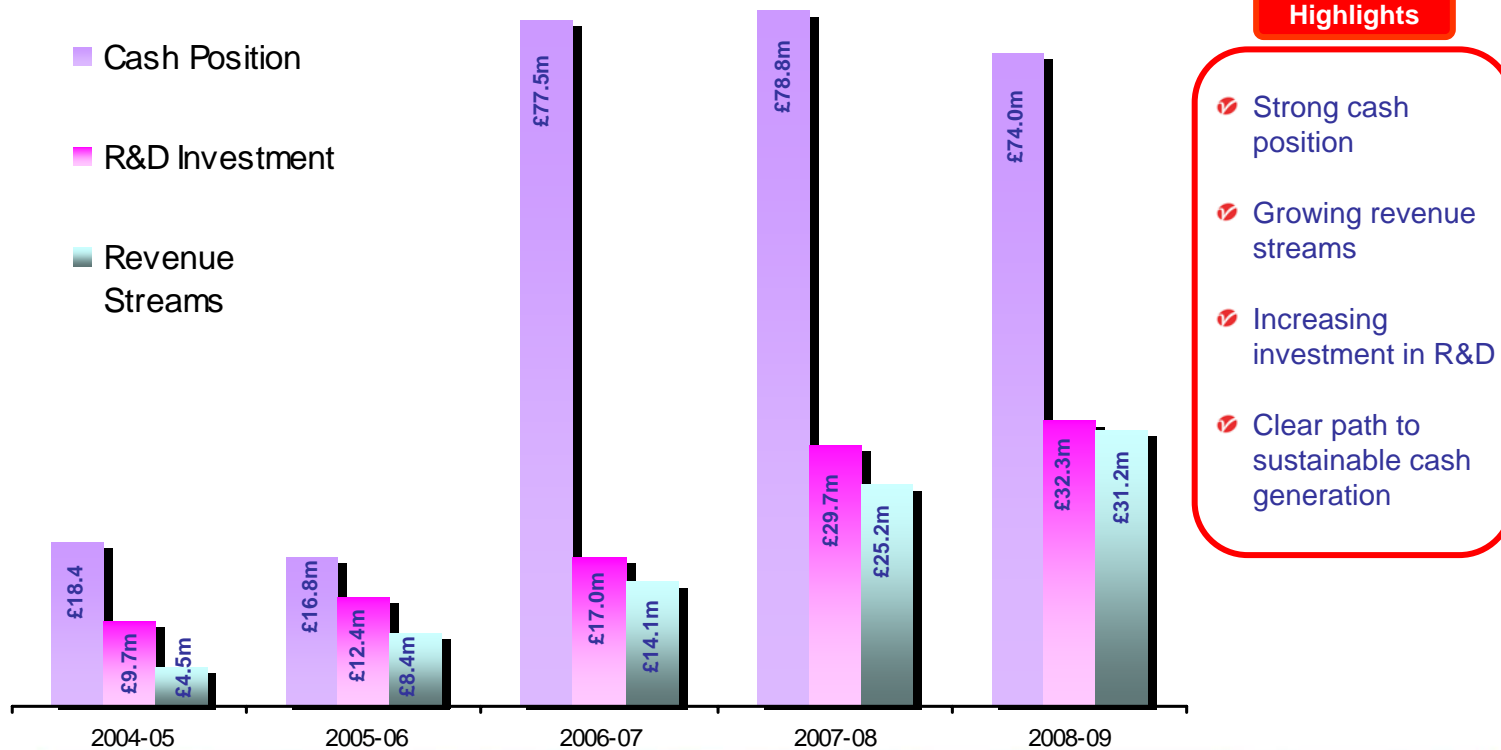
- ✔ New product partnering
- ✔ Specialty sales
- ✔ New technology deals

Cash burn

Cash generative

Sustainably cash generative

Financial strength



Product pipeline



Product name	Indication	Pre-clinical	Phase I	Phase II	Phase III	Partner
NVA237	COPD					Novartis
QVA149	COPD					Novartis
VR315	Asthma/COPD					Sandoz
VR632	Asthma/COPD					Sandoz
Duohaler® Projects	Asthma/COPD					
VR496	Cystic fibrosis and COPD					
BI Collaboration	Various					Boehringer Ingelheim

Key Events



2009

- ✓ VR315 EU milestone
- ✓ NVA237 Phase III start
- ✓ QVA149 Phase II data
- ✓ QVA149 Phase III start
- ✓ Progress on VR315 US

2010

- ✓ VR040 Phase IIa data
- ✓ VR496 proof of principle data
- ✓ Progress on VR315 & VR632

2011

- ✓ NVA237 and QVA149 filing
- ✓ Progress on VR315 & VR632



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Q&A



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