Preliminary Results
2018

26th March 2019

James Ward-Lilley
Chief Executive Officer

Paul Fry
Chief Financial Officer
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Strong 2018 financial and operational performance

James Ward-Lilley
Chief Executive Officer
2018 PRELIMINARY RESULTS

Strong financial performance

Revenues £160.5m
(8%)

Product supply £85.6m
+15%

Development £16.5m
+72%

Royalties £58.4m
(8%)

- flutiform® revenues £79.6m
  +14%

- R&D expenditure £55.5m
  (8%)

- Adjusted EBITDA £39.0m
  +51%

- Adjusted EBITDA margin 24.3%
  +6.9 ppts

- Operating cash flow £35.1m
  +30%

- Cash balance £108.2m
  2017: £103.7m

1 Royalties include share of net sales of EXPAREL®, and other sales milestones or licencing revenues related to marketed products containing VEC intellectual property
2 Adjusted EBITDA is calculated by adjusting reported operating loss by adding back depreciation, amortisation, impairment, share based compensation, and exceptional items
3 Cash before investments, financing and tax
2018 PRELIMINARY RESULTS

Strong operational performance

MAXIMISING PARTNERING VALUE
- Global agreement with Hikma to develop generic versions of Ellipta® portfolio

MAXIMISING PIPELINE VALUE
- Positive generics pipeline progress
  - VR315 study progression
  - 3 new generic Ellipta® programmes added
  - VR632 approval
  - VR2081 milestone achieved

- Growing clinical evidence supports expansion of nebulised pipeline
  - VR475 Phase III & VR647 Phase II
  - Positive Ablynx Phase II data
  - 3 new nebulised programmes

OPERATIONAL EXCELLENCE
- R&D Transformation
- New business signed for Lyon Oral site

- Supporting margin through supply chain initiatives
- Rationalising site footprint
Financial performance overview

Paul Fry
Chief Financial Officer
## Strong financial performance

<table>
<thead>
<tr>
<th>£’m</th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>160.5</td>
<td>148.0</td>
<td>+8.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>98.9</td>
<td>90.8</td>
<td>+8.9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>(55.5)</td>
<td>(60.3)</td>
<td>(8.0%)</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>39.0</td>
<td>25.8</td>
<td>+51.2%</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;1&lt;/sup&gt; margin %</td>
<td>24.3%</td>
<td>17.4%</td>
<td>+6.9pp</td>
</tr>
<tr>
<td>Operating loss&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(105.4)</td>
<td>(96.2)</td>
<td>(9.6%)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>35.1</td>
<td>26.9</td>
<td>+30.5%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>108.2</td>
<td>103.7</td>
<td>+4.3%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure comprising operating loss, adding back amortisation and impairment, depreciation, share-based payments and exceptional items

<sup>2</sup> Includes impairment charge relating to termination of VR475 programme of £39.8m
## Revenue Categorisation

**Sources of revenue – how we make money**

### Revenues

<table>
<thead>
<tr>
<th>Product supply</th>
<th>Royalties</th>
<th>Development revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of finished or semi-finished product to partners</td>
<td>Royalties and sales related revenues from marketed products containing VEC intellectual property</td>
<td>Upfront payments, milestones or other fees for work on pre-launch development programmes</td>
</tr>
</tbody>
</table>

- **Product supply**: flutiform®, Breelib™, Oral manufacturing
- **Royalties**: e.g., Ultibro®, Seebri®, flutiform®, RAYOS®/LODOTRA®
- **Development revenues**: e.g., k-haler® development Generic Ellipta®, VR2081

### Costs to generate revenue

- **Cost of sales**
- **Historical R&D costs of generating VEC intellectual property**: (FY18: £20.6m, 37% of total R&D)
- **Partnered R&D costs**: (FY18: £34.9m, 63% of total R&D)

### Margin

- **Product supply**: ~25%
- **Royalties**: ~100%
- **Development revenues**: Per agreement

### Pre-Revenue

**R&D**

- **N/A – investment by the Group in assets yet to be partnered**
- **e.g., VR475 and VR647**: New nebulised assets Platform R&D

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1. Net of any onward royalties payable by VEC
PRODUCT SUPPLY REVENUES

*flutiform*® growing well, with normalised demand and stock levels in Europe

**Total product supply revenues**
- Orals £8.3m (3%)
- Breelix™ £1.3m (100%)
- Other Inhaled £1.8m (14%)

**Revenue**
- £85.6m +15%

**Total flutiform® product supply revenues (£’m)**
- £47m +63%
- £61m +29%
- £63m +4%
- £74m +17%

Note: *flutiform*® product supply revenues represent 46% of the Group’s total revenues in 2018 (2017: 43%), and 29% of gross profit (2017: 24%)
**flutiform® product supply margin enhanced by ‘one-off’ gains; underlying margin managed well**

- **flutiform®** gross margin up 4 percentage points versus 2017

- One-offs include:
  - £1.2m received on transfer of manufacturing from Sanofi to Recipharm
  - API supplier provision reversal

- Underlying gross profit excluding one-offs declined by 0.7%, drivers:
  - (-) Price pressure in Japan - market price reductions partially impacting **flutiform®**
  - (-) Input cost increases
  - (+) Geographical and dose presentation mix
  - (+) Improved supply chain performance

- Gross margin expected to normalise at or around 35% in 2019
Expected steady decline in royalties: cap on Mundipharma *flutiform*® royalties and ageing non-inhaled portfolio

- *flutiform*® royalties in 2018 reflect Kyorin only, which grew +10% (CER +12%)
- *Ultibro*® royalties £13.7m, up 8% (+11% CER) versus 2017
- *Seebri*® royalties down 11%, due to currency headwinds
- *AirFluSal*® *Forspiro*® growing well; benefiting from £2.4m licensing income reflecting revised territory agreement
- *EXPAREL*® royalties ceased in 3Q18, as expected
- Ageing oral portfolio in decline as expected, with exception of *RAYOS*/LODOTRA® (£7.7m, +15%)

1 Breelib™ launch milestone in 2017 - £4.3m
Generic Ellipta® deal with Hikma a key driver of 2018 development revenue growth

- **Generic Ellipta®** agreement with Hikma generated £11.4m in cash upfront, £6.6m recognised as revenue in 2018:
  - Licence £4.2m
  - Development services £2.4m
- **flutiform® k-haler®** launched September 2018
- **VR2076 (Mundipharma)** termination concluded with £1.7m deferred income and provision release
- **Non-inhaled** Lyon site continuing to generate new business: £1.5m development fees in 2018 (+25%)

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1. VR730 (Hikma), Asthma (US) – generic Salmeterol
R&D EXPENDITURE

R&D spend aligned to strategy – generics and creating capacity for expanded nebulised portfolio

- **Total R&D expenditure** down 8%, at the lower end of guidance range

- **‘Partnered’ R&D** funded by partners through signed development agreements:
  - >70% focus on generics (2017 ~40%). Includes VR315, Ellipta®, VR2081
  - <30% on non-generics (2017 ~60%). Includes VR465, k-haler®, VR942

- **‘Pre-partnered’ R&D** funded by VEC prior to a partnering deal:
  - Majority of spend on VR475 and VR647
  - New nebulised programmes funded within similar spend to 2017
  - Includes platform investments in next generation devices

R&D Expenditure by funding source (£m; % growth vs LY)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnered (20%)</td>
<td>55.5</td>
<td>60.3</td>
</tr>
<tr>
<td>Pre-Partnered  (+1%)</td>
<td>34.9</td>
<td>34.6</td>
</tr>
</tbody>
</table>
Strong Adjusted EBITDA\(^1\) and operating cash growth

*Adjusted EBITDA\(^1\) evolution (£m; % growth versus FY17)*

- 2017 Adjusted EBITDA\(^1\): 25.8
- Product supply gross profit: 6.5
- Royalty revenues\(^2\): 5.3
- Development revenues: 6.9
- R&D expenditure reduction: 4.8
- Other income/(expense): 0.3
- 2018 Adjusted EBITDA\(^1\): 39.0
- 2018 Cash generated from operations: 35.1

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1. Adjusted EBITDA is calculated by adjusting reported operating loss for non-cash items such as depreciation, amortisation and share based compensation, as well as exceptional items.
2. Royalties include share of net sales of EXPAREL\(^\circ\), and other sales milestones or licencing revenues related to marketed products containing VEC intellectual property.
CASH GENERATION

Strengthening cash position, after return of capital

Cash balance evolution (£’m)

2017 cash balance\(^1\) | Cash from operations | Corporation tax paid\(^2\) | Capital Expenditure | Other\(^3\) | Sub-total | Share buyback | 2018 cash balance
---|---|---|---|---|---|---|---
103.7 | 35.1 | 5.0 | 12.3 | 0.5 | 122.0 | 13.8 | 108.2

\(\) The Group continues to review its capital allocation priorities including the consideration of material shareholder returns

1. Includes share buy back in 2017 of £1.4m
2. Includes net R&D tax credits of £1.0m partially offsetting Corporation tax payments of £6.0m
3. Includes financing charges (£0.8m) and foreign exchange gains (£1.3m)
FINANCIAL OUTLOOK AND GUIDANCE

Sustained performance for 2019: continued revenue growth offset by margin mix effects

**Product supply**
- Continued flutiform® growth momentum
- Underlying flutiform® gross margin returning in underlying level of ~35%

**Royalties**
- GSK Ellipta® earliest patent expiry Nov 2019
- RAYOS® minimum royalties of $8m
- No further EXPAREL® revenues in 2019
- Other oral royalties in steady decline

**Development revenues**
- Generic Ellipta® remaining revenue of £4.8m recognised over 2019-2020
- VR2081 continued progress (~£1m -£2m recognition in 2019)
- Potential partnering of VR647 in 2H19
- Potential for QVM149 filing milestone of $2.5m in H2 2019

**R&D**
- R&D expenditure expected in the range of £45m-£55m

As an indication, a 5% strengthening or weakening of sterling against the Euro, US Dollar and Swiss Franc would have had an impact of between £3m-£4m on the Group's adjusted EBITDA in 2018

1 Royalties include share of net sales of EXPAREL®, and other sales milestones or licencing revenues related to marketed products containing VEC intellectual property
Executing
our strategy

James Ward-Lilley
Chief Executive Officer
Opportunity to transform patients lives and create shareholder value

**Respiratory disease value 2027²**

- **CAGR +3.8% 2018-2027**
- **COPD $22bn**
- **Asthma $20bn**
- **Cystic fibrosis $10bn**
- **PAH $4bn**
- **RSV $4bn**
- **IPF $2bn**

**High levels of unmet need**

- Asthma and COPD alone affect over **480m¹** patients per year globally. High growth in diagnosis and treatment in emerging markets.
- Growth in global specialist niche diseases market worth **$10bn in 2018**, expected to double to **$20bn by 2027²**

**High levels of innovation**

- Innovation in novel inhaled therapies: **>220 projects currently in development globally³**
- Opportunity for next generation device development
- Opportunities for potential reformulation and repurposing of existing molecules

**High barriers to entry**

- Few competitors in US inhaled substitutable generic market.
- Only **3 sponsors** submitted files for generic Advair

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¹ WHO Asthma & COPD factsheets accessed January 2019
² Source: Decision Resources, apart from RSV from Pipeline analysis, Global Data, 2018
³ Pipeline analysis Global Data 2018

Note: COPD (Chronic obstructive pulmonary disease); PAH (Pulmonary arterial hypertension); RSV (Respiratory syncytial virus); IPF (Idiopathic pulmonary fibrosis)
OUR BUSINESS MODEL
Transforming patients’ lives through enhanced inhaled drug delivery

Maximising the value of differentiated inhaled formulation, device and development capabilities through partnering complex inhaled generics and the enhanced delivery of existing molecules.

Priority investment focus & partnering

| Complex inhaled generics | Enhanced reformulation and repurposed therapies |

Strong cash flow generation

| Product supply | Royalties\(^1\) | Development revenues |

\(^1\) Royalties include share of net sales of EXPAREL®, and other sales milestones or licencing revenues related to marketed products containing VEC intellectual property
## Focused inhaled generic and nebulised pipeline

<table>
<thead>
<tr>
<th>INHALED IN-MARKET</th>
<th>INHALED GENERICS</th>
<th>VECTURA ENHANCED THERAPIES</th>
<th>OTHER PARTNERED PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

### INHALED IN-MARKET
- *flutiform*® Asthma (Mundipharma Int. and Kyorin)
- *flutiform*® k-haler® breath-actuated, Asthma (EU) (Mundipharma Int.)
- Ultibro® (Novartis) COPD (Global)
- Seebri® (Novartis) COPD (Global)
- Breeli® (Bayer) PAH (EU)
- AirFluS® Forspiro® (Sandoz) Asthma & COPD (EU, RoW)
- **Ellipta® Portfolio (4 Products)** (GSK)

### INHALED GENERICS
- VR315 (Hikma) Asthma/COPD (US)
- AB-rated substitutable generic Ellipta® portfolio (Hikma)***
- AB-rated substitutable generic Ellipta® portfolio (Hikma)***
- AB-rated substitutable generic Ellipta® portfolio (Hikma)***
- **AB-rated substitutable generic Ellipta® portfolio (Hikma)***
- VR730 (Hikma) Asthma/COPD (US)
- VR506 (Hikma) Asthma (US)
- VR2081 (Sandoz) Asthma/COPD (US)
- **VR632 Asthma/COPD (EU) (Sandoz)***

### VECTURA ENHANCED THERAPIES
- Vectura Enhanced Therapies Cardiopulmonary Vascular Disease
- Vectura Enhanced Therapies Cystic Fibrosis
- Vectura Enhanced Therapies Post-transplant immune compromised patients
- VR647 (US) Paediatric Asthma
- VR736 (Ventaleon) Severe Influenza (Global)

### OTHER PARTNERED PRODUCTS
- QVM149 (Novartis) Asthma (EU, RoW)

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* Vectura has IP in four Ellipta® products: Breli®, Anoro®, Trelegy® and Incruse®
** Approved in EU, launches are imminent
*** Progressing at least 3 of a possible 5 a generic GSK Ellipta® portfolio of assets
Continued growth of key in-market products
INHALED IN-MARKET PRODUCTS

**flutiform®** continued strong growth ex-EU in competitive markets

### In-market sales by region\(^1\) (€m MAT)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>€182m</td>
<td>€204m</td>
<td>€222m</td>
<td>9%</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td>39%</td>
</tr>
<tr>
<td>RoW</td>
<td></td>
<td></td>
<td></td>
<td>52%</td>
</tr>
</tbody>
</table>

- **Volume growth remains stronger than value, with 12.2% growth globally, 2.7% in Europe and 17.4% in Japan\(^1\)**

### ICS/LABA market and **flutiform®** growth 2018 vs 2017 CER\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>ICS/LABA market</th>
<th>flutiform®</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-3.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>3.3%</td>
<td>12.8%</td>
</tr>
<tr>
<td>RoW</td>
<td>6.4%</td>
<td>35.1%</td>
</tr>
<tr>
<td><strong>Total(^2)</strong></td>
<td><strong>0.4%</strong></td>
<td><strong>8.5%</strong></td>
</tr>
</tbody>
</table>

Note: growth rates in Japan and RoW impacted by currency movements, with **flutiform®** absolute growth +9.8% in Japan and +28.2% in RoW

### Growth catalysts:

- **flutiform®** k-haler® breath-actuated device launched by Mundipharma International in the UK, Ireland, Portugal and Germany, further roll out in 2019
- **flutiform®** paediatric label approval roll-out in Europe
- China asthma submission planned 2020

Analyst consensus peak year sales\(^3\): ~€300m

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1 IQVIA SMART MIDAS constant currency sales. Royalties payable by partners to the Group are based on agreed contractual definitions of net sales, which differ from IQVIA reported sales, and may include other adjustments or deductions
2 ICS/LABA market excludes US, where flutiform® is not available
3 Average of 7 UK analysts covering Vectura. Peak expected 2025.
INHALED IN-MARKET PRODUCTS

Ultibro® maintaining ex-US LAMA/LABA class leadership

 Ultibro® in-market sales by region (US$m MAT)\(^1\)

- Europe
- Japan
- Rest of World
- US

\[ \begin{array}{c}
\text{2016} \\
\text{2017} \\
\text{2018}
\end{array} \]

\[ \begin{array}{c}
\$390m \\
\$471m \\
\$512m
\end{array} \]

- Combined in-market sales of Seebrĩ\(\text{ũ}^\circ\) & Ultibro® grew 5.7% to $680m in 2018\(^1\)

2024 consensus sales estimates\(^2\):
- Ultibro\(\text{ũ}^\circ\)/Utibron\(\text{ũ}^\circ\) $632m
- Seebrĩ\(\text{ũ}^\circ\) $168m

 Ultibro® maintaining EU market share leadership

- Ultibro
- Competitor 1
- Competitor 2
- Competitor 3

LAMA/LABA value share Europe\(^1\)

\[ \begin{array}{c}
\text{2016} \\
\text{2017} \\
\text{2018}
\end{array} \]

\[ \begin{array}{c}
61\% \\
51\% \\
46\%
\end{array} \]

Growth catalysts:
- China Ultibro\(\text{ũ}^\circ\) and Seebrĩ\(\text{ũ}^\circ\) approved in 2017/2018

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1 IQVIA SMART MIDAS constant currency sales. Royalties payable by partners to the Group are based on agreed contractual definitions of net sales, which differ from IQVIA reported sales, and may include other adjustments or deductions.
2 Evaluate pharma, accessed February 2019
INHALED PARTNERED ASSETS

QVM149 Phase III study completion and filing planned in H2 2019

Opportunity to be one of the first LABA/LAMA/ICS therapies for asthma in EU

- LAMA/LABA/ICS (glycopyrronium/indacaterol/mometasone) therapy in development for Asthma
- Leverage of known Ultibro® bronchodilator efficacy combined with well known, effective inhaled corticosteroid
- Filing expected in H2 2019, anticipated launch in 2020
- Vectura milestone on submission of $2.5m
- Vectura royalties on net sales from launch

EU ICS/LABA and LAMA markets 2018¹

$4.8bn

Consensus potential sales (not peak year)

$238m by 2024²

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¹ IQVIA SMART MIDAS Constant Currency Sales
² Evaluate Pharma Consensus Worldwide Peak Sales extracted March 2019
Positive progress and expansion of inhaled generics pipeline
INHALED GENERICS PIPELINE

Vectura remains confident in value and volume opportunity for VR315

Reported US ICS/LABA market value remains significant despite sales pricing pressure ($bn)¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Dulera</th>
<th>Breo</th>
<th>Symbicort</th>
<th>Advair</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.8</td>
<td>1.5</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.5</td>
<td>1.2</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>2017</td>
<td>2.1</td>
<td>1.1</td>
<td>0.8</td>
<td>0.3</td>
</tr>
<tr>
<td>2018</td>
<td>1.5</td>
<td>0.9</td>
<td>0.8</td>
<td>0.2</td>
</tr>
</tbody>
</table>

US ICS/LABA volumes have been increasing over last four years² (m units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volumes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>34.5</td>
</tr>
<tr>
<td>2016</td>
<td>35.2</td>
</tr>
<tr>
<td>2017</td>
<td>35.8</td>
</tr>
<tr>
<td>2018</td>
<td>36.6</td>
</tr>
</tbody>
</table>

VR315 opportunity

- Barriers of entry to new inhaled generics remain high – only 3 sponsors with submitted files
- Mylan’s launch demonstrates approval of inhaled substitutable generic is possible
- Initial Mylan list pricing of $93-153 per month within expected range and confirms significant market opportunity
- Vectura and Hikma planned CRL resubmission 2019 to enable 2020 launch:
  - Ongoing recruitment of repeat clinical study on track
  - Good FDA engagement on CMC/Device CRL responses.

¹ Evaluate Pharma, accessed March 2019
² IQVIA SMART MIDAS
Generic Ellipta® agreement with Hikma significantly expands inhaled generics portfolio, with sales potential of c. $5bn by 2024

Portfolio targeting fast growing LAMA/LABA and Triple classes

Triple and LAMA/LABA global consensus forecast ($bn)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triple</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>LAMA/LABA</td>
<td>1.6</td>
<td>2.2</td>
</tr>
</tbody>
</table>

$1.8bn

Expanded generics portfolio

- Hikma deal significantly expands the Vectura inhaled generic product portfolio – **up to five new generic Ellipta® products**

- Generic Ellipta® opportunity - potential **global sales of $5bn** and US sales of $4bn by 2024\(^1\)

- Validates Vectura’s market leading formulation and DPI technology

- Validates Hikma’s confidence in VR315 programme

- Opportunity for significant VEC returns:
  - $15m upfront, with payments of up to $80m
  - On approval Vectura will receive a share of distributable net profit up to a mid teen percentage for each portfolio product

GSK Ellipta® portfolio global consensus forecast ($bn)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breo</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Trelegy</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Anoro</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Incruse</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Arnity</td>
<td>1.2</td>
<td>1.9</td>
</tr>
</tbody>
</table>

$2.6bn

\(^1\) GlobalData for all except Stiolto from Evaluate Pharma; accessed March 2019; Triple forecast excludes Chiesi’s Trimbow given no consensus forecast available
Growing clinical evidence supports the expansion of Vectura’s enhanced nebulised portfolio
**NEBULISED PIPELINE**

**VR475 PIII study outcome provides additional validation for VR647**

<table>
<thead>
<tr>
<th>Territory</th>
<th>VR475</th>
<th>VR647</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td></td>
<td>USA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population</th>
<th>VR475</th>
<th>VR647</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults and adolescents with severe asthma</td>
<td></td>
<td>Paediatric asthmatics, aged 1-8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Endpoint</th>
<th>VR475</th>
<th>VR647</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unprecedented reduction in exacerbations</td>
<td>Efficacy as Pulmicort®</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting data</th>
<th>VR475</th>
<th>VR647</th>
</tr>
</thead>
<tbody>
<tr>
<td>VR475 Phase I/II study</td>
<td>Pulmicort®; VR647 Phase I/II; VR475 secondary endpoints</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market opportunity</th>
<th>VR475</th>
<th>VR647</th>
</tr>
</thead>
<tbody>
<tr>
<td>New severe asthma segment, before biologics</td>
<td>Established Pulmicort® market Volumes &gt;30m pa</td>
<td></td>
</tr>
</tbody>
</table>

- Did not meet challenging primary endpoint
- Secondary data support differentiated performance vs. conventional nebulisers
- Further validates confidence in platform and symptom relief data for VR647
- End of Phase II FDA meeting expected mid-2019
- Potential partnering for development and commercialisation (H2 19)
Good progress made on 3 new programmes leveraging Vectura's enhanced nebulisation technology

Targeting multi $bn rare disease/orphan markets including the inhaled management of:

- Cardiopulmonary vascular disease
- Cystic Fibrosis
- Infection in post-transplant immunocompromised patients

Individual peak sales potential

>$250m

**UNIQUE INHALATION TECHNOLOGY**

Breath activated flow and volume control enables:

- Greater proportion of drug delivered to the lungs with **reduced variability**
- Potential for **less drug** to be used to achieve equivalent delivered doses
- Potential for significant **reduction in nebulisation time**
- Real-time **patient feedback to guide** slow, deep inhalation
- **Notification** of remaining breaths and successful completion of treatment

- Targeting at least one orphan drug designation in 2019
- Potential for partnering within a 3-5 year period
2019 Priorities and Newsflow
2019 PRIORITIES AND NEWSFLOW

Delivering on our strategy in 2019

- Strong financial performance
- Maximising partnering value
- Maximising pipeline value
- Operational Excellence
- Great place to work

Newsflow for 2019

- VR315 (US) repeat clinical study read-out and resubmission
- VR647 (US) partnering post FDA end of Phase II meeting
- Updated disclosure on new nebulised niche portfolio assets, including potential orphan drug designation
- QVM149 Phase III study completion and submission

GSK litigation in the US is scheduled for April 2019 and the Group will provide an update following the conclusion of the trial.
2019 PRIORITIES AND NEWSFLOW

Vectura Group investment case

1. Differentiated inhalation development capabilities
2. In market product cash flow generation
3. Focused R&D strategy with pipeline progression and partnering potential
4. Focus on Operational Excellence

5. Strong cash flow generation and capital discipline
Q&A

26th March 2019

James Ward-Lilley
Chief Executive Officer

Paul Fry
Chief Financial Officer
APPENDIX
Introduction

Location, History and Partners

450 Employees

c.200 Experienced scientists in our clinical, regulatory, formulation and device

9m+ Patients treated with Vectura technologies in 2018

Company history

1997
The company was formed in 1997 as a spin out company from Bath University.

1999
Acquisition of Co-ordinated Drug Development and the Centre for Drug Formulation Studies.

2004
Listed on the UK Alternative Investment Market (AIM).

2007
Acquisition of Innovata plc, another developer of pulmonary products, and moved onto the London Stock Exchange (LSE).

2014
Acquisition of Activaero, a German manufacturer of nebulised therapies, for £108 million.

2016
On 10 June 2016 Vectura completed a merger with Skyepharma; the merged company continues to be known as Vectura.

Partners

- Baxter
- Bayer
- GSK
- Hikma
- Kyorin
- Mundipharma
- Novartis
- Sandoz
- KingYork

Corporate office
London, UK

Inhalation development activity
Chippenham and Cambridge, UK
Mutenz, Switzerland
Gauting, Germany

Oral manufacturing site
Lyon, France
INTRODUCTION

Industry-leading integrated inhalation development capabilities

Comprehensive enabling formulation technology

Advanced analytical capability

Facilities, laboratories and manufacturing suites

Formulation
Optimising drug and excipients to deliver required clinical profile

Device
Range of devices to address differing drug characteristics and patient needs

Development
In house expertise to support the development process from early stage through to approval and launch

Class-leading device platforms

Scale-up and industrialisation capabilities

Airways disease regulatory and clinical expertise
VR647(US): Progressing with Phase III planning and partnering following positive Phase II pilot efficacy, PK and mouthpiece studies

For children 1-3yrs few treatment options available

Estimated
2.3m children aged 1-8yrs with asthma in the US

Potential for premium pricing vs. Gx based on differentiated profile

Estimated
>50% of nebulised budesonide patients are 8yrs old and under

US Nebulised Budesonide Value (US$m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$961m</td>
</tr>
<tr>
<td>2017</td>
<td>$762m</td>
</tr>
<tr>
<td>2018</td>
<td>$632m</td>
</tr>
</tbody>
</table>

US Nebulised Budesonide Volume (Units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>32m</td>
</tr>
<tr>
<td>2017</td>
<td>33m</td>
</tr>
<tr>
<td>2018</td>
<td>39m</td>
</tr>
</tbody>
</table>

**Vision and value proposition**

- VR647 offers **efficacy similar to Pulmicort Respules®** with:
  - a **lower steroid dose**
  - significantly **shorter treatment time**
  - **confidence** from knowing the child has taken the dose correctly

- Goal to establish **VR647 as the treatment of choice** for children with mild-moderate asthma aged 1-8 years (GINA 2/3; NAEPP 2/3)

**Next steps:**

- **End of Phase II meeting** with FDA (mid-2019)
- Activities and plans to **enable potential initiation of Phase III programme**
- Discussions with **potential partners** for the development and commercialization (2H19)

---

1. IQVIA SMART MIDAS
2. Estimated from CDC (2016 survey) www.cdc.gov/nchs/fastats/asthma.htm
3. IQVIA Health - Budesonide Market Sizing By Indication 2015
Next-generation nebuliser – AKITA®

UNIQUE INHALATION TECHNOLOGY

Breath activated flow and volume control enables:

- Greater proportion of drug delivered to the lungs with reduced variability
- Potential for less drug to be used to achieve equivalent delivered doses
- Potential for significant reduction in nebulisation time
- Real-time patient feedback to guide slow, deep inhalation
- Notification of remaining breaths and successful completion of treatment
- Records adherence data to be visualised via a mobile app
Fox® Device Technology

The FOX® handheld smart nebuliser utilises Vectura’s unique FAVORITE™ inhalation technology.

- Ability to significantly reduce each treatment time from eleven minutes to three minutes, whilst maintaining efficacy.
- The Bluetooth® enabled device incorporates a patient feedback mechanism, which helps to guide a patient’s breathing during the inhalation process.
- In 2014, the FOX® device won the Red Dot Award for product design.
# INHALED GENERICS PIPELINE

Agreement targets five products with global potential value of $5.6bn market by 2024

<table>
<thead>
<tr>
<th>Class</th>
<th>Product</th>
<th>Indication(s)</th>
<th>2017 sales$</th>
<th>2024 forecast$</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICS / LABA</td>
<td>Breo®/Relvar® fluticasone furoate; vilanterol trifenate</td>
<td>Asthma &amp; COPD</td>
<td>$1.3bn</td>
<td>$2.4bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$775m US</td>
<td>$1.4bn US</td>
</tr>
<tr>
<td>LAMA / LABA</td>
<td>Anoro® umeclidinium bromide; vilanterol trifenate</td>
<td>COPD</td>
<td>$440m</td>
<td>$1.2bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$301m US</td>
<td>$851m US</td>
</tr>
<tr>
<td>ICS / LABA / LAMA</td>
<td>Trelegy® fluticasone furoate; umeclidinium; vilanterol trifenate</td>
<td>COPD (approved) Asthma (pipeline)</td>
<td>$3m</td>
<td>$1.1bn</td>
</tr>
<tr>
<td>LAMA</td>
<td>Incruse® umeclidinium bromide</td>
<td>COPD</td>
<td>$259m</td>
<td>$677m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$173m US</td>
<td>$452m US</td>
</tr>
<tr>
<td>ICS</td>
<td>Arnuity® fluticasone furoate</td>
<td>Asthma</td>
<td>$45m</td>
<td>$173m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$41m US</td>
<td>$158m US</td>
</tr>
</tbody>
</table>

$5.6bn Total 2024 consensus forecast

$4.0bn US

*Global Data Consensus Forecast October 2018*
## Inhaled revenue and gross profit

<table>
<thead>
<tr>
<th></th>
<th>2018 £m</th>
<th>2017 £m</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>flutiform®</strong></td>
<td>74.2</td>
<td>63.4</td>
<td>17.0%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>3.1</td>
<td>2.7</td>
<td>14.8%</td>
</tr>
<tr>
<td><strong>Product supply revenue</strong></td>
<td><strong>77.3</strong></td>
<td><strong>66.1</strong></td>
<td><strong>16.9%</strong></td>
</tr>
<tr>
<td><strong>Ultibro® and Seebri®</strong></td>
<td>17.8</td>
<td>17.3</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>GSK Ellipta® portfolio</strong></td>
<td>9.0</td>
<td>9.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>flutiform®</strong></td>
<td>5.4</td>
<td>6.6</td>
<td>(18.2%)</td>
</tr>
<tr>
<td><strong>AirFluSal® Forspiro®</strong></td>
<td>5.3</td>
<td>2.3</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>Breeli®</strong></td>
<td>1.3</td>
<td>4.3</td>
<td>&lt;100%</td>
</tr>
<tr>
<td><strong>Royalty and other marketed revenues</strong></td>
<td><strong>38.8</strong></td>
<td><strong>39.5</strong></td>
<td><strong>n/m</strong></td>
</tr>
<tr>
<td><strong>Generic Ellipta® portfolio (Hikma)</strong></td>
<td>6.6</td>
<td>-</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>flutiform® K-Haler®</strong></td>
<td>2.4</td>
<td>3.2</td>
<td>(25.0%)</td>
</tr>
<tr>
<td><strong>VR2076</strong></td>
<td>1.7</td>
<td>1.5</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>VR2081</strong></td>
<td>1.3</td>
<td>1.1</td>
<td>18.2%</td>
</tr>
<tr>
<td><strong>Other development revenues</strong></td>
<td>3.0</td>
<td>2.6</td>
<td>15.4%</td>
</tr>
<tr>
<td><strong>Development revenues</strong></td>
<td><strong>15.0</strong></td>
<td><strong>8.4</strong></td>
<td><strong>78.6%</strong></td>
</tr>
<tr>
<td><strong>Total inhaled revenue</strong></td>
<td><strong>131.1</strong></td>
<td><strong>114</strong></td>
<td><strong>15.0%</strong></td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(50.4)</td>
<td>(46.3)</td>
<td>8.9%</td>
</tr>
<tr>
<td><strong>Inhaled gross profit</strong></td>
<td><strong>80.7</strong></td>
<td><strong>67.7</strong></td>
<td><strong>19.2%</strong></td>
</tr>
</tbody>
</table>
## Non-inhaled revenue and gross profit

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td>Rayos® / Lodotra®</td>
<td>1.6</td>
<td>1.1</td>
<td>45.5%</td>
</tr>
<tr>
<td>Sular®</td>
<td>1.4</td>
<td>3.0</td>
<td>(53.3%)</td>
</tr>
<tr>
<td>Diclofenac®</td>
<td>1.5</td>
<td>1.4</td>
<td>7.1%</td>
</tr>
<tr>
<td>Other</td>
<td>3.8</td>
<td>3.1</td>
<td>22.6%</td>
</tr>
<tr>
<td><strong>Product supply revenue</strong></td>
<td><strong>8.3</strong></td>
<td><strong>8.6</strong></td>
<td><strong>(3.5%)</strong></td>
</tr>
<tr>
<td>Solaraze®</td>
<td>2.0</td>
<td>2.9</td>
<td>(31.0%)</td>
</tr>
<tr>
<td>Rayos® / Lodotra®</td>
<td>7.7</td>
<td>6.7</td>
<td>14.9%</td>
</tr>
<tr>
<td>Requip®</td>
<td>2.2</td>
<td>2.9</td>
<td>(31.0%)</td>
</tr>
<tr>
<td>Other royalties</td>
<td>2.8</td>
<td>5.1</td>
<td>(45.1%)</td>
</tr>
<tr>
<td>EXPAREL® share of net sales</td>
<td>5.1</td>
<td>6.6</td>
<td>(22.7%)</td>
</tr>
<tr>
<td><strong>Royalty and other marketed revenues</strong></td>
<td><strong>19.6</strong></td>
<td><strong>24.2</strong></td>
<td><strong>(19.0%)</strong></td>
</tr>
<tr>
<td>Development services</td>
<td>1.5</td>
<td>1.1</td>
<td>36.4%</td>
</tr>
<tr>
<td>Licencing – other</td>
<td>-</td>
<td>0.1</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Development revenues</strong></td>
<td><strong>1.5</strong></td>
<td><strong>1.2</strong></td>
<td><strong>25.0%</strong></td>
</tr>
</tbody>
</table>

### Total non-inhaled revenue

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-inhaled revenue</strong></td>
<td><strong>29.4</strong></td>
<td><strong>34.0</strong></td>
<td><strong>(13.5%)</strong></td>
</tr>
</tbody>
</table>

### Cost of sales

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(11.2)</td>
<td>(10.9)</td>
<td>(2.8%)</td>
</tr>
</tbody>
</table>

### Non-inhaled gross profit

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td><strong>Non-inhaled gross profit</strong></td>
<td><strong>18.2</strong></td>
<td><strong>23.1</strong></td>
<td><strong>(21.2%)</strong></td>
</tr>
</tbody>
</table>
Executive leadership team

James Ward-Lilley
Chief Executive Officer

Paul Fry
Chief Financial Officer

Geraldine Venthoye
Executive Vice President – Pharmaceutical Development

Roger Heerman
Executive Vice-president – Commercial and Business Development

Gonzalo de Miguel
Chief Medical Officer and Executive Vice President – Development

David Lescuyer
Executive Vice President – Oral Business

Joanne Hombal
Executive Vice President – Human Resources

Anthony Fitzpatrick
Executive Vice President – Operations

John Murphy
General Counsel and Company Secretary
## INTRODUCTION

### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience/Relevant Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruno Angelici</td>
<td>Non-Executive Chairman</td>
<td>• Non-Executive Chairman since 2014 and Vectura Board member since 2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Extensive international business leadership experience, including in the US, with deep understanding of medical device and pharmaceutical industries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retired from AstraZeneca in 2010 as EVP international after a 20-year career. Former non-executive director of Novo Nordisk A/S</td>
</tr>
<tr>
<td>Dr Susan Foden</td>
<td>Senior Independent Non-Executive Director</td>
<td>• Vectura Board member since 2007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Significant experience in venture capital, UK biotech and healthcare</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Former investor director with London-based venture capital firm Merlin Biosciences Limited, and chief executive officer of Cancer Research Campaign Technology Ltd from 1987 to 2000</td>
</tr>
<tr>
<td>Dr Per-Olof Andersson</td>
<td>Non-Executive Director</td>
<td>• Vectura Board member since 2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Expert in international pharmaceutical and biopharmaceutical research and development, with considerable experience in respiratory</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Former executive director for R&amp;D and Board member of Almirall. Distinguished international career at Pharmacia and Pfizer over a period of nearly 20 years</td>
</tr>
<tr>
<td>Neil Warner</td>
<td>Non-Executive Director</td>
<td>• Vectura Board member since 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Significant financial and leadership experience in multinational listed companies, including 14 years as finance director at Chloride Group plc and six years at Exel plc in senior posts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Former non-executive director of Dechra Pharmaceuticals plc, and non-executive chairman of Enteq Upstream plc</td>
</tr>
<tr>
<td>Thomas Werner</td>
<td>Non-Executive Director</td>
<td>• Joined Skyepharma Board in 2009 and Vectura Board following the merger in 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 30+ years’ pharmaceutical experience, including SVP of GlaxoSmithKline, where he was managing director for Germany and also co-ordinated European oncology business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Held various non-executive positions, including Riemser Pharma GmbH and New Oncology AG, and former director of the American Chamber of Commerce in Germany</td>
</tr>
<tr>
<td>Juliet Thompson</td>
<td>Non-Executive Director</td>
<td>• Vectura Board member since 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 20+ years’ experience in life sciences sector as an investment banker and strategic advisor to healthcare companies in Europe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Headed European healthcare team at Stifel and was also a founding partner of Code Securities, a healthcare investment banking boutique acquired by Nomura, later forming Nomura Code</td>
</tr>
<tr>
<td>Anne Whitaker</td>
<td>Non-Executive Director</td>
<td>• Vectura Board member since 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 25+ years’ experience in life sciences. Significant experience in US respiratory sector, serving as President and CEO of KNOW Bio, LLC and wholly owned subsidiary, Novoclem Therapeutics, Inc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Previous posts include Executive Vice President and Company Group Chairman at Valeant Pharmaceuticals, President and Chief Executive Officer of Synta Pharmaceuticals, and commercial leadership roles at GSK</td>
</tr>
</tbody>
</table>
For further information

Investor Relations & Analysis:
Elizabeth Knowles
Vectura Group plc
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Mob: +44(0)7767 160565

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Tel: +44 (0)20 7881 0524
Mob: +44(0)7471 352720

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