33rd Annual J.P.Morgan Healthcare Conference

14th January 2015

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Vectura today

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Vectura portfolio

Technology

- FAVORITE smart nebulisation technology
- Proprietary device technologies (blister based and reservoir based)
- Formulation expertise (e.g. PowderHale, ParticleMax)
- Product development expertise

Marketed and pipeline assets

Partnered

- **Marketed:** Asthma, COPD, non-respiratory*
- **Pipeline:** Asthma, COPD, pulmonary hypertension, cystic fibrosis, influenza, respiratory syncytial virus

Fully owned

- **Pipeline:** Asthma, inflammatory airway diseases, chronic cough

Business model validation

NOVARTIS, ucb, gsk, GRIFOLS, SANDOZ, Ablynx, Baxter, Janssen

Key financials

(H1 2014/15)

Revenue growth (H1 13/14 -14/15)

+14%

EBITDA

£3.0m

Royalty revenue

£10.0m

Cash

£84.6m

Vectura's portfolio has emerged from the Company's product development, reformulation and drug delivery expertise and is centred around developing products to address airways diseases

Note: *Haemophilia, dialysis and surgical adhesions
Source: Vectura materials, L.E.K. research and analysis

Progression of our business

Accelerating value delivery

Build an innovative specialty pharmaceutical business

- Seek to maximise commercial value of our pipeline through appropriate deal structures
  - Partner, co-develop, self-commercialise
- Continue to carefully assess M&A opportunities
  - Focus is on accretive, revenue-enhancing deals

Focus on accelerating value in existing pipeline

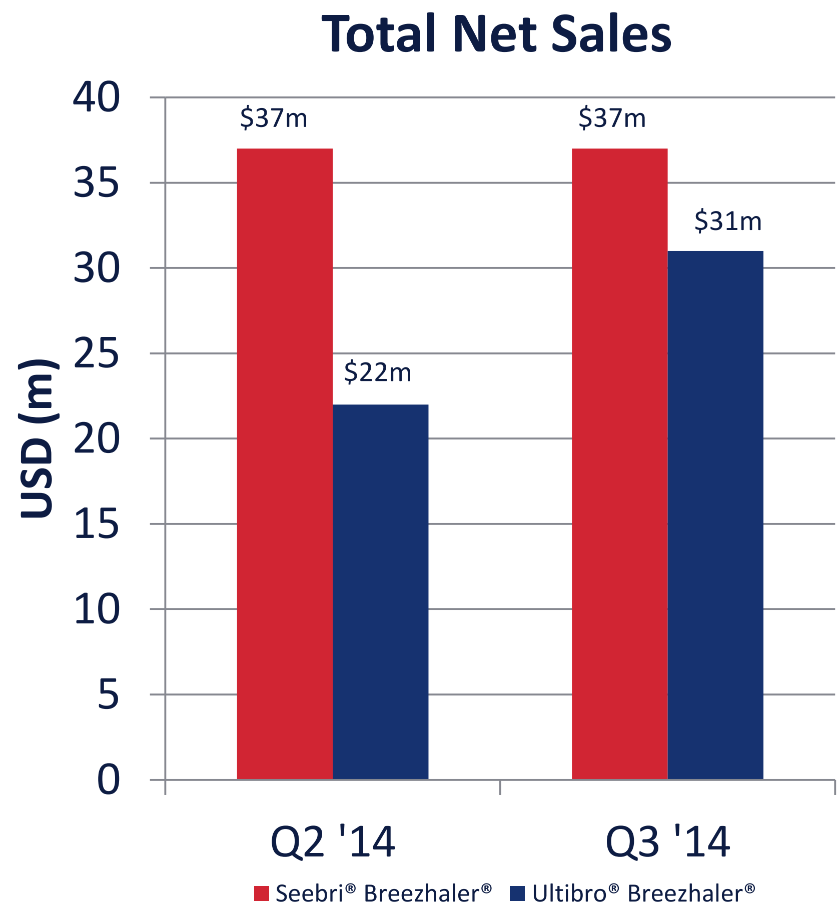
- Disciplined prioritised investment in R&D and business development
- General shift in development focus away from early-stage deals
  - Potential for value realisation must fall within strategic period

Expert in airways diseases

- Technology platform and pipeline improved by M&A and selective investment
- Attracting considerable interest in business development opportunities

Revenues driven by new product sales

- Branded assets continue to grow year-on-year
  - Baxter royalties continue to hold
  - Roll-out of Novartis partnered branded assets and AirFluSal® Forspiro® continues
- Pipeline progression marked by milestone receipts
  - Generics
    - Two milestones on VR315 US ($3m total)
    - US licence agreement for VR506 signed



Source: Total Net Sales booked by Novartis

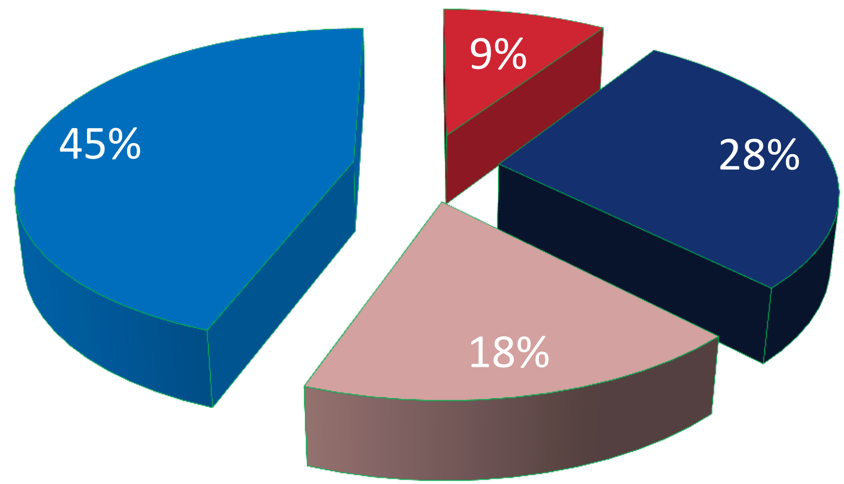
Outlook for revenues

Royalty streams form basis of sustainable growth

Growth drivers

- Products in the growth phase of their launch curve
- Approvals in new geographies
- New product launches

Estimated total value of drug classes in 2018[1] >$22bn



Vectura will benefit from partnered products competing for a share of these major respiratory drug classes globally

[1] Source: Bloomberg analyst consensus estimates

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Pipeline

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Partnered
Wholly owned
Generic

Pre-clinical

VR588
Severe Inflammatory Airways disease
(Global)

VR611
Airways Inflammation & Chronic Cough
(Global)

VR942 (UCB)
Inflammatory Airways disease
(Co-development global)

Phase 1

VR475
Severe Adult Asthma
(US)

VR465 (Ablynx)
RSV Infection
(Global)

Phase 2

VR096 (Janssen)
Anti-inflammatory Asthma/COPD
(Global)

VR647
Paediatric Asthma
(Global)

VR179 (Grifols)
Cystic Fibrosis
(Global)

VR736 (Ventaleon)
Severe Influenza
(Global)

Phase 3

Submitted to FDA

NVA237 (Novartis)
COPD
(US)

QVA149 (Novartis)
COPD
(US)

VR475
Severe Adult Asthma
(EU)

VR876 (partnered, undisclosed)
Pulmonary Hypertension
(Global)

Full development

VR315 (undisclosed partner)
Asthma
(US)

VR506 (undisclosed partner)
Asthma
(US)

VR632 (Sandoz)
Asthma
(EU)

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Delivering on the pipeline expectations

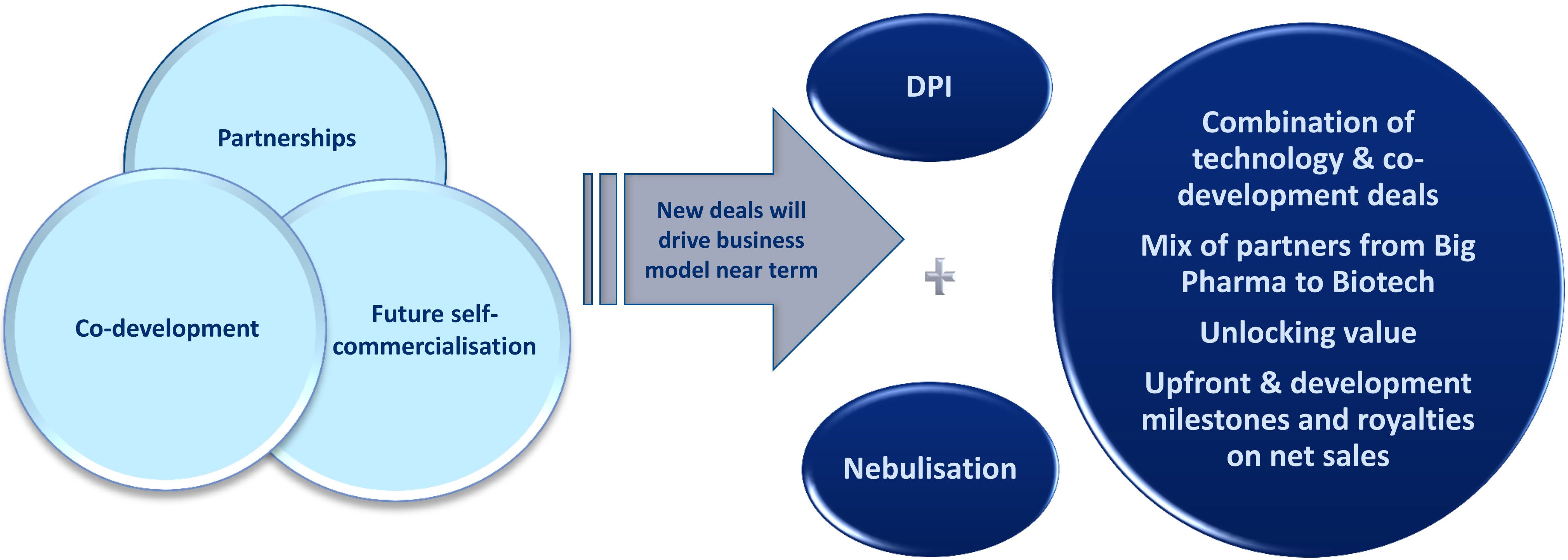
Linking clinical progress with financial objectives

- Nine pipeline assets expected to launch over period to 2021
  - Estimated target market sizes total >$25bn[1]
    - Vectura will compete for share within market segments
- Over $200m in potential milestones from existing deals
    - Approx. $40m related to sales milestones and c.$200m from development milestones
- Potential revenue CAGR >25% through 2014-2021
  - Operational leverage achieved by maintaining expenses within tight limits
    - R&D to be kept within stated range
  - Portfolio prioritisation assists in controlling R&D annual spend

[1] Source Decision Resources 2014 Pharmacor series. Note NVA237 & QVA149 potential includes global sales

Business development accelerating

Significant increase in active leads post Activaero acquisition



Prudent use of capital will continue

Poised to generate significant cash flow per share

- Materially advanced our partnered programmes over the past two years
  - High-quality recurring revenues from a growing number of sources
    - Baxter, Novartis, Sandoz, GSK
  - High gross margins associated with royalties
  - Aim to garner increased economics when our technology can be leveraged
- Robust balance sheet maintained through this period
  - Future R&D spend will be prioritised
    - Current FY guidance of £40m-£45m unchanged
  - Maintain estimated range of £40m-£52m over coming years
    - Increased number of revenue-generating opportunities in the near-term
    - Setting transparent medium-term parameters to re-enforce financial discipline
- Significant tax benefits from the patent box has positive impact on valuation

Financial highlights

Revenue growth

Driven by 45% increase in royalties

+ 14%

£19.4m

(H1 2013/14 £17.0m)

EBITDA[1] progression

+ 30%

£3.0m

(H1 2013/14 £2.3m)

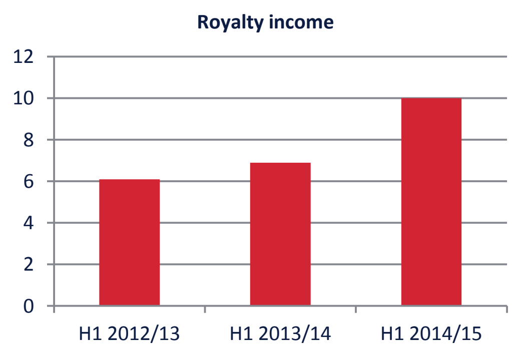
Balance sheet strength

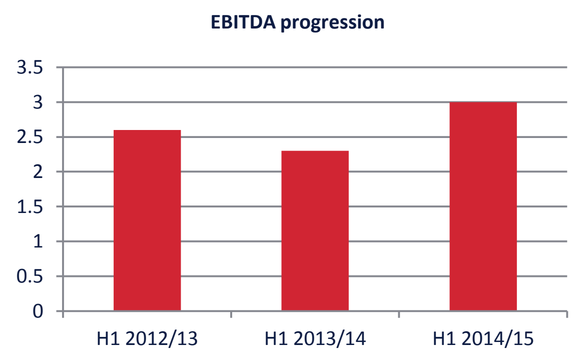
Cash and cash equivalents

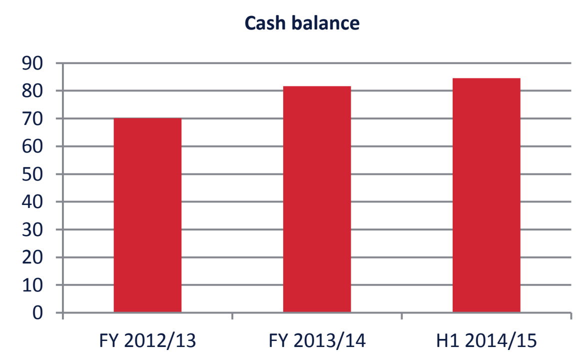
+ £2.9m

£84.6m

(At 31 March 2014 £81.7m)







Growing royalty revenues from newly-marketed products will support EBITDA[1] progression

[1] Earnings before investment income, finance gains, tax, depreciation, amortisation, share-based compensation and adjusted for non-recurring expenditure

Outlook

Evolving business model

Driving R&D to earliest inflection point for value realisation

- Immediate focus on hybrid model
  - Partnering, co-development and potential self-commercialisation
  - Continuing to evaluate the landscape for attractive opportunities
    - Both dry powder and liquid formulation
- Royalty model has been demonstrably successful
  - High-margin, high-growth, recurring revenue
  - Patent box tax incentives
- Continued disciplined cash control augmented by portfolio prioritisation
  - Will enable R&D costs to be contained within limits over a period of time
  - Broad portfolio diversity enhances chances of success
- Transitioning to become a specialty pharmaceutical company