

## Vectura Group plc: 2019 LTI awards

In this year's annual report, we stated that the 2019 LTI awards had not been finalised at the point of publication. These have now been finalised and the principal terms are set out below.

In determining the level of awards to be granted in 2019, the Committee considered carefully comments received from shareholders in relation to the level of the 2018 grant. In doing so, the Committee was mindful of the need to balance shareholders views with the attraction and retention of talent in the business. The Committee also noted the discretion applied to the 2018 bonus in a strong performing year.

Despite strong financial and operational performance, following shareholder consultation and feedback relating to the share price progression in 2017 and 2018, the Committee has reduced the 2019 LTI award level for the CEO. Accordingly, the grant value of the award made to Mr Ward-Lilley on 25 April 2019 is 138.75% of salary, a reduction of 25% from the normal grant level of 185% of salary.

The Committee also considered whether a similar reduction should apply to the CFO. It noted that Paul Fry joined in October 2018, that he did not receive an LTI grant in 2018 and share price performance has remained stable since his appointment. It has therefore decided that it would be appropriate to grant the CFO an award at the normal level in 2019.

The targets for the 2019 awards will be set as follows:

Proportion of total award	Measure	Threshold <sup>(1)</sup> 15%	Maximum <sup>(1)</sup> 100%
50%	Relative TSR against FTSE 250 companies (excluding real estate and financial services)	Median	Upper Quartile
50%	Cumulative adjusted growth in adjusted EBITDA	£115m	£150m

<sup>(1)</sup> Linear vesting between these points

In addition, I would like to remind you of the EBITDA targets for the 2018 award. Unfortunately, due to a printing error, the EBITDA targets for the 2018, previously published in the 2017 Report and Accounts were omitted from the 2018 Report and Accounts. These targets remain unchanged: threshold at £120m, stretch (maximum) at £155m and with linear vesting between these points. The 2019 target levels are slightly lower than 2018 reflecting the shift in the expected revenue and EBITDA profile in the periods 2018-2020 and 2019-2021 in line with consensus.