vectura

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Vectura Today

Leading developer of inhaled pharmaceuticals

- Two late-stage products, partnered with Novartis, in development for COPD
  - NVA 237 (US) & QVA149 (EU/Japan/RoW/US)
  - Comprehensive development programme driven and fully funded by Novartis
- Approved product (Seebri® Breezhaler®), for COPD in EU & Japan/RoW
  - Marketed 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)

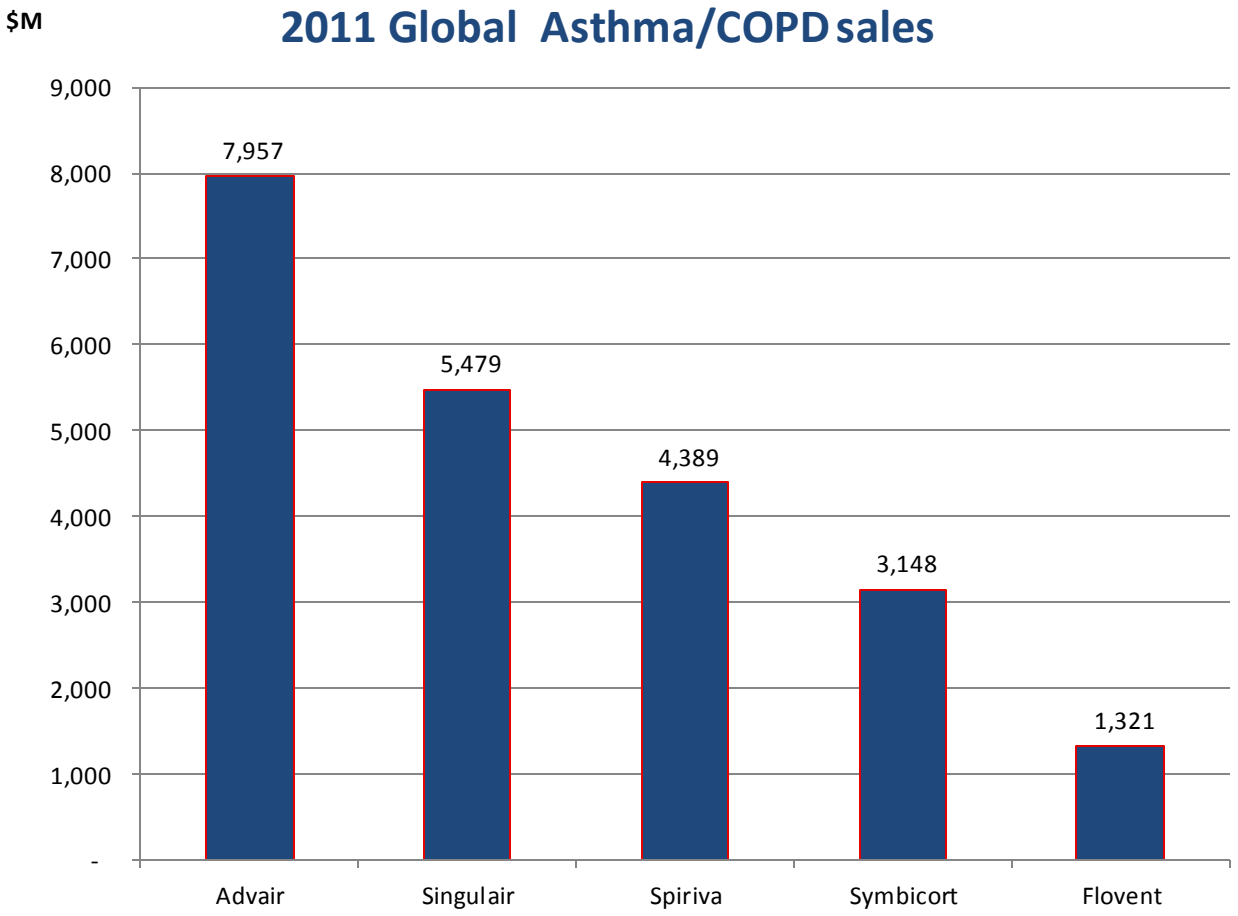
Technology platforms, validated by deals, underpin product focus

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

Strong balance sheet with £72.1m in cash

- Supported by existing royalty streams and a disciplined approach to cost control

Significant Market Opportunity



Source: Sell side analyst reports;

Asthma/COPD market estimated at $33bn in 2011 growing to $37bn by 2017

COPD market estimated to be worth $16bn+ (2012E-2020E +7% CAGR)

LAMA/LABA expected to be the dominant treatment class

COPD Treatment Landscape Today

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

Treated according to GOLD guidelines

- 2011 update classifies patients according to three key attributes:
  - Symptoms
  - Exacerbation risk
  - Airflow limitation

Current inhaled therapies

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

Changing Market Dynamics to Benefit Vectura

- **Single LAMA products to remain an important product class (NVA237)[1]**
  - ~ 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 may redefine the standard of care in COPD (QVA149)**
  - The combination is synergistic over its components
  - Combination products expected to alter 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**
  - Second of "new generation" LAMAs to launch
  - Market suggests that LAMAs as monotherapy are here to stay
- ***Seebri® Breezhaler®* approved in EU, Japan, Australia & Canada**
  - US filing expected Q1 2014
- **Comprehensive Phase III clinical trial programme**
  - Being undertaken by Novartis
- **Market roll out is underway**
  - Launched in Germany, Austria, Denmark, UK, Ireland & Japan 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 by Novartis in EU (Oct. 2012)**
  - Japan regulatory filing submitted by Novartis in November 2012
  - Novartis expected to file in US by end 2014
- **Comprehensive COPD registration trial programme undertaken by Novartis (IGNITE)**
  - > 7,000 patients across 42 countries
- **Potential factors driving expected use of LAMA/LABA combinations:**
  - Bronchodilator monotherapy may fail to control COPD
  - Combining drugs with different mechanisms is already advocated by physicians
  - Increasing concern over the appropriate use of ICS in COPD

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)
- VR506 - Development ongoing, strong out-licensing candidate
- VR632 - Licensed in EU (Sandoz)

Comprehensive understanding of complex regulatory requirements

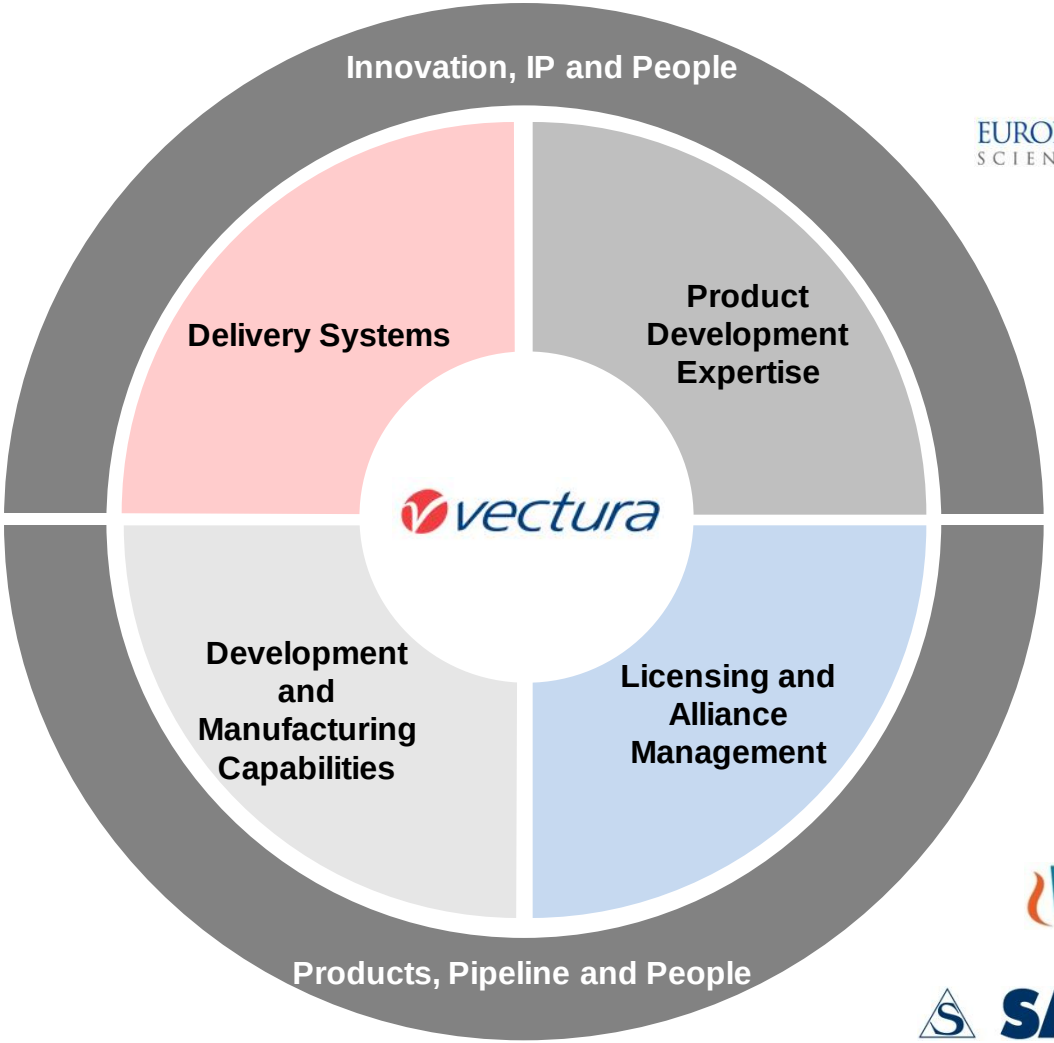
- Significant experience of interaction with regulators, particularly the EMA and FDA

Success Factors Underpinning our Product Development









EUROPEAN MEDICINES AGENCY
SCIENCE MEDICINES HEALTH

FDA

MHRA

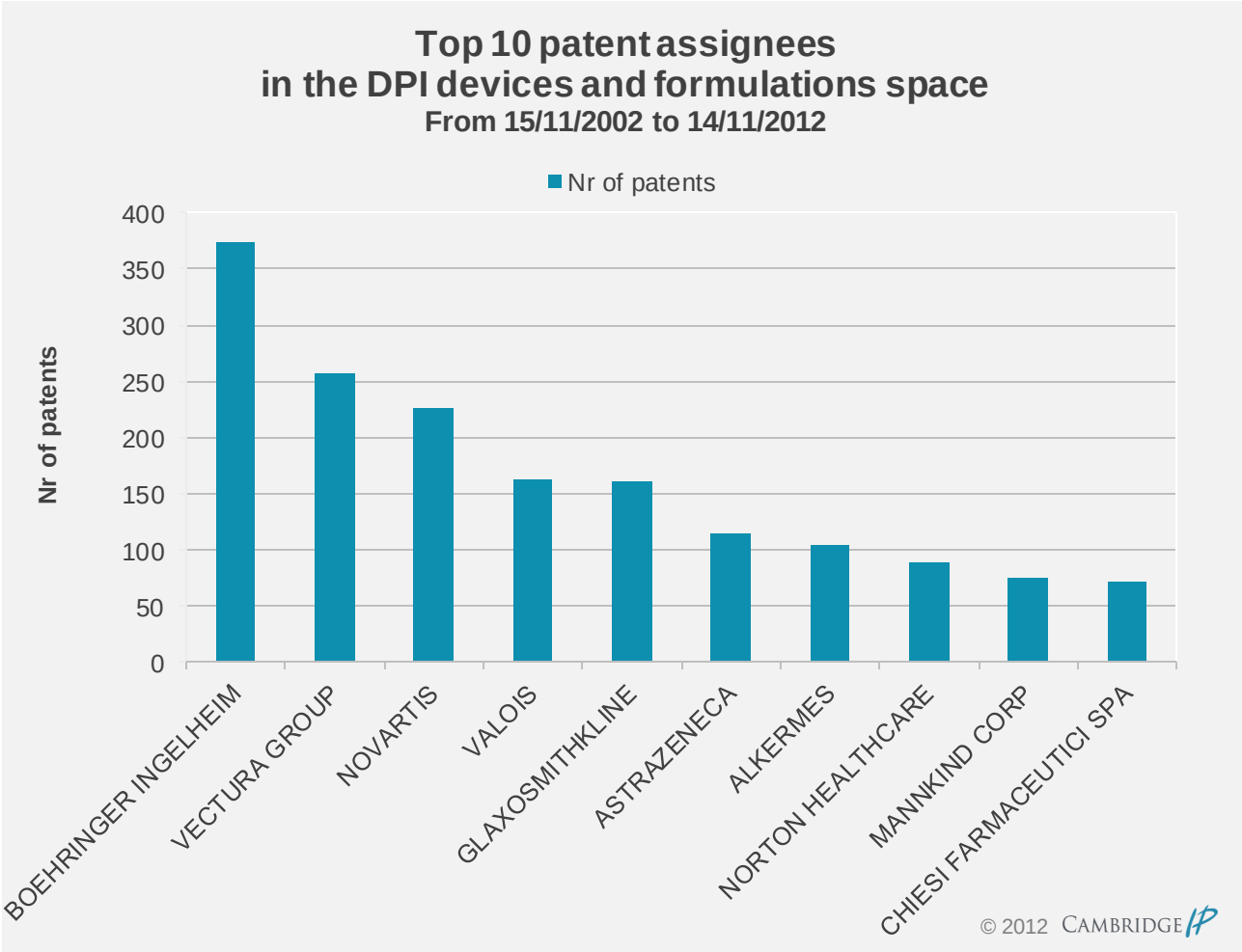
gsk GlaxoSmithKline

Boehringer Ingelheim

NOVARTIS

SANDOZ

Significant IP Generation within DPI Space

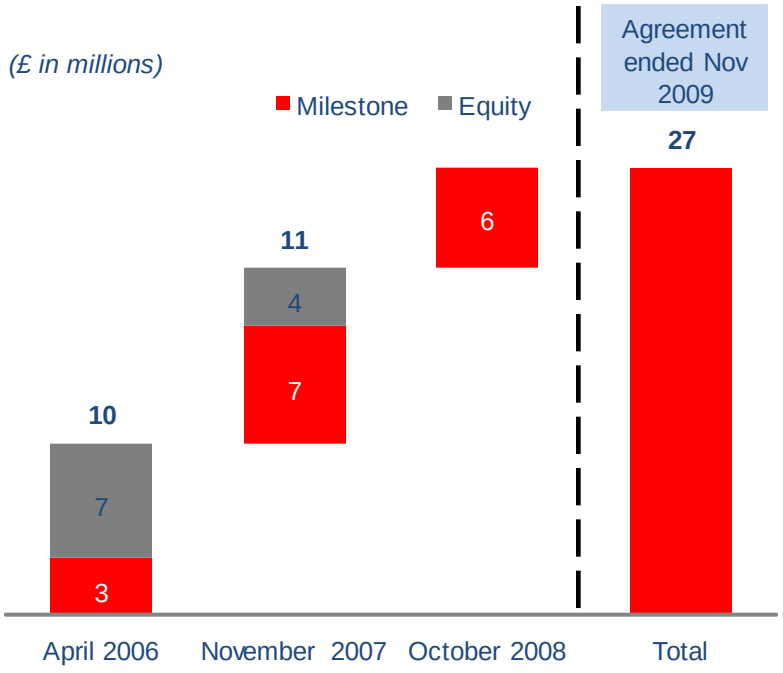


Monetising Vectura's IP

Examples of Vectura IP deals

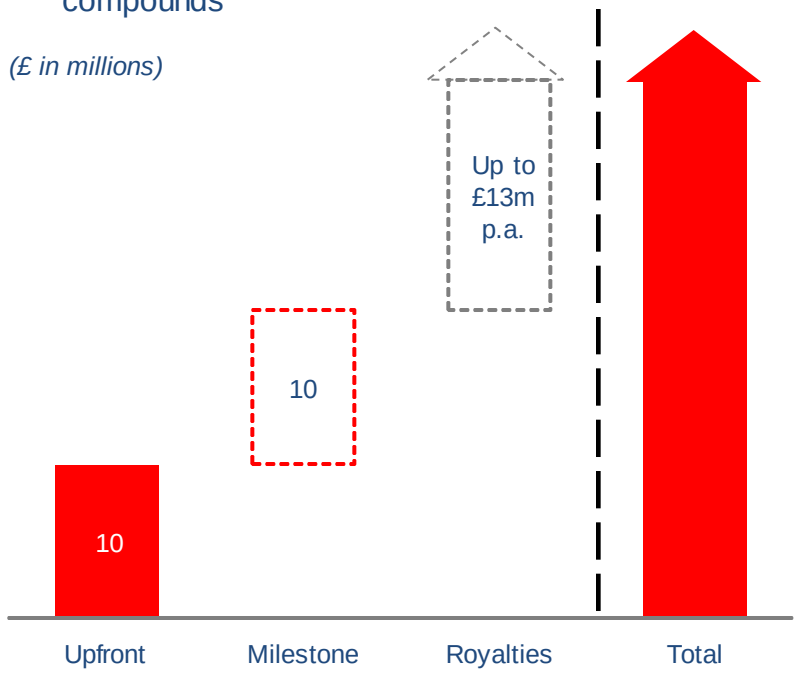
Boehringer Ingelheim (April 2006)

- Worldwide collaboration, development and licence agreement



GSK (August 2010)

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

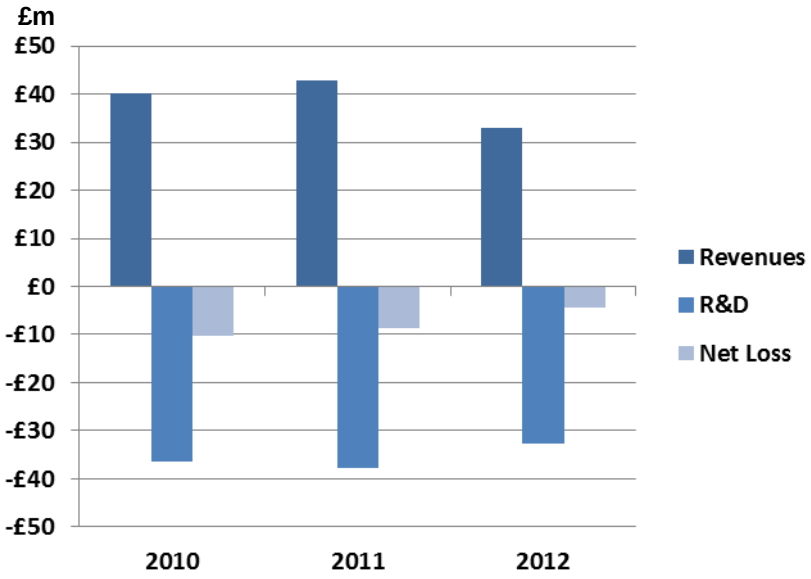


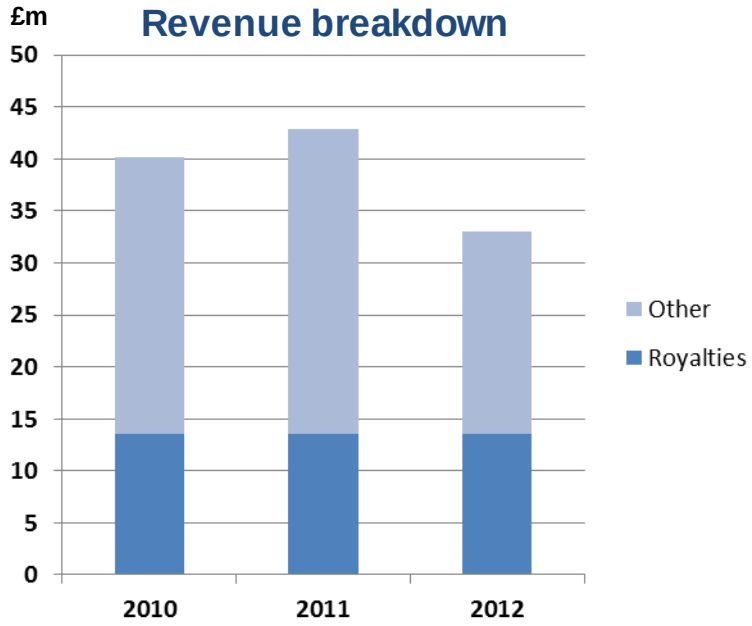
No additional investment required to generate these returns

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

Attractive returns from IP portfolio and know-how

Financial highlights





- Strong cash balance of £72.1m
- Prudent approach to overall cost management
- Targetting sustainable profitability
- Supported by recurring royalty stream
- New royalty streams set to augment
- Milestone and technology licensing varies

Anticipated Near-term Catalysts

NVA237	QVA149	VR315	VR632	VR506
EU & Japan approval & launch	EU & Japan filing	US development milestones	Further development progress	Clinical progress
✓	✓	✓		
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 key branded programmes**
  - Driven by Novartis
  - First launches of Seebri® Breezhaler® are now underway
  - QVA149 filed for approval in Europe and Japan
- **Generic programmes continue to make progress**
- **Robust financial position**
  - Supplemented by multiple royalty streams and additional milestones
  - Tight cash control through product development prioritisation
- **Future strategy will continue to focus on value creation in a prudent manner**
  - Products assessed on suitability to add value
    - Strategy does not envisage spend on highly attritional discovery projects
  - Emerging market opportunities may be suitable for "value brand" offering
    - Local strategies with local players are key