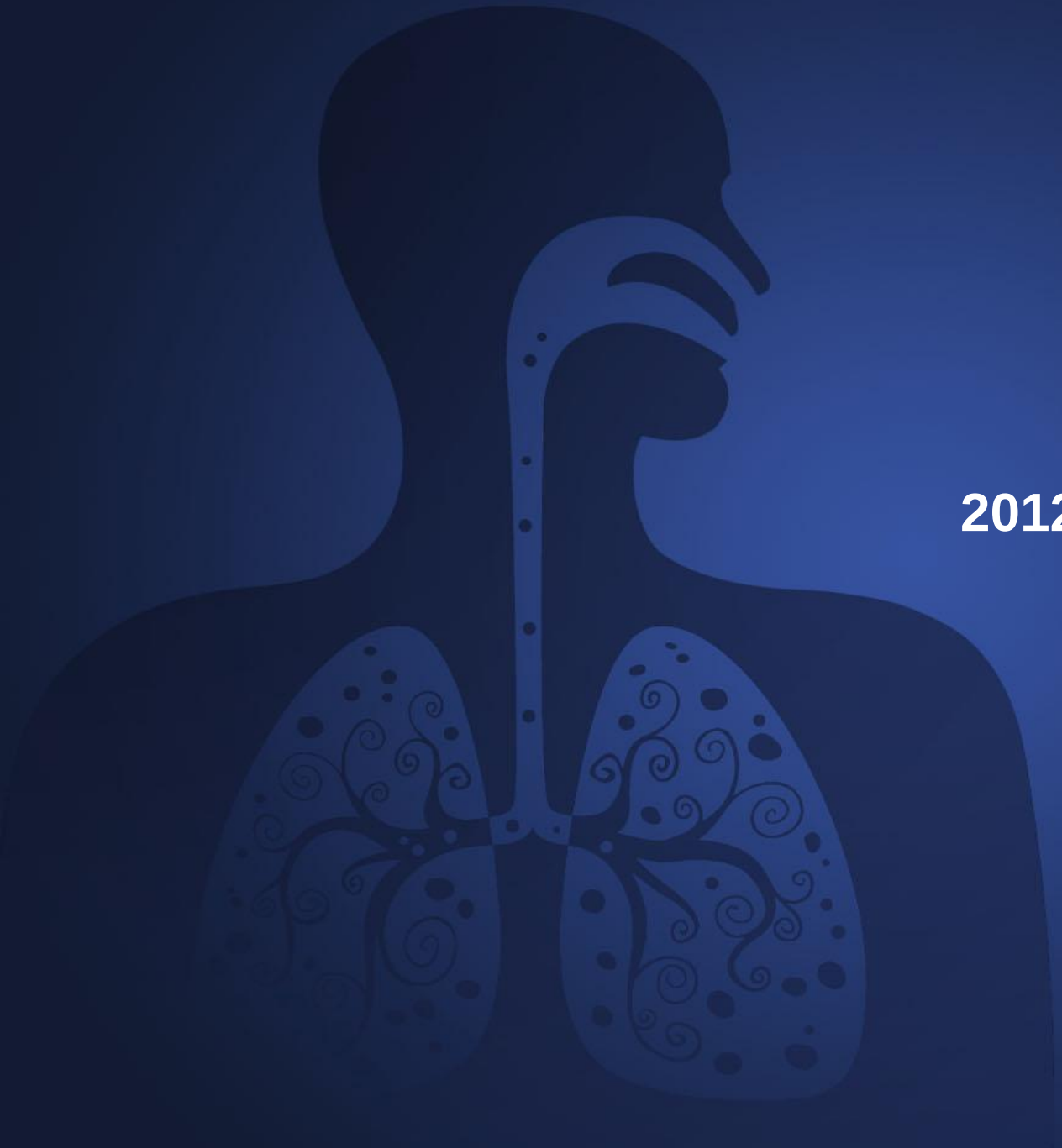

vectura

2012/13 Preliminary Results

21 May 2013

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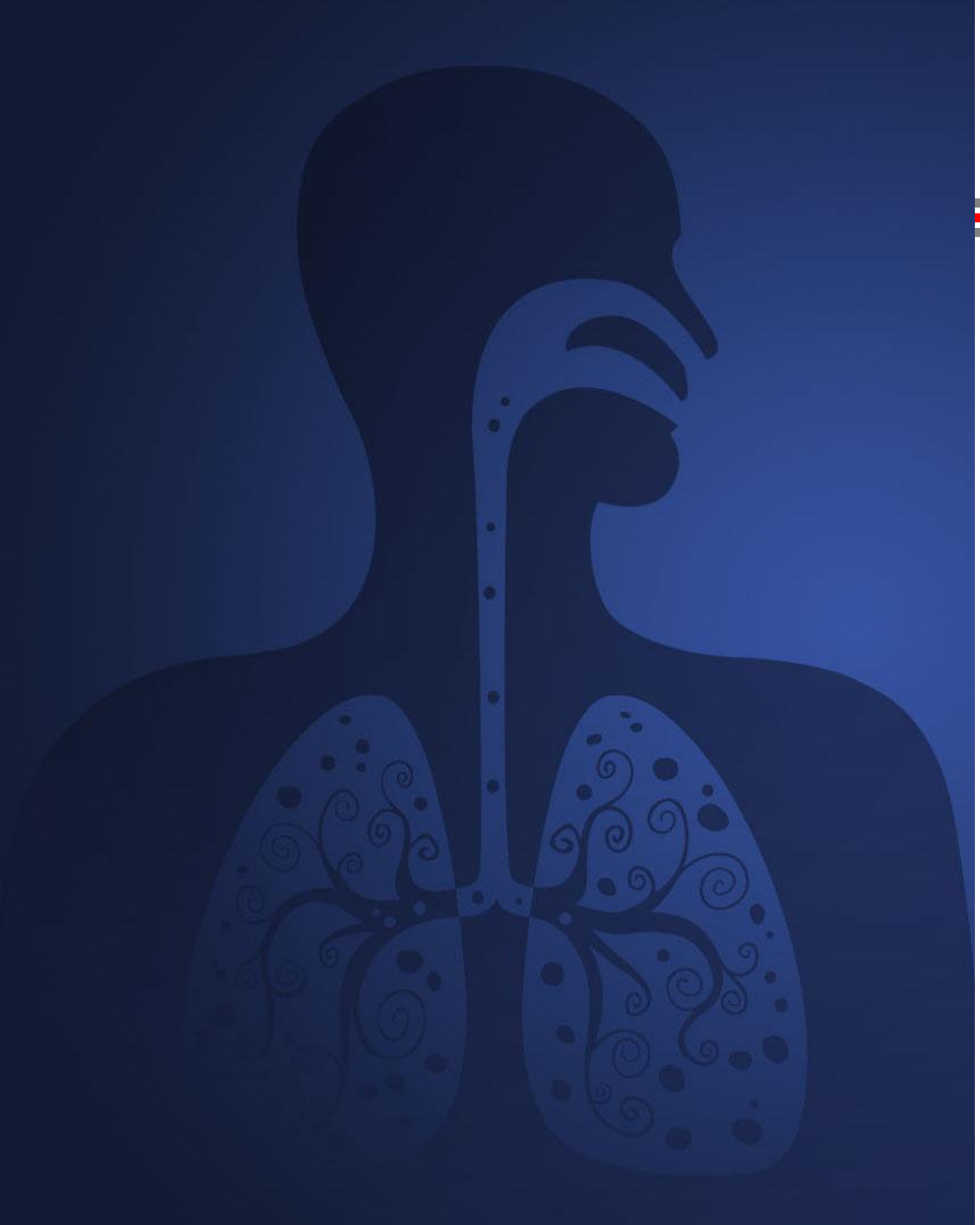
Agenda

- Overview & Corporate Update
- Financial Results and Outlook
- Kinnovata Joint Venture
- Summary



Overview & Corporate Update

Chris Blackwell

Highlights 2012/13

Strong financial performance

- Revenues ahead of expectations at £30.5m (2011/12: £33m)
- Loss before tax reduced by 21% to £10.4m (2011/12: £13.2m)
- Cash & cash equivalent of £70.1m at 31 March 2013 (31/3/12: £75.5m)

Significant regulatory progress and clinical progress

- Seebri® Breezhaler® (glycopyrronium bromide) now launched in Europe and Japan*
- European and Japanese filings for QVA149 completed

Generic programmes continue to progress

- VR315, VR632, VR506

GSK agreement will result in new royalty stream

- On 10 May 2013 GSK received US approval for BREO™ ELLIPTA™
- Vectura can earn up to £13m a year in royalties on this and other products

JV in China announced post-period

- Access to fast growing Asian respiratory markets

- *Seebri® Inhalation Capsules in Japan*
- *Seebri® Breezhaler® is a registered trademark of Novartis AG*

Seebri® Breezhaler® (glycopyrronium bromide, NVA237)

- **Once-daily maintenance bronchodilator treatment for COPD licensed to Novartis**
  - Market suggests that LAMAs as monotherapy are here to stay
    - Analysts expect class to be worth c. $6bn by 2021
- ***Seebri® Breezhaler®* (glycopyrronium bromide) approved in EU, Japan, Australia, Canada & seven other countries**
  - Market roll out is underway by Novartis
  - Launched in several countries including Germany, UK, Ireland & Japan*
- **Comprehensive Phase III clinical trial programme for US**
  - Being undertaken by Novartis
  - US filing expected Q1 2014

** Seebri® Inhalation Capsules in Japan*

QVA149 – Once-daily, Fixed-dose LAMA/LABA Combination

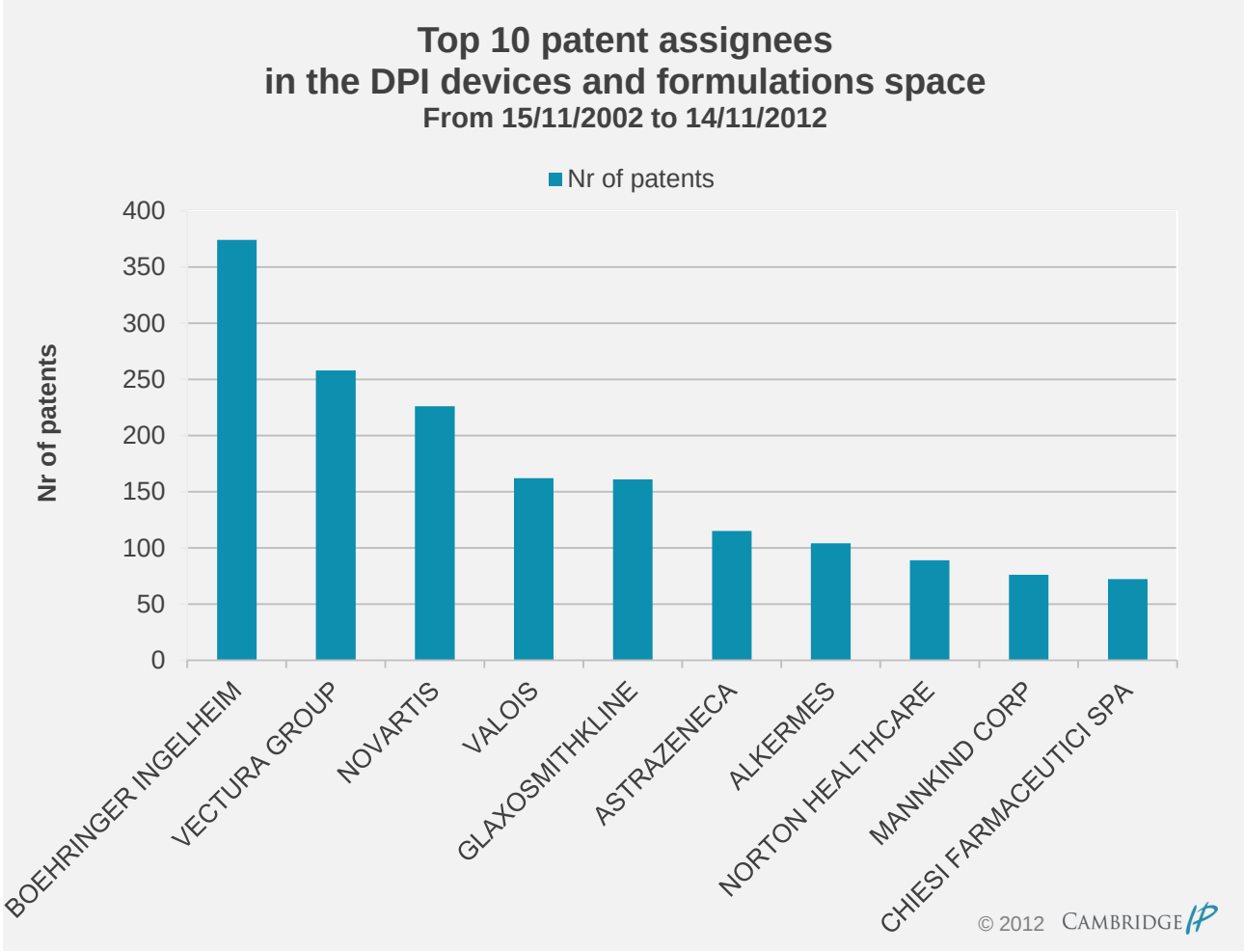
- **Component drugs and device already approved for COPD***
  - Indacaterol maleate - Onbrez® Breezhaler®
  - Glycopyrronium bromide - Seebri® Breezhaler®
- **Regulatory filing submitted by Novartis in EU (Oct. 2012)**
  - Japan regulatory filing submitted by Novartis in November 2012
  - Novartis expected 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:**
  - Significantly improved bronchodilation
  - Combining bronchodilators with different mechanisms of action is already mentioned in the GOLD guidelines as an alternative treatment option
  - Increasing concern over the appropriate use of ICS in COPD

- *In EU & Japan*
- *Onbrez® Breezhaler® is a registered trademark of Novartis AG*

Respiratory Generics – Vectura's Franchise

- **Focus on promising, high value, non-commodity products**
  - VR315 - Licensed in EU/RoW (Sandoz) and in US (undisclosed partner)
  - VR632 - Licensed in EU (Sandoz)
- **VR506 - Development ongoing, strong out-licensing candidate**
  - Two international, multi-centre clinical trials underway in mild-moderate and moderate-severe asthma
    - Trial 002 has 374 patients; recruitment complete
    - Trial 004 is still recruiting; target 174 patients
  - Expected to complete in Q4, 13 and Q2, 14, respectively
- **Comprehensive understanding of complex regulatory requirements**
  - Significant experience from interaction with regulators, particularly the EMA and FDA
- **GyroHaler® - competitive product design**
  - Performance engineered to match brand-leaders
  - Easy-to-use utilising an inexpensive, minimalist design
  - Accurate, reproducible dosing through excellent protection of the powder formulation

Significant IP Generation within DPI Space



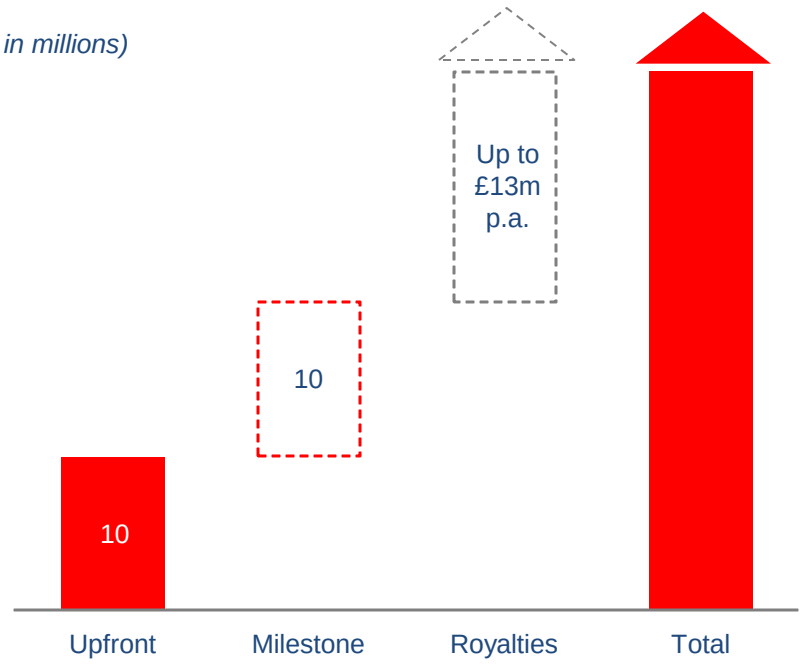
Vectura's Licence Agreement with GSK

Monestising Vectura's IP

GSK (August 2010)

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

(£ in millions)

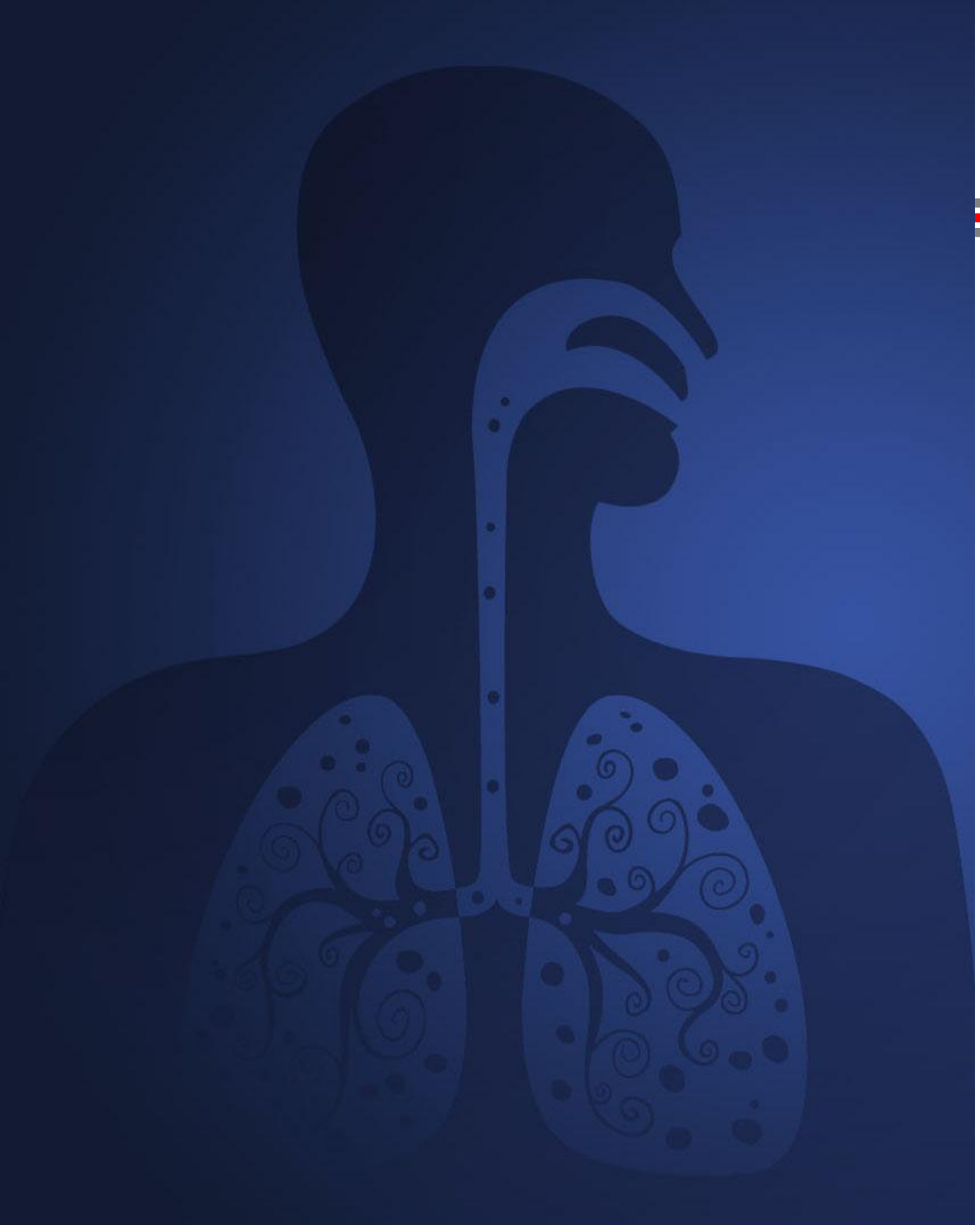


No additional investment required to generate these returns

Vectura invests approx. £2m per annum on its patent portfolio

Various patents covered by the license and option to license agreement have expiry dates extending from 2016 - 2025

Attractive returns from IP portfolio and know-how



Financial Results

Anne Hyland

Financial Highlights

£m	2012/13	2011/12
Revenues	30.5	33.0
Gross profit margin	*98%*	*93%*
R&D investment	(30.9)	(32.8)
EBITDA	(3.4)	(4.2)
Loss before tax	(10.4)	(13.2)
Cash and cash equivalents	**70.1**	**75.5**

Revenue Breakdown

£m	2012/13	2011/12	Comments
Royalties	13.0	13.5	85% Advate
Product licensing	12.8	12.1	
Technology licensing	3.7	2.3	95% GSK deal
Pharmaceutical Development Services	0.6	2.8	Work has been completed successfully on partnered projects
Device sales	0.4	2.3	Customer stock build complete
Total revenues	**30.5**	**33.0**	

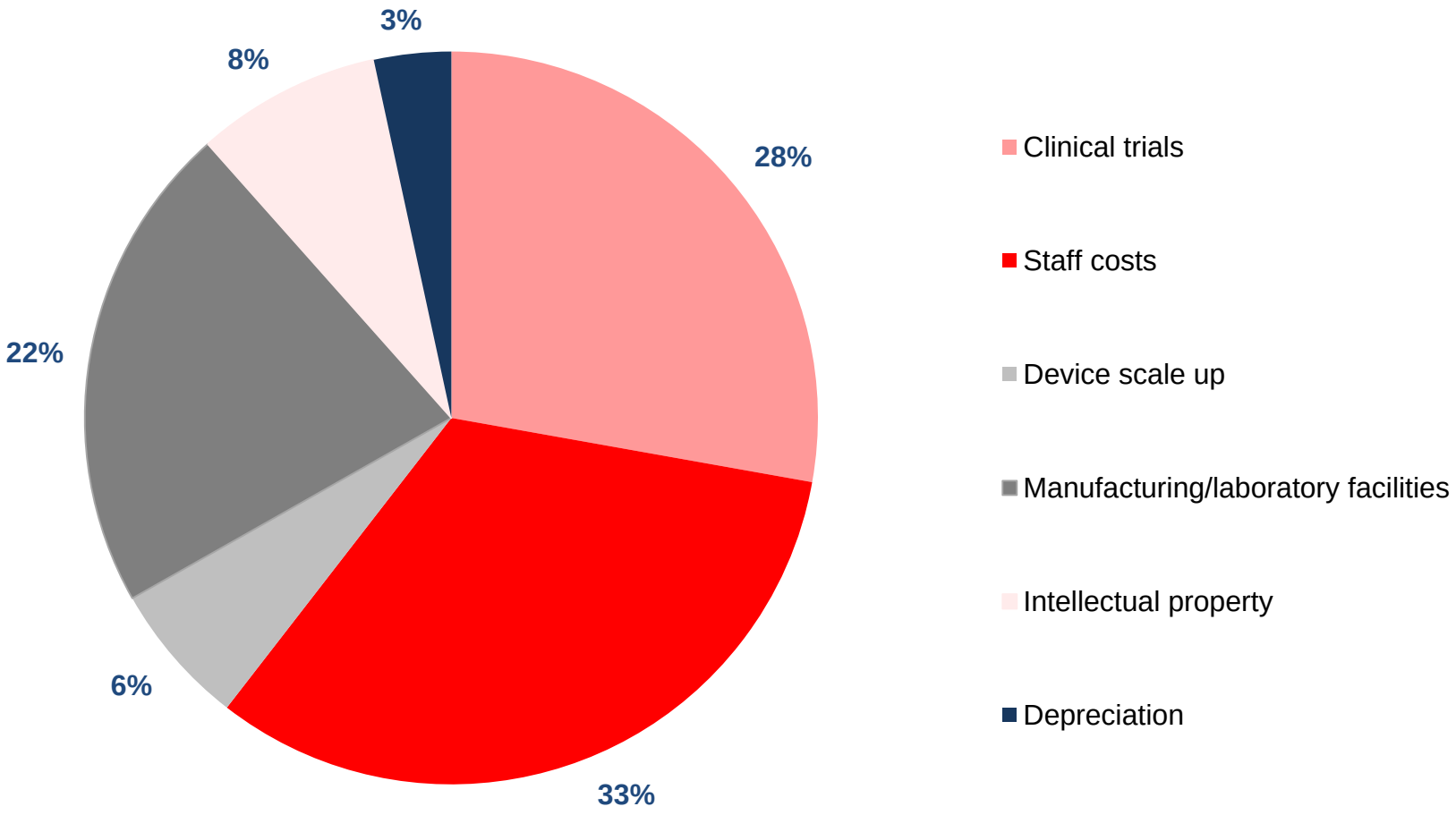
Income Statement

£m	2012/13	2011/12	Comments
Revenue	**30.5**	**33.0**	
Gross profit	29.8	30.8	
Gross profit margin	***98%***	***93%***	
R&D costs	(29.9)	(31.7)	6% reduction
Administrative costs	(3.3)	(3.3)	
EBITDA	**(3.4)**	**(4.2)**	
Amortisation	(6.3)	(7.5)	
Depreciation	(1.0)	(1.1)	
Share based-compensation	(0.9)	(1.1)	
Operating loss	**(11.6)**	**(13.9)**	
Investment income	0.5	0.7	
Exchange gains	0.7	-	
Pre-tax loss	**(10.4)**	**(13.2)**	

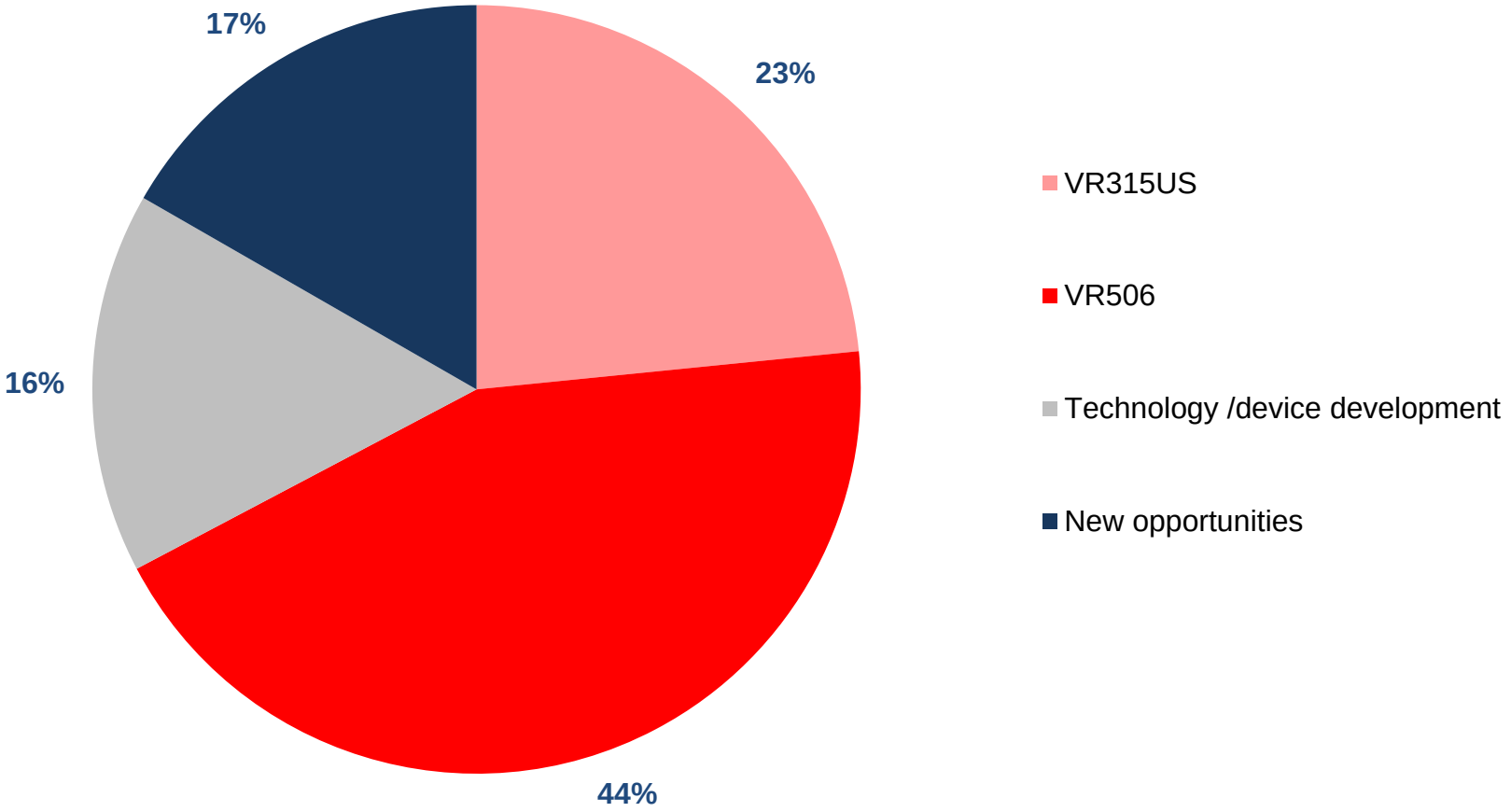
Cash Flow Statement

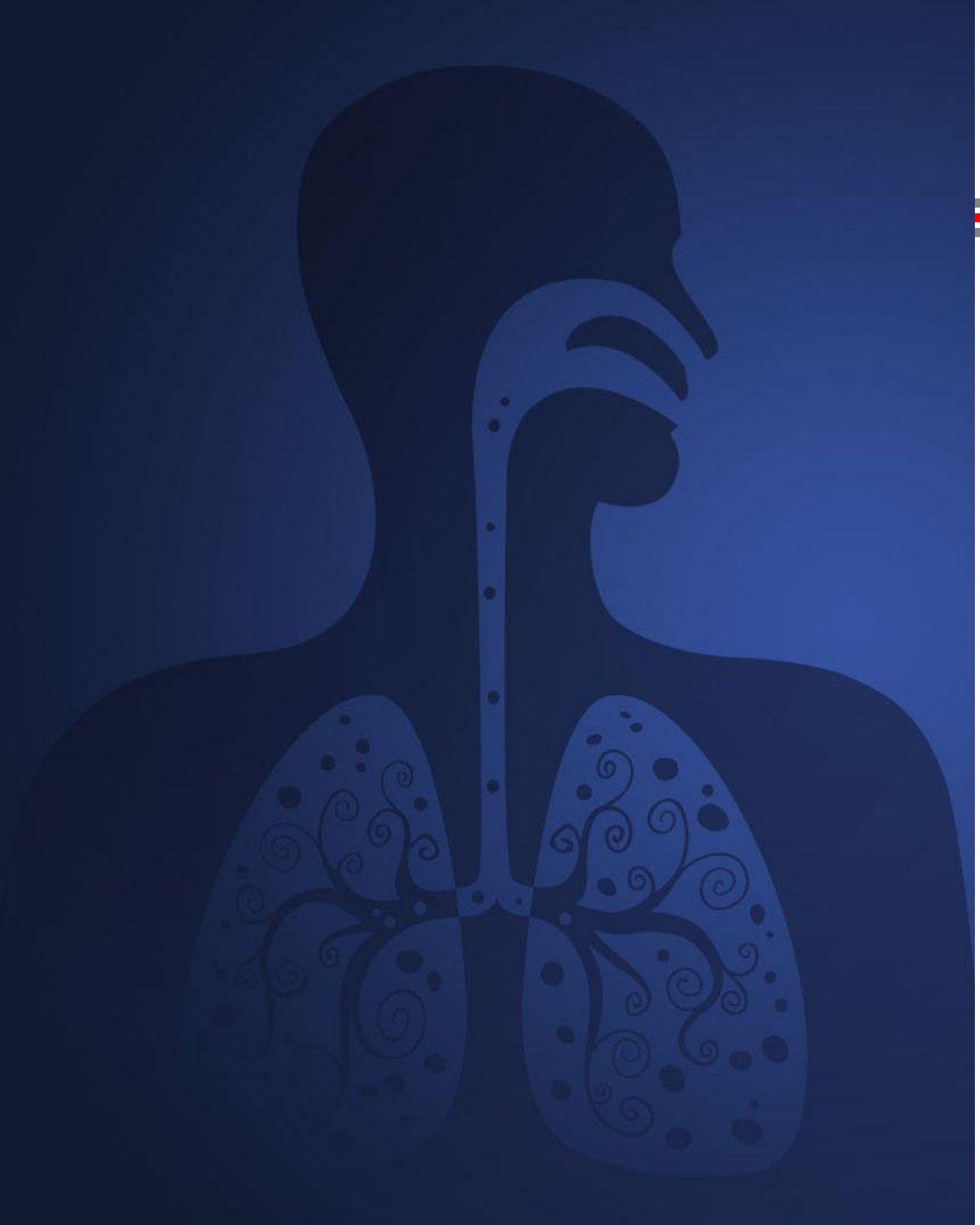
£m	2012/13	2011/12	Comments
EBITDA	**(3.4)**	**(4.2)**	
Deferred income	(3.4)	(0.7)	Mainly GSK & VR315 (US) release
Working capital	(1.1)	2.4	
Exchange gains	0.7	-	
Net taxes received	4.4	4.6	
Operating cash (outflow)/inflow	**(2.8)**	**2.1**	
Investing activities			
▪ Net capital expenditure	(3.8)	(4.2)	
▪ Interest received	0.6	0.7	
Cash outflow before financing	**(6.0)**	**(1.4)**	
Financing activities			
▪ Issue of shares	0.6	2.5	
(Decrease)/increase in cash	**(5.4)**	**1.1**	

R&D Investment FY12/13 (by type)



R&D Investment FY12/13 (by asset)



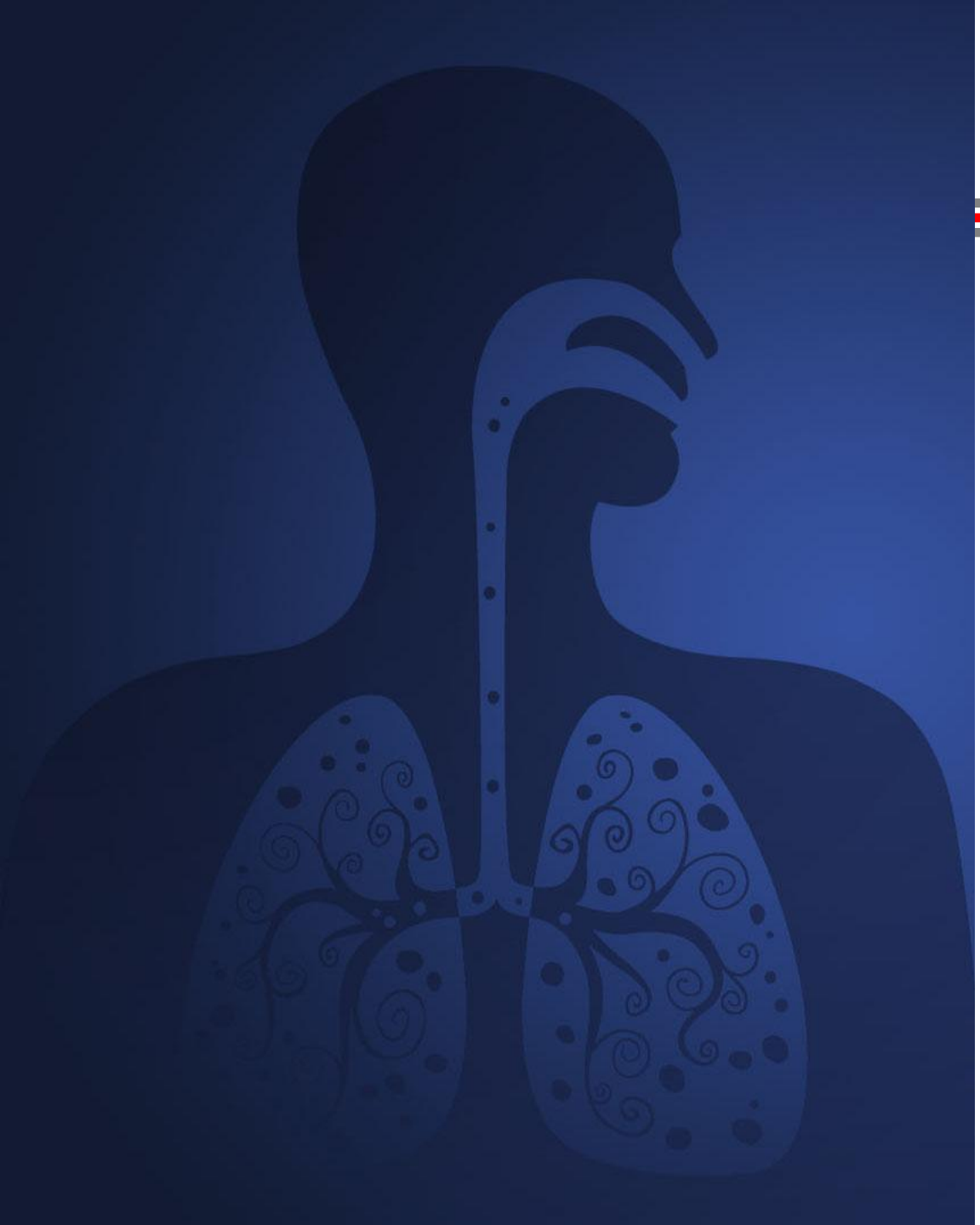


Financial Outlook

Paul Oliver

Financial guidance

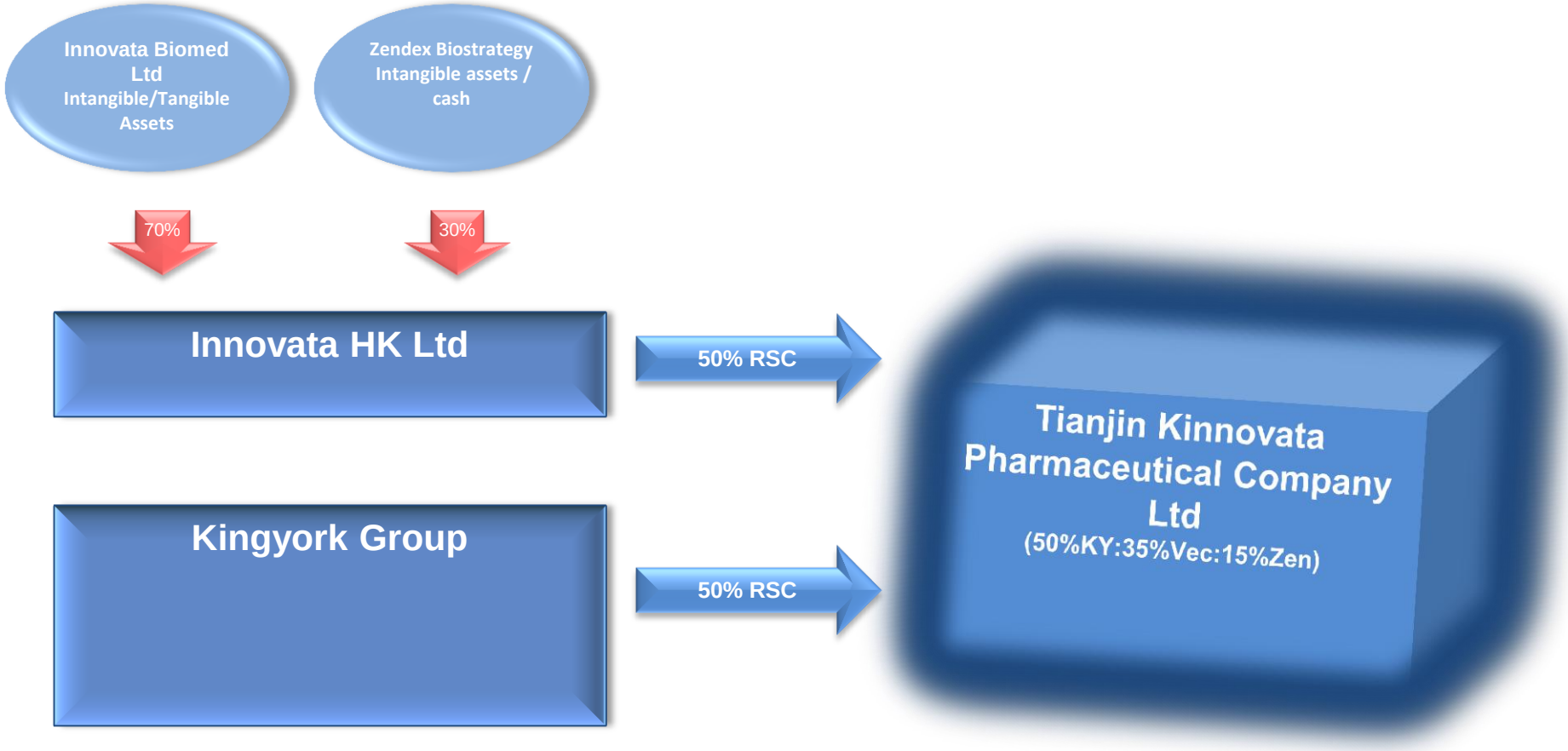
- **Revenue**
  - Royalties expected to increase:
    - Novartis roll-out of Seebri® Breezhaler® (glycopyrronium bromide)
    - GSK launch of BREO™ ELLIPTA™ - balance of £4m milestones remaining
  - Milestone receipts will depend on development progress, product filings and approvals
- **R&D investment**
  - R&D expected to be in line with 2012/13 at £31m (subject to additional development opportunities)
  - Main investment will continue to be on VR506, VR315 and device technology
- **Administration costs**
  - In line with 2012/13, excluding any exceptional costs
- **Non-cash costs**
  - Amortisation – in line with 2012/13, reducing over next 3 years
  - Kinnovata – exceptional gain of £13.5m will be accounted for in 2013/14; share of losses expected to be £2-3m pa in next two financial years
- **Cash inflows/outflows will depend on milestones, royalties and one-off items**



Kinnovata

Chris Blackwell & Anne Hyland

Kinnovata – deal structure

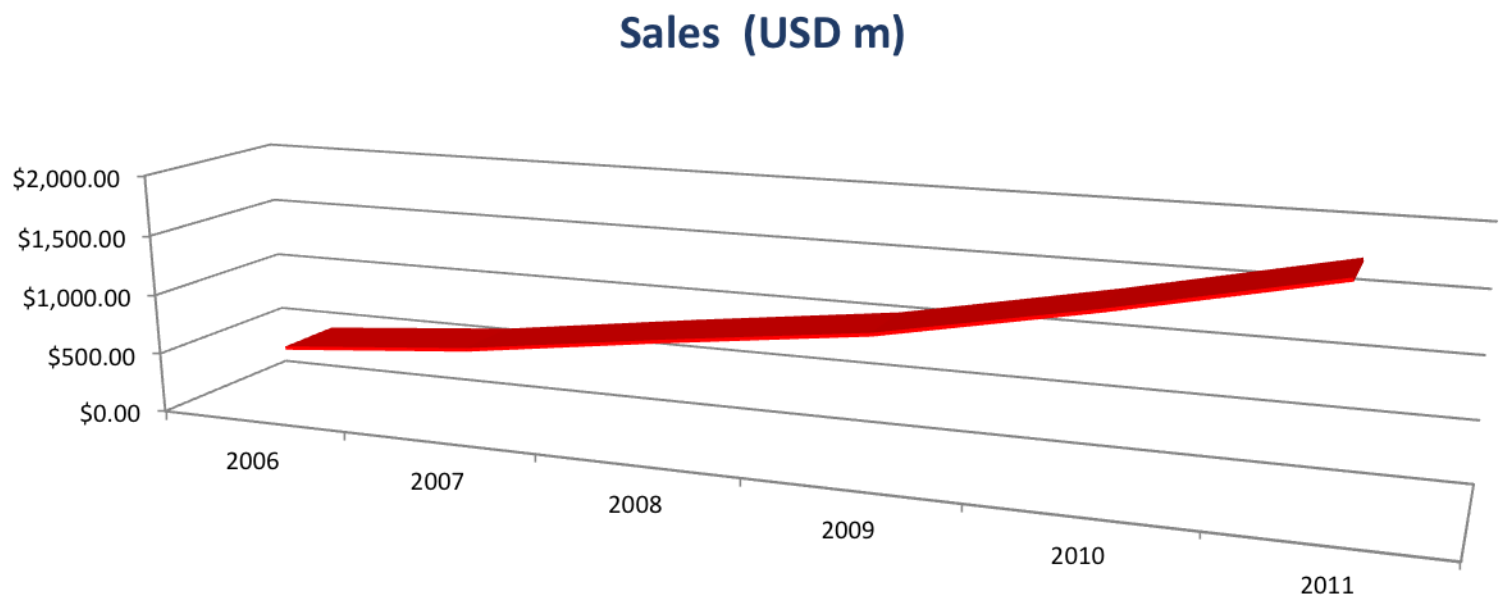


Kinnovata – Vectura's contribution

- **Intangible assets (to the value of RMB 95m)**
  - Worldwide rights to Clickhaler technology and Asian rights to Duohaler technology
- **Access to Vectura's approved European Clickhaler regulatory dossiers**
  - Inhaled corticosteroids ("ICS")
    - budesonide & beclomethasone
  - Long- and short-acting beta-2 agonists
    - formoterol & salbutamol
- **Fixed assets (to the value of RMB 45m)**
  - Clickhaler manufacturing facility including automated assembly line
  - Duohaler pilot scale manufacturing facility
  - Filling equipment
- **Final local government approval expected in 2013**

The Chinese Asthma Market

- Chinese asthma market has demonstrated strong growth
- 2006-2011 CAGR 23%



Source: LSI China Prescription Drug Sales Report 2012

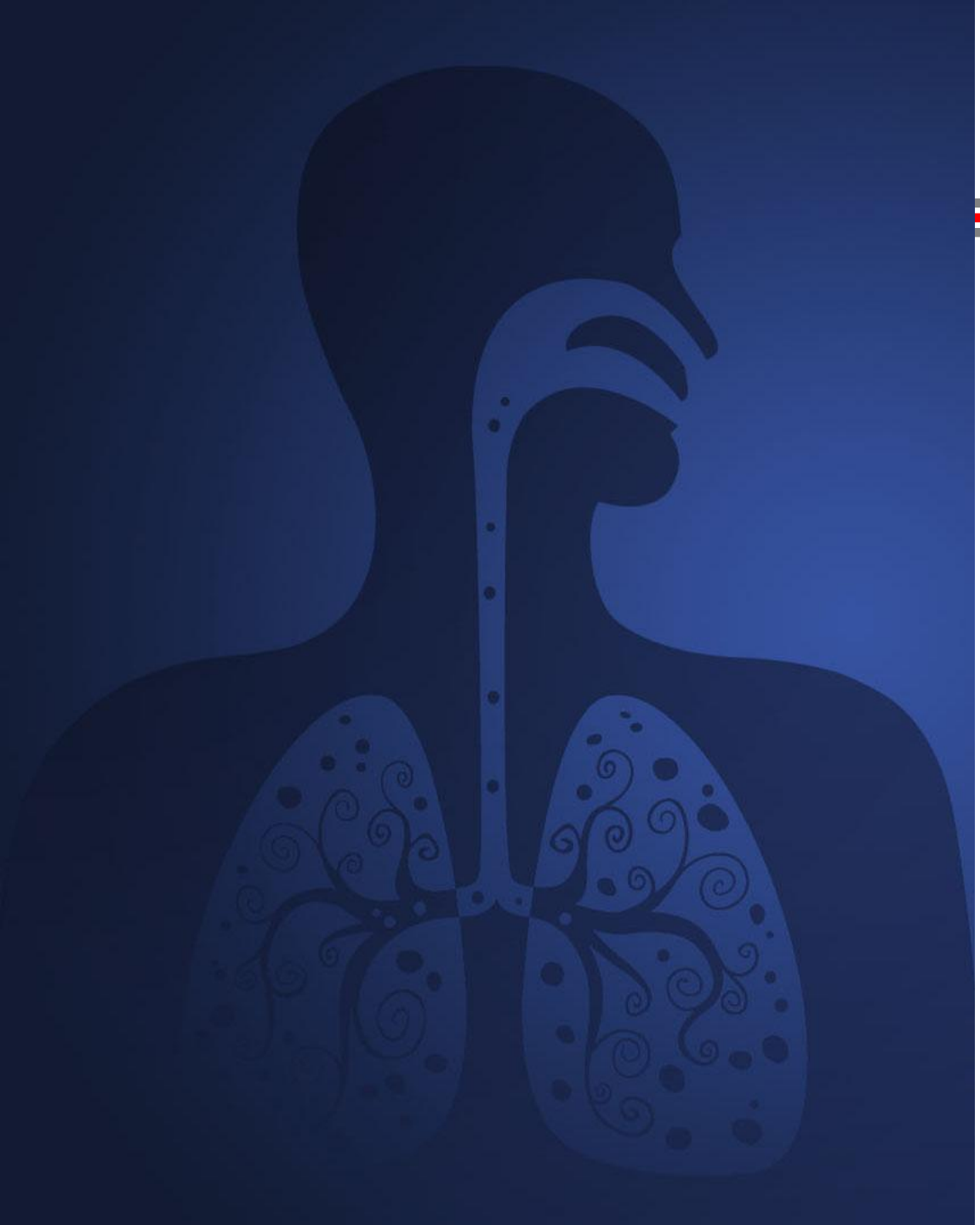
Top Asthma Drugs 2011

Name	Market Share	Sales (RMB 100 million)	Sales (USD million)
Sum of Top Drugs	***99.40%***	**¥ 110.14**	**$1,749.76**
Budesonide	*24.03%*	¥ 26.63	$423.01
Salmeterol / Fluticasone	*16.19%*	¥ 17.94	$285.00
Doxofylline	*14.39%*	¥ 15.94	$253.31
Montelukast	*12.10%*	¥ 13.41	$213.00
Compound Methoxyphenamine	*4.49%*	¥ 4.97	$79.04
Budesonide / Formoterol	*4.06%*	¥ 4.50	$71.47
Ipratropium Bromide	*3.86%*	¥ 4.28	$67.95
Tiotropium	*3.82%*	¥ 4.23	$67.24
Asarone	*3.09%*	¥ 3.42	$54.39
Salbutamol / Ipratropium Bromide	*2.86%*	¥ 3.17	$50.35
Terbutaline	*2.74%*	¥ 3.04	$48.23
Fluticasone Propionate	*2.62%*	¥ 2.90	$46.12
Salbutamol	*1.96%*	¥ 2.17	$34.50
Procaterol	*1.45%*	¥ 1.61	$25.52
Theophylline	*0.58%*	¥ 0.64	$10.21
Tulobuterol	*0.50%*	¥ 0.55	$8.80
Formoterol	*0.25%*	¥ 0.28	$4.40
Tranilast	*0.17%*	¥ 0.19	$2.99
Aminophylline	*0.12%*	¥ 0.13	$2.11
Beclomethasone Dipropionate	*0.12%*	¥ 0.13	$2.11

Source: LSI China Prescription Drug Sales Report 2012

Opportunity in Asthma and COPD

- **The initial pipeline will target drugs that currently account for over 50% of this market**
- **Expectations of up to five drugs on the market in medium term**
  - Sales potential estimates vary for individual products
- **Next steps**
  - Asmasal® file submitted to SFDA earlier this year
  - Enable Kinnovata to gain an import license for salbutamol in Clickhaler®
  - Clinical trial go-ahead expected by end ‘13
- **Value to Vectura is realised in both short- and long-term**
  - Share in associate
  - Mid-single digit royalty on sales



Summary

Dr Chris Blackwell

Anticipated Near-term Catalysts

NVA237	QVA149	VR315	VR632	VR506	China
EU & Japan approval & launch	EU & Japan filing	US development milestones	Further development progress	Clinical progress	JV formed “Kinnovata” Asmasal file submitted to SFDA
✓	✓	✓			✓
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	Clinical progress

Strategic Intent

- **Partnering model has been successfully implemented with our drugs and technologies**
  - Including Novartis, Sandoz, GSK, KingYork
- **Intention is to gradually shift towards retaining increased economics**
  - Willing to take on increased risk for greater share of economics
  - Seek routes to self commercialisation
    - Prudent, strategic and cost-effective
- **Identified target areas are very focused indications requiring limited infrastructure**