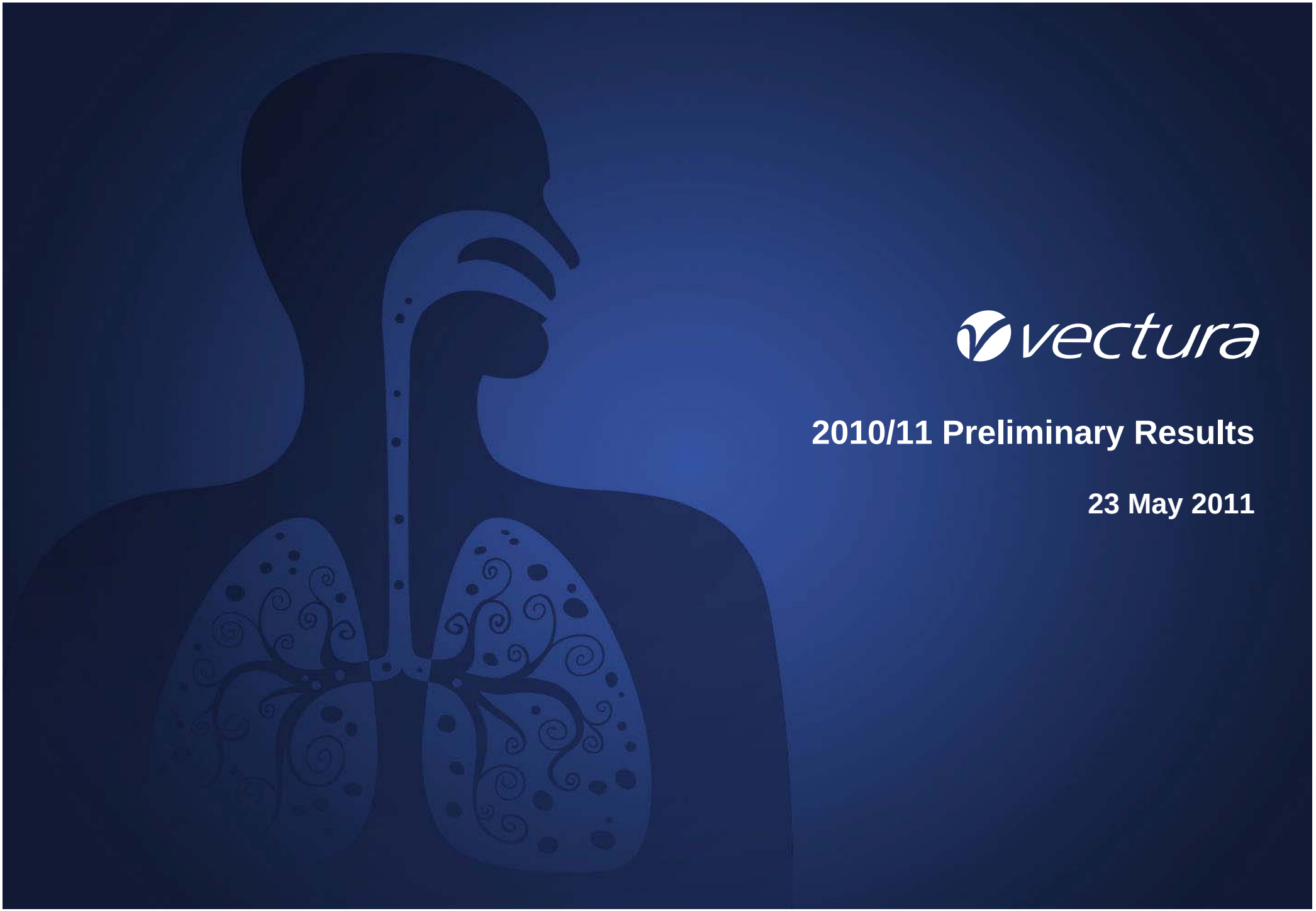

2010/11 Preliminary Results

23 May 2011

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Agenda

- Overview of Vectura
- Strategy
- 2010 / 2011 highlights
- Capabilities and competitive advantages
- Product portfolio
- Financial highlights
- Summary and outlook

Appendix A – Priority pipeline details
Appendix B – Opportunities for licensing
Appendix C – Respiratory market dynamics

Overview of Vectura

- Develops inhaled pharmaceuticals and has a range of proprietary lung delivery technologies
- Main products target asthma and chronic obstructive pulmonary disease (COPD), a growing market estimated to be worth >$25bn
- Broad portfolio of drugs in late stage development addressing unmet needs
- Solid royalty streams from products marketed by partners
- Robust balance sheet, with substantial future milestones and royalties and a step-change in revenues anticipated
- Clear pathway to become a self sustaining, cash-generative company

Strategy

Vectura's goal is to become a self-sustaining cash-generative company through development and commercialisation of products for the treatment of lung pathologies, that will deliver significant value and benefit both to our shareholders and to patients

Vectura's strategy to achieve this goal is to:

- **Optimise value generation, minimise risk through diversification**
- **Develop branded products**
- **Develop generic/branded generic products**
- **Develop technology for its own products and for out-licensing opportunities**
- **Exploit value and innovate through its intellectual property for:**
  - Devices
  - Formulation technology
  - Product opportunities

2010 / 2011 highlights

Strong financial performance

- Revenue growth of 7% to £42.9m
- Gross profit increased by 10% to £40.2m
- Cash of £74.4m
- £10.3m cash generated
- Positive EBITDA of £0.5m

Refocused strategy accelerates path to profitability

- Consolidation of development activities delivering infra-structure savings of circa. £6m per annum
- Focus on key value drivers and earlier partnering to reduce financial and development risk

Significant pipeline progress

- NVA237(COPD): Positive Phase III NVA237 results, April 2011
- QVA149 (COPD): $7.5m (£5.1m) milestone triggered by start of Phase III studies, May 2010
- VR315 (asthma/COPD): Development progress
- VR632 (asthma/COPD): €0.6m (£0.5m) penultimate development milestone, October 2010
- VR040 and VR496: positive clinical data for both projects

Validating deal with GSK

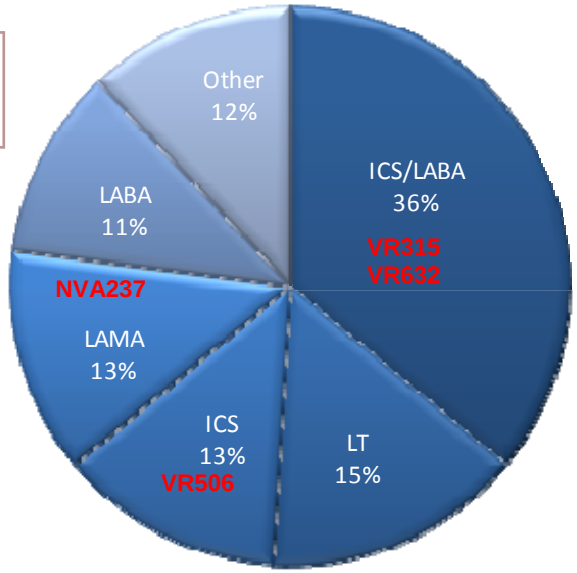
- Formulation technologies allowing use of some of our drug formulation patents for two late-stage development compounds in asthma/COPD
- £10m up-front payment received; a further £10m expected and royalties on sales of up to £13m p/a

Vectura's capabilities and competitive advantages

- Main products target over half US asthma and COPD markets by sales
- Development of drugs through re-purposing to reduce risk
- Inhaled product development expertise
- Proven ability to develop products for market
- Strong intellectual property

2009 US Sales
Asthma/COPD products
Total $21.5bn

- **QVA149 = LABA/LAMA**



LABA: long acting beta agonist
LAMA: long-acting muscarinic antagonist
ICS: inhaled corticosteroids
LT: leukotriene antagonist

Source: Datamonitor – Forecast insight: Asthma & COPD – Sept 2010

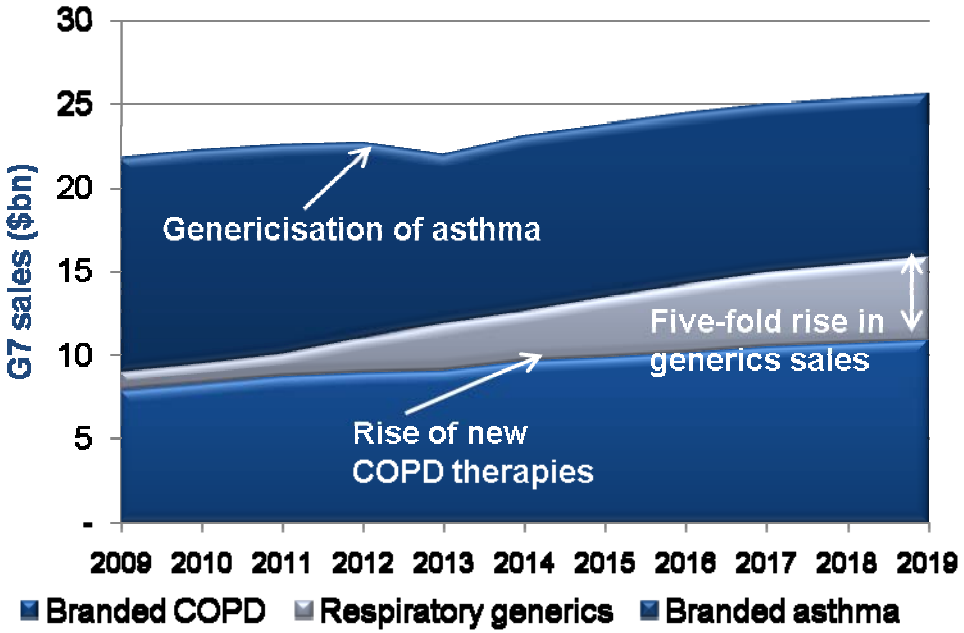
Respiratory market – growth drivers

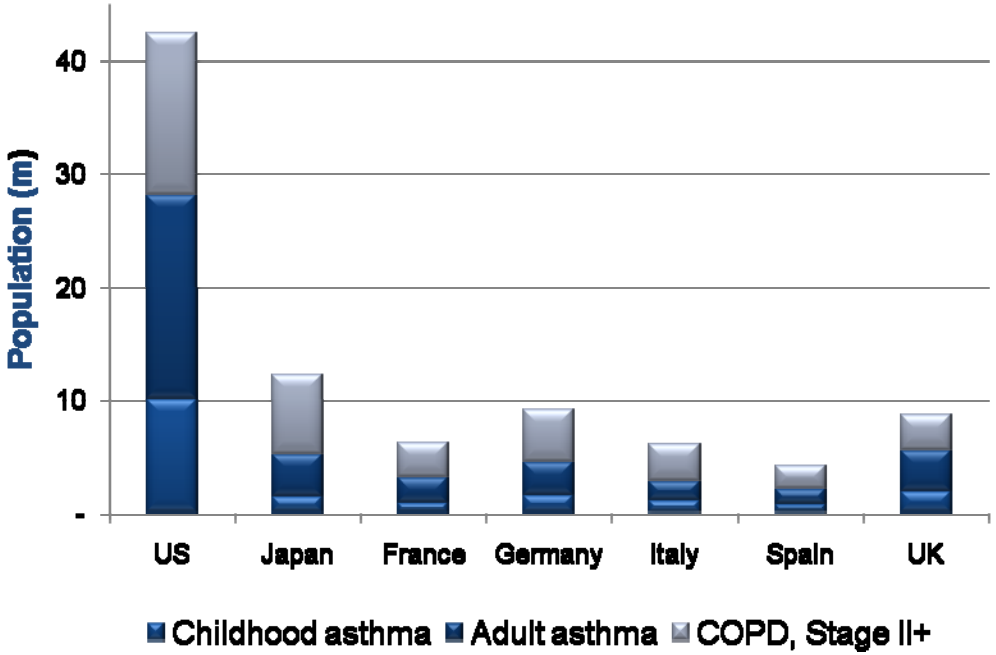
Vectura is targeting key value segments in the respiratory market

- **Majority of treatments for asthma/COPD dominated by inhaled therapies**
- **Third-fastest growing market with sales projected >$30bn**
- **Key growth drivers**
  - Better diagnosis
    - Approx. 50% of Americans and 75% of Europeans with COPD are undiagnosed
  - Better use of available therapies
  - Use of fixed-dose combinations
    - Advair® by GSK - $8bn sales in 2010
  - Emerging market opportunities for both branded and generic inhaled products

Source: Decision Resources / Peel Hunt / Teva Pharmaceutical Industries Ltd

Growing market opportunity





Source: Decision Resources / Peel Hunt / Datamonitor

Product portfolio – solid revenue streams

- **Multiple products generating revenues**
- **Main royalty driver is ADVATE® – (2010/11: £10.2m)**
- **Step-change in revenue anticipated in the future**

Franchise	Product	Indication	Partner
Baxter collaboration	ADVATE®	Haemophilia A	Baxter Worldwide
Baxter collaboration	Adept®	Surgical adhesions	
Baxter collaboration	Extraneal®	Peritoneal dialysis	
Respiratory	Asmabec® Clickhaler®	Asthma	Recipharm good for business
Respiratory	Asmasal® Clickhaler®	Asthma	
Respiratory	Meptin® Clickhaler®	Asthma	Otsuka

Product portfolio – good progress

Licensed branded products:

Product	Indication	Pre-clinical	Ph.I	Ph.II	Ph.III	Next related event	Partner
NVA237	COPD					Publication of Ph.III data, filing in US & Europe	NOVARTIS
QVA149	COPD					Onbrez® Breezhaler® (indacaterol) US approval	NOVARTIS

Generic/branded generic products:

Product	Indication	Next related event	Partner
VR315 EU	Asthma/COPD	Development update	SANDOZ
VR315 US & RoW	Asthma/COPD	Licensing update	
VR632	Asthma/COPD	Final development milestone	SANDOZ
VR506	Asthma	Completion of first clinical study	

Product portfolio – good progress

Licensing opportunities:

Product	Indication	Pre-clinical	Ph.I	Ph.II	Ph.III	Next related event	Partner
VR496	Cystic fibrosis					Licensing update	
VR040	Parkinson's disease					Licensing update	
VR909	Lung transplant rejection					Development update	
VR461	Anti-fungal					Development update	

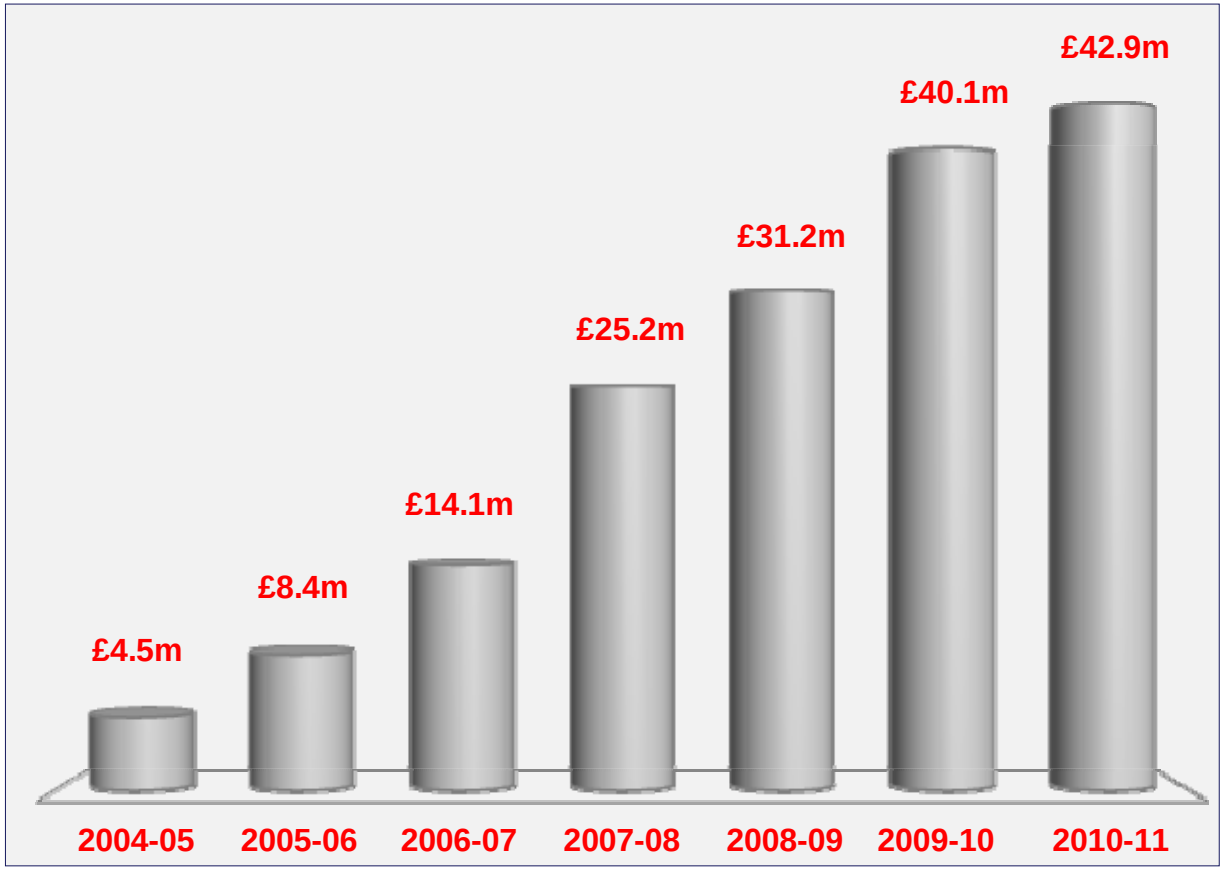
Financial highlights

- **Revenue growth every year since listing**
- **Loss after tax fallen for third consecutive year**

£m	2010/11	2009/10	Improvement
Revenues	42.9	40.1	7%
Gross profit margin	*94%*	*91%*	*3%*
R&D investment	37.7	36.4	4%
EBITDA	0.5	(1.6)	131%
Loss after tax	(8.8)	(10.2)	14%
Cash	**74.4**	**64.1**	**16%**

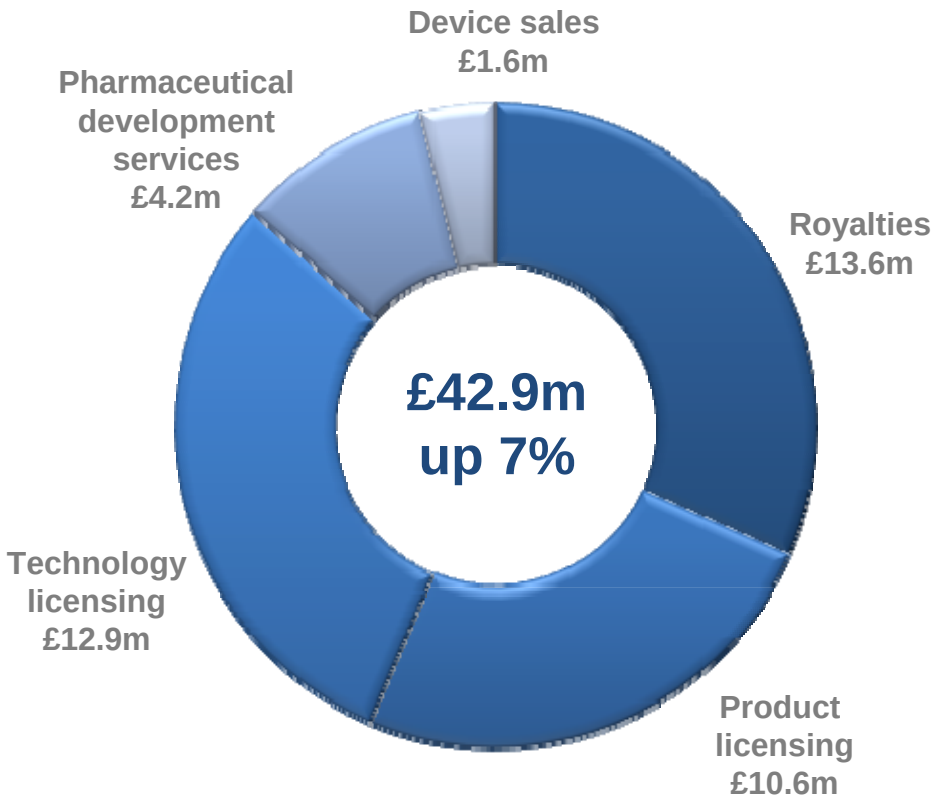
Continued revenue growth

- Revenue increase for the 15th reported period since flotation

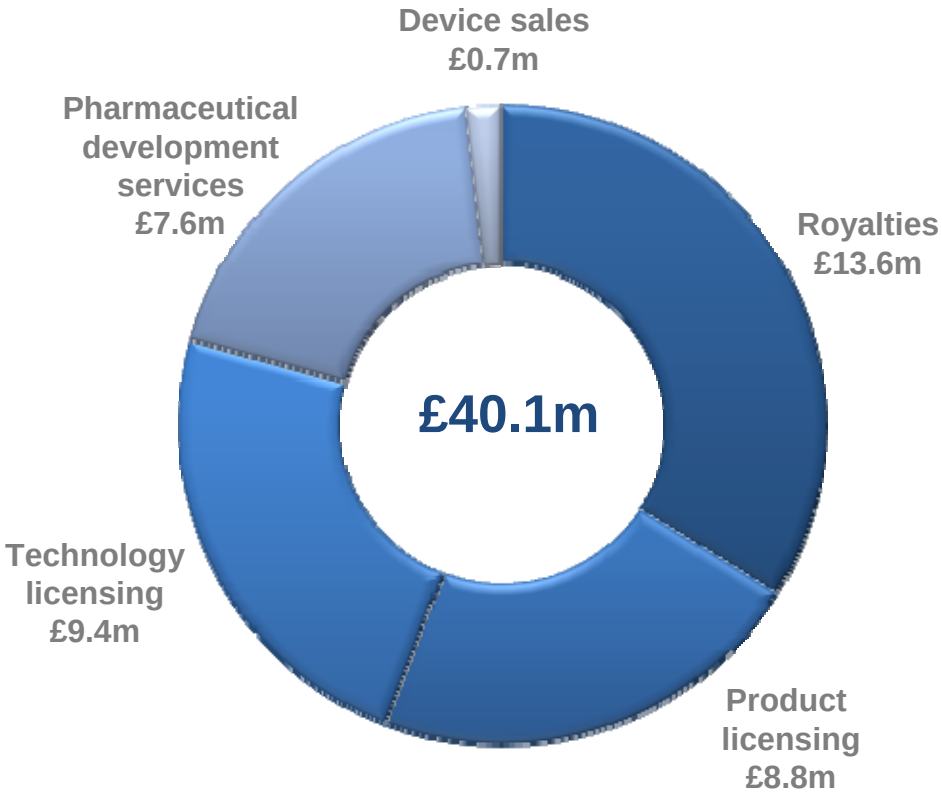


Diversified revenue streams

2011



2010



Revenue breakdown

£m	2010/11	2009/10	Increase/ Decrease	Comments
Royalties	13.6	13.6	+0%	£10.2m - ADVATE®
Technology licensing	12.9	9.4	+37%	£10m - GSK
Product licensing	10.6	8.8	+20%	£5.3m – NVA237/QVA149 £5.3m – VR315/VR632
Pharmaceutical development services	4.2	7.6	-45%	Work substantially completed on licensed products
Device sales	1.6	0.7	+129%	GyroHaler®
Total revenues	**42.9**	**40.1**	**+7%**	

Income statement

- **Revenues grew at faster rate than R&D costs**
- **Loss per share decreased 16% to 2.7p (2009/10: 3.2p)**

£m	2010/11	2009/10	Increase	Comments
Revenue	**42.9**	**40.1**	**+7%**	
Gross profit	40.2	36.6	+10%	
Gross profit margin	***94%***	***91%***	***+3%***	
R&D costs	(36.4)	(34.8)	**+5%**	
Administrative costs	(3.3)	(3.4)		
EBITDA	**0.5**	**(1.6)**		
Amortisation	(10.7)	(10.6)		
Depreciation	(1.3)	(1.6)		
Share based-compensation	(1.8)	(1.5)		Influenced by share price
Operating loss	**(13.3)**	**(15.3)**	**+13%**	
Investment income	0.8	0.6		
Finance (losses)/gains	(0.8)	0.9		US$ exchange adjustment
Pre-tax loss	**(13.3)**	**(13.8)**	**+4%**	

Cash flow

£m	2010/11	2009/10	Comments
EBITDA	**0.5**	**(1.6)**	
Deferred income	2.8	(7.7)	Milestone recognition
Working capital	0.2	4.1	
Exchange (losses)/gains	(0.8)	0.9	
Net taxes received	8.1	0.5	2 years tax credits in 10/11
Operating cash inflow/(outflow)	**10.8**	**(3.8)**	
Investing activities			
▪ Net capital expenditure	(1.4)	(1.0)	
▪ Interest received	0.7	0.6	
Cash inflow/(outflow) before financing	**10.1**	**(4.2)**	
Financing activities			
▪ Financial liability	-	(6.6)	
▪ Issue of shares	0.2	0.9	
Increase/(decrease) in cash	**10.3**	**(9.9)**	

Financial guidance

Revenue

- Milestone receipts will depend on product filings and approvals
- Royalties may increase if a new product launches

R&D investment

- Restructuring reduced R&D infra-structure costs by circ. £6m
- Clinical & device investment will increase
- Circ. 10% reduction in R&D expected

Administration

- In line with 2010/2011 excluding amortisation, share based compensation and any exceptional items

Cash flows

- Cash inflows/outflows will depend on milestones, royalties and one-off receipts

Multiple catalysts expected

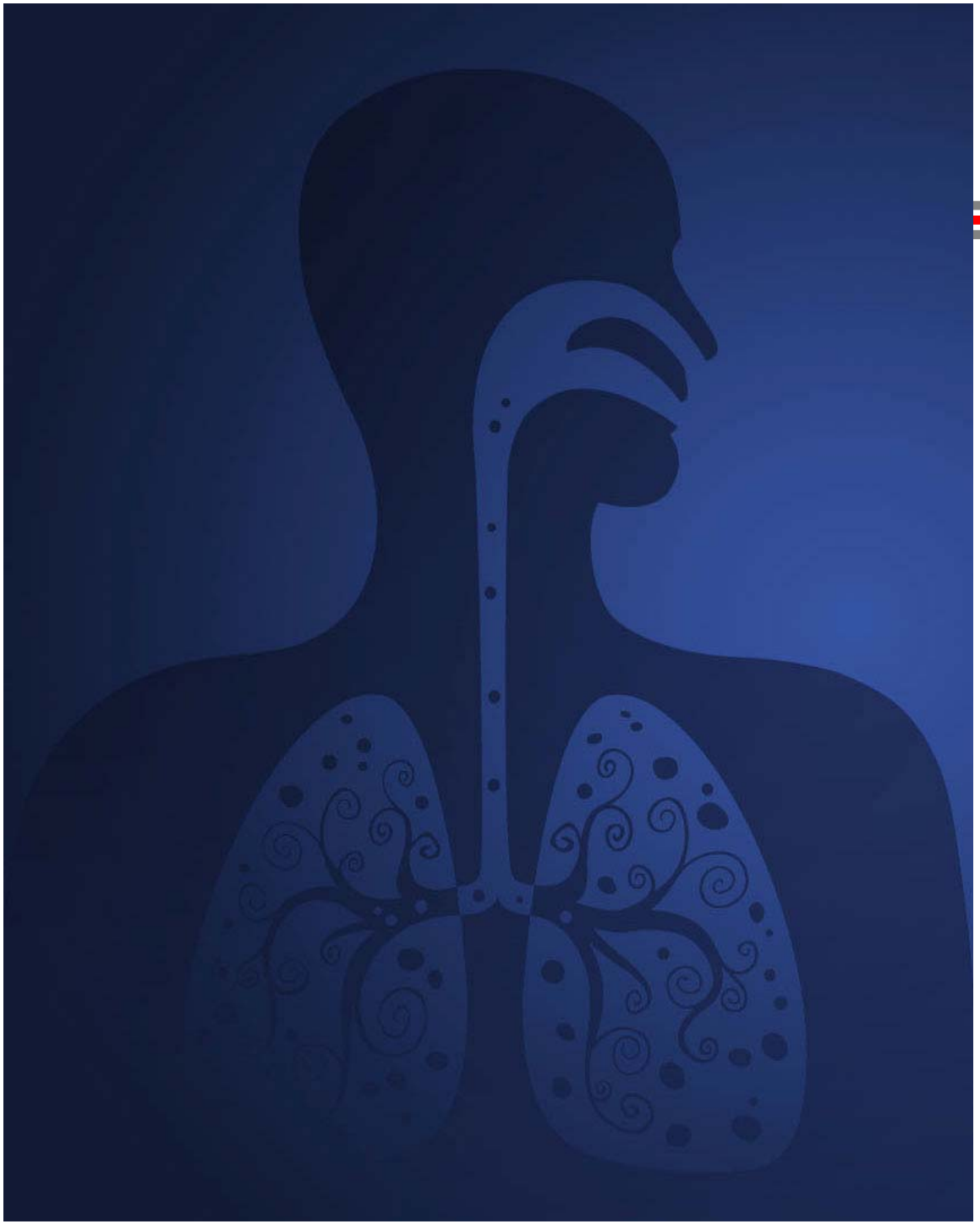
- **Late-stage pipeline progress**
  - NVA237
    - Additional Phase III data at ERS, September 2011
    - Filing expected in 2011 with launch in 2012
  - QVA149 Phase III data and filing expected in 2012; approval expected 2013
  - VR315 development progress
  - VR632 final development milestone
- **Potential of up to $95m in milestones**
- **Key licensing opportunities**
  - VR315 US & RoW
  - VR496 – Cystic fibrosis
  - VR040 – Parkinson's disease

Summary and outlook:
on track to become a self-sustaining cash-generative company

Strong competitive profile
- Working in key therapeutic area for existing pharma and new franchises
- Involved with major respiratory players and products
- Products close to market

Financial security
- Revenues increased to £42.9m
- Cash position at 31 March 2011 of £74.4m
- Manage cash spend through product prioritisation

Near-term value potential
- Significant catalysts over the next 18 months
- Near-term regulatory validation
- $95m additional pre-sales milestones
- 4 products in late-stage trials approaching commercialisation
- Step-change in royalty revenues expected
- Partner validated technologies



Appendix A:

Priority pipeline details

NVA237 is a once-daily, long-acting, rapid onset drug for COPD

- **NVA237 is a dry powder inhaled formulation of glycopyrronium bromide. It was licensed to Novartis in April 2005 by Vectura and its co-development partner Sosei**
- **Mechanism of action**
  NVA237 is a long-acting muscarinic antagonist (LAMA) with a rapid onset of activity. It is designed to treat the symptoms of COPD by increasing the diameter of the airways in the lungs (bronchodilation), allowing the patient to breathe more effectively
- **Market opportunity**
  Twenty million people suffer from this condition in the US. Muscarinic antagonists represent an important part of this global market, treating 30-50% of COPD patients. The American Thoracic Society recommends their use as first-line treatment for COPD
- **Competition**
  Vectura believes that NVA237 will be the second once-a-day muscarinic antagonist to be approved for COPD. Novartis intends to launch NVA237 as a differentiated LAMA for treating COPD, with improved benefits for patients compared to existing therapies

Key highlights

- **Phase III initiated June 2009; $7.5m milestone received**
- **Phase II data demonstrating sustained 24-hour bronchodilation showed similar efficacy and duration to the market leader, Spiriva®, and the potential for a more rapid onset of action**
- **Top line Phase III data in April 2011 demonstrated significant improvement in lung function**
- **Additional data expected at ERS in September 2011**
- **2012 launch projected by Novartis**

QVA149 is a once-daily combination drug for COPD

- QVA149 is the combination of NVA237 and Novartis' once-daily, long-acting beta-agonist (LABA) indacaterol (QAB149) and is under development by Novartis
- Mechanism of action
  Indacaterol works by stimulating beta-2 receptors in the smooth muscle of the airways. This causes relaxation of the muscle, thereby increasing the diameter of the airways, which become constricted in asthma and COPD. Indacaterol, given once-daily, has been shown to have a similar rapid onset to NVA237 and to benefit lung function. The dual activity of a muscarinic antagonist (NVA237) and indacaterol has the potential to be a potent bronchodilator and could address a large unmet need for COPD patients
- Market opportunity
  Twenty million people suffer from this condition in the US. Muscarinic antagonists represent an important part of this global market, treating 30-50% of COPD patients. The American Thoracic Society recommends their use as first-line treatment for COPD
- Competition
  Vectura believes that QVA149 is the most advanced once-daily LAMA/LABA combination in development and could be the first such combination to come to market for COPD

Key highlights

- Phase III trial initiated May 2010; $7.5m milestone received
- Indacaterol (Onbrez® Breezhaler®) launched in Europe with an FDA PDUFA decision expected in July 2011
- Phase II data (ERS 2009) - 300µg/50µg (QAB149/NVA237), 226mL Day 7 trough FEV_1 improvement over placebo, 123mL and 117mL Day 7 trough FEV_1 improvements over indacaterol 300µg and 600µg respectively, once-daily profile confirmed
- 2013 launch projected by Novartis

VR315 is an inhaled combination asthma/COPD therapy

- VR315 is an inhaled combination therapy for asthma and COPD that is being developed as a generic product using the GyroHaler® dry powder inhaler (DPI) delivery device. Vectura licensed the European rights for VR315 to Sandoz in March 2006. Vectura has all rights to VR315 outside Europe, including the lucrative US and RoW markets
- Market opportunity
  There are over 17 million people suffering from asthma in the US and prevalence continues to rise. However, the disease remains under-treated due to a combination of under-diagnosis, inappropriate therapy, and patient non-compliance. Inhaled fixed-dose combination therapy is the use of two or more drugs in combination in an inhaler to gain optimal clinical benefits by improving patient compliance and efficacy. Combination therapy for asthma is the biggest and fastest growing sector of the asthma market
- Competition
  In addition to the current branded combination products, VR315 will be competing with new asthma therapies and other generic products. Vectura believes that the unique performance of GyroHaler® gives VR315 a good competitive position against other generics

Key highlights

- Licensed to Sandoz Europe in March 2006
- Delivered with Vectura's GyroHaler®
- €22.5m in milestones and development funding
- Margin on the commercial manufacture and supply of GyroHaler®

VR632 is an inhaled combination asthma/COPD therapy

- **VR632 is an inhaled combination therapy for asthma and COPD that is being developed as a generic product using the GyroHaler® dry powder inhaler (DPI) delivery device. Vectura licensed the European rights for VR632 to Sandoz in December 2007**
- **Competition**
  In addition to the current branded combination products, VR632 will be competing with new asthma therapies and other generic products. Vectura believes that the unique performance of GyroHaler® gives VR632 a good competitive position against other generics

Key highlights

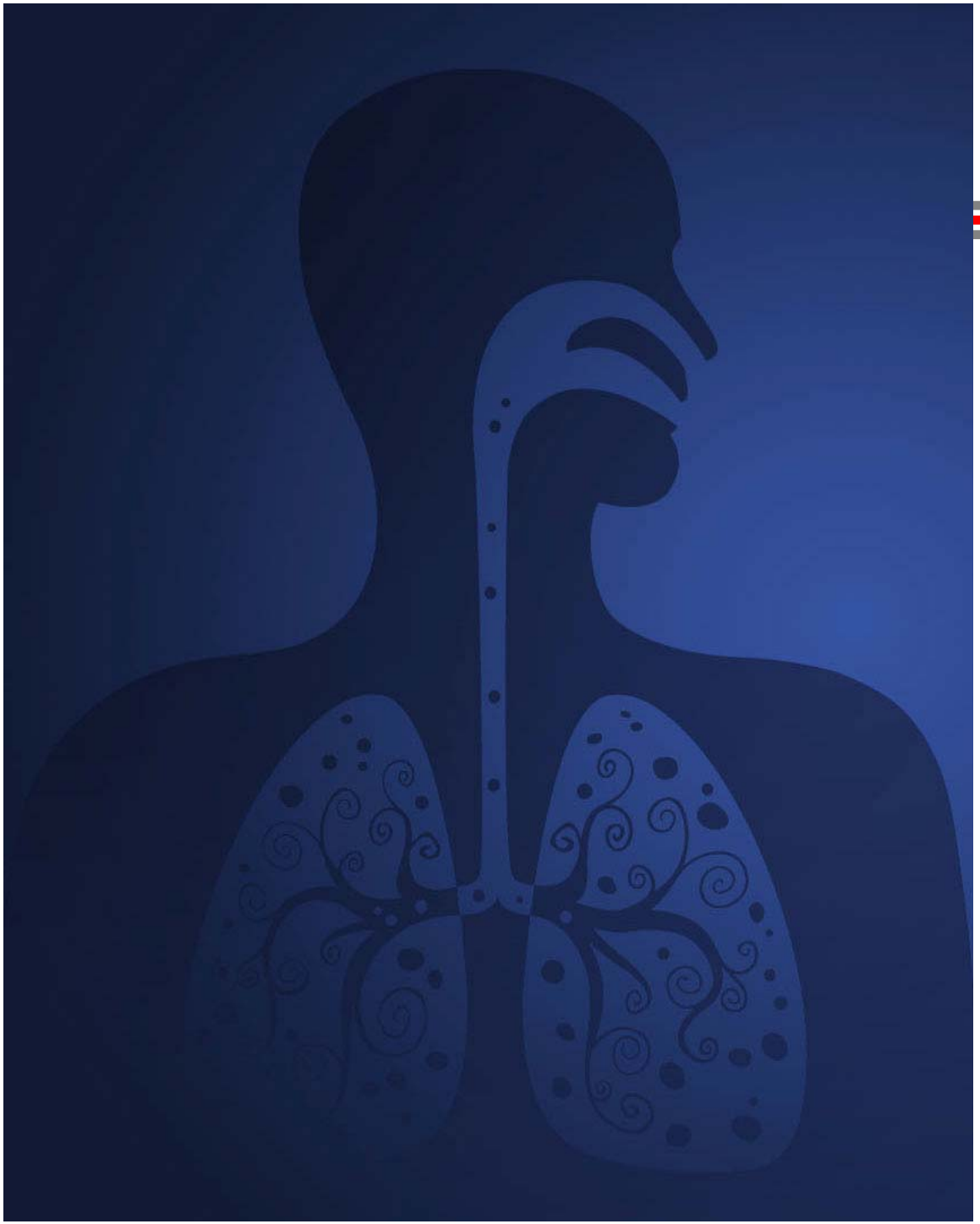
- **European data useful for US/RoW partnering**
- **Potential for future US licensing**

VR506 is a monotherapy DPI inhaled corticosteroid for asthma

- **Significant US and EU markets, with the branded product achieving 2010 sales of $1b**
- **Enhanced value opportunity post-LABA moratorium**

Key highlights

- **Clinical programme on-going**

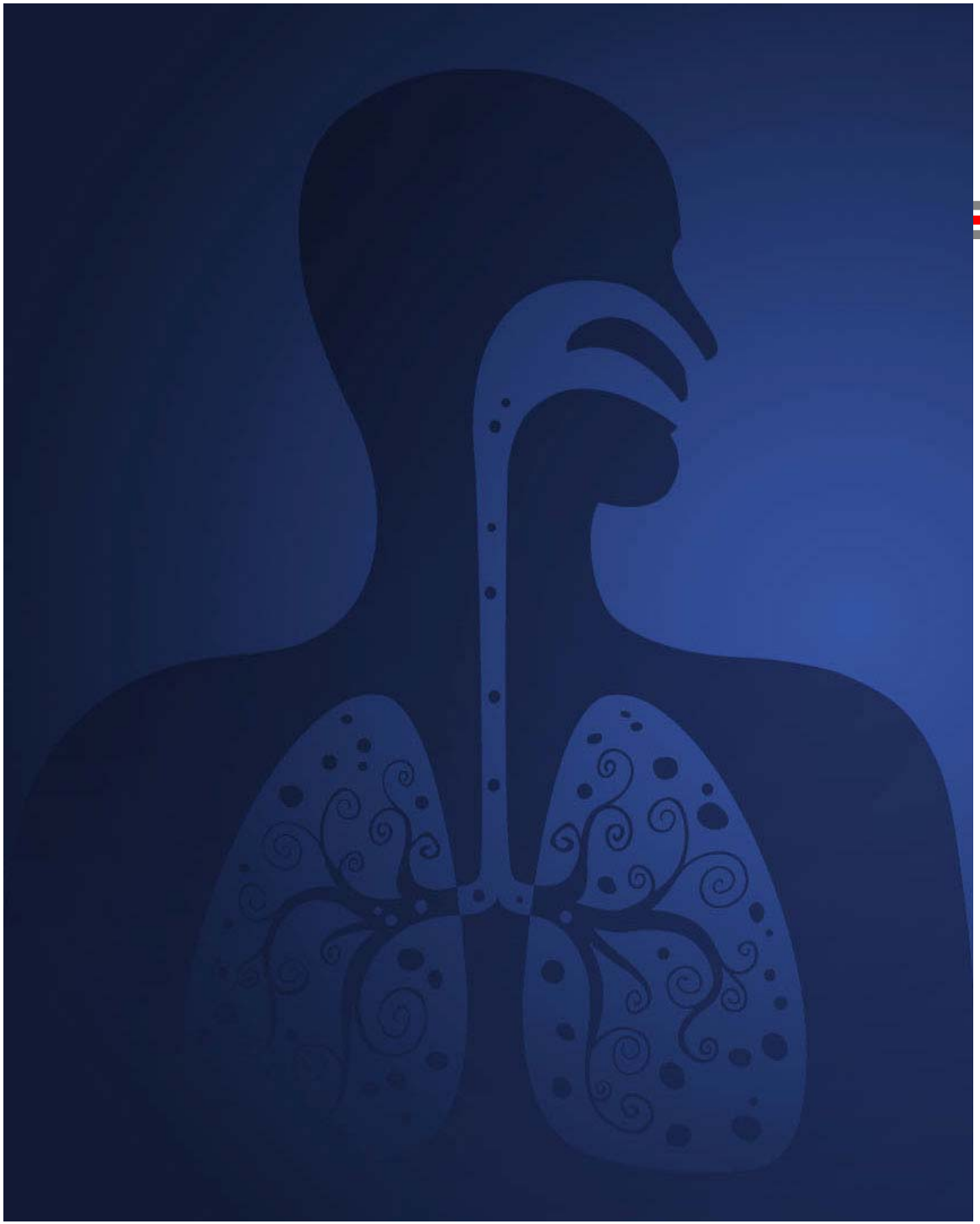


Appendix B:

Opportunities for licensing

Opportunities for licensing

- **VR315 for Asthma/COPD**
  - Licensing options under discussion for US and RoW territories
- **VR506**
  - Licensing opportunity to be pursued for global market
- **VR040 for Parkinson's disease**
  - Positive Phase II data in November 2010
  - On-going discussions with prospective licensing partners
- **VR496 for Cystic fibrosis**
  - Positive Phase II results in March 2011
  - On-going discussions with prospective licensing partners for CF and respiratory indications
- **Duohaler® product for Asthma/COPD**
  - Twin chamber reservoir device for respiratory combinations
  - On-going discussions with prospective licensing partners



Appendix C:

Respiratory market dynamics

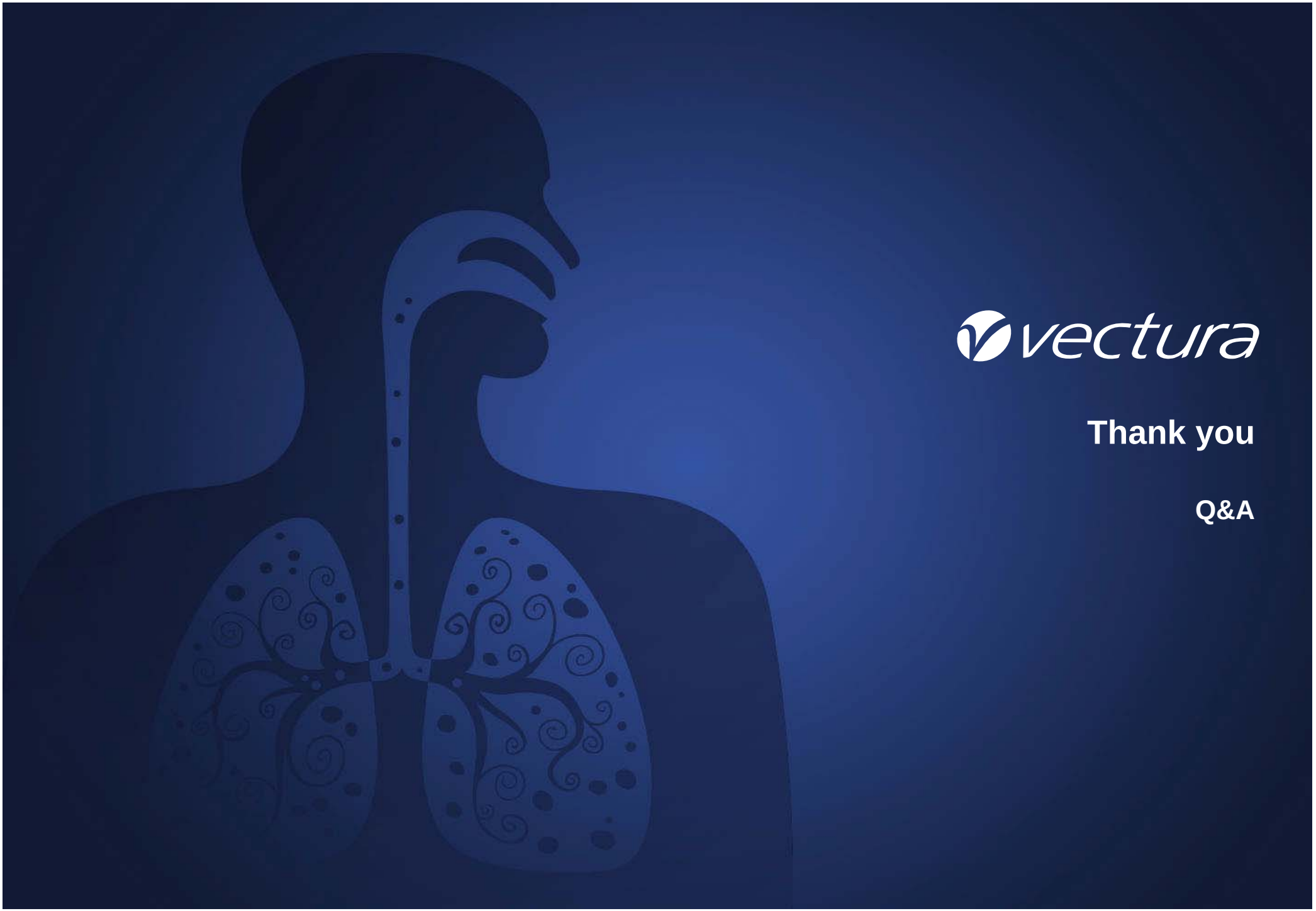
Respiratory market dynamics

Branded Dynamics

- Branded, combination DPI sales >$10bn
- EU price cuts and US healthcare reforms
- Reimbursement & payer challenges
- Regulatory challenges

Generic Dynamics

- Increasing pressure to provide effective & affordable medicines
- 2010-2013 patent cliff
- Challenging US regulatory pathway
- Few competitors in ‘difficult to make’ generics market
- Emerging markets driving growth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Q&A