

Tobacco group lights up market with \$1.2bn Vectura acquisition

Cambridge Science Park company Vectura has been acquired for \$1.2 billion by US-Swiss tobacco business Philip Morris International.

Headquartered in New York, PMI wants to broaden into a wider healthcare and wellness company.

The deal tops the £958 million bid tabled by the private equity group Carlyle in May. Vectura's board had recommended that shareholders accept Carlyle's offer but withdrew support after receiving the higher proposal from PMI.

Vectura provides innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. It has 13 key inhaled and 11 non inhaled products marketed by major global pharmaceutical partners, as well as a diverse portfolio of partnerships for drugs in clinical development.

Shareholders will receive 150p per share, a 46 per cent premium to the ex-dividend closing price of 103p per share on May 25. Both boards have agreed the deal.

PMI CEO Jacek Olczak said: "PMI's Beyond Nicotine strategy, announced in February, articulates a clear ambition to leverage our expertise in inhalation and aerosolization into adjacent areas – including respiratory drug delivery and selfcare wellness – with a goal to reach at least \$1bn in net revenues by 2025.

"The acquisition of Vectura, following the recently announced agreement to acquire Fertin Pharma, will position us to accelerate this journey by expanding our capabilities in

innovative inhaled and oral product formulations in order to deliver long-term growth and returns.

“The market for inhaled therapeutics is large and growing rapidly with significant potential for expansion into new application areas. Together, PMI and Vectura can lead this global category, bringing benefits to patients, to consumers, to public health and to society-at-large.”

Last year Vectura generated net revenues of £191 million; the transaction value represents a multiple of around 14 times Vectura’s 2020 EBITDA.

Bruno Angelici, Vectura’s chairman said: “The acquisition by PMI recognises Vectura’s differentiated technologies, skills and expertise in inhalation and the continued development and supply of important medicines to patients.

“The acquisition will provide our people with the opportunity to form the backbone of an autonomous inhaled therapeutic business unit of PMI, helping develop products to improve patients’ lives and address unmet medical needs.”