

Charities blast Marlboro maker Philip Morris over £1bn bid for smoker's lung drug company

Cancer research groups today reacted with astonishment after one of the world's biggest tobacco companies today struck a £1 billion takeover of a UK pharmaceuticals firm specialising in inhalers for conditions including smoker's lung.


Philip Morris International, which sells billions of cigarettes a year under brands such as Marlboro, Chesterfield and L&M, lodged a bid for Vectura, whose 200 Cambridge and Chippenham-based scientists devise inhalers for respiratory drugs.

Vectura's main treatment is for chronic obstructive pulmonary disease or smoker's lung, one of many diseases caused by tobacco which the World Health Organization says kills more than eight million people a year.

Philip Morris said the deal came as part of its move into alternatives to cigarettes such as heated tobacco devices and said Vectura would form "part of a natural evolution into a broader healthcare and wellness company".

Cancer Research UK chief executive Michelle Mitchell said: "It's ironic that a tobacco company wants to invest in the lung health industry when their products are the biggest preventable cause of cancer, including lung cancer.

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“If PMI really wanted to help, they could stop aggressively promoting and selling their products altogether.”

Despite Philip Morris’s main business of selling tobacco, Vectura’s board has recommended that shareholders accept the bid.

The board is led by chairman Bruno Angelici, a former international president at AstraZeneca, which specialises in cancer screening, and includes numerous other executives from major companies developing treatments for smoking-related diseases.

Sources said the board had a “fiduciary duty” to recommend the offer to shareholders based purely on its value.

The firm declined to comment on what its employees might think about working for a tobacco company.

Deborah Arnott, chief executive of the health charity ASH said: “PMI claims it holds more than a quarter of the global market for cigarettes, so its drive to become a “wellness company” is a long way from fruition.

“I can’t imagine the scientists working for Vectura, a respectable company making products that treat lung cancer, are going to be at all happy waking up to find they’re going

to be working for Big Tobacco.”

The deal trumped a previous bid for Vectura from private equity group Carlyle.

Philip Morris, BAT and others say they are moving away from cigarettes to vapes and heated tobacco.

Philip Morris says it is also working on using the technology it has developed for its smoke-free products including the Iqos heated tobacco brand to help drug companies develop inhalable medicines.

BAT is working on a Covid treatment, which has caused controversy among doctors, given that smoking worsens the risk of death from the disease, according to the WHO.

Philip Morris's bid values Vectura shares at 169p each against Carlyle's 155p.

Included in the Marlboro maker's price is payment of the 19p interim dividend.

PMI has an ambition to generate \$1 billion of net revenues from “beyond nicotine” products by 2025. Last year, total net revenues were \$76 billion. Vectura shares rose 13% to 153.4p.

Shareholders in Vectura include the National Trust pension scheme with more than 1 million shares and the Roman Catholic Purposes Trustees with 850,000, according to Bloomberg data.