

Philip Morris makes a move on British pharma firm in bid to expand 'beyond tobacco and nicotine'

Cigarette maker Philip Morris International says it will buy Vectura Group as part of an expansion beyond tobacco and nicotine.

The deal values Vectura at £1.05bn and its shareholders will get 150p per share in cash, the British pharmaceutical company said in a joint statement with Philip Morris (PMI).

Vectura had agreed to a £958m deal with global investment firm Carlyle Group in May, but it has now withdrawn its backing for this in favour of PMI's higher bid.

Bruno Angelici, Vectura's chairman, said: "We recognise the material increase in the price offered to shareholders under the acquisition when compared with the Carlyle offer and have accordingly recommended the acquisition to shareholders.

"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."

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PMI said it plans for Vectura to operate as an independent unit and be at the centre of its inhaled therapeutics business.

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“PMI is expanding into products beyond tobacco and nicotine, as part of a natural evolution into a broader healthcare and wellness company,” it said in the joint statement.

“This ambition is founded on PMI's strong understanding of

aerosolisation and respiratory technology, its promising product development pipeline, and its willingness to continue investing in research and development, manufacturing and commercialisation.

“A combination of expertise in life sciences, inhalation technology, the use of natural ingredients, commercial deployment and experience of how to change consumer behaviour is the strong foundation for PMI’s Beyond Nicotine business.”

PMI is aiming to generate at least \$1bn (£730m) in net revenue from “products beyond tobacco and nicotine” by 2025.

The acquisition is expected to become effective later this year.

Jacek Olczak, PMI’s chief executive, said: “The market for inhaled therapeutics is large and growing rapidly, with significant opportunities to address unmet needs.

“By joining forces and investing our resources in the continued scientific excellence of our two companies we can secure critical capabilities to accelerate our long-term growth in Beyond Nicotine products, which is a core strategic focus for PMI.”