

Vectura board backs takeover bid from tobacco giant Philip Morris

The board of British pharmaceutical firm Vectura has backed a takeover offer from tobacco giant Philip Morris International.

PMI, the company behind Marlboro cigarettes, had offered 165p per share – or around £1.1bn – for the Wiltshire-based firm, which makes inhaled medicines and devices to treat respiratory illnesses such as asthma.

Its rival, US private equity firm Carlyle, had offered 155p per share and said earlier this week that it would not increase its bid, which it described as “full and fair”.

Vectura’s board had come under pressure from politicians such as shadow health secretary Jonathan Ashworth, as well as various health organisations, all concerned about such a tie-up.

On Thursday but before Vectura’s announcement, the chief executive of Asthma UK and the British Lung Foundation called the move by PMI “unacceptable”.

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Sarah Woolnough said the proposed takeover would see “a company that has profited from the devastation smoking causes to make even more money by providing treatments for the illnesses they have caused”.

The American Lung Association and the American Thoracic Society had previously said PMI’s bid was the “latest reprehensible choice from a company that has profited from addicting users to its deadly products.”

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"We are deeply concerned that PMI will use the inhalation services technologies developed by Vectura to make their tobacco products more addictive.



Image:

Philip Morris is the company behind Marlboro cigarettes. Pic: AP

“We are also deeply troubled that this company could further profit from the disease their products have caused by now selling therapies to the same people who were sickened by smoking PMI cigarettes.”

But on Thursday evening, the board said it considered the terms of the PMI offer to be “fair and reasonable”, adding that it plans to unanimously recommend the bid to shareholders.

In a statement, the board said: “The Vectura directors recognise the superior cash price the Final PMI Offer provides Vectura shareholders.

“The Vectura directors also note that wider stakeholders could benefit from PMI’s significant financial resources and its intentions to increase research and development investment and to operate Vectura as an autonomous business unit that will form the backbone of its inhaled therapeutics business.”

PMI has always said it would want Vectura to operate as an

independent unit, adding that it sees the acquisition “as part of a natural evolution into a broader healthcare and wellness company”.

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