

PhotoCure ASA

Presentation

Results Third Quarter 2004

20th October 2004



Highlights

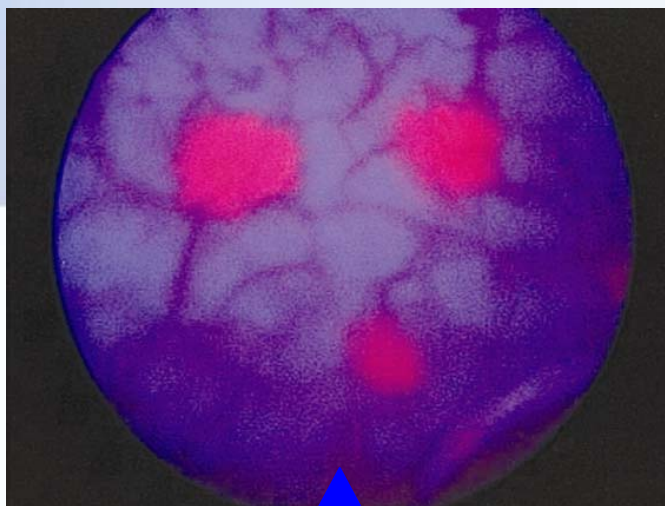
- Hexvix received first marketing approval
- Hexvix application in other EU/EAA countries to be filed later this year
- Metvix approved in 8 new European countries
- Number of Metvix units sold increased with 96% (3Q 2004 vs. 3Q 2003)
- Sales revenues increased to NOK 8.1 million from NOK 5.2 million (3Q 2004 vs. 3Q 2003)
- Net profit of NOK 14.1 million in 3Q04



Hexvix[®] – A Breakthrough in Bladder Cancer Diagnosis

PhotoCure's 1st Photo-Diagnostic (PD) agent approved and close to 1st launch





**Now you can see bladder cancer
in a different light**



Hexvix®

– improves detection of bladder cancer



Hexvix[®]

– approved for bladder cancer detection

- Marketing approval received in September from Swedish Medicines Authority
 - Filing in other EU/EEA countries planned later this year
- USA
 - Positive meeting held with the FDA as to filing based on current clinical data
 - A meeting addressing the NDA (New Drug Application) filing to be held shortly



Hexvix[®]

– pre-launch activities underway

- Health economy study completed
 - Sufficient information for pricing decision gathered
 - Documentation important in future sales process

- Clinical data published in major urology journals

- PhotoCure continues to present Hexvix at key European urology meetings through exhibitions, presentations and satellite symposia

- PhotoCure evaluates potential partners for the sales and marketing of Hexvix



Hexvix®

– targeting initially larger hospitals

- Procedures for detecting bladder cancer is mainly hospital based in the Nordic countries
- Hexvix will first be launched in Sweden
- In the Nordic countries, PhotoCure is initially targeting appr. 50 centers
 - About 2/3 out of 615 urologists are working at these centers
 - These hospitals are generally users of Metvix, making it possible to efficiently target them with current sales force



Hexvix[®]

– pre-launch activities ongoing

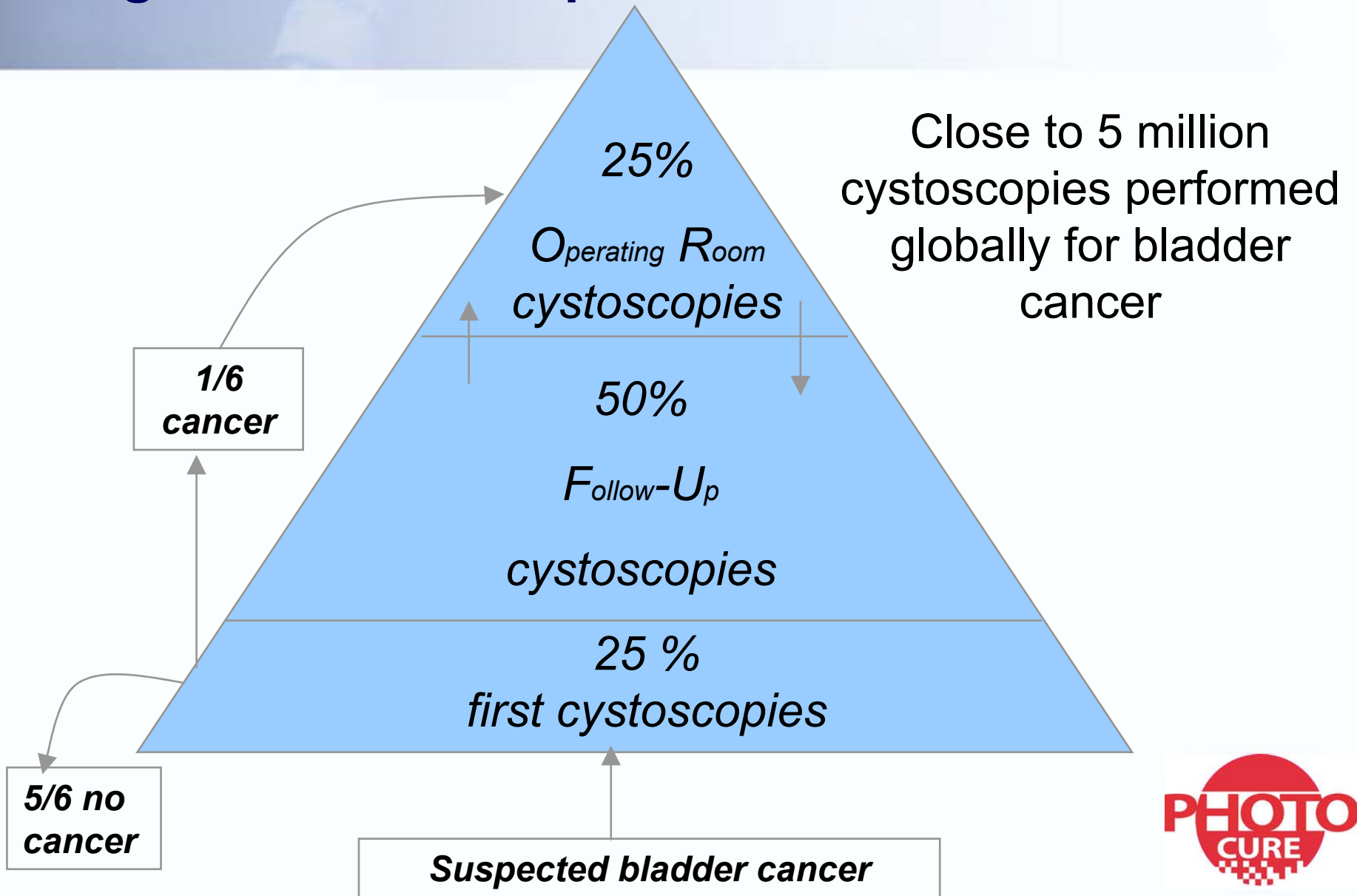
Nordic

- Establishing key centres in each country:
 - Enable Key opinion leaders to gain experience
 - Will play key role in training of other urologists
- Preparing for workshops and symposia
- Establishing close cooperation with equipment distributors (local and central)
- Training sales force
- Developing sales materials



Hexvix®

– significant market potential



Metvix[®] roll out continues



Metvix[®]

– commercialisation continues to progress

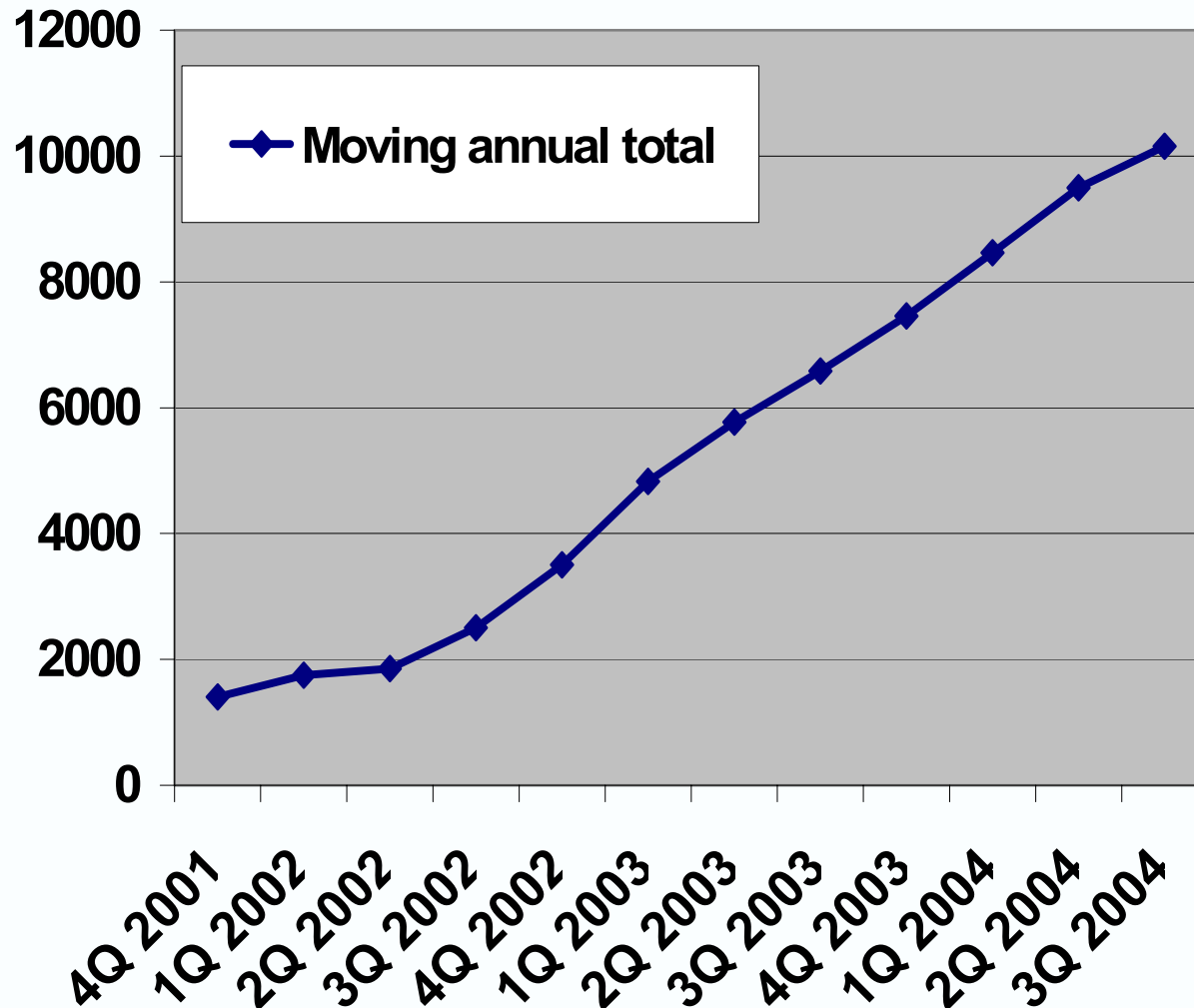
- 5975 units sold in Q3 2004
 - Increase of 96% from Q3 2003
- Launch initiated in 12 countries
 - PhotoCure: 5 Nordic countries
 - By partner Galderma: Germany, UK, Australia, Switzerland, Belgium, Italy, New Zealand
- Launch preparations ongoing in countries where Metvix is approved but not yet launched
 - To be initiated in Spain first half 2005



Metvix®

– but steady increase in annualised sales

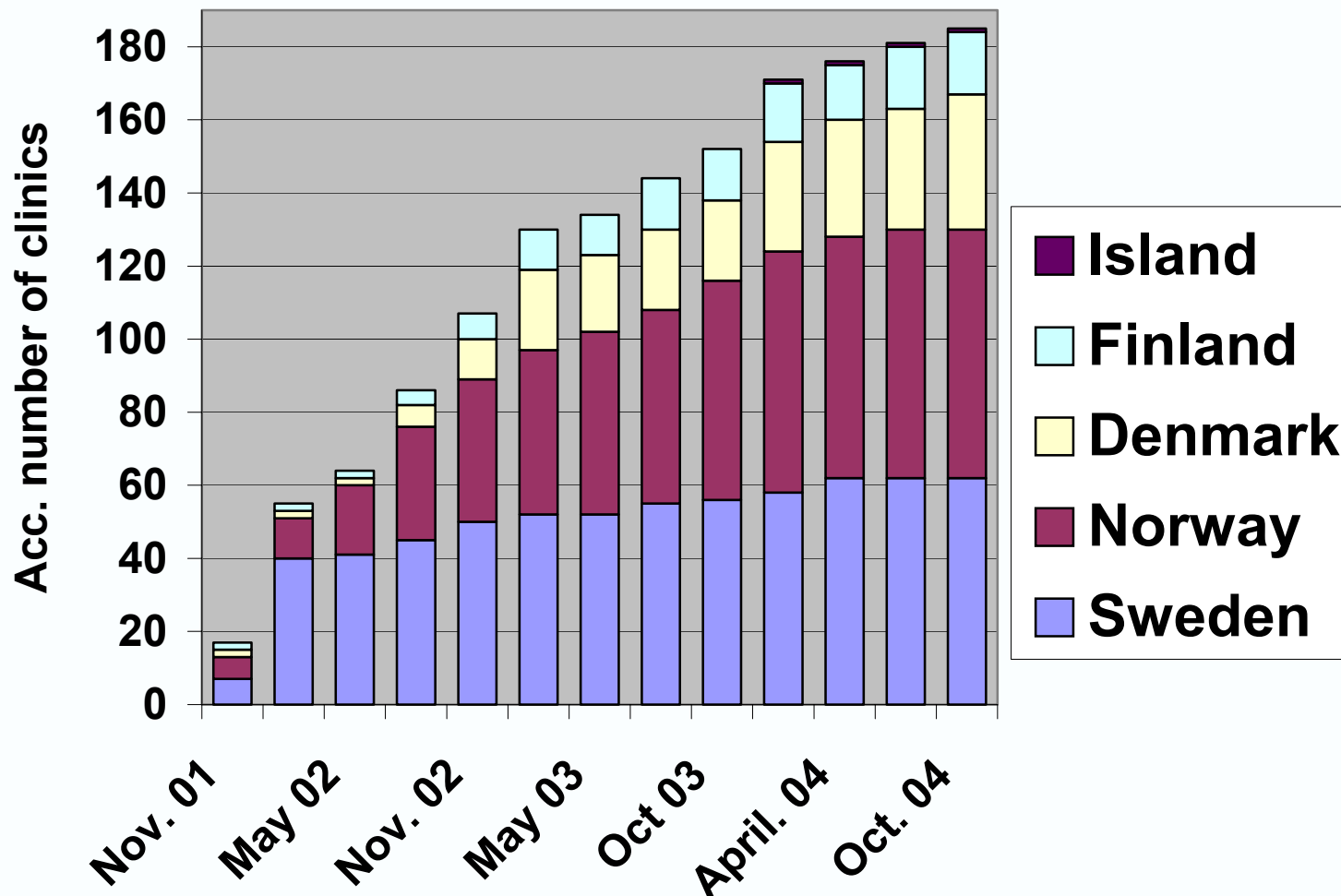
Number of tubes sold to Nordic pharmacies



Metvix[®]

– continued increase in clinics providing Metvix[®]

Clinics with PhotoCure lamps

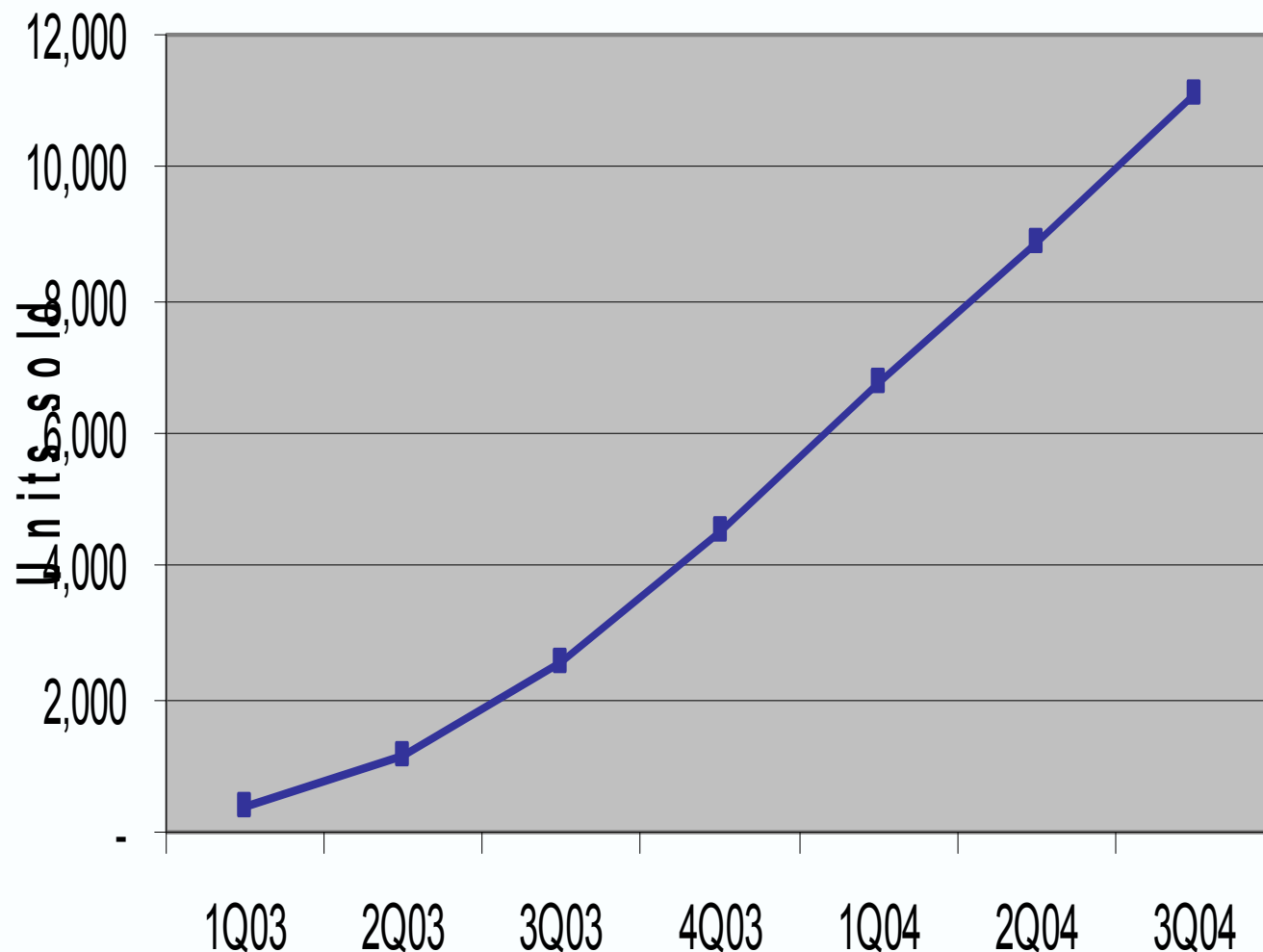


Metvix[®]



– steady increase in sales in Galderma's area

Metvix units sales - Moving annual total



Metvix®

– successful expansion

Metvix continues to gain approval in key markets

- FDA approval for Actinic Keratosis received July
 - Milestone payment of NOK 25.3 mill. (EUR 3 mill.) received from Galderma

- Approved in 29 countries
 - 26 European countries – 8 new countries in Q3
 - Australia, New Zealand and US

- Pending applications in 3 countries
 - South Africa, Brazil, Mexico



Metvix®

– great market opportunities

Skin cancer (Basal cell carcinoma)

- App. 2 mill. new cases per year in EU, America, AUS & South Africa
 - Of which US 1 million, EU 500 000, Australia 200 000

Pre-cancerous skin lesions (Actinic Keratosis)

- App. 20 mill. new cases per year in EU, America & AUS
 - 10 times more frequent than BCC
 - App. 20-30% of cases treated currently

Expansion of market potential for Metvix

- Extension of labelling increases the market potential
- New indications increases the market potential



Metvix[®]

- encouraging results in moderate/severe acne



Before



After



Metvix[®]

- encouraging results in moderate/severe acne



Before



After



Financial Statements (Group)



Highlights 3rd quarter 2004

- Sales revenues increased to NOK 8.1 million in 3Q 2004 from NOK 5.2 million in 3Q 2003
- Milestone payment of NOK 25.3 million received from Galderma linked to US approval
- Costs reduced to NOK 21.9 million from NOK 24.3 million
 - Lower patent attorney costs
- Net profit of NOK 14.1 million
 - Net loss of NOK 11.2 mill excluding milestone payment compared to a net loss of NOK 14.8 million in 3Q 2003



Profit & Loss

– net profit in 3rd quarter

Three months ended			Nine months ended		2003
30.09.04	30.09.03	All figures in NOK 1,000	30.09.04	30.09.03	01.01-31.12
8,134	5,248	Sales revenues	27,920	16,001	23,380
29,228	3,908	Signing fee and milestone revenues	37,045	27,865	31,774
1,089	1,045	Other operating revenues	3,535	3,135	5,150
38,452	10,202	Total operating revenues	68,500	47,002	60,304
2,676	2,074	Cost of products sold	10,760	7,538	9,514
35,776	8,128	Gross profit	57,741	39,464	50,790
7,099	7,015	Payroll expenses	20,800	19,740	27,757
8,110	7,338	External R&D	22,242	25,856	38,377
6,693	9,975	Ord.depr. & other operating expenses	33,627	29,064	38,312
21,901	24,327	Total operating expenses	76,669	74,660	104,446
13,875	-16,199	Operating income/-loss	-18,928	-35,196	-53,655
185	1,423	Net financial income	1,679	9,503	10,888
14,060	-14,776	Income/-loss before tax	-17,249	-25,693	-42,767
0.80	-0.85	Net income/-loss per share (NOK)	-0.98	-1.47	-2.44

Cash Flow Statement

– significantly improved first nine months of 2004

- Loss before taxes improved compared to 2003 (+ NOK 8.5 mill)
 - Significant increase in sales revenues (+ NOK 11.9 mill)
 - Milestone payment (+ NOK 9.2 mill)
 - Reduction in net financial income (- NOK 7.8 mill)
- No specials in other operational items
 - 2003 included several significant items

All figures in NOK 1000	Nine months ended		2003
	30.09.04	30.09.03	01.01 - 31.12.
Loss before taxes	-17,249	-25,693	-42,767
Other operational items	-15,269	-37,770	-27,740
Net cash flow from operations	-32,518	-63,463	-70,507
Cash flow from investments	-64	-101	-1,426
Cash flow from capital transactions	197	8,575	8,275
Net change in cash during the period	-32,385	-54,990	-63,658
Cash & cash equivalents at beginning of period	185,845	249,503	249,503
Cash & cash equivalents at end of period	153,459	194,513	185,845

Balance Sheet

Figures in NOK 1,000	30.09.04	30.09.03	31.12.03
Machinery & equipment	2,155	3,548	3,222
Financial fixed assets	8,013	7,850	7,832
Inventory	19,172	24,816	23,167
Receivables	18,175	20,493	13,335
Securities	117,644	178,789	170,309
Cash & cash equivalents	35,815	15,724	15,536
Total assets	200,973	251,220	233,402
Shareholders' equity	114,968	148,877	131,897
Long term liabilities	13,219	17,723	13,519
Current liabilities	72,786	84,621	87,985
Total shareholders' capital & liabilities	200,973	251,221	233,402

Accounting policies

- IFRS to be implemented 1Q 2005

International Financial Reporting Standard (IFRS)

- Identified issues
 - Pension liabilities
 - Employee share options

- No significant impact on Profit & Loss or Equity estimated



Progress towards sustained profitability

■ Metvix

- Approved in 29 countries incl. US for Aktinic Keratosis (July 2004)
- Amendment filed for BCC in the US – Response expected year-end
- Launch initiated in 12 countries
- Continued sales growth in existing markets

■ Hexvix

- First marketing approval obtained in Sweden in September
- Applications in other European countries planned later this year
- Pre application meeting with US authorities to be held

■ Research & Development

- Continued focus on acne, transplant patients and colon cancer

