



Brilliance in photodynamic technology™

Photocure ASA

The world leader in photodynamic technology

Presentation of third quarter 2010 results

27 October 2010

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Highlights third quarter 2010

- Signed partnership agreement with Salix for Lumacan™ in October
- Positive results from interim analysis of phase II study on Cevira™
- Established and hired key personnel in US subsidiary

- Revenues of NOK 11.4 million in Q310 (12.5)
- Operating loss of NOK 15.9 million in Q310 (12.2)
- Cash of NOK 310.9 million per 30 September 2010, not including GE Healthcare milestone payment of EUR 10 million



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Financials
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Profit & Loss

Third quarter 2010



- Hexvix revenue down 9% in Q3 and up 16% YTD
 - Q3 decline partly explained by weaker EUR/NOK
 - Reduced inventory levels of Hexvix at GE Healthcare
- Other comprehensive income relates to changes in value of shareholding in PCI Biotech
- Photocure will book USD 4 million in revenue and USD 3 million in R&D cost in Q4 2010 related to the Salix agreement

<i>Numbers in NOK million</i>	Q3 2010	Q3 2009	YTD 2010	YTD 2009	2009
Sales revenue	11.4	12.5	39.6	34.0	48.4
Signing fee & milestone revenues	0	0	83.4	0	0
Total revenues	11.4	12.5	123.0	34.0	48.4
R&D expenses	13.0	17.0	52.3	47.9	79.0
Marketing & sales expenses	9.4	4.8	25.0	17.0	25.0
Business development & admin	5.9	3.5	23.5	14.5	25.3
Operating profit/ loss (EBIT)	-15.9	-12.2	27.2	-49.0	-79.0
Net financial items	4.3	1.6	7.6	1.1	2.5
Discontinued operations	0	366.0	0	382.5	388.9
Net profit/ loss	-11.6	355.3	34.8	334.6	312.4
Other comprehensive income	-23.9	0	28.8	1.0	4.2
Comprehensive income	-35.5	355.3	63.6	335.7	316.6

- Divestment of Metvix/ Aktelite changed the earnings profile significantly
- 2009 accounts have been adjusted for discontinued operations.

Metvix/Aktelite is under IFRS reported as discontinued operations



Balance sheet – assets

- NOK 310.9 million in cash end of period
- Milestone payment of EUR 7.5 million from GE Healthcare was paid in October and EUR 2.5 million will be paid before the end of 2010. This is included in Receivables per 30.9.2010.
- Other investments includes:
 - NOK 57.7 million in shares in PCI Biotech
 - Deferred revenue from sale of Metvix/Aktelite

<i>Numbers in NOK million</i>	30.09.2010	30.09.2009	31.12.2009
Intangible assets, software	0.5	0.4	0.4
Machinery & Equipment	1.7	0.5	1.8
Other investments	69.4	8.4	14.6
Total non-current assets	71.7	9.3	16.7
Inventory	19.2	6.4	13.8
Receivables	98.3	400.4	22.8
Cash & cash equivalents	310.9	140.3	403.5
Total current assets	428.3	547.1	440.1
Total assets	500.0	556.4	456.9



Balance sheet - equity & liabilities

- Shareholder's equity amounting to NOK 469.1 million
- Other paid-in capital includes own shares of NOK 29.9 million
- Equity ratio of 94%
- No interest bearing debt

<i>Numbers in NOK million</i>	30.09.2010	30.09.2009	31.12.2009
Share capital	11.0	11.0	11.0
Other paid-in capital	165.9	191.4	176.1
Retained earnings	292.2	323.1	228.6
Shareholders' equity	469.1	525.5	415.8
Long-term liabilities	0.6	0	0.3
Current liabilities	30.3	30.9	40.7
Total liabilities	30.9	30.9	41.1
Total equity and liabilities	500.0	556.4	456.9

Cash Flow

Third quarter 2010



<i>Numbers in NOK thousand</i>	Q3 2010	Q3 2009	YTD 2010	YTD 2009	2009
Profit/ loss before tax	-11.6	355.3	34.8	334.6	312.4
Depreciation and amortisation	0.3	0.4	0.8	1.2	1.5
Share-based compensation	1.3	0.9	3.7	2.7	3.5
Net interests	-3.3	-1.7	-7.5	-6.3	-9.3
Write down financial assets	0	0	0	4.2	4.2
Changes in working capital	-3.8	-366.8	-90.3	-382.0	7.9
Other operational items	-2.9	0.2	-8.5	0.2	-2.7
Net cash flow from operations	-21.9	-11.6	-67.0	-45.3	317.4
Cash flow from investments	1.9	1.4	-11.7	5.7	10.1
Cash flow from capital transactions	0	0	-14.0	0	-103.9
Net change in cash	-20.0	-10.2	-92.6	-39.6	223.6
Cash & cash equiv. start of period	330.8	150.6	403.5	179.9	179.9
Cash & cash equiv. end of period	310.9	140.3	310.9	140.3	403.5



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Operational Update
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Cancer
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Agreement with Salix Pharmaceuticals Inc. for Lumacan™



Exclusive worldwide license - excluding the Nordic region- for development, registration and commercialisation of Lumacan™

Photocure to receive:

- Signing fee of USD 4 million
- Milestone payments up to USD 126.5 million
- Rights to market & sell Lumacan in the Nordic
- Tiered double digit royalties on net sales in US
- A percentage of all sublicense revenue worldwide outside the US
- Photocure to cover formulation development costs up to USD 3 million

Salix to receive:

- Rights to IP related to the molecule hexylaminolevulinate (HAL) for the diagnosis of colorectal cancer.
- Technical data related to development of Lumacan
- Access to Photocure's know-how and expertise
- Rights to develop, register and commercialise Lumacan globally (except Nordic)
- Rights to sublicense Lumacan
- Rights to develop new PDT products based on HAL for gastrointestinal dysplasia or cancer after negotiating terms with Photocure

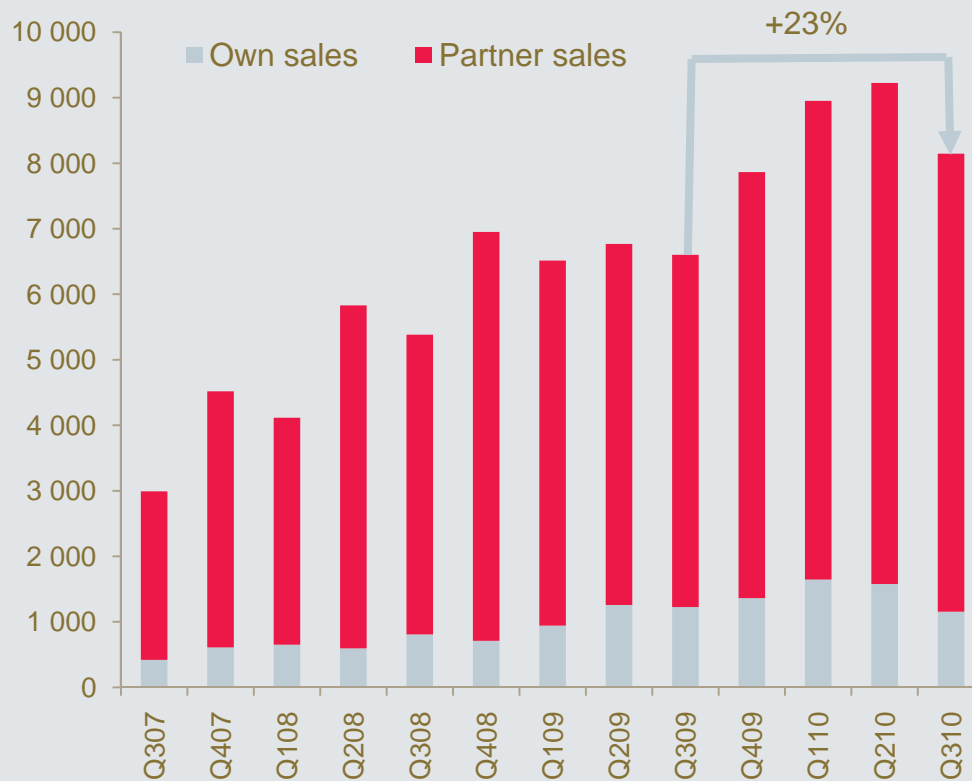
The Lumacan agreement is fully consistent with strategic objectives

Hexvix[®] - Europe

Key sales figures



Hexvix units sold per quarter



Unit sales Nordic (Photocure):

- Q3: -6% to 1.154 units
- YTD: +28% to 4.377 units
- Denmark largest market

Unit sales EU outside Nordic (GE Healthcare):

- Q3: +30% to 6.991 units
- YTD: +33% to 21.994 units
- Germany and France largest markets, accounting for ~80%

Continue growth in Europe

- Increase number of clinics with equipment
- Increase use in clinics with equipment
- Educate more personnel
- Modernise method national/regional guidelines for bladder cancer



Cysview™ - USA

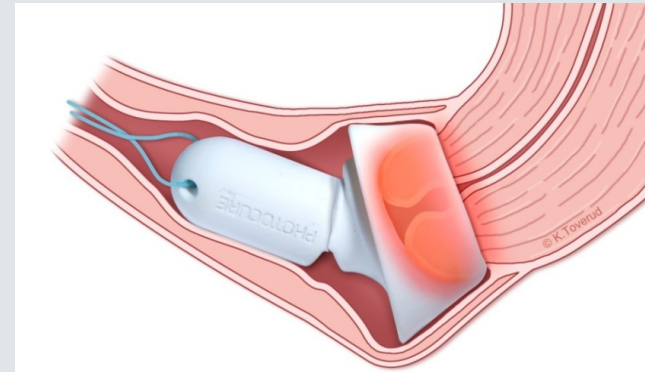
- Marketed and sold by GE Healthcare in combination with blue light scopes sold by Karl Storz
- First shipment of 500 Cysview sold to GE Healthcare in Q3 2010
- Karl Storz' supplement to PMA under review by FDA, expect response in November for improved blue light system in Q4 2010
- First customer for blue light system scheduled for receiving equipment/training in November 2010

Cysview™ is the tradename for Hexvix® in the US

Cevira™



- Placebo-controlled multicenter phase II study ongoing in 5 countries in Europe
- Preliminary results after 4 months reported;
 - 71% reduction in lesions vs 43% in control group based on cytology
 - Primary endpoint is reduction in lesions after 6 months based on histology
 - Secondary endpoints are reduction in lesions based on cytology and HPV clearance
- Final results from study expected in Q1 2011



The Cevira drug-delivery system applied to the cervix



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Dermatology
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US dermatology build-up

Preparing Allumera™ launch



- Cosmetic product to be sold through dermatologists and aesthetic physicians
- Offers significant improvement over existing treatments
- Started preparations for launch in 2011
 - Established US Subsidiary in August 2010
 - Appointed key personell
 - Second consumer trial ongoing, results scheduled for Q1 2011
 - Started investigator initiated clinical trial program to support launch (GLOW-program)
 - Evaluating alternative models for marketing and sales in the US



Visonac™

Effective treatment of moderate to severe acne



- Start-up of clinical study in October to optimize the application procedure
- Updating market research and product positioning
- Based on the above, Photocure plan to start a phase IIb study in the US in 2011





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Summary & Outlook
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Following our strategic path

- Photocure's main strategic target is to build a specialty pharma company, by
 - Maximising the potential of the **Photodynamic Technology Platform**, and
 - Develop, register and commercialise new products in **Dermatology** and **Cancer**
- Dermatology
 - Develop own PDT-based products
 - Establish own distribution platforms

⇒ Focus on Allumera and Visonac
Established US subsidiary
- Cancer
 - Outlicense before phase III
 - Retain rights to market in selected areas

⇒ Outlicensed Lumacan to Salix
Retained Lumacan rights in Nordic area



Summary and milestones

- **Hexvix/Cysview:**
 - US approval in May 2010, introduction of Cysview and blue light scopes are ongoing
 - Revenues -9% in the quarter, end-user sales in units +23% in the quarter
 - End-user sales in Europe expected to increase by more than 30% in 2010
- **Development programs:**
 - **Cevira™:** promising initial results from phase I/II study - 6 month results in Q1 2011
 - **Visonac™:** new study started in October – new phase II study planned for 2011
 - **Allumera™:** second consumer trial ongoing – results in Q1 and launch in 2011
- **Corporate development in line with strategy:**
 - Signed license agreement with Salix for **Lumacan™** in October
 - Established US subsidiary – hired key personnel



Creating value from strong IP position

Clinical pipeline:

		Indication	Pre-Clinical	Phase I	Phase II	Phase III	Market	Status
CANCER	Hexvix®	Detection of bladder cancer	▶					Marketed in Europe and US
	Cevira™	Treatment of precursors of cervical cancer	▶					Results expected Q1 2011
	Lumacac™	Detection of colon cancer	▶					Licensed to Salix
DERMATOLOGY	Visonac™	Treatment of moderate to severe acne	▶					Clinical study results Q4 2010
Other products in pipeline:								
	Allumera™	Cosmetic product for improving the appearance of the skin		Consumer trial in US				Results consumer trial Q1 2011 Expected US launch 2011



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Appendix
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Segment information – Q3 2010

Numbers in NOK thousand	Q3 2010						% vs. 09	Q3 2009					
	Cancer				Derm ⁽²⁾	Total		Cancer				Derm ⁽²⁾	Total
	Own	Partner	R&D ⁽¹⁾	Sum				Own	Partner	R&D	Sum		
Sales Hexvix	4.0	7.4		11.4	0	11.4	-9%	4.7	7.7		12.5		12.5
Cost of goods sold	-0.3	-1.2		-1.5		-1.5	-2%	-0.2	-1.4		-1.6		-1.6
Gross profit	3.7	6.1		9.8	0	9.8	-10%	4.5	6.4		10.9		10.9
Gross profit %	92%	84%		87%		87%		95%	83%		87%		87%
Milestone revenue	0	0				0							
MAL/ Metvix/ Aktlite ⁽³⁾	0	0		0		3.2							
Discontinued operations								0	0	0	0	0	366.0
Operating expenses	-4.2	-3.3	-9.1	-16.5	-12.4	-28.9	25%	-3.3	-1.5	-14.4	-19.2	-3.9	-23.1
Operating profit	-0.5	2.9	-9.1	-6.7	-12.4	-15.6		1.2	4.9	-14.4	-8.3	-3.9	353.7
Net finance						4.3							1.6
Profit before tax	-0.5	2.9	-9.1	-6.7	-12.4	-11.6		1.2	4.9	-14.4	-8.3	-3.9	355.3

(1) Including share of general & admin. Expenses

(2) R&D Visonac/ Allumera, Business development and Admin. expenses. 2009 amounts includes R&D and personnel costs only.

(3) Deferred revenue from Metvix divestment, sale of MAL, returns and reimbursement of Metvix.



Segment information – YTD 2010

Numbers in NOK thousand	YTD 2010						% vs. 09	YTD 2009					
	Cancer				Derm ⁽²⁾	Total		Cancer				Derm ⁽²⁾	Total
	Own	Partner	R&D ⁽¹⁾	Sum				Own	Partner	R&D	Sum		
Sales Hexvix	14.3	25.3		39.6		39.6	16%	13.1	21.0		34.0		34.0
Cost of goods sold	-1.0	-4.6		-5.6		-5.6	53%	-0.6	-3.1		-3.6		-3.6
Gross profit	13.3	20.7		34.0		34.0	12%	12.5	17.9		30.4		30.4
Gross profit %	93%	82%		86%		86%		96%	85%		89%		89%
Milestone revenue	0	83.4		83.4		83.4		0	0		0		0
MAL/ Metvix/ Aktlite ⁽³⁾	0	0		0		10.7		0	0		0		0
Discontinued operations								0	0		0		382.5
Operating expenses	-13.1	-11.1	-32.9	-57.0	-44.0	-101.0	27%	-16.0	-7.7	-49.2	-72.9	-6.6	-79.4
Operating profit	0.2	93.0	-32.9	60.4	-44.0	27.2		-3.5	10.2	-49.2	-42.5	-6.6	333.5
Net finance						7.6							1.1
Profit before tax	0.2	93.0	-32.9	60.4	-44.0	34.8		-3.5	10.2	-49.2	-42.5	-6.6	334.6

(1) Including share of general & admin. Expenses

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(3) Deferred revenue from Metvix divestment, sale of MAL, returns and reimbursement of Metvix.