



Brilliance in photodynamic technology

Photocure ASA

Evolving into a Specialty Pharma company

Results for the fourth quarter and full year 2011

16 February 2012

Kjetil Hestdal, President & CEO

Torbjørn Øye, Acting CFO



Disclaimer

The information included in this Presentation contains certain forward-looking statements that address activities, events or developments that Photocure ASA (“the Company”) expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets where Photocure is or will be operating, IP risks, clinical development risks, regulatory risks, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to Photocure’s Annual Report for 2010. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in this information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Photocure disclaims any and all liability in this respect.

Highlights

Fourth Quarter and Full Year 2011



Operational:

- New commercial strategy for Hexvix[®]/Cysview[®]
 - *Signed partnership agreement with Ipsen worldwide, ex USA and Nordics*
 - *Commercializing directly in the US market*
 - *Continue commercialization in Nordics*
 - *Received EUR 1.5 million signing fee and EUR 2 million in first manufacturing transition milestone*
- Launch of Allumera[®] in the US by dedicated dermatology organization
- Robust enrollment of patients in Cevira[®] trial with convenient single use device; and of patients in Visonac[®] trial for moderate to severe acne

Financial:

- Sales revenue increased 6% in Q4 to NOK 22.1 million: up 18% to NOK 82.9 million for the full year
- Net profit of NOK 33.7 million for Q4; net loss of NOK 7.5 million for full year
- Strong Balance Sheet with cash & cash equivalents of NOK 355.2 million at 31 December 2011



▼
Operational Update
▲

Hexvix/Cysview

New Commercial Strategy Delivering Early Results



Continued execution of our strategy to build Photocure into a specialty pharmaceutical company by:

Strategic collaboration with Ipsen

- *Ipsen initiates commercialization in Germany and Italy in November – five weeks after deal executed*
- *Preparations complete for rest of territory by 1Q12*
- *Hiring and training Commercial teams centrally and locally*
- *Upfront and 1st manufacturing milestone achieved EUR 3.5 million*
- *Collaboration off to strong start*

Commercialization plans for US market

- *NDA transferred to Photocure on 12/31/11*
- *Hiring commercial expertise - Ambaw Bellete, Head of US Cancer Commercial Operations*
- *Increasing utilization in existing accounts*

Continued Commercialization in Nordics

- *Nordics achieved record sales in 2011*



Hexvix/Cysview

Partner volume growth 11% in 2011

Nordic volume growth 21% in 2011



Hexvix units sold per quarter



Partner sales (unit sales outside Nordic):

- +11% for FY 2011 to 33 996 units
- +5% in Q4 2011 to 9102 units
- Ipsen initiates commercialization in Germany and Italy in November, just 5 weeks after deal execution
- GEHC successfully transitions to Ipsen during 4Q

Own sales (Nordic):

- +33% in Q4 2011, to 2 141 units
- +21% for FY 2011 to 7 236 units
- Overall Nordic Market share reaches 32%

Cysview

Preparing for 1Q2012 Commercialization



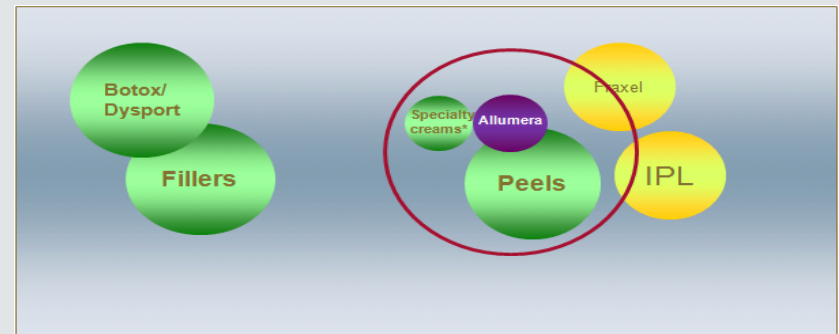
- Drive installed base of blue light scopes
 - Further enhanced strong collaboration with Karl Storz Americas
 - Karl Storz actively interacting with FDA on upgraded scope
- Target high volume procedure centers in urban centers
 - Initiated staffing with Head, US Cancer Commercial Operations
 - Active recruitment for Strategic Account Managers underway
 - Start with Commercial Team of ~15... expand with installed base expansion
 - Influence practice patterns within sphere of influence... peer to peer
- Train hospital staff, beyond the Operating Room, to ensure streamlined logistics for procedure
 - Initiating staffing with hiring of Director, Medical Affairs
- Build awareness in bladder cancer advocacy
 - Localized PR opportunities with local KOLs
- Become a partner in patient care with the Urology Community
 - Applied for permanent reimbursement HCPCS code
 - Preparing for major presence at American Urology Association Congress
- Capitalize on synergies with US Dermatology Operation
 - US HQ established in Princeton, NJ, systems in place

Allumera

First Six Months of Launch

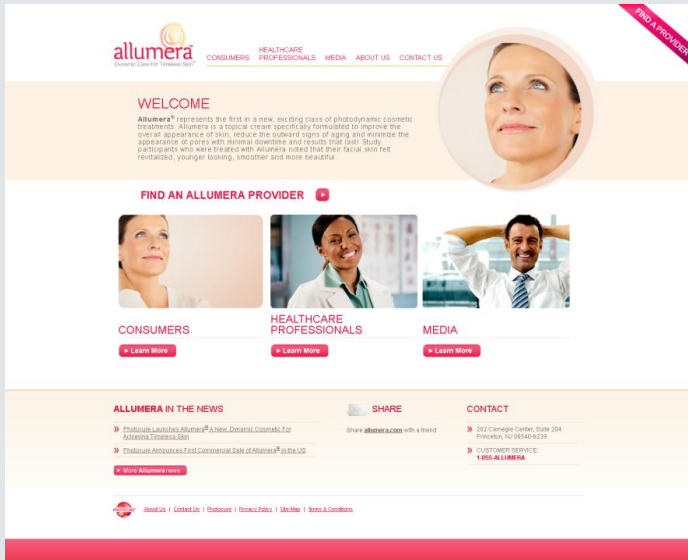


- Unique positioning with demonstrated evidence to reduce the appearance of pores
- Competes within the increasing segment of chemical peels, microdermabrasion
 - Estimated 2M+ procedures in US in 2010
- Sales force of fully trained National Sales Director and 10 Area Business Managers operational in the Field from July
- >1,200 potential customers; ~100 purchasing customers at the end of 2011, reorder rate ~ 30%
- Allumera sales revenue was NOK 1.5 million for 2011

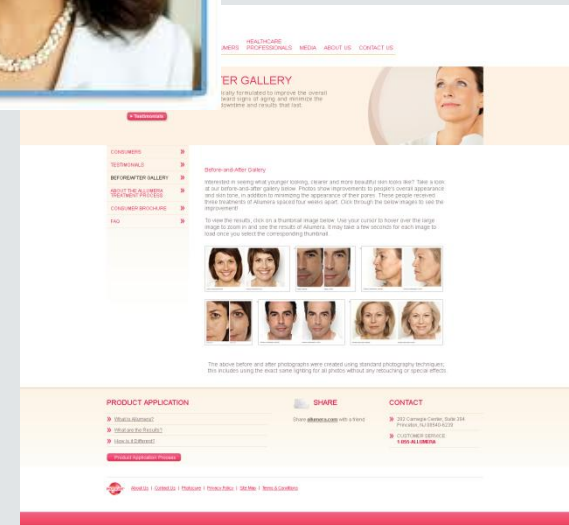




Robust Consumer Marketing Efforts



- Website traffic ~ 1000 visits monthly
- Leading dermatologists featured in key beauty press
- Customized press driving individualized practice traffic



Park Cities Dermatology, Now Offering New Photodynamic Cosmetic Treatment, Allumera(R)
 Dallas, TX (PRWEB) December 23, 2011
 Park Cities Dermatology is thrilled to be offering Allumera as a new photodynamic cosmetic treatment that produces dynamic results for timeless skin and offers a new way for women & men to look their best at any age.

Allumera

Key Initiatives



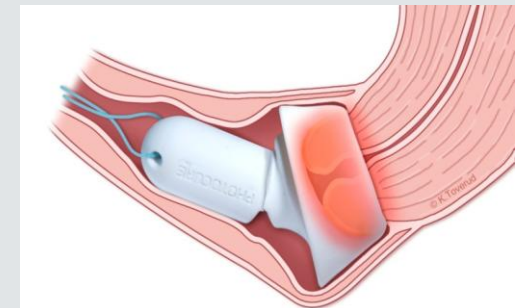
- Increase customer base
- Drive sales volumes and process from trial to re-purchase
- Expand program for engagement of practice managers
- Facilitate Key Opinion Leader interviews with press to build awareness
- Complete additional GLOW studies to broaden the potential
- Broaden web marketing
- Expand Practice Promotion offering to drive sales at customer level

Cevira

Treatment of HPV and Pre-Cancerous Lesions in Cervix



- **Cervical HPV infection highly prevalent and growing**
 - 80% of all women have HPV infections
 - No therapeutic treatment available, surgical options fraught with high morbidity
 - Represents 4-5 million women in US alone
- **Clinical experience in more than 250 patients with high clinical efficacy (60% confirmed response rate in CIN 1/2)**
- **Physician and Payer demand confirmed through market research**
 - Provides first treatment option for anxious woman
 - Obviates need for frequent follow ups, patients lost to follow up
 - Simple, easy to use procedure fits within practice dynamics
 - Positive feedback from payers in US re: reimbursement
 - Preliminary economic models favourable for Cevira versus standard of care
- **Phase IIb study with integrated drug-delivery device started in June 2011**
 - Enrollment completed - 240 patients at 21 centres in Europe and the US
 - Primary endpoint: Complete or partial response 3 months after treatment (histology, cytology and HPV)
 - Results expected 2H 2012
 - Sets platform for initiation of pivotal Phase III program



The Cevira drug-delivery system applied to the cervix

Visonac

Treatment of Patients with Moderate to Severe Acne



- **Acne is an attractive market**
 - Impacts 85% of all 12-24 year olds
 - High unmet need for moderate to severe acne – avoid antibiotic resistance, need for an effective alternative to isotretinoin
- **Clinical experience in Phase I-II studies (400 patients)**
 - Sustained improvement in reduction of inflammatory lesions (50-60%) with limited side effects
- **Market research in US confirms acceptance of Photodynamic therapeutic for acne**
 - Respondents see clear benefit for up to 20% of their patients with moderate to severe acne
 - Occlusion time of 1.5 hours manageable in practice setting
- **Started placebo controlled multicenter Phase IIb in July 2011**
 - Enrollment of 150 patients at 12 centers in the US with severe facial acne completed
 - Regimen = 4 treatments, 2 weeks apart
 - Results expected in H2 2012



Patient before Visonac treatment



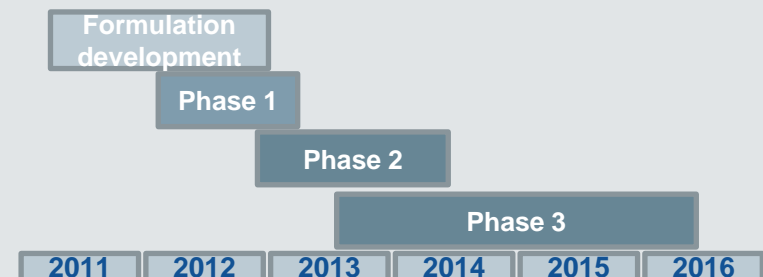
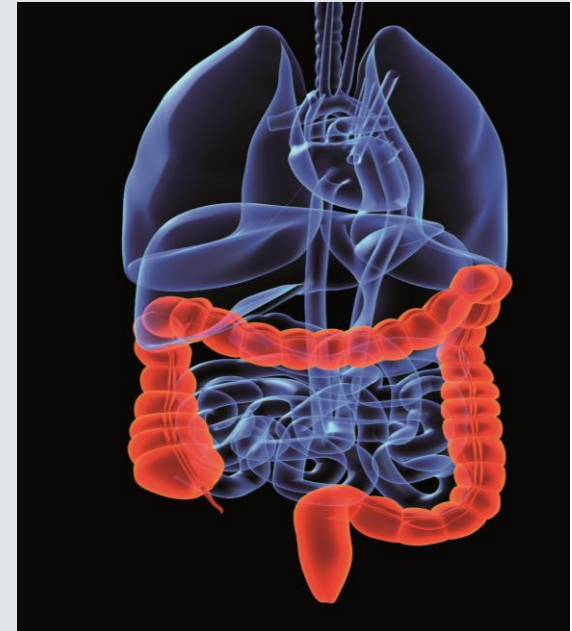
Patient 18 weeks after last treatment with Visonac. Patient above is from a previous phase II study

Lumacan

Detection of Colon Cancer



- **Lumacan: Photodynamic colorectal diagnosis**
 - Increases detection rate for colon cancer
 - Fluorescence diagnosis - used as adjunct to standard white light colonoscopy
 - Colorectal Cancer 3rd most commonly diagnosed - and 2nd most deadly cancer worldwide with 500,000 new cases each year in the US and EU combined
- **Proof of Concept: Lumacan colonoscopy resulted in 40% increase in detection rate compared to white light alone**
- **Lumacan licensed to Salix globally in October 2010**
 - Revenues through development and sales milestones of 130M USD as well as tiered double digit royalties
 - Salix US revenue target of USD 500 M
 - Development of oral formulation ongoing
 - NDA submission anticipated 2016
 - US approval anticipated 2017



▼
Financials
▲

Profit & Loss

Fourth Quarter and Full Year 2011



- Sales revenue up 6% in 4Q, up 18% for FY 2011 to NOK 82.9 million
- Sales of Hexvix growing 5% to NOK 18.9 million in 4Q and 12% to NOK 64.6 million FY 2011
- Second milestone of EUR 2.0 million from Ipsen in 4Q and USD 0.9 million from GEHC for taking over the responsibility for the US market
- R&D expenses NOK 21.2 million in 4Q. Main R&D activities are two phase IIb studies in Europe/USA
- M&S expenses increased to NOK 16.4 million in 4Q as US business is established

<i>Numbers in NOK millions</i>	4Q2011	4Q2010	Change	FY 2011	FY 2010	Change
Sales revenue	22.1	20.9	5.5%	82.9	70.5	17.5%
Signing fee & milestone revenues	21.0	23.4	-10.5%	32.7	106.8	-69.4%
Total revenues	43.0	44.3	-2.9%	115.6	177.4	-34.8%
R&D expenses	21.2	37.9	-44.2%	66.2	90.2	-26.6%
Marketing & sales expenses	16.4	10.5	55.9%	50.2	35.4	41.7%
Operating profit/ loss (EBIT)	-8.5	-19.7		-57.4	7.5	
Net financial items	2.2	2.9		9.9	10.6	
Tax expenses	40.0	0		40.0	0	
Net profit/ loss	33.7	-16.7		-7.5	18.1	
Other comprehensive income	-2.7	12.2		-12.2	41.0	
Total comprehensive income	31.0	-4.5		-19.8	59.1	

- Photocure has recognized a deferred tax asset of NOK 40.0 million in the 4Q
- Other comprehensive income is adjustment of market value for PCI Biotech

Balance Sheet

Per 31 December 2011



- NOK 355.2 million in cash & cash equivalents at 31 December 2011
- Other investments includes NOK 57.6 million in shares in PCI Biotech
- Photocure has recognized a deferred tax asset of NOK 40.0 million in the 4Q.
- Shareholder's equity of NOK 439.3 million
- Redeemed 700.000 own shares in 3Q, total shares outstanding is 21 393 301
- Equity ratio of 86.3%
- No interest bearing debt

<i>Numbers in NOK million</i>	31.12.2011	31.12.2010
Machinery & Equipment	4.4	1.9
Other investments	83.3	84.3
Deferred tax asset	40.0	0
Total non-current assets	127.7	86.2
Inventory	11.8	18.2
Receivables	14.5	20.2
Cash & cash equivalents	355.2	389.2
Total current assets	381.5	427.7
Total assets	509.2	513.8
Share capital	10.7	11.0
Other paid-in capital	72.8	72.1
Retained earnings	355.9	375.7
Shareholders' equity	439.3	458.9
Long-term liabilities	1.2	0.7
Current liabilities	68.7	54.3
Total liabilities	69.8	55.0
Total equity and liabilities	509.2	513.8

Cash Flow

Fourth Quarter and Full Year 2011



- Net change in cash of NOK 19 million in 4Q
- Net change in cash of NOK -34.0 million compared to end of last year

<i>Numbers in NOK millions</i>	4Q2011	4Q2010	FY 2011	FY 2010
Profit/ loss before tax	-6.3	-16.7	-47.5	18.1
Depreciation and amortization	0.2	0.5	1.1	1.3
Share-based compensation	0.9	1.8	6.9	5.5
Net interests	-3.0	-2.6	-10.8	-10.1
Changes in working capital	16.5	102.1	16.5	11.8
Other operational items	9.1	-2.4	-0.7	-11.0
Net cash flow from operations	17.4	82.6	-34.5	15.6
Cash flow from investments	2.0	3.3	7.0	-8.3
Cash flow from capital transactions	-0.3	-7.6	-6.7	-21.5
Net change in cash	19.0	78.4	-34.1	-14.3
Cash & cash equiv. start of period	336.1	310.9	389.2	403.5
Cash & cash equiv. end of period	355.2	389.2	355.2	389.2

Segment Information

Fourth Quarter 2011



- Sales revenue growing 6% in 4Q to NOK 22.1 million
 - 34% growth in 4Q in Nordic Hexvix revenue
- Milestone revenue of NOK 21.0 million from Ipsen and GEHC
- Operating expenses reduced by 19% mainly due to Salix taking over the responsibility and R&D costs for Lumacan
- Profitable own sales of Hexvix in the Nordic in 4Q with Operating profit of NOK 0.9 million in 2011 (excluding start up cost in the US of NOK 1.2 million)

Segment information								
Q4 2011 (Amounts in NOK 1000)								
	Cancer				Dermatology			Total
	Own	Partner	R&D (1)	Total	Own	R&D (1)	Total	
Sales Revenues	7,059	11,867		18,925	654	2,510	3,164	22,089
Milestone revenues		20,953		20,953		0	0	20,953
Cost of goods sold	-488	-2,167		-2,656	5	0	5	-2,651
Gross profit	6,570	30,652	0	37,223	659	2,510	3,169	40,392
Gross profit of sales %	93%	82%		86%	101%	100%	100%	88%
Operating expenses	-6,875	-5,216	-13,106	-25,197	-7,974	-15,714	-23,688	-48,886
Operating profit/loss (-)	-305	25,436	-13,106	12,025	-7,315	-13,204	-20,519	-8,494
Net finance								2,230
Profit/loss (-) before tax								-6,264

Q4 2010 (Amounts in NOK 1000)								
	Cancer				Dermatology			Total
	Own	Partner	R&D (1)	Total	Own	R&D (1)	Total	
Sales Revenues	5,250	12,801		18,051		2,882	2,882	20,933
Milestone revenues		23,400		23,400		0	0	23,400
Cost of goods sold	-354	-3,175		-3,529		0	0	-3,529
Gross profit	4,896	33,026	0	37,922	0	2,882	2,882	40,804
Gross profit of sales %	93%	75%		80%		100%	100%	83%
Operating expenses	-5,171	-4,172	-32,602	-41,945	-3,955	-14,569	-18,524	-60,469
Operating profit/loss (-)	-275	28,854	-32,602	-4,023	-3,955	-11,687	-15,642	-19,665
Net finance								2,947
Profit/loss (-) before tax								-16,718

(1) Including share of administrative expenses



▼
Summary & Outlook
▲



Executing Our Strategy

Photocure's strategic objective is to build a specialty pharma company

- Maximizing the potential of the Photodynamic Technology Platform
- Develop, register and commercialize new products in Dermatology and Cancer

Key Achievements 2011:

- New commercial strategy for Hexvix
- Launch of Allumera in the US
- Full speed on developing exciting pipeline compounds
 - Cevira – treatment of HPV and pre-cancerous lesions of the cervix
 - Visonac – treatment of moderate to severe acne
 - Lumacan – diagnosis of colorectal cancer



Key Milestones 2012

2012

First Half 2012

Commercial Execution

- Successfully Launch Cysview in US
- Continue to drive adoption of Allumera in US
- Ipsen to secure strong start with Hexvix in EU
- Drive continued Hexvix growth in Nordics

Second Half 2012

Delivering the Promise of the Pipeline

- Results from Visonac phase IIb clinical trial available
- Results from Cevira phase IIb clinical trial available