



Brilliance in photodynamic technology

Photocure ASA

The world leader in photodynamic technology

Presentation of second quarter and first half year
2011 results

18 August 2011

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Highlights

Second quarter 2011



- *Allumera® - The first in a new class of Photodynamic Cosmetics, launched by Photocure in the US in June*
- *US Commercial Organization fully operational*
- Sales revenues up 7 % to NOK 19.3 million (NOK 18.0 million) in Q2
- Operating profit NOK -20.8 million (NOK 58.8 million) in Q2
- Cash & cash equivalents of NOK 349.0 million per 30 June 2011
- Completed long term follow-up study with excellent clinical data for Hexvix® showing significant reduction in risk of bladder cancer recurrence after 5.5 years
- Started recruitment in phase IIb study for Cevira® setting the platform for phase III
- Started placebo controlled multicentre phase IIb study for Visonac® in July



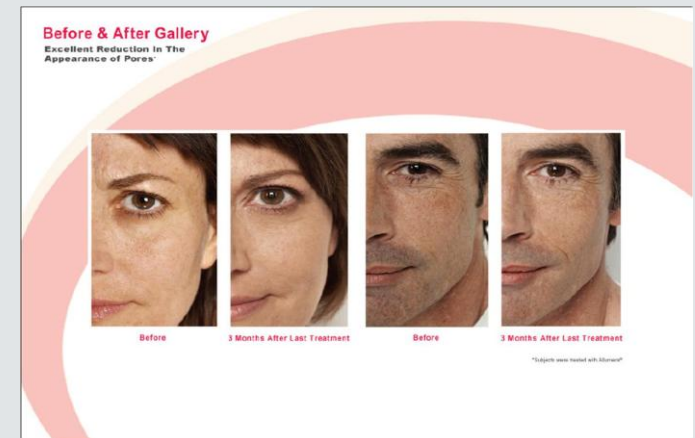
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Operational Update
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Allumera

The first in a new class of Photodynamic Cosmetics



- What is Allumera?
 - The first in a new class of photodynamic cosmetics
 - Clinically proven to
 - improve the overall appearance of skin,
 - visibly reduce the outward signs of aging
 - reduce the appearance of pores
 - With results that last
 - Treatment with Allumera is non invasive
 - Has minimal down time as compared to more aggressive cosmetic procedures

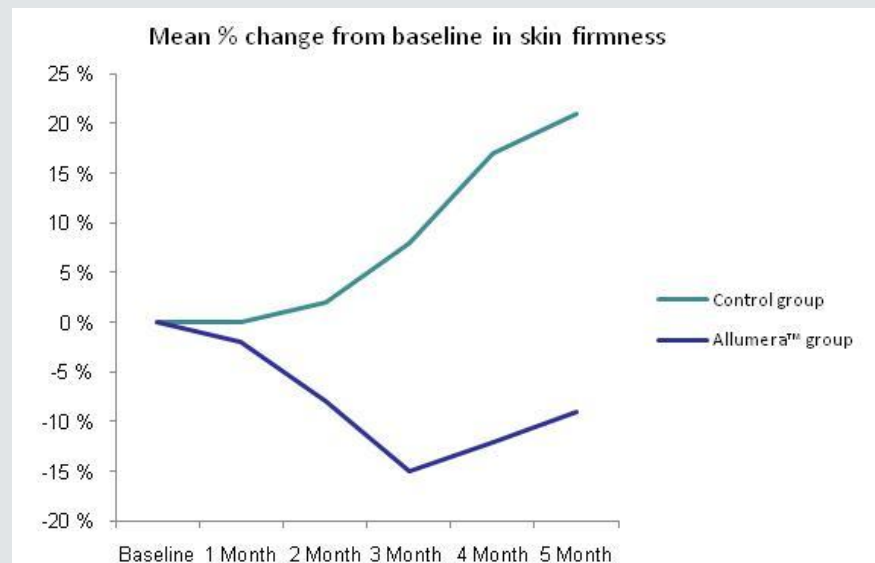
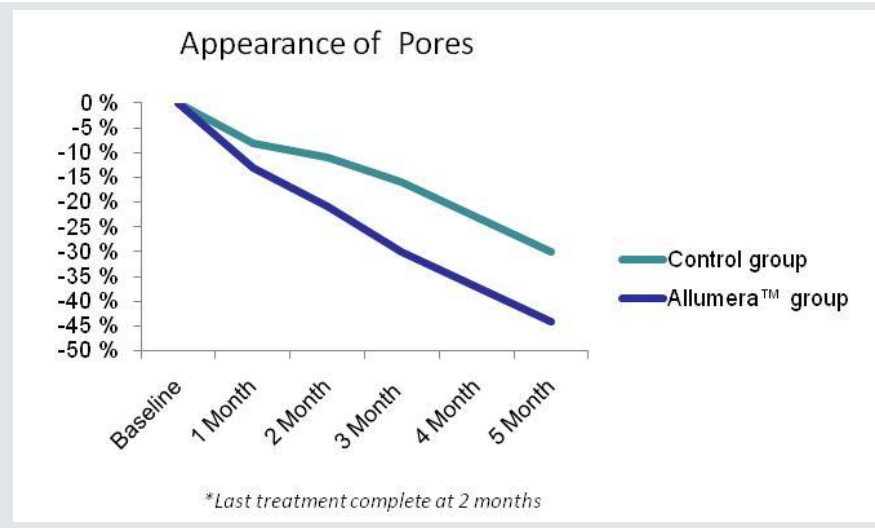


Allumera

Excellent results and safety profile



- Hexaminolevulinate hydrochloride was chosen as principal agent because of its properties
 - Low / limited penetration => superficial effects
 - Low concentration (0.5%) and 1hour application time chosen because of cosmetic benefits with minimal side effects (erythema)
- Allumera pilot study confirmed potential cosmetic efficacy and safety
- RevitAll trial with 120 subjects completed in 2011 with excellent results.
- Multiple IIT studies to explore Allumera cosmetic efficacy and safety profile with different sources of lights/locations on the body



Allumera

Launched by Photocure in the US in June



- Sales force of National Sales Director and 10 Area Business Managers hired and trained. Operational in the Field from June 20.
- Customer Service Center trained to cover unmanned territories
- >2,300 dermatology accounts have been screened; process to continue building qualified accounts across the US



Allumera

Strong set of professional marketing elements



Photos/testimonials



Practice Resources



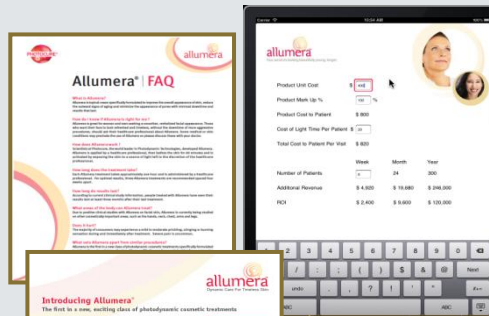
PR



Advertising



Website



iPads showcase Allumera



iPads demonstrate before-and-after photos effectively in sales presentations



Before Allumera
Tx



PORES BEFORE



PORES AFTER

Three months after
her last Allumera
Tx

Allumera

Key Initiatives Rest of Year



- Drive sales volumes and process from trial to purchase
- Continue to refine customer targeting and profiling efforts
- Expand pilot program for engagement of practice managers
- Facilitate Key Opinion Leader interviews with magazines in order to build awareness
- Train representatives targeting unmanned sales territories, such as Las Vegas and Phoenix
- Complete additional GLOW studies to broaden the potential
- Broaden web marketing

Hexvix

Sales volume growing 10% in units in Q2,
15% 1H11



Hexvix units sold per quarter



Partner sales (unit sales outside Nordic):

- +10% in Q2 2011, to 8.403 units
- +17% for 1H11
- Germany and France largest markets, accounting for ~80% of volume

Own sales (Nordic):

- +10% in Q2 2011, to 1.737 units
- 31% TURB market share
- 64% TURB market share in Denmark

Completed long term follow-up study with excellent clinical data after 5.5 years for Hexvix documenting significant reduction in bladder cancer recurrence



- Limited sales in Q2 awaiting approval of new generation blue light system by Karl Storz
 - Response from FDA expected 4Q11
 - Units have been built and are ready to place
 - Once approved, supply chain will not constrain placements
- 10 leading urology centres operational/ near operational including Mayo Clinic, MD Anderson, Memorial Sloan Kettering and Johns Hopkins
- Piloting programs for expand training opportunities from remote access

Hexvix – Significant potential 5 years after launch



Background:

- EMEA approved Hexvix in 2005, and Photocure started selling in the Nordic countries
- GE Healthcare licensed Hexvix in 2006 and started selling in Europe
- FDA approved Hexvix in May 2010 under the tradename Cysview

Status:

- Photocure has achieved +30% Nordic market share
- GE Healthcare has achieved >10% market share in Europe and not launched Cysview yet in the US

The Hexvix Opportunity:

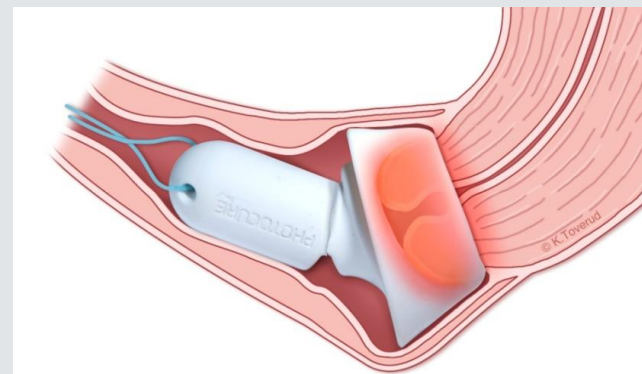
- Excellent clinical data drives growth and market share
- Strong patent protection until 2020 in key markets
- Significant growth opportunity exists in all markets globally to realize sales potential

Cevira

First patient enrolled in phase IIb study



- 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
- Phase IIb study with integrated drug-delivery device started in June 2011
 - The trial will enroll app. 240 patients at 21 centres across Europe and the US
 - Placebo controlled with 4 arms
 - Primary endpoint: Complete or partial response 3 months after treatment (histology, cytology and HPV)
 - Sets platform for initiation of pivotal phase III program



The Cevira drug-delivery system applied to the cervix

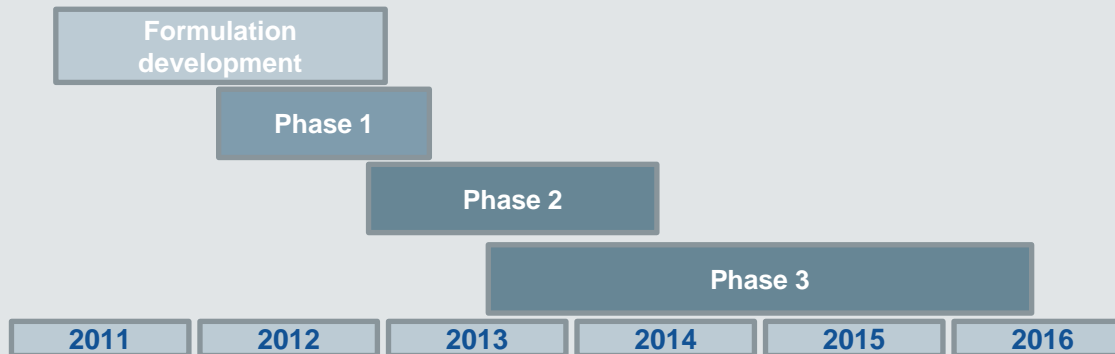


Lumacan[®]

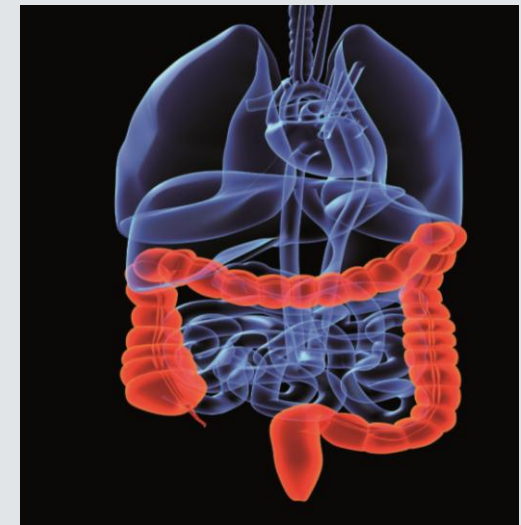
Development on track



- Lumacan licensed to Salix in October 2010
- Partnership established on several levels
- Salix reiterates US revenue target of USD 500 million for Lumacan
- Development of oral formulation ongoing



NDA submission anticipated: 2016
US approval anticipated: 2017



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

*Source: NCI Survey of Colon Cancer Practices

Expanding Dermatology Franchise

Visonac First patient enrolled in phase IIb study



- 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
- 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
 - The trial will enroll app. 150 patients at 12 centres in the US with severe facial acne
 - Regimen = 4 treatments, 2 weeks apart
 - Results expected in H2 2012

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Financials
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Profit & Loss

Second quarter and first half year 2011



- Sales revenue up 7% in Q2 2011.
- First sale of Allumera in June, NOK 0.1 million in Q2.
- R&D expenses reduced to NOK 18.2 million in Q2. Main R&D activities are startup of two phase IIb studies in Europe/USA.
- M&S expenses increased to NOK 10.9 million in Q2 as US business established.
- Other comprehensive income is adjustment of market value for PCI Biotech.

<i>Numbers in NOK millions</i>	Q2 2011	Q2 2010	1H 2011	1H 2010	2010
Sales revenue	19.3	18.0	40.2	35.3	70.5
Signing fee & milestone revenues	0	79.3	0	83.4	106.8
Total revenues	19.3	97.3	40.2	118.8	177.4
R&D expenses	18.2	20.0	31.2	39.3	90.2
Marketing & sales expenses	10.9	7.3	21.6	15.4	35.4
Operating profit/ loss (EBIT)	-20.8	58.8	-38.3	43.0	7.5
Net financial items	2.3	1.5	3.8	3.3	10.6
Net profit/ loss	-18.5	60.2	-34.4	46.4	18.1
Other comprehensive income	-0.3	23.3	1.8	52.6	40.9
Comprehensive income	-18.8	83.5	-32.6	99.0	59.0

Balance sheet

Per 30.6.2011



- NOK 349 million in cash & cash equivalents at 30 June 2011
- Other investments includes NOK 72 million in shares in PCI Biotech
- Shareholder's equity of NOK 424 million
- Other paid-in capital includes own shares of NOK 44 million
- Equity ratio of 89%
- No interest bearing debt

<i>Numbers in NOK million</i>	30.06.2011	31.12.2010
Machinery & Equipment	3.5	1.9
Other investments	91.7	84.3
Total non-current assets	95.3	86.2
Inventory	13.7	18.2
Receivables	17.1	20.2
Cash & cash equivalents	349.0	389.2
Total current assets	379.8	427.7
Total assets	475.0	513.8
Share capital	11.0	11.0
Other paid-in capital	69.3	72.1
Retained earnings	344.2	375.7
Shareholders' equity	424.5	458.9
Long-term liabilities	0.9	0.7
Current liabilities	49.7	54.3
Total liabilities	50.5	55.0
Total equity and liabilities	475.0	513.8

Cash Flow

Second quarter and first half 2011



- Reduced net cash flow from operations to NOK -13.8 million in Q2 (NOK – 17.5 million)
- Net purchase of own shares of NOK 0.8 million in Q2 included in cash flow from capital transactions

<i>Numbers in NOK millions</i>	Q2 2011	Q2 2010	1H 2011	1H 2010	2010
Profit/ loss before tax	-18.5	60.2	-34.4	-46.4	18.1
Depreciation and amortisation	0.3	0.3	0.6	0.5	1.3
Share-based compensation	1.9	1.2	4.0	2.4	5.5
Net interests	-2.0	-1.8	-4.0	-4.2	-10.1
Changes in working capital	7.2	-74.8	3.0	-84.6	11.8
Other operational items	-2.7	-2.6	-5.5	-5.6	-11.0
Net cash flow from operations	-13.8	-17.5	-36.5	-45.1	15.6
Cash flow from investments	2.2	2.0	-3.2	-13.6	-8.3
Cash flow from capital transactions	-1.5	-5.8	-7.0	-14.0	-21.5
Net change in cash	-13.0	-39.1	-40.3	-72.7	-14.3
Cash & cash equiv. start of period	362.0	369.9	389.2	403.5	403.5
Cash & cash equiv. end of period	349.0	330.8	349.0	330.8	389.2

Segment information

Second quarter 2011



Segment information							
Q2 2011 (Amounts in NOK 1000)							
	Cancer			Dermatology		Total	% vs. PY
	Own	Partner	R&D (1)	Own	R&D (1)		
Sales Revenues	5 557	10 557	0	64	3 087	19 265	7 %
Milestone revenues						0	
Cost of goods sold	-294	-1 917	0	-8	-30	-2 249	-7 %
Gross profit	5 263	8 640	0	56	3 057	17 016	-82 %
Gross profit %	95 %	82 %		88 %	99 %	88 %	
Operating expenses	-4 290	-2 634	-11 276	-6 299	-13 275	-37 774	5 %
Operating profit/loss (-)	973	6 006	-11 276	-6 243	-10 218	-20 758	-135 %
Net finance						2 261	
Profit/loss (-) before tax						-18 497	-131 %
Q2 2010 (Amounts in NOK 1000)							
	Cancer			Dermatology		Total	
	Own	Partner	R&D (1)	Own	R&D (1)		
Sales Revenues	4 465	9 780	0		3 761	18 006	
Milestone revenues		79 300				79 300	
Cost of goods sold	-285	-2 143	0			-2 428	
Gross profit	4 180	86 937	0	0	3 761	94 878	
Gross profit %	94 %	889 %			100 %	527 %	
Other revenues	0	0	0		0	0	
Operating expenses	-3 772	-4 518	-11 737		-16 087	-36 114	
Operating profit/loss (-)	408	82 419	-11 737	0	-12 326	58 764	
Net finance						1 480	
Profit/loss (-) before tax						60 244	

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Summary & Outlook
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Executing our strategy

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

- Maximising the potential of the Photodynamic Technology Platform

And

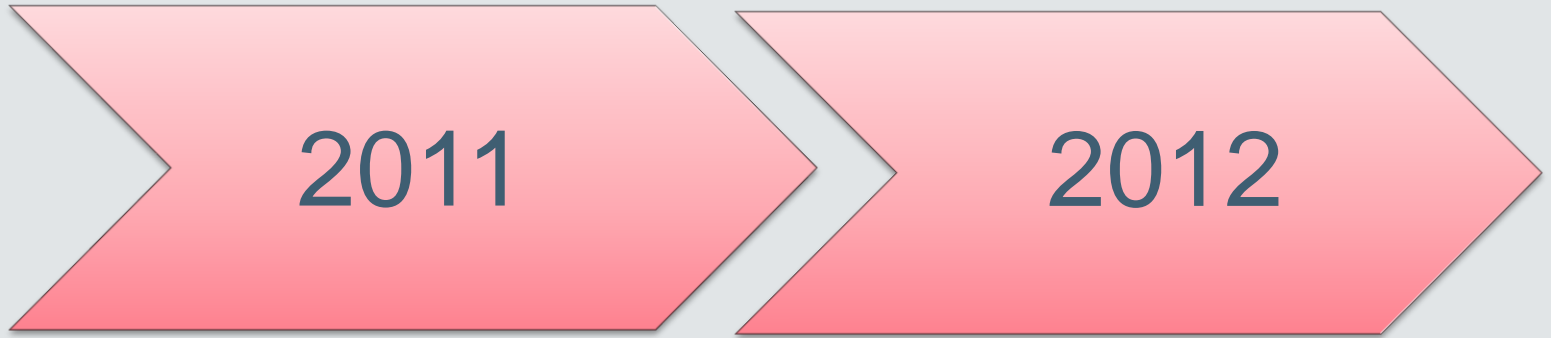
- Develop, register and commercialise new products in Dermatology and Cancer

Key Achievements 1H 11

- Launched Allumera in US
- Initiated first trial with Cevira with small, convenient single use device
- Initiated trial of Visonac office based procedure for moderate to severe acne
- Hexvix growth 15% 1H11 globally (end user kits)



Key Milestones next 18 months



Drive Hexvix / Cysview Growth

Drive Allumera Growth

Cevira Phase IIb

Visonac Phase IIb

Lumacan
Phase I

Lumacan
Phase II