

Photocure ASA

Executing the Strategy

RESULTS OF THE FIRST QUARTER 2012

26 APRIL 2012

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Highlights

First Quarter 2012

- Operational

- Commercial execution delivering progress across all segments and territories
 - Ipsen commercialization of Hexvix[®] progressing well as MAA transfers complete
 - Initiated commercialization of Cysview[®] in US through own Cancer Commercial Operations
 - Market share of Hexvix in Nordic region exceeds 30% and 6% volume growth
 - Allumera[®] volume and revenue growth in US; ~30% reorder rate, indicative of increasing customer satisfaction
- Received NOK 14.1 million in milestones
- Encouraging first clinical data on safety, tolerability and efficacy of Cevira[®] presented at the American Society of Colposcopy and Cervical Pathology (ASCCP)
- Completed patient enrollment in two phase 2b studies: Visonac[®] for treatment of acne and Cevira for HPV and precancerous lesions of the cervix

- Financial

- Total revenues increased 63% to NOK 34.2 million
- Net loss reduced 27% to NOK 11.7 million
- Solid cash position with cash and cash equivalents of NOK 326.1 million

Commercial Operations Update



Hexvix/Cysview

Strategic Collaboration with Ipsen

- Strong start to strategic partnership
- €4.25 million in manufacturing transition milestones achieved to date
- Dedicated Medical, Brand Management and Strategic Key Account Managers in place to supplement efforts of pan-European Uro-Oncology Sales Force
- Long term follow up study in 551 patients presented at European Association of Urology
 - Statistically significant improvement in recurrence-free-survival

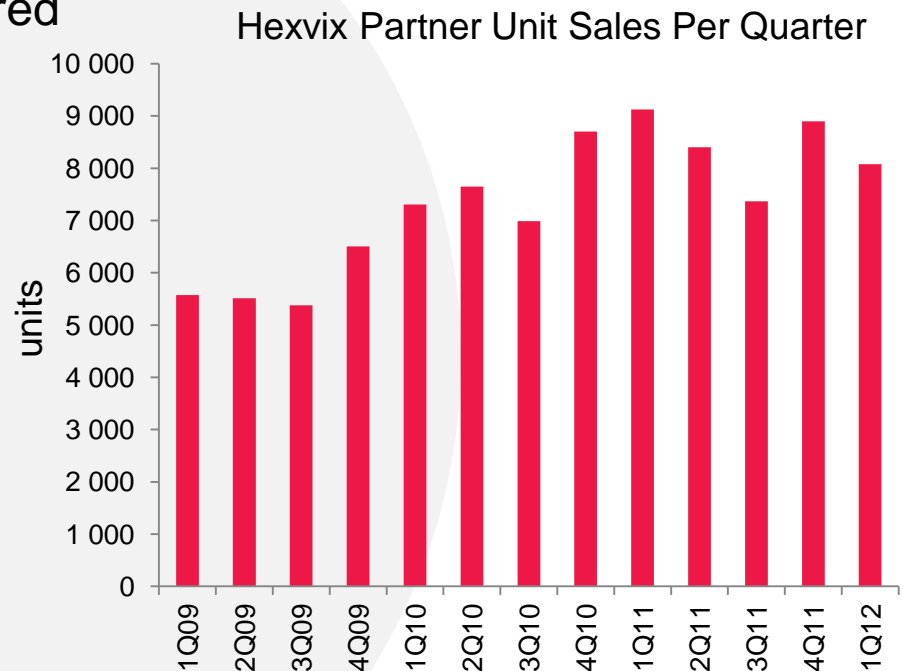


Hexvix/Cysview Strategic Collaboration with Ipsen

- Initiation of commercialization staggered by market

- November: Germany, Italy
- January: Austria, Belgium, Netherlands
- February: France
- March: Spain
- Remaining countries, such as UK, to follow

- Positive growth trends in markets operable for full quarter - Germany, Austria, Netherlands



Hexvix/Cysview Nordic and US Commercial Operations

- **US Commercial Team Operational**
 - Building highly experienced team of sales, marketing and medical staff
 - Team of 9 in place 1Q, expanding to 15-20 by year end
 - 17 fluorescence-enabled scopes operable in 1Q in top tier institutions
 - Focus on driving utilization through training
 - Building awareness through institutional PR
 - Karl Storz USA in active interaction with FDA to retire questions on pending regulatory scope variation
 - Plan in place to expand scopes by +40 in first 180 days following approval
 - Sales Force Mapping finalized, deploying 6 Strategic Account Managers and 2 Medical Science Liaisons

**SEARCHLIGHT FOR
CANCER**


Shining a spotlight on disease detection

Could finding cancer be as simple as flipping a switch? For the most fatal form of bladder cancer, it may be. With funding from the pharmaceutical company Photocure, J. Stephen Jones, MD, Chairman of the Department of Regional Urology at Cleveland Clinic's Glickman Urological & Kidney Institute, and a multicenter team have found a way to turn on a searchlight in your bladder, almost literally.

In the past, surgeons could remove only the tumors they saw, which meant tumors that blended into the smooth bladder wall went untouched. With this new approach, called fluorescence cystoscopy, Dr. Jones and his cohorts can shine a fluorescent light into the bladder and turn those otherwise invisible tumors bright pink.

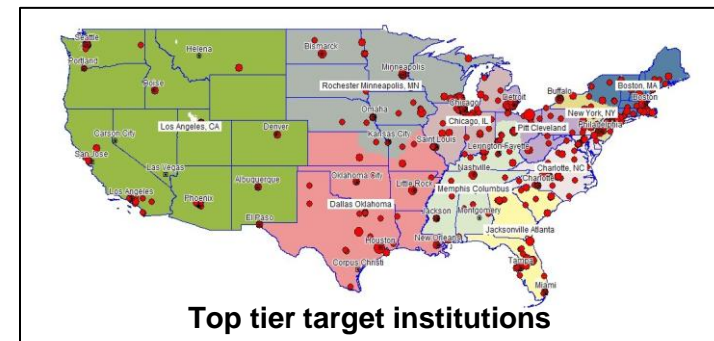
"It's like a black light at a party — only for us, it's blue," says Dr. Jones, who holds the Leonard Horvitz and Samuel H. Miller Distinguished Chair in Urological Oncology Research.

The result? Twenty-five percent greater tumor visibility for surgeons and 15 percent to 20 percent fewer readmissions for follow-up surgery for patients. The findings, part of a study first reported in November 2010's *Journal of Urology*, are especially good news for people who have high-grade bladder cancer, the most rapidly fatal urological cancer in the coun-



Could finding cancer be as simple as flipping a switch? For the most fatal form of bladder cancer, it may be.

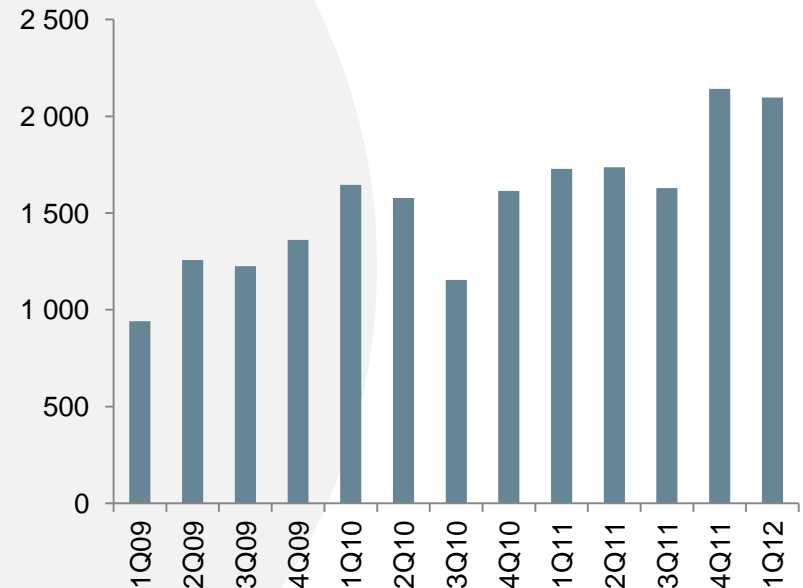
Excerpt from The Cleveland Clinic Catalyst



Hexvix/Cysview Nordic and US Commercial Operational

- Volume growth own sales up 15%
- Nordic Operations
 - Volume growth of 6% compared to 1Q 2011
 - Strong performance in Sweden and Norway, volume up 19% and 18%
 - Nordic Consensus published in *Scandinavian Journal of Urology and Nephrology*
 - Clear recommendation for target population
- US Operations
 - Volume growth of 170% compared to 1Q 2011

Own Hexvix/Cysview Unit Sales Per Quarter



Allumera

Increased Customer Acceptance

- Encouraging volume and revenue growth for 1Q 2012
 - Revenues NOK 1.2 million compared to NOK 0.7million in 4Q 2011
 - Increased new customer generation
 - Reorder rate, ~30%, indicative of increased customer satisfaction
- Customer market research survey completed in 1Q 2012
 - Validates unique positioning in the reduction of appearance of pores and improvement in skin texture
 - High level of customer satisfaction
- High level of interest at key spring dermatology congresses
 - Heavy exhibit booth traffic and significant new leads generated
 - American Academy of Dermatology, Maui Derm, South Beach Derm

Allumera

Expanding Consumer Awareness

- Featured segment on *The Doctors* syndicated television broadcast
 - >6.5 million exposures
- Continued strong media interest with feature articles by Key Opinion Leaders
 - Strong endorsement of Allumera in two major dermatology publications
- Customizable practice promotion tools driving traffic into dermatology practices
- *Find a Provider* feature added to Allumera.com website

THE Doctors



Dermatology Times

 Modern Medicine
healthy patients. healthy practice.



Pipeline Update

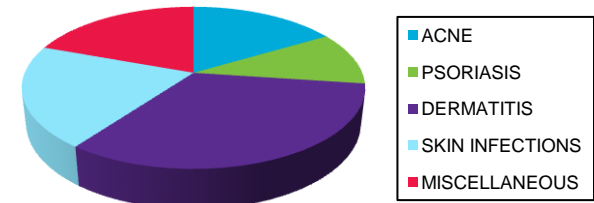


Visonac

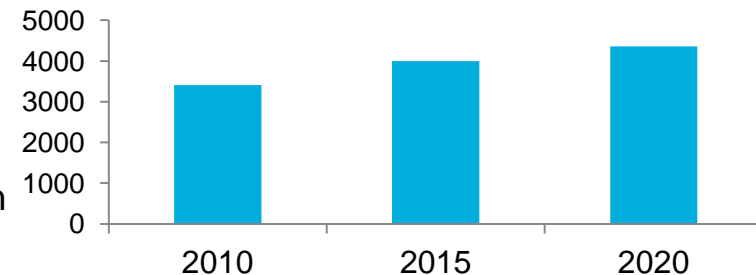
Acne an Attractive Target Market

- Acne is a large and growing segment in Dermatology
 - 3rd largest segment in Dermatology
 - Represents ~ 17% overall dermatology market globally
 - Acne market valued at ~ \$4.3 billion globally in 2020
- Acne is a high prevalence disease
 - 120 million afflicted in US and top 5 EU markets
 - Impacts 80-90% young people
 - Continues through age 20-40
 - Significant impact on emotional state and social function
 - 95% patients seek medical advice
- Robust market for Prescription Products (Rx) for Acne
 - ~ 40Million Rx (new and refills) in US in 2009
 - Rx grew 4% over 2008
 - Dermatologists represent the highest volume prescribers in this class, ~ 45% all Rx

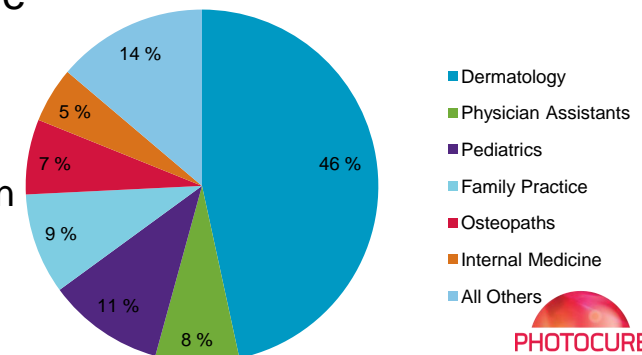
Leading Dermatology Markets Forecast, 2012 est



Global Acne Market Forecasts 2010 -2020
\$ 000



Prescribers

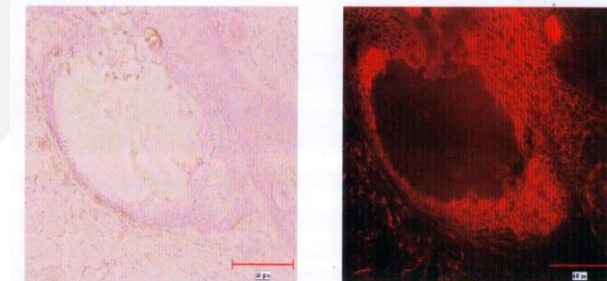
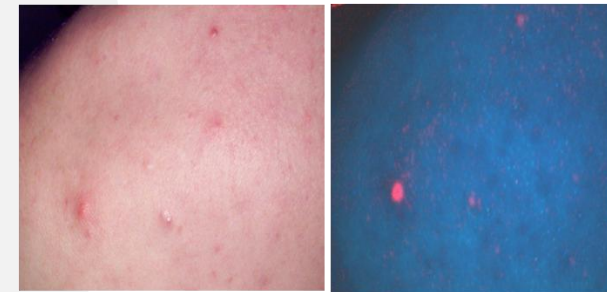
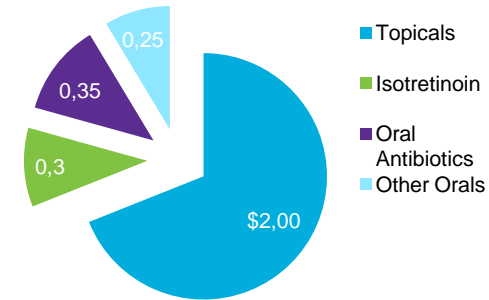


Visonac

Targeting a Segment of High Unmet Need

- Visonac targets the segment of moderate to severe acne
 - Current mainstay of therapy are oral, systemic antibiotics and retinoids
 - Value of this segment ~\$900 million
- Visonac is non-systemic and selectively targets only acne lesions
 - Dual mechanism of action – kills *P. acnes* and decreases sebum production
- Advantages over competition
 - Avoidance of antimicrobial resistance
 - Particularly troublesome in target age group
 - Teratogenicity and restrictions on prescribing of isotretinoin, severe toxicities

Sales, Billions



Sebaceous gland time point: 180 min

Visonac selectively target acne lesions

Visonac

Ongoing Clinical Trial

- Clinical experience gained in > 400 patients to date
 - Sustained improvement in reduction of lesions (50-60%) with limited side effects
 - Acceptable office based procedure, 1.5hr occlusion followed by illumination with red light
 - Results from ongoing Phase 2b trial available in 3Q 2012
 - Placebo controlled, 150 patients at 12 centers across the US
 - 4 treatments, administered 2 weeks apart
 - Lays the foundation for global Phase 3 registration program to begin in 2013
- PHO will complete development and registration for both US and EU, leveraging its expertise with previous drug-device approvals
- Estimated market entry 2015/2016
- Photocure's US Commercial Operation poised for market entry



Before treatment

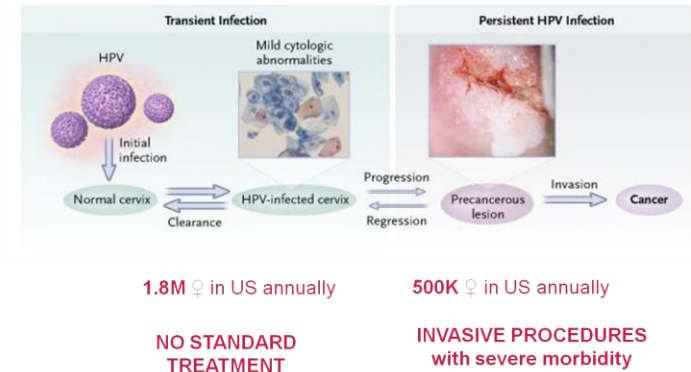
12 weeks after
last treatment

Cevira

High Need for Non-Invasive Treatment Option

- Cervical HPV infection highly prevalent and growing
 - 80% of all women have HPV infections during their lifetime
 - Represents 4-5 million women in US alone
- For lesions that progress to CIN, no therapeutic treatments options are available
 - Lack of options for HPV/CIN1 results in patient distress and tedious examinations; Risk of losing patients to follow up due to geographical migration, insurance transitions
 - Inappropriate use of LEEP/cryotherapy; High morbidity associated with LEEP and cryotherapy for CIN2 patients, particularly for women of child bearing ages
- Physician and Payer demand confirmed through market research
 - 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

Development from HPV Infection to Cervical Cancer

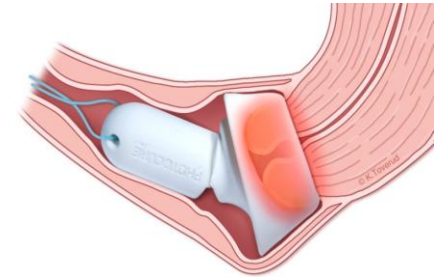


Source: Wright and Schiffman, NEJM 2003

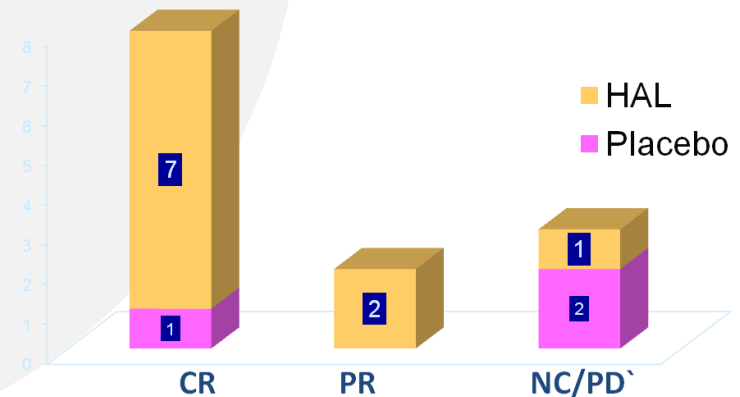
Cevira

Late stage compound for treatment of HPV-related disease of cervix

- Breakthrough Photodynamic Technology
 - First integrated drug-device in PDT
- Clinical experience in more than 250 patients with high efficacy (60% confirmed response rate in CIN 1/2)
- First clinical data on integrated drug-device presented as ASCCP, San Francisco
 - Encouraging early results in feasibility trial
 - 70% (7/10) obtained a complete response, 20% (2/10) obtained a partial response
 - Easy to administer in office by gynecologist
 - Well tolerated by patients, No serious adverse events or serious unexpected events



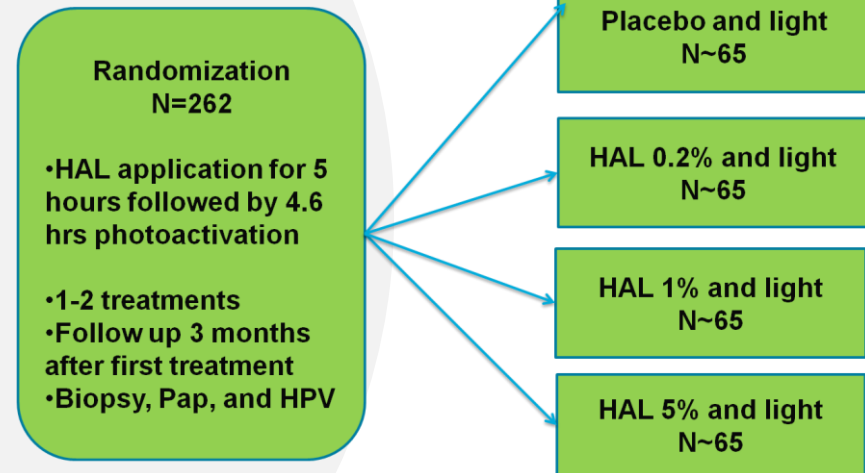
The Cevira drug-delivery system applied to the cervix



Cevira

Ongoing Clinical Trial

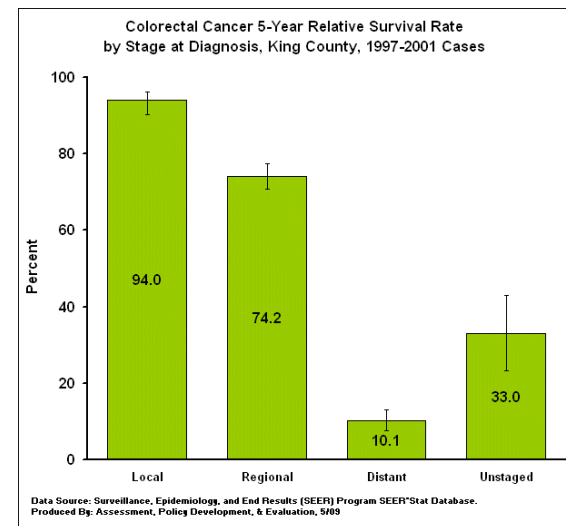
- Phase 2b study with integrated drug-delivery device started in June 2011
 - Enrollment completed – 262 patients at 23 centers in Europe and the US
 - Primary endpoint: complete or partial response 3 months after treatment (histology, cytology and HPV)
 - Results expected 2H 2012
 - Sets platform for initiation of pivotal Phase 3 program



Lumacan

Detection of Colorectal Cancer

- Lumacan: Photodynamic colorectal diagnosis
 - Colorectal Cancer 3rd most commonly diagnosed and 2nd most deadly cancer worldwide. 500,000 new cases each year in the US and EU
 - Lumacan increases detection rate for colon cancer, as an adjunct to white light colonoscopy
 - Early detection significantly impacts long term survival rates
- Proof of Concept confirmed
 - Lumacan colonoscopy resulted in 40% increase in detection rate compared to white light alone
- Global development and commercialization rights licensed to Salix in October 2010
 - Total deal value, development and sales milestones USD 130 million, Tiered double digit royalties
- Formulation prototypes progressing, pilot trials to commence in 2H 2012
- NDA submission anticipated 2016, US approval anticipated 2017
- 18
 - First development milestone targeted for 2013



Financials



Profit & Loss

First Quarter 2012

- Total revenues up 63% in 1Q to NOK 34.2 million. Includes second transition milestone from Ipsen
- Sales revenue up 13% in 1Q to NOK 20.1 million
- R&D expenses NOK 14.0 million in 1Q. Main R&D activities are two Phase 2b studies in Europe/USA
- M&S expenses increased to NOK 19.4 million in 1Q because of increased commercial activities in both cancer and dermatology in US as well as supporting Ipsen in commercial activities for Hexvix in EU
- Operating loss down from NOK 17.5 million to NOK 14.5 in the first quarter 2012

<i>Figures in NOK million</i>	1Q 2012	1Q 2011	Change	Full year 2011
Sales revenues	20.1	17.9	13%	82.9
Signing fee & milestone revenues	14.1	3.0	364%	32.7
Total revenues	34.2	20.9	63%	115.6
Gross profit	32.1	16.7	92%	104.5
Research and development expenses	14.0	13.0	8%	66.2
Sales and marketing expenses	19.0	10.7	78%	50.2
Operating result (EBIT)	-14.5	-17.5		-57.4
Net profit/loss	-11.7	-15.9		-7.5
Earnings per share, diluted (NOK)	-0.54	-0.74		-0.35

Balance Sheet

Per 31 March 2012

- NOK 326.1 million in cash & cash equivalents at 31 March 2012
- Other investments includes NOK 62.2 million in shares in PCI Biotech
- The deferred tax asset was recognized in 4Q 2011
- Shareholder's equity of NOK 430.1 million
- Photocure held 78.424 own shares at end of 1Q and total shares outstanding is 21,393,301
- Equity ratio of 87.5%
- No interest bearing debt

<i>(Amounts in NOK 1 000)</i>	Note	31.03.2012	31.03.2011	31.12.2011
Non-current assets				
Machinery & equipment		4 246	3 181	4 414
Other investments	6	90 284	89 374	83 337
Deferred tax asset		39 950	0	39 950
Total non-current assets		134 480	92 555	127 700
Current assets				
Inventory		13 579	14 882	11 790
Receivables		17 380	16 608	14 518
Cash & cash equivalents		326 060	361 985	355 175
Total current assets		357 019	393 475	381 483
Total assets		491 499	486 030	509 183
Equity and liabilities				
Equity				
Share capital	7	10 697	11 047	10 697
Other paid-in capital		71 247	69 135	72 771
Retained earnings		348 113	361 689	355 869
Shareholders' equity		430 057	441 871	439 337
Long-term liabilities				
Other non-current liabilities		1 340	783	1 196
Total long-term liabilities		1 340	783	1 196
Current liabilities		60 102	43 376	68 650
Total liabilities		61 442	44 159	69 846
Total equity and liabilities		491 499	486 030	509 183

Cash Flow

First Quarter 2012

- Net change in cash from operations of NOK -28.3 million in 1Q
- The change in cash flow is a result of a milestone prepayment of EUR 1.5 million that was recognized in 1Q 2012 (Other operational items)
- Cash and cash equivalents at 31 March 2012 were NOK 326.1 million

	2012	2011	2011
	1Q	1Q	Full year
<i>(Amounts in NOK 1 000)</i>			
Profit/loss(-) before tax	-11 656	-15 931	-47 462
Depreciation and amortisation	341	271	1 134
Share-based compensation	1 728	2 076	6 882
Net interests	-2 746	-2 079	-10 753
Changes in working capital	-1 578	-4 272	16 505
Other operational items	-14 344	-2 784	-772
Net cash flow from operations	-28 256	-22 719	-34 466
Cash flow from investments	2 507	970	7 048
Cash flow from capital transactions	-3 367	-5 508	-6 648
Net change in cash during the period	-29 116	-27 257	-34 067
Cash & cash equivalents at beginning of period	355 175	389 241	389 241
Cash & cash equivalents at end of period	326 060	361 984	355 174

Segment Information

First Quarter 2012

- Cancer Own sales includes revenues from Hexvix/Cysview in Nordic and USA
- Dermatology Partner sales includes sales of MAL of NOK 4.7 million
- Milestone revenue of NOK 11.2 million from Ipsen and NOK 2.9 million in deferred milestone revenues from the Galderma deal
- Operating expenses increased by 36% mainly due to increased commercial activities for Hexvix together with Ipsen and the new commercial activities for cancer and dermatology in the US

1.1 - 31.3.2012 <i>(Amounts in NOK 1 000)</i>	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
Sales Revenues	6 105	8 082	-	14 187	1 230	4 719	-	5 949	20 136
Milestone revenues	-	11 219	-	11 219	-	2 864	-	2 864	14 083
Cost of goods sold	-564	-1 453	-	-2 017	-85	-14	-	-99	-2 116
Gross profit	5 541	17 848	-	23 389	1 145	7 569	-	8 714	32 103
Gross profit of sales %	91 %	82 %		86 %	93 %	100 %		98 %	89 %
Operating expenses	-8 476	-10 775	-9 676	-28 927	-8 382	-71	-9 224	-17 676	-46 603
Operating profit/loss (-)	-2 935	7 073	-9 676	-5 538	-7 237	7 498	-9 224	-8 963	-14 501
Net finance									2 845
Profit/loss (-) before tax									-11 656

1.1 - 31.3.2011 <i>(Amounts in NOK 1 000)</i>	Cancer				Dermatology				Total
	Own sales	Partner	R&D	Sum	Own sales	Partner	R&D	Sum	
Sales Revenues	5 691	9 252	-	14 943	-	2 963	-	2 963	17 906
Milestone revenues	-	-	-	-	-	3 034	-	3 034	3 034
Cost of goods sold	-372	-1 220	-	-1 592	-	-2 629	-	-2 629	-4 221
Gross profit	5 319	8 032	-	13 351	-	3 368	-	3 368	16 719
Gross profit of sales %	93 %	87 %		89 %		11 %		11 %	76 %
Operating expenses	-5 035	-3 701	-8 178	-16 915	-7 094	-48	-10 177	-17 319	-34 234
Operating profit/loss (-)	284	4 330	-8 178	-3 564	-7 094	3 320	-10 177	-13 951	-17 515
Net finance									1 584
Profit/loss (-) before tax									-15 931

Summary and Outlook



Executing Our Strategy

- Build a speciality pharma company, focused on dermatology and cancer
- Maximize the potential of the company's Photodynamic Technology Platform – Photocure Technology™
- Leverage our experience to develop, register and commercialize new products based on Photocure Technology™
- Build a strong commercial platform in select territories

Key Achievements 1Q 2012:

- Commercial execution delivering progress across all segments and geographies
- Ipsen commercialization proceeding well as transfer of MAAs complete
- 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
- Solid financial performance for the quarter

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