

PHOTOCURE ASA  
BUILDING A  
SPECIALTY PHARMA  
COMPANY

RESULTS OF THE SECOND QUARTER 2013

22 August 2013

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# DISCLAIMER

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# HIGHLIGHTS SECOND QUARTER 2013

- Robust growth of Hexvix/Cysview in key geographies
  - 2Q total sales revenues of Hexvix/Cysview increased 27% to NOK 21 million driven primarily by continued strong customer demand across key markets
  - Total revenues of Hexvix/Cysview for 1H 2013 increased 16% compared to prior year
  - Total revenues of NOK 22 million in 2Q, NOK 38 million for 1H 2013, lower than prior year due to lower milestone revenues
- Obtained Special Protocol Agreement for Visonac from the FDA on the design of the phase 3 clinical registration program
- Positive final results of phase 2b study for Cevira in HPV diseases of the cervix
  - Significant and sustained lesion response and high HPV clearance in CIN2 patients coupled with high clearance of oncogenic HPV 16/18
  - Significant health economic impact of Cevira in the treatment of CIN & HPV
- Optimization of organization in line with development and commercialization strategy
- Cash and cash equivalents of NOK 199 million
  - 3 – Dividend of NOK 42.5 million paid in 2Q



# *Commercial Update*

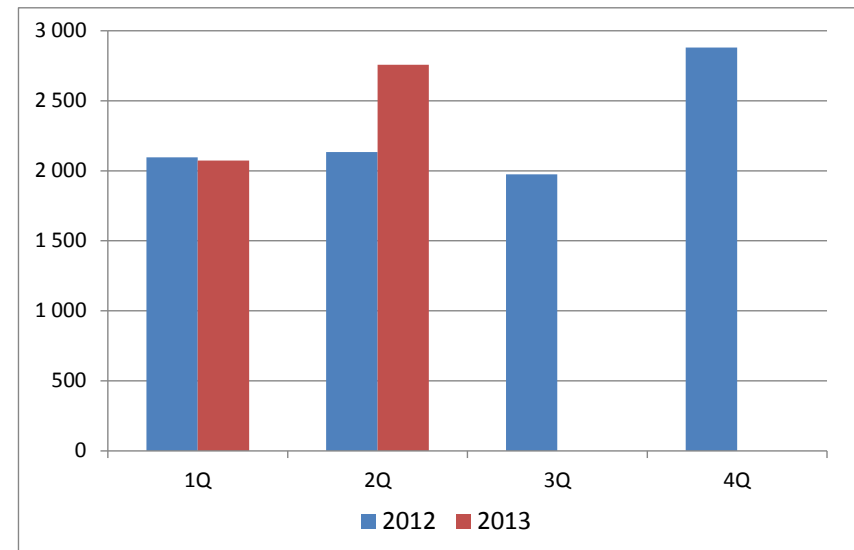


# HEXVIX/CYSVIEW

## SOLID PERFORMANCE IN OWN SALES GEOGRAPHIES

- PHO own sales revenues in the US and Nordics +44% v PY
- Key drivers include strong customer demand, as well as price increases in Nordic & US
- Nordic volume growth +21%, revenue growth +36% v PY
  - Double digit growth achieved in all markets
- US volume growth +81%, revenue growth +97% v PY
  - Installed base of 41 BLCs 2Q
  - Continuing to increase patient awareness, reduce complexity and time to close sales cycle
  - Targeting 55-60 BLCs by year end

Own Hexvix/Cysview Unit Sales Per Quarter



# HEXVIX/CYSVIEW MEDICAL BENEFITS VALIDATED

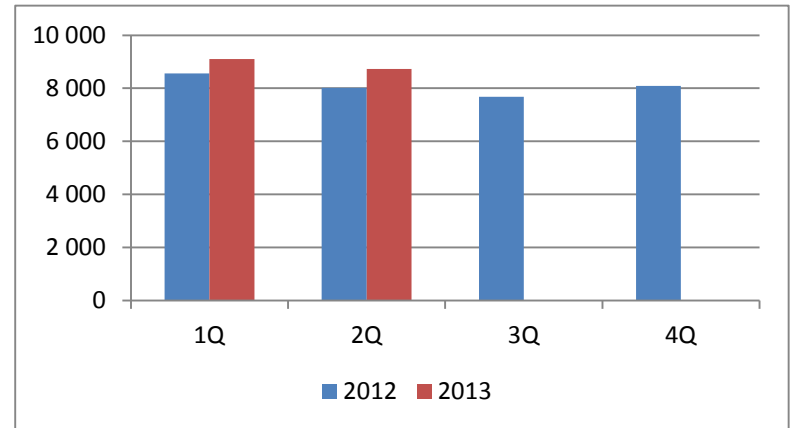
- Landmark Meta-Analysis published in *European Urology*
  - Conducted on data from eight Hexvix/Cysview prospective studies and included a total of 1,293 patients
  - Hexvix/Cysview significantly improves the detection of bladder cancer and reduces the risk of recurrence
  - Considered Level Ia evidence, highest level of evidence, as defined by AMA
- Included in National Guidelines both by Norwegian (“Nasjonalt handlingsprogram”) and Swedish (“Nasjonalt Vårdprogram”) Health Authorities



# IPSEN STRONG PARTNER IN EUROPE

- Partners driving robust growth in 2Q
  - Volume +9% v PY
  - Double digit volume growth in key markets
- PHO revenues from Partner +14% v PY
  - Key drivers: strong customer demand, inventory adjustments, timing of deliveries
- 1H 2013 +8% in both volume and revenues v PY
- Ipsen reports on 30 August

Hexvix Partner Unit Sales Per Quarter






# *Pipeline Update*





# CREATING VALUE

## DIVERSE PRODUCT PORTFOLIO

	Technology	Indication	Phase 1	Phase 2	Phase 3	Status
<b>Lumacan®</b>	<b>PDD</b>	Detection of colorectal cancer				<ul style="list-style-type: none"> <li>Worldwide license with Salix</li> <li>Clinical trial with various formulations underway</li> </ul>
<b>Visonac®</b>	<b>PDT</b>	Treatment of moderate to severe acne				<ul style="list-style-type: none"> <li>Positive Phase 2b results</li> <li>SPA approved</li> <li>Evaluating options for development and commercialization</li> </ul>
<b>Cevira®</b>	<b>PDT</b>	Treatment of precursors of cervical cancer				<ul style="list-style-type: none"> <li>Positive final Phase 2b results</li> <li>Commercialization through partners</li> <li>Significant interest from potential partners</li> </ul>

# BREAKTHROUGH PLATFORM TECHNOLOGY DESIGNED FOR EASE OF USE

- First fully integrated drug-delivery device in photodynamic technology
- Novel single use, disposable intra-vaginal device developed for ease of use
  - Obviates clinical and commercial barriers
- Simple application in office setting
  - Does not require additional equipment
  - Auto-activation
  - Patient free to resume normal daily activities
- Designed to treat the entire epithelial sheet
- Outstanding Physician and Patient Acceptance



# CEVIRA A MAJOR OPPORTUNITY

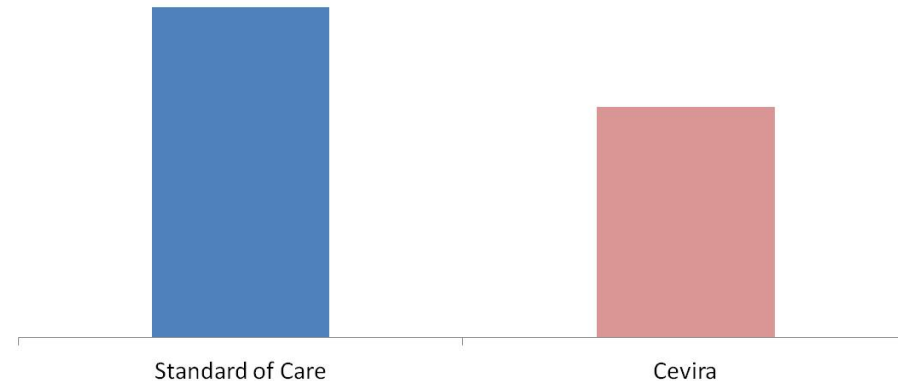
- High unmet medical need for novel therapies to treat epidemic proportions of HPV/CIN populations
- Breakthrough technology allows for convenience and simplicity which can be integrated in even under-developed healthcare systems
- Results of the Phase 2b trial are significant and lay the foundation for the Phase 3 registration program
  - Significant overall response in CIN 2
  - High clearance of HPV, including highly oncogenic HPV 16/18
  - Excellent tolerability and high physician & patient acceptance
- Discussions underway to secure ideal global development and commercialization partner



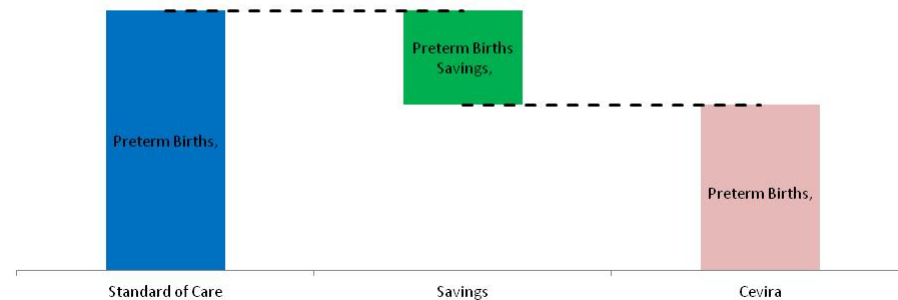
# SIGNIFICANT HEALTH ECONOMIC IMPACT OF CEVIRA IN THE TREATMENT OF CIN & HPV

- Health Economic model developed to demonstrate the overall budget impact to insurers/payers using Cevira to treat women with HPV/CIN
- Impact as compared to the current standard of care and current payment schedule as per the US Consensus guidelines for the treatment and management of abnormal cervical screening results
- At premium price levels, Cevira will provide important cost savings/ benefit to the health care system as compared to current treatment practice
- Additional significant savings when expanded to include reduction in preterm births

Average Cost per patient to screen and treat, 24 months



Birth Year Medical Costs, With and Without Cevira



# VISONAC PREPARING FOR PHASE 3

- High unmet need for novel treatments for moderate – severe acne
- Positive phase 2b results
  - Significant reduction in inflammatory lesions
  - Overall improvement in acne severity
  - Well tolerated regimen
- Preparing for phase 3 registration trials
  - SPA agreed in 2Q
  - Reduces risk of phase 3 registration program
- Patent family for use in acne expanded to include the US
  - Coverage through 2025
- Evaluating various options for further development

Baseline



Week 12  
6 weeks after last treatment



# *Financials*



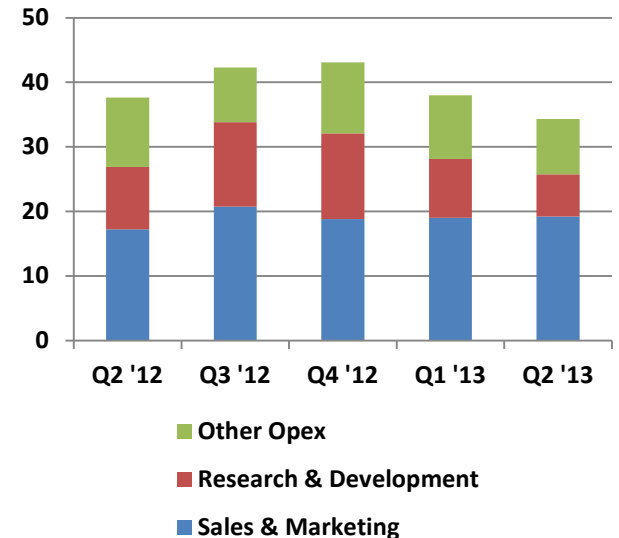
# STRONG VOLUME GROWTH

- Revenue from own sales of Hexvix/ Cysview up 44% in the quarter
  - Nordic unit sales to pharmacies up 21%, all countries at double digit growth
  - Revenue growth further driven by average price increase of 9% and inventory replenishment at distributors
  - US end user volume growth 81%, price increase of 10%
- Partner Q2 revenue growth at 14%
  - In-market volume growth of 9%, double digit in key markets.
- Milestone revenues and API revenues lower driving total revenue down 26% in Q2

<i>MNOK</i>	<b>Q2 '13</b>	<b>YTD '13</b>
<b>Hexvix own sales</b>	<b>10,4</b>	<b>16,8</b>
<i>YoY growth</i>	44,4 %	26,2 %
<b>Hexvix partner sales</b>	<b>10,5</b>	<b>18,6</b>
<i>YoY growth</i>	14,0 %	7,6 %
<b>Total Hexvix sales</b>	<b>20,9</b>	<b>35,4</b>
<i>YoY growth</i>	27,4 %	15,7 %
<b>Other sales</b>	<b>0,5</b>	<b>0,7</b>
<b>Total sales revenue</b>	<b>21,4</b>	<b>36,0</b>
<i>YoY growth</i>	31,2 %	2,3 %
<b>Milestones</b>	<b>1,1</b>	<b>2,1</b>
<b>Total revenue</b>	<b>22,5</b>	<b>38,1</b>
<i>YoY growth</i>	-26,4 %	-40,0 %

# EXPENSE REDUCTIONS AND ORGANIZATIONAL STREAMLINING

- R&D expenses at NOK 6.5 million in Q2
  - Main R&D activity Cevira completion of phase 2b study in EU/USA and drug/device manufacturing documentation for phase 3
- Quarter S&M expenses at NOK 19.0 million and at level with last quarters
  - Increased commercial activities in the US drives a YTD increase of 25%
- Other OPEX down from previous quarters and last year
- Restructuring costs of NOK 4.1 million in the quarter
  - Total of 10 employees have left the company since YE



<i>MNOK</i>	Q2 '13	YTD '13	Change
Research & Development	6,5	15,7	-34 %
Sales & Marketing	19,2	38,2	25 %
Other Opex	8,6	18,4	-23 %
<b>Operating expenses</b>	<b>34,3</b>	<b>72,3</b>	<b>-8 %</b>
Restructuring	4,1	4,1	
<b>Total</b>	<b>38,4</b>	<b>76,4</b>	<b>-2 %</b>



# PROFIT & LOSS

## SECOND QUARTER 2013

<i>MNOK</i>	<b>Q2 '13 Change</b>		<b>YTD '13 YTD '12 Change</b>		
Sales revenues	21,4	31 %	36,0	35,2	2 %
Signing fee and milestones	1,1	-93 %	2,1	28,3	-93 %
<b>Total revenues</b>	<b>22,5</b>	<b>-26 %</b>	<b>38,1</b>	<b>63,5</b>	<b>-40 %</b>
<b>Gross profit</b>	<b>20,4</b>	<b>-27 %</b>	<b>34,7</b>	<b>58,9</b>	<b>-41 %</b>
Operating expenses	-34,3	-9 %	-72,3	-78,3	-8 %
<b>Operating profit/loss(-) recurring</b>	<b>-13,9</b>	<b>44 %</b>	<b>-37,6</b>	<b>-19,4</b>	<b>94 %</b>
Restructuring expenses	-4,1		-4,1	-	
<b>Operating profit/loss(-)</b>	<b>-18,0</b>		<b>-41,7</b>	<b>-19,4</b>	
<b>Profit/loss(-) before tax</b>	<b>-15,1</b>		<b>-36,5</b>	<b>-15,2</b>	
<b>Total comprehensive income</b>	<b>-16,2</b>		<b>-51,6</b>	<b>-31,4</b>	

- Total revenues for Q2 NOK 22.5 million, down 26% from prior year driven by both milestone revenues and sales of API
- Operating loss before restructuring in the quarter NOK 13.9 million, driven by spending to establish US commercial organization

# CASH FLOW

## SECOND QUARTER 2013

<i>MNOK</i>	<u>Q2 '13</u>	<u>Q2 '12</u>	<u>YTD '13</u>	<u>YTD '12</u>
<b>Cash flow from:</b>				
- Operations	-37,5	-29,3	-64,2	-57,6
- Investments	0,9	2,0	2,7	4,5
- Financing activities	-42,2	-1,3	-42,8	-4,6
<b>Net change in cash</b>	<b>-78,8</b>	<b>-28,5</b>	<b>-104,3</b>	<b>-57,7</b>
<b>Ending cash balance</b>	<b>198,5</b>	<b>297,5</b>	<b>198,5</b>	<b>297,5</b>

- Quarter cash flow from operations NOK -37.5 million
- Dividend payment of NOK 42.4 million in the quarter
- Cash and cash equivalents on 30 June 2013 of NOK 198.5 million, compared to 31 December 2012 at NOK 302.8 million

# BALANCE SHEET PER 30 JUNE 2013

- Non current assets includes NOK 31.6 million in shares in PCI Biotech
- Deferred tax asset of NOK 40.8 million
- No interest bearing debt
- Shareholder's equity of NOK 286.9 million
- Equity ratio of 90%
- Photocure held 152,871 own shares at end of Q2

<i><b>MNOK</b></i>	<b>30.06</b>	<b>31.12</b>
	<b>2013</b>	<b>2012</b>
Non-current assets	92,6	104,9
Inventory & receivables	27,7	25,3
Cash & equivalents	198,5	302,8
<b>Total assets</b>	<b>318,9</b>	<b>433,0</b>
Shareholders equity	286,9	380,3
Long term liabilities	2,0	1,6
Current liabilities	30,0	51,1
<b>Total equity &amp; liabilities</b>	<b>318,9</b>	<b>433,0</b>
Equity ratio	90 %	88 %

# *Summary and Outlook*



# EXECUTING OUR STRATEGY

- Build a speciality pharma company, focused on cancer and dermatology
- 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 2Q 2013:**

- ✓ Positive final results achieved in Cevira phase 2b clinical trial, generating partner interest
- ✓ Strong partner sales of Hexvix
- ✓ Continue to build momentum in own sales of Hexvix/Cysview
- ✓ Special Protocol Assessment for phase 3 Visonac trials approved

# KEY MILESTONES 2013



2013

## Focus

- Drive growth of Cysview in the US
- Work closely in partnership with Ipsen to increase sales of Hexvix in Europe
- Progress partner discussions for Cevira
- Lumacan oral prototypes enter clinical development
- Determine optimal path for Visonac development and commercialization